S. HRG. 109–332

TO CONSIDER THE NOMINATION OF MR. REUBEN JEFFERY III AND THE RENOMINATION OF MR. WALTER LUKKEN TO BE COMMISIONERS OF THE COMMODITY FUTURES TRADING

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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TO CONSIDER THE NOMINATION OF MR. REUBEN JEFFERY III AND THE RENOMINATION OF MR. WALTER LUKKEN TO BE COMMISSIONERS OF THE COMMODITY FUTURES TRADING

THURSDAY, JUNE 9, 2005

U.S. SENATE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
Washington, DC

The committee met, pursuant to notice, at 2:05 p.m., in room SR–332, Russell Senate Office Building, Hon. Saxby Chambliss, chairman of the committee, presiding.

Present or submitting a statement: Senators Chambliss, Lugar, Harkin, and Salazar.

STATEMENT OF HON. SAXBY CHAMBLISS, A U.S. SENATOR FROM GEORGIA, CHAIRMAN, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

The CHAIRMAN. This hearing will come to order, and let me start by apologizing for keeping everybody from starting at 2 o'clock. We had a little delay regarding the presiding officer in the chamber, as Senator Lugar can appreciate. Thank you for your patience.

Good afternoon. We are pleased to be here today to consider the nomination of Mr. Reuben Jeffery III and the renomination of Mr. Walter Lukken to be Commissioners of the Commodity Futures Trading Commission. In addition to being nominated as a Commissioner, Mr. Jeffery has also been nominated to serve as Chairman of the CFTC. The qualifications of both of these nominees to serve on the Commission speak for themselves. Mr. Lukken has served as a Commissioner at the CFTC since 2002 and has done a great job during his tenure. Previously, Mr. Lukken was a staff member of this committee, handling futures and agricultural banking issues for Chairman Lugar. Mr. Jeffery has most recently served as Special Assistant to the President and Senior Director for International Economic Affairs at the National Security Council. Previously, he held the post of DC Representative of the Coalition Provisional Authority at the Pentagon. Before joining the Government, Mr. Jeffery spent 18 years working in the financial sector for Goldman Sachs & Company.

It is a pleasure to have both of you here today before this committee, and I commend the President for his selection of such qualified individuals. We look forward to hearing from you as we move your nominations forward.

Senator Harkin was on the floor as I left, and when he gets here, if he does decide to come over here, we will give him an opportunity for any opening statement. First of all, before we turn to Senator Lugar, gentlemen, would both of you stand and raise your right hands? Do you swear that the testimony you are about to present is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LUKKEN. I do.

Mr. JEFFERY. I do.

The CHAIRMAN. Individually, do you agree that, if confirmed, you will appear before any duly qualified and constituted committee of Congress if so asked?

Mr. LUKKEN. I do.

Mr. JEFFERY. I do.

The CHAIRMAN. All right. Thank you very much.

I will now turn to my good friend and former chairman of this committee, now chairman of the Foreign Relations Committee, for any statement he would wish to make. Senator Lugar?

STATEMENT OF HON. RICHARD LUGAR, A U.S. SENATOR FROM INDIANA

Senator LUGAR. Thank you very much, Mr. Chairman. This is a privilege to introduce, first of all, my friend Walt Lukken. He is a native of Richmond, Indiana, with good Hoosier roots, has a bachelor of science degree with honors from the Kelly School of Business at IU University, went on for further work at Lewis and Clark Law School in Portland, Oregon, with a juris doctorate degree from that institution; married Dana, and they have a son, William. His life has been exciting as a family man in addition.

He came as an intern to our office in 1990, and we discovered immediately that he had running ability. And that, Mr. Chairman, is important because we field a team each year in this Capitol challenge business. That drew attention to Walt immediately.

It led to his further employment in 1993 as a regular staff member.

[Laughter.]

Senator LUGAR. A very distinguished tenure for 5 years in that capacity until, as you pointed out, Mr. Chairman, he came to this committee as a member who worked on the CFTC issues and other things related to that during the time of my chairmanship. He was instrumental in this extraordinarily important act, the Commodity Futures Modernization Act of 2000, which took quite a long time for us to pass. Everybody in the industry and those witnessing the hearing today will recall those struggles. It made an enormous difference in both the foundations of the exchanges, our relations with this committee and the Banking Committee, for example, and other committees who have had jurisdiction with financial affairs.

As you visit the exchanges now—and I have had that privilege—they commend the Act as one that has made a large difference in terms of the quality of service they are able to give to the American people and the transparency to the world. Walt was instrumental all the way through in carrying the burden of that. It was not surprising that he attracted the attention of the President for his first nomination to a seat on the CFTC, and I am especially pleased the

President has shown this confidence in him by bringing him back to the attention of our committee today.

