

# United States Senate

WASHINGTON, DC 20510

September 16, 2016

The Honorable Penny Pritzker  
Secretary  
U.S. Department of Commerce  
1401 Constitution Avenue NW  
Washington, D.C. 20230

Dear Madam Secretary:

We write today regarding the recent Department of Commerce (DOC) Office of Inspector General (OIG) report titled “Investigation into Travel & Other Improprieties in the Office of a Politically Appointed Official.”<sup>1</sup> The report, which details the wasteful spending of a senior Department official on luxury hotels and office renovations, among other things, as well as a general disregard for government travel regulations, raises serious concerns about the culture of the Department. It also calls into question the Department’s ability to exercise responsible stewardship of taxpayer dollars and the effectiveness of safeguards put in place to prevent exactly this type of behavior from occurring.

The political appointee, whom media reports have identified as Stefan Selig, Undersecretary for International Trade,<sup>2</sup> apparently stepped down earlier this year.<sup>3</sup> According to the OIG report, while serving at the International Trade Administration, Selig stayed in lavish hotels, used luxury car services, and received reimbursement from the government at a higher rate than the allowable per diem.<sup>4</sup> In addition, Selig had his office suite in DOC headquarters renovated at a cost of \$50,000 to taxpayers, more than \$10,000 of which was for the new carpet alone.<sup>5</sup> Selig also frequently used his official staff to handle personal business for him, in direct violation of federal ethics regulations.<sup>6</sup> It appears that Selig’s subordinates approved many of these expenses, and at times even went so far as to fabricate justifications for them.<sup>7</sup> The report made

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<sup>1</sup> U.S. Dep’t of Commerce, Office of Inspector General, 15-0444, Investigation into Travel & Other Improprieties in the Office of a Politically Appointed Official (Sept. 8, 2016) [hereinafter OIG Report], *available at* <https://www.oig.doc.gov/OIGPublications/15-0444.pdf>.

<sup>2</sup> The International Trade Administration is a bureau within the DOC. Int’l Trade Admin, About ITA, <http://trade.gov/> (last visited September 16, 2016).

<sup>3</sup> Lisa Rein, *Globetrotting Obama official traveled in luxury. Taxpayers footed the bill*, WASH. POST, Sept. 9, 2016.

<sup>4</sup> OIG Report, *supra* note 1, at 2.

<sup>5</sup> *Id.* at 37.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> *Id.* at 19.

several recommendations, including improving employee training and creating guidance for political appointees regarding travel regulations, office renovation policies, and the use of subordinate employees for non-official business.

Wasteful spending is a serious problem, and the failure to safeguard taxpayer dollars has been a recurring problem in this Administration.<sup>8</sup> It is unfortunate that Selig appears to have believed that the rules did not apply to Obama Administration political appointees, leaving taxpayers to foot the bill for his exorbitant expenses. But the fact that Selig's subordinates felt that it was appropriate to invent justifications for his spending may reveal a much deeper cultural problem at the Department. Rather than just one individual, employees at several levels of the organization enabled the wasteful spending and rule violations here. We therefore urge you to take immediate action to prevent further taxpayer-funded spending sprees.

In light of these issues, and pursuant to our committees' oversight authority over the DOC and the federal workforce generally, we request your assistance in better understanding this situation. We are disappointed that your staff would not provide information about this serious matter without a formal written request from us. Although the Privacy Act has an express exemption for disclosures of information "to either House of Congress, or, to the extent of matter within its jurisdiction, any committee or subcommittee thereof,"<sup>9</sup> and DOC has no written policies or guidance about providing Privacy Act information to Congress,<sup>10</sup> your staff insisted upon a formal letter due to litigation concerns resulting from such disclosure. Accordingly, please provide responses to the following questions:

- 1) The OIG report refers to its subject throughout as "Political Appointee" rather than by name. Please confirm or deny that the report is indeed about the actions of former Undersecretary for International Trade Stefan Selig.
- 2) When did you first become aware of the events discussed in the OIG report? Who brought this matter to your attention?
- 3) According to press reports, Selig stepped down from his position and left the Department in June of this year.<sup>11</sup> Did Selig resign, or was he terminated? Was Selig's departure,

