

Grassley to Seek Ugland House, Other Tax Answers from President's Top Trade Nominee

Written by Grassley Press
Thursday, 06 June 2013 13:55

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WASHINGTON -- Sen. Chuck Grassley of Iowa today said he will submit formal questions to the President's nominee for United States Trade Representative on the nominee's offshore accounts and carried interest plans. The questions and answers will become part of the Finance Committee's record on the hearing to consider Michael Froman, the nominee.

"The President has nominated three Cabinet-level nominees in recent months who benefited from the offshore accounts the President criticized," Grassley said. "The White House and the nominee should help Congress and the public understand the President's double standard."

Grassley, a senior member of the Finance Committee, will submit the following questions to the United States Trade Representative nominee.

Question 1:

Mr. Froman, I want to be clear here. If the President is going to set standards on what he says are "tax scams," he should apply the same standard to his friends as he does to his opponents.

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On May 4, 2009, the President called Uglad House "the largest tax scam in the world." Just months before, in February 2009, the President appointed you Deputy National Security Advisor for International Economic Affairs.

Your financial disclosures indicate you have nearly \$500,000 invested in the Cayman Islands at the Uglad House.

What questions did the White House ask about your Caymans Islands investments in 2009? Were concerns raised about your participation in what the President later called "the largest tax scam in the world"?

If so, can you tell us who raised concerns and what questions they asked?

Question 2:

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I understand that as part of your employment with Citigroup, you were vested in three carried interest plans, according to what you submitted to the Finance Committee. Upon leaving for the Administration in 2009, Citigroup paid you \$2 million to waive your rights in two of these partnerships “and in recognition of [your] service to Citi in various capacities since 1999.”

I understand that as part of your employment with Citigroup, you were vested in three carried interest plans, according to what you submitted to the Finance Committee. Upon your leaving Citigroup for the Administration in 2009, Citigroup paid you \$2 million to waive your rights in two of these partnerships “and in recognition of [your] service to Citi in various capacities since 1999.”

What prompted you to waive your rights to these plans in return for a substantial payment from Citi? Did someone in the Administration recommend you take this action?

Do you know what your interest in the “carry plans” were valued at when you waived your rights?

What percentage of the \$2 million was based on the value of the carried interest plans and

what percentage was in recognition of your 10 years of service?

In figuring the amount paid to you by Citigroup, was any consideration given to the fact you would be subject to ordinary income tax rates of 35% instead of the capital gains rate of 15%?

You had a third carried interest that you transferred to your wife. Why was it decided this third carried interest would be transferred to your wife instead of being sold to Citi?

Question 3:

On January 16, 2009, Citigroup announced losses of \$18.7 billion. The same day, Citigroup received \$301 billion federal bailout through loan guarantees on its toxic mortgage assets. Around the same time, you accepted a bonus from Citigroup for over \$2 million for work you performed in 2008.

Were you aware that Citigroup was about to receive a multibillion-dollar federal guarantee when

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you accepted your bonus?

Can you explain why it is morally acceptable to take more than \$2 million out of a company that was functionally insolvent and about to receive billions of dollars in taxpayer support?

In response to a written question submitted to you during your Finance Committee review, you indicated that you donated "a significant portion of the net proceeds" from the bonus you received in 2009 to charity. Could you clarify what you mean by "a significant amount"?

More information on Grassley's views on the President's hypocrisy on nominees with offshore accounts is available [here](#).