I would like also, while I have the floor, Mr. Chairman, to mention our pleasure at Reuben Jeffery III who is here as the President's nominee to chair the CFTC as well as to have membership on the Commission. He brings, as you pointed out, Mr. Chairman, extensive experience from the world of investment banking, most recently with Goldman, Sachs & Company, which he left in the aftermath of September 11, 2001, to serve as a Special Adviser to our President for Lower Manhattan development. He joined, very courageously, the staff of Jerry Bremer over in Baghdad as a senior adviser working on a variety of economic development initiatives. A member of our Foreign Relations staff, Patrick Garvey, knew Mr. Jeffery well and has testified to his remarkable abilities and his achievements during his tenure in Iraq, and we salute him for that.

He continued work on the Iraq mission as Executive Director of the Coalition Provisional Authority's office in the Pentagon and most recently has been Special Assistant to the President and Senior Director for International Economic Affairs at the National Security Council. He has a remarkable background of public service as well as private expertise, and I am excited the President has nominated him for this position.

The CHAIRMAN. Thank you very much, Senator. I think it goes without saying that since the Ag Committee has jurisdiction over CFTC, Mr. Lukken is now an official member of the Ag Committee running team.

[Laughter.]

The CHAIRMAN. That may have to be a condition of this confirmation now, Walt.

Thank you very much, Senator Lugar, and, gentlemen, I think it goes without saying that a recommendation coming from one of the deans of the Senate and one of the true gentlemen of the Senate, one of the men that I have the most respect for, not just in this body but any body in the country. That says an awful lot for you, and we appreciate those comments Senator Lugar.

Senator Salazar, would you like to offer any opening comments?

STATEMENT OF HON. KEN SALAZAR, A U.S. SENATOR FROM COLORADO

Senator SALAZAR. Thank you very much, Mr. Chairman and Senator Lugar. I want to thank you, Mr. Chairman, for holding this hearing, and, Mr. Jeffery, for your nomination, and, Mr. Lukken, for your nomination as well. I congratulate both of you for your past service as well as your future service, along with your families who are here, because I know that all of us cannot do what we do in our life if it were not for the wonderful support that we have from our families.

I welcome both of you and your families, and I look forward to working with both of you in regard to your respective capacities at the CFTC. In your testimonies you both speak of maintaining the integrity of the CFTC by ensuring that the Commission works in a fair and transparent manner. I completely agree with you on that goal. I strongly believe in government accountability and oversight,

and I look forward to working with the Commission to ensure that they have the tools in place to prohibit any sort of market manipulation or fraud.

I congratulate the Commission on their good work. I am sure that with both of you we will continue to move the Commission forward in the same positive manner as it has over the last several years.

I congratulate you. I think you are going to be among the many nominees that receive overwhelming bipartisan support.

Thank you, Mr. Chairman.

The CHAIRMAN. Gentlemen, we again welcome you here. I understand that per the understanding of the two of you, Mr. Lukken, you are going to go first with your presentation, followed by Mr. Jeffery. Welcome, and we look forward to hearing from you.

STATEMENT OF WALTER L. LUKKEN, COMMISSIONER, COMMODITY FUTURES TRADING COMMISSION, WASHINGTON, DC

Mr. LUKKEN. The protocol, by the way, of starting today was decided by the flip of a coin. I just want to note that for the record.

Mr. Chairman, Senator Lugar, Senator Salazar, I'm honored to address this committee regarding my nomination to the Commodity Futures Trading Commission. I appreciate the kind introduction by my former boss, who still serves as my role model on good decision-making.

I would note for him that we have started our own running team down at the CFTC, and we have poached a couple members of the Ag Committee. Eric Juzenas and Dave Stawick are now running for us at the CFTC, so be careful.

[Laughter.]

Mr. LUKKEN. I would like to recognize my wife, Dana, as well as my sister-in-law, Diana, in the audience, as well as several supportive friends and Commission colleagues in the audience today, including my hard-working staff who are sitting behind me, as well as Commission colleagues, including Commissioner Hatfield, who is sitting over to my right, and Commissioner Dunn, who is straight behind me—all familiar faces to those in the Senate and this committee.

Last, I am honored to join Reuben Jeffery, my fellow nominee, and I hope this hearing is only the first of many times that we can collaborate on interests of the Commission.

It has been almost 3 years since my first nomination hearing here at the committee, and that short expanse of time has brought significant change within the industry. In this period, the annual volume traded on U.S. futures exchanges surpassed one billion contracts for the first time and, incredibly, it is on pace to double that amount by year's end. Also worth noting is the common clearing platform by the Chicago Board of Trade and the Chicago Mercantile Exchange, which is expected to bring almost a billion and half dollars' worth of capital efficiencies to the market. The CME also became the first publicly traded U.S. exchange in either the equities or derivatives field during this time, and investors in this pioneering effort have been rewarded with a 430–percent increase in its share price. My tenure has also coincided with the arrival of new futures exchanges and products, including the launch of Eurex

US and the listing of security futures products that happened as a result of the CFMA's passage. It is hard to believe that all this progress has occurred in such a short period of time that I have been down at the Commission. One can only imagine what this industry will look like in 2010, when the next term for which I am being considered expires.