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<sup>8</sup> See, e.g., Colby Itkowitz, *Report: EPA official approved CIA impersonator John Beale expenses and pay*, WASH. POST, Apr. 30, 2014, available at <https://www.washingtonpost.com/blogs/in-the-loop/wp/2014/04/30/report-epa-official-guilty-of-letting-cia-impersonator-john-beale-collect-pay-travel-expenses/>; John Parkinson, *GSA Again Under Fire, Now Over Video Spoof*, ABC NEWS, Apr. 5, 2012, available at <http://abcnews.go.com/blogs/politics/2012/04/gsa-again-under-fire-now-over-video-spoof/>.

<sup>9</sup> 5 U.S.C. § 552a(b)(9).

<sup>10</sup> Teleconference between DOC Office of Legislative & Intergovernmental Affairs staff and HSGAC staff (Sept. 13, 2016).

<sup>11</sup> Rein, *supra* note 3.

which was not publicly announced at the time,<sup>12</sup> due to his excessive spending as described in the OIG report?

- 4) Did you speak to Selig personally regarding the conduct outlined in the aforementioned DOC OIG report? Did you urge him to resign from his position?
- 5) Provide all documents and communications, including e-mails and text messages between and among any DOC official, including yourself, and Selig from January 1, 2015, to the present, referring or relating to Selig's travel, office renovations, and other official expenses.
- 6) Provide all documents and communications, including e-mails and text messages, regarding Selig's departure from DOC.
- 7) Is the DOC actively engaged in efforts to recover misspent funds from Selig? How much has DOC recovered to date? Provide all documents and communications relating to any such effort.
- 8) In light of Selig's conduct, do you plan to examine the travel and expenses of senior officials across the DOC to ensure the proper expenditure of taxpayer funds?
- 9) Have you implemented any changes to Department training procedures regarding travel and office renovation rules as recommended by the OIG? If so, please describe these changes in detail.
- 10) Have you implemented any changes to Department guidance issued to politically appointed officials regarding travel and office renovation rules as recommended by the OIG? If so, please describe these changes in detail.
- 11) According to the OIG report, several of Selig's expenses were essentially approved by those subordinate to him in the Department's authority structure. What changes have you implemented to ensure that the expenses of senior officials are reviewed by a superior or otherwise independent employee?

Please provide your response as soon as possible, but by no later than September 28, 2016. In addition, please direct your staff to provide a staff-level briefing to staff of the committees as soon as possible, but by no later than September 21, 2016.

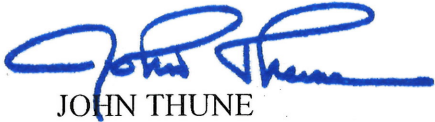
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<sup>12</sup> *Id.*

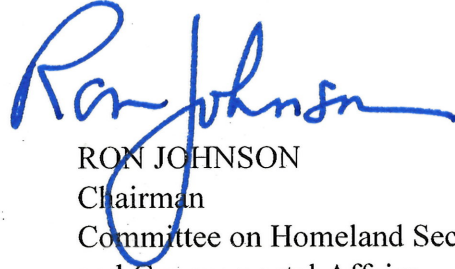
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If you have any questions, please contact Ashok Pinto of the Commerce Committee staff at (202) 224-1251 or David Brewer of the Homeland Security and Governmental Affairs Committee staff at (202) 224-4751. Thank you for your prompt attention to this important matter.

Sincerely,



JOHN THUNE  
Chairman  
Committee on Commerce, Science,  
and Transportation



RON JOHNSON  
Chairman  
Committee on Homeland Security  
and Governmental Affairs

cc: The Honorable Bill Nelson, Ranking Member  
Committee on Commerce, Science, and Transportation  
U.S. Senate

The Honorable Thomas R. Carper, Ranking Member  
Committee on Homeland Security and Governmental Affairs  
U.S. Senate

Mr. David Smith, Deputy Inspector General  
Office of Inspector General  
U.S. Department of Commerce