As regulators, we cannot stem the uncertainties of change but must adapt our models to fulfill the public mission entrusted to us. Thankfully, Congress—and, in particular, members of this committee—had the foresight to provide this agency with the flexible tools needed to oversee the marketplace with the passage of the Commodity Futures Modernization Act of 2000.

The nature of these markets is to innovate, to compete, and to arbitrage at lightning speed. In crafting the CFMA, policymakers recognized that a regulatory structure should leverage these market characteristics to the advantage of the public interest and allow the agency to better anticipate problems.

Much has been made in hearings of the flexibility provided businesses by the CFMA, but the adoption of a core principles model equally enhanced the Commission's ability to get in front of developing regulatory problem at a time of limited resources.

The CFMA may have instructed our agency to walk softly in tailoring our regulations, but it also gave us the directive to carry a big stick when the law is broken. Since the passage of the CFMA, our agency has been aggressive in its enforcement efforts—whether shutting down boiler rooms who are defrauding the public, working with States and Federal authorities to lock up criminals, or pursuing corporate malfeasance as part of the President's Corporate Fraud Task Force. As a result of our investigation of manipulation in the energy markets, the Commission has settled with 27 companies and 20 individuals for nearly $300 million in fines. Such robust law enforcement authority serves as a powerful deterrent to wrongful activity and represents an important component of our overall regulatory program.

Mr. Chairman, I am confident that the Commission is well positioned to meet approaching challenges, but would like to briefly mention some developing trends that will test this proposition. Unlike even 5 years ago, competitive forces are leading market participants to utilize alternative legal means to protect their interests, including the use of intellectual property rights and antitrust law—both matters of first impression for our agency that will require clarification of our responsibilities.

Another challenge facing our agency is the globalization of our markets and the regulatory structures that underlie them. Whether opening markets to U.S. businesses or tracking down criminals that hide their ill-gotten gains overseas, the CFTC must work in close tandem with its foreign counterparts to ensure that the global community abides by the highest regulatory principles. As Chair of the CFTC's Global Markets Advisory Committee, I am committed to this end and will work with industry members and foreign regulators to guarantee a more harmonious global regulatory structure.

In conclusion, Mr. Chairman, I am so proud to play a small role in this important and growing segment of our economy and to work side by side with the talented staff of the CFTC. With these chang-

ing markets, work remains for policymakers, and I am eager to be given the opportunity to roll up my sleeves and lend a hand in that effort, if confirmed by this body.

Thank you for allowing me to testify, and I look forward to answering any of your questions.

[The prepared statement of Mr. Lukken can be found in the appendix on page 23]

[The biographical information of Mr. Lukken can be found in the appendix on page 28]

The CHAIRMAN. Thank you very much, Commissioner Lukken. I am just wondering if you are going to have time to serve if you are going to be running for me, for Lugar, as well as the CFTC.

[Laughter.]

The CHAIRMAN. Thank you.

Mr. Jeffery?

STATEMENT OF REUBEN JEFFERY III, SPECIAL ASSISTANT TO THE PRESIDENT, NATIONAL SECURITY COUNCIL, WASHINGTON, DC

Mr. JEFFERY. Mr. Chairman, Senator Lugar, Senator Salazar, thank you for the privilege of appearing before you today as nominee for Commissioner and Chairman of the Commodity Futures Trading Commission.

Thank you, Senator Lugar, for that very kind introduction. I appreciate it. I would also like to thank the President for affording me this opportunity to be considered by your committee. Thanks also to your professional staff, which has been very responsive in helping me through the relevant preparations. Finally, I'd like to thank each of the Commissioners and the Commission staff, who have been generous with their time and patient in helping me prepare. In particular, the Acting Chairman has been especially gracious and forthcoming with information and encouragement. She couldn't be here with us today, but I thank her very much.

I am proud to have with me today my wife, Robin, and our children, Jocelyn, Ben, and Bob, as well as various other friends and colleagues. I thank them all for taking the time to be here this afternoon.

It is a great honor to be considered for the leadership of the CFTC in an era of ever increasing globalization, competition, and innovation across the broad sweep of the capital and commodities markets, and in particular, those within the ambit of the jurisdiction of the Commission.

Prior to joining the administration, I spent 20 years in the financial world. During most of that period, I specialized in the financial sector, working with banks and insurance companies and other financial service entities, both in the United States and overseas. Through that work, I developed an appreciation of the importance of properly functioning markets in price discovery, risk management, competition, and innovation. I also observed that these markets are only effective when participants, both direct and indirect, have great confidence in the integrity and fairness of their operation.

Whether the market is for an option on an interest rate or for a future on an agricultural commodity, the key elements of market

efficiency and integrity are the same—willing buyers and sellers; the free flow of information; the financial soundness of the parties; and the perception on the part of both market participants and those otherwise affected by market activity that pricing and transactional information is derived in a fair and transparent manner. The Commission plays an absolutely crucial role in creating the conditions whereby those involved in commodity futures and options markets can have confidence in those markets. They know that there is a referee, and they know that fouls will be called. If confirmed as Commissioner and Chairman, I can assure you that I would work diligently with fellow Commissioners and Commission staff to fulfill the Commission's mandate to maintain the integrity of these markets.

For the past 3 years, I have had the great privilege of working at both the White House and the Pentagon on a variety of national security and domestic and international economic policy issues. I have had the opportunity to work shoulder to shoulder with public servants from many departments and agencies, with men and women in uniform, and with appointed and elected officials. It will come as no surprise to each of you, Mr. Chairman and Senator Lugar, who have devoted the better part of your entire lives to public service, how impressive and dedicated are these individuals who have given their careers to working for the U.S. Government and the American public. I know that the men and women of the CFTC, like so many public servants, embody this ethic of service and commitment to mission. If confirmed, I would assume leadership of the Commission with a great sense of responsibility and tremendous pride in the organization.

If confirmed, I would look to my fellow Commissioners, this committee, and various market participants for guidance as to issue identification and priorities. However, amongst my highest priorities would be the following three:

First, to proceed expeditiously in working with this committee as you reauthorize the Commodity Exchange Act. This, of course, follows the Commodity Futures Modernization Act of 2000, which, by any measure, was a path-breaking and in some senses revolutionary piece of legislation of which this committee should be very proud.

Second, to vigorously execute the CFTC's legislative mandate to protect market participants through aggressive enforcement and maintain market integrity through appropriately calibrated market oversight and supervision. To this end, if confirmed, I would continue the efforts of the Commission to work closely with other departments and agencies in areas of common interest.

Finally, I would work in the tradition of prior Chairmen to set a high bar of professional excellence within the Commission and buildupon a culture of teamwork and productivity, while maintaining the highest ethical standards.

In closing, I would add that among many lessons learned during the past 3 years, I have developed a keen appreciation for the need for close working relationships with Congress and other departments and agencies on areas of mutual concern. If confirmed, I look forward to working closely with my fellow Commissioners, this committee, Congress, and other members of the President's Work-

ing Group on Financial Markets, on fulfilling the important mandate of the CFTC.

Thank you very much, Mr. Chairman, Senator Lugar.

[The prepared statement of Mr. Jeffery can be found in the appendix on page 21]

[The biographical information of Mr. Jeffery can be found in the appendix on page 45]

The CHAIRMAN. Thank you very much, Mr. Jeffery, and we appreciate those kinds words coming from you. Over the last 4 years, you have not only been a great public servant yourself, but what a fascinating 4 years you have had. Thank you particularly for your service to freedom and democracy relative to the very important work you did at the Pentagon working for the reestablishment of freedom in Iraq.

Senator Lugar, I will be happy to defer my questions to you for any that you might have.

Senator LUGAR. Well, thank you, Mr. Chairman.

Let me just note that in your testimony, Mr. Lukken, you point out that the Commission, quite properly, has been careful not to rewrite the law or to expand excessively by interpretation what is involved, and yet at the same time you have been rigorous in enforcement of the law. The numbers of prosecutions, investigations that have led really to malefactors being excised out of the system has been impressive throughout this period.

One area that we have explored in committee hearings over some time—and this precedes the law of 2000—is the work of the Commission in the energy area. I would like to hear really from both of you what you feel the future of the CFTC is in this area. I bring this up specifically because in previous iterations of CFTC legislation, energy was often specifically exempted or excepted from the whole business. This was, in fact, because of debate within this committee or with members of the Banking Committee or with others who were involved in the Congress who said grain is one thing and you might expand this to currencies, that is another, but get out of the energy field, don't touch electric power, don't get involved with coal or oil or what have you.

Now, when the Enron problems arose, many people began to ask in public fora: Where were the regulators? Who should have been responsible or prescient with regard to all this? Granted, it was extremely complex, and people are still reading books like "The Smartest Guys in the Room," or what have you, trying to figure out how all of this manipulation occurred. The fact is huge changes occurred in our economy. Various States were afflicted with all sorts of difficulties. Even now it is not really clear exactly what anybody would do about all this.

Now, you are not supposed to rewrite the law. That happens over here on the congressional side. You have been, however, active in the energy field to some extent. What I would like to know from both of you, first of all, is: How has the energy regulation business changed since 2000, in this intervening period of 5 years or so? What recommendations do you have as to how it ought to change for the benefit of the American people, not for the Commission or for this committee, but really who ought to be in charge?

Mr. LUKKEN. Thank you, Senator. I read "The Smartest Guys in the Room," or the book that you referred to, on your recommendation. The Enron crisis was obviously mind-boggling. Energy, as you note, is an important part of our economy, something that affects producers in particular quite a bit. It is something that we spend a lot of time on at the Commission.

In regards to what our role might be in that area, obviously you mentioned the enforcement role. When I first came down to the Commission in 2002, some of this was a case of first impression. We hadn't done much in this area up until then. Part of it was that the Act had just been enacted, the 2000 Act, and we were still fleshing out what that meant. Really, the investigations in regards to the energy crisis had really just started to roll. Since then, obviously, we have collected quite a bit of money. We went after Enron and received a $35 million penalty against them for manipulating our markets. We have collected nearly $300 million in fines against energy companies. It is not only this post-crisis stuff we are talking about. We also have significant pre-crisis things that we do at the Commission as well.

About 2 years ago, we did a rulemaking in the 2(h)(3) area, which you referred to as exempt markets. This is the area in which the CFTC has some limited authority. This was meant to try to target regulatory authority in this area. I think we have put some flesh on the bone here. We have required that if these markets start to become price discovery markets, we are allowed to ask for certain information from these marketplaces. We have special call authority, subpoena authority. Our fraud and manipulation authorities apply to these markets. You know, I think the CFTC has made progress in this area.

We do, as you note, have certain recommendations in this area. Last year, in regards to the energy bill, we did make some recommendations to the Energy Committees in fixing our 4b authority, which would allow us to go after what they term principal-to-principal trades in this area. It also clarified our manipulation authority in regards to this area. I think these are good recommendations, and we stand firm behind them. Having been down there a couple years, I feel that our surveillance of these markets has improved.

Mr. JEFFERY. Senator, thank you. This is obviously an important area to the national economy and consumers around the country. It is one in which, if confirmed, I as Commissioner and Chairman would want to dive deeply into it to make sure I understood the relevant policy and regulatory considerations.

I think it is worth underscoring what Senator Lugar said, and that is the vigor of the enforcement efforts of the CFTC to date when they have come across anything that looked like manipulative market behavior in the energy markets. Separately, the Commission has what is known as its Large Trader Reporting System. For a lot of these energy commodities, the reference pricing is determined on the NYMEX and other exchanges. The CFTC staff monitor closely trading patterns. A staff of trained economists studies those patterns, matches them up against known supply demand characteristics in the underlying industries and other factors with

a view to looking for any inconsistencies and anticipating potential problems.

Certainly, if confirmed, these are areas of endeavor for the Commission on which I would place a high priority.

Senator LUGAR. Well, thank you very much for those responses. I had the privilege of visiting the NYMEX exchange earlier this year, and it is impressive, the work that they are doing and giving pretty good intelligence to our entire economic system of the worldwide economic patterns in the best traditions of the futures markets. At the same time, they at least have the impression that you are watching them closely, that this is a short-leash situation because of the pressures that have come really from adverse publicity on energy markets. Thank you very much for those answers.

Thank you, Mr. Chairman, for allowing me to ask these questions.

The CHAIRMAN. Thank you.

Senator Harkin has now joined us, and Tom, I will turn to you for any comments or questions you wish to make.

Senator HARKIN. Thank you very much, Mr. Chairman, and my apologies for being a little bit late here this afternoon, but I wanted to be here to join you in welcoming Commissioner Lukken—someone who is not unknown to us, who has been around for a long time in a great capacity, right, Senator Lugar—and Mr. Jeffery, our nominee for being the new chairman. If these nominees are confirmed, the full complement of five commissioners will be in place on the CFTC, and I believe that the Commission can best conduct its regulatory and oversight responsibilities with all five commissioners, so I hope we can move this expeditiously.

As I said, Commissioner Lukken is well known by this committee from his years of service here with Senator Lugar. He has ably served as commissioner since August of 2002. Walt has been at the center of complex issues of globalization and future markets. His experience will be invaluable, and I am pleased that the President nominated Mr. Lukken for an additional term.

Though I do not know Mr. Jeffery personally, I have looked at your record and you have an accomplished record in the private sector, more recently in Government service, and I believe that your experience in the international capital markets and corporate finance give you the knowledge of those issues that will be most helpful for the Commodity Futures Trading Commission.

Mr. Chairman, thank you for calling this hearing. I look forward to helping do whatever I can to get these nominees through as expeditiously as possible.

The only question I might have for Mr. Jeffery, since you came from the private financial markets, this is a softball question.

[Laughter.]

Senator HARKIN. Real softball. Will we keep our futures markets here in America or will they go overseas?

Mr. JEFFERY. Sir, thank you very much for that question. One of the great benefits and challenges of the markets in which we operate today is globalization. It's with us in the futures markets and the options markets and the commodities markets, in just about everything we do.

As commissioner, if confirmed, this is an area where the commissioners to date have spent a lot of time. We as commissioners going forward would continue to spend time in this area working to accomplish a number of things. Most importantly, to make sure, as markets globalize, if you will, that U.S. investors, U.S. market participants—exchanges, individuals, people who rely on those markets—enjoy the protections that this committee has enacted through the provisions of the Commodity Exchange Act.

It's something, your question is something that touches on an area which is very broad, very important, and one that will continue to evolve in the months and the years to come and over which you can be sure that I as a commissioner, joining the other commissioners, will give our best efforts to try to understand, anticipate and manage.

Senator HARKIN. I appreciate that. I read your statement about the global market. We know that, and we have seen that happen in futures, options, derivatives, everything, but as you pointed out in your statement—I will not read it—that there have to be rules to the game.

Mr. JEFFERY. Correct.

Senator HARKIN. There have to be, as you say, many willing people in there, buyers and sellers. I have always felt one of the most important things is transparency. If you have transparency, and if you have many willing buyers and sellers, then you are OK as long as you have some rules to abide by. I just hope that as these markets are globalized that the rules that we have had, people invest, people do use our markets because of that. As long as we maintain that and set that as our standard for other markets to associate with us, then I have no fear that we will keep our futures industry here in the United States.

I am just saying as you proceed as commissioner and with the Commission, just insist upon the open market, the transparency that people have come to rely upon here in our futures industry in this country. I thank you very much, Mr. Jeffery, look forward to working with you in the future.

Walter, congratulations.

Mr. LUKKEN. Thank you, Senator Harkin.

The CHAIRMAN. Gentlemen, I want to pick up on something Senator Lugar was talking about, and that is this manipulation issue. During our hearings on the reauthorization of CFTC, we had a number of witnesses who talked about this issue. Mr. Lukken, we talked about the way the CFTC does this, and frankly, I was pretty impressed with the fact that on a regular basis you pick out trades at the height of a spike or the bottoming out after a spike, to try to figure out whether or not there is any manipulation there. That was some pretty impressive testimony that came out of the CFTC, as well as the study that has been done by the NYMEX, which essentially did the same thing.

Mr. Jeffery, when you get there, I urge you to take a look at that if you have not had a chance to already because it is fascinating, first of all, and it is pretty interesting information that is contained in that study. I think it gives us a good picture of when somebody might try to manipulate the market, and if they do, here is how they do it. The conclusion by both CFTC, obviously, and NYMEX

was that there was no manipulation of the market, that it was basically supply and demand. Certainly we hope that is the case hereafter, but without your oversight, we will not know that.

I will tell you, Mr. Lukken, that the committee as a whole was impressed by that activity.

I would be remiss if we did not compliment the service of Interim Chairman Ms. Brown-Hruska. She has testified before this committee, been very available to us, and I am sorry Sharon is not here today. Please pass on to her our appreciation to her for the great service as the interim chairman.

Mr. Jeffery, let me start with a couple of questions for you. You have an impressive resume in the financial markets, and Senator Harkin just asked you a little bit about this. Generally, how would you see your past work experience as being a benefit to you at CFTC?

Mr. JEFFERY. Thank you, Mr. Chairman. We commented a few moments ago in the context of attempting to address Senator Harkin's question on some experience in international capital markets. I think in my opening remarks I talked a little bit about knowledge I like to think I have acquired over the years about markets in general, albeit the markets in which I'm most knowledgeable tend to be markets in financial products, foreign currencies, interest rates, bonds, et cetera. The underlying principles of transparency, of the free and open exchange of information, are common to those markets, to agricultural markets, to metals markets, and other markets.

Finally, my primary area of expertise over the years was in the area of financial institutions, banking institutions, insurance companies, and other financial institutions. They are among both the largest originators and users of many of the futures and options products and instruments that trade on the markets that are within the purview of the Commission's jurisdiction. I think it's that sort of combination of experiences that will help me do a better job if confirmed as commissioner and chairman in evaluating these markets, anticipating challenges, and dealing with problems as they arise.

The CHAIRMAN. Regarding the promotion of cross-border competition, Phase II of the Global Clearing Link between the Clearing Corporation and Eurex Clearing has been pending at the Commission since March. The comment period has closed, but the Agency has not yet promulgated its ruling on this issue. Once you take up your duties as chairman, will you ensure the committee that consideration of this pending ruling will be a priority?

Mr. JEFFERY. Mr. Chairman, yes. It's an issue with which I am generally familiar; but not specifically familiar, but to the extent it remains live and on the docket for the Commission, I will certainly make it a high priority.

The CHAIRMAN. One issue which has been brought to the committee's attention is the need for definitions added in the Commodity Exchange Act for futures contracts on broad-based security indexes. Do you feel the addition of these definitions is necessary? If so, why?

Mr. JEFFERY. Mr. Chairman, this is an issue with which I do not have even general familiarity. The whole subject matter of security

futures products, which were essentially made legal, or no longer illegal, by the Commodity Futures Modernization Act of 4 years ago, remains in need of further definition and discussion.

Were I confirmed as chairman and commissioner, I would look forward to working with my fellow commissioners, Commission staff, independent market participants, the other agencies in fine tuning or establishing the rules of the road, be it the definition of broad-based index or otherwise by which these products can trade with appropriate market participant protections.

The CHAIRMAN. In 2000 Congress made substantial changes to the Commodity Exchange Act with the passage of the Commodity Futures Modernization Act. The CFMA provided legal certainty for the over-the-counter swaps market and streamlined the regulatory process for exchange traded futures markets. The CFMA also shifted CFTC away from a prescriptive one-size-fits-all rules-based regulatory approach to a more flexible approach that provides for varying levels of regulation depending on whether the market users are commercially sophisticated, and also whether the underlying commodity is more likely to be susceptible to manipulation.

Do you feel the CFMA's approach to regulating futures markets is an appropriate regulatory model? Second, do you feel there are any additional changes that should have been made in 2000 with the passage of the CFMA? Last, do you feel that any further changes to the CEA are needed in this reauthorization of CFTC?

Mr. JEFFERY. Thank you, Mr. Chairman. There are a number of parts to that question. The first part, is it an appropriate model? I think the experience to date and the facts speak for themselves. The CEA, as amended by the Commodities Futures Modernization Act of 2000, is generally regarded as a hallmark of legislative and regulatory success. The markets have grown substantially far beyond most people's expectations at the time of the amendments and without major market disruptions, challenges or issues having developed over that period.

In terms of changes, I am aware of some of the changes that have been discussed and continue to be discussed with respect to the reauthorization of the Act. I would look forward again to working with my fellow commissioners, this committee, committee staff, Commission staff, and industry participants, to further develop a legislative proposal for this committee so you could advance the reauthorization with all deliberate speed.

As far as other changes, other than the ones that have been talked about already in the context of discussions that have taken place, I'm not aware of any, but that doesn't mean that I might not become aware of some as I get deeper into the specifics of the factual context of these markets and the policy issues involved, which I would hope to do if confirmed as a commissioner.

The CHAIRMAN. Let me prompt you on one of those. A case decided in the U.S. Court of Appeals for the Seventh Circuit, CFTC v. Zelener, has sparked some controversy among the futures industry. Many industry participants feel that a legislative change is needed to correct the problem they believe exists with cases like Zelener. What is your opinion on the necessity of a legislative change to address the Zelener case, and what do you feel, if not a legislative change, would be the best way to address that issue?

Mr. JEFFERY. Mr. Chairman, I'm not equipped to comment or answer that question specifically at this stage. I would say, coming back to basic principles, a core mission of the Commission is to make sure that we preserve the integrity of these markets, the markets over which the Commission has jurisdiction. To the extent there are loopholes or exceptions that are broadly acknowledged to be out there, that violate the letter and the spirit of the law, certainly those are areas which are deserving of Commission attention. Whether a legislative fix is required or not, I would defer judgment.

The CHAIRMAN. Mr. Lukken, you chair the Global Markets Advisory Committee, whose goal is to obtain input on international market issues that affect the integrity and competitiveness of U.S. markets and U.S. firms engaged in global business. Through this time of globalization, what are some of the issues that CFTC faces in this area?

Mr. LUKKEN. Thank you, Mr. Chairman. I think the principal one that we're seeing over and over again is opening markets to U.S. businesses, and making sure that the highest standards of regulation appear across any of the markets that U.S. businesses might be participating in. We work closely with the International Organization of Security Commissions, (IOSCO) overseas to set these principles, to get people to sign multilateral MOUs so that their laws meet the standards that U.S. participants are used to.

This is a common theme. We work on bilateral agreements, multilateral agreements with different countries in order to make sure that those who are entering into transactions that may cross borders are protected under the laws that we are used to in the United States.

I think the second issue that seems to be a common theme, especially in the commodities markets, is China. Certainly China is going to be a large demand market for U.S. agricultural commodities. One thing that we're looking at is providing the Chinese with expertise on how they might develop their derivatives markets. I've been working with those at the Treasury Department to make sure, as they're in discussions with the Chinese on opening up the foreign exchange markets to go from a fixed rate to a flexible rate, to make the case that derivatives markets might help in that transition, and as they go forward, that derivatives markets might give participants in those markets the ability to manage risk.

This might allow the Chinese to be a little more forthcoming in going toward a flexible derivatives markets. We had Ambassador Speltz, who was our emissary in China, come and talk to our Global Markets Advisory Committee, as well as Randy Quarles, Assistant Secretary of International Affairs at Treasury. I would say that both opening markets and China seem to be subject martters that everybody is talking about. I know FIA and the industry is holding a conference in China in August, and so I'm looking forward to working with foreign regulators as well as the industry on resolving some of these issues.

The CHAIRMAN. Mr. Lukken, in your article, "Reauthorization: Let the Debate Begin," published in the September 2004, Volume of the Futures and Derivatives Law Report, you wrote that the Congress should consider clarifying CFTC's fraud authority over re-

tail, foreign currency futures transactions in legislation reauthorizing the CFTC. The article leaves the impression that this is an issue that is limited to foreign exchange transactions. However, on October 20, 2004, as you know, subsequent to the publication of your article, the Court of Appeals for the Seventh Circuit denied CFTC's petition to rehear the June 30, 2004 decision in CFTC v. Zelener. This now finalized the Court's decision in CFTC v. Zelener. Have your views on this issue changed in light of the Zelener decision? If so, how and why?

Mr. LUKKEN. Thank you, Senator. I published that article before the Zelener decision came out. We've had some fine tuning issues on the fraud issue in the Forex area, solicitors who were unregistered and able to fraudulenlty offer Forex contracts outside of our jurisdiction. There is some tightening that needs to go on in that area that has been recommended, and I think these suggestions are consensus items among the industry and regulators.

The Zelener issue is a different subject matter. That court narrowed the definition of futures contracts, and that is the basis of our jurisdiction, as you know, and this has the potential to cause a great deal of difficulty as we bring fraud cases in this area.

The House Agriculture Committee, in consultation with this committee, asked the Commission to provide language in this area. We did, as a Commission. Acting Chair Brown-Hruska sent forward a letter that said that we needed to fix the Zelener decision at a minimum in the Forex area. This is something I support, that we should go forward with. Since the CFMA's passage, we've seen 74 cases in Forex, quite a bit of fraud. We see recidivists in this area. They keep popping up over and over and over again. This is a problem at the Agency, something we need to address, and as the language said to you, at a minimum this is what we should do in this fraud area.

The CHAIRMAN. Could there be negative unintended consequences of a broader than foreign exchange legislative fix for the problems created by Zelener. If so, what do you think they are, and how could we best avoid those?

Mr. LUKKEN. Well, the issue over what is the CFTC's jurisdiction was a hotly debated one in 2000, and this was dealing more on the regulatory side than the fraud side. There were quite a bit of discussions. It was a bipartisan discussion with the Clinton administration's Treasury Department involved. Lee Sachs, a Dennison University graduate who Senator Lugar is quite familiar with was leading the efforts on behalf of the Clinton administration. Congress was involved in that discussion. We came to the conclusion there were certain areas that did not need our regulatory authority in—over-the-counter derivatives—and that was the deal that was struck in 2000.

Obviously, the Zelener decision cuts at some of that. I think the area that is of most concern to us is the fraud area. I don't think broadening our regulatory efforts would be helpful. This is, you know, the problem with trying to define what a futures contract is—you may be either over inclusive or under inclusive, which could be problematic either direction we head. I think there are ways to tailor our legislative fix to really go after the problem that

we are perceiving or I'm perceiving down at the Commission, which is fraud.

The CHAIRMAN. Well, as both of you know—Mr. Jeffery, we talked about this a little bit in our private conversation and Walt, you know from the testimony that has been before this committee on the reauthorization of CFTC, there is a little bit of difference in the community relative to just how far we ought to go relative to this Zelener fix. Should it be narrow, or should we broaden it out to some other potential areas, because if we do not, where are you going to be? How are you going to enforce something outside of the Forex measures? I would encourage you, Mr. Jeffery, with all due haste, to give this issue priority, and get back to this committee because Senator Harkin and I want to make sure that we move the CFTC reauthorization as soon as possible, and we expect to do that this summer. We want to do it hand in hand with you. There are some people who think we can do it with one sentence, and there are others who think we ought to go to a much greater length. We want to make sure we do the right thing when we do it.

I wish you would give that priority and get back to us as soon as possible about that.

Anything else, gentlemen?

[No response.]

The CHAIRMAN. Great. Well, again, thank you very much. We are going to leave the record open for any additional information till the close of business on Friday, June 10th. We hope to move these nominations out of committee next week, and get them to the floor. If anyone or their staff wishes to submit additional information, let us get it done by the end of Friday.

Thank you very much. This hearing is concluded.

[Whereupon, at 2:58 p.m., the committee was adjourned.]

APPENDIX

MAY 25, 2005

Statement for Agriculture Committee Hearing

Senator Thad Cochran

June 9, 2005

Mr. Chairman, thank you for holding this nomination hearing. I want to congratulate Mr. Jeffery for his nomination to be a commissioner and chairman of the Commodity Futures Trading Commission, and I also congratulate Commissioner Lukken on his renomination to the Commission.

I am very pleased with the performance of the Commodity Futures Trading Commission in ensuring the vitality of commodity markets. Since the passage of the Commodity Futures Modernization Act, trading volume of futures has increased dramatically among all contracts. The Commodity Futures Trading Commission has done a good job of ensuring the continued effectiveness of the Commodity Futures Modernization Act.

Mr. Jeffery has had a distinguished career in both public service and private business. His experience with financial markets and the confidence President Bush has shown in him at the White House will ensure that Mr. Jeffery will be a great asset to Commission.

I am pleased that President Bush has selected Commissioner Lukken to continue to serve on the Commodity Futures Trading Commission. I have worked with Mr. Lukken during his tenure as a Commissioner, and I look forward to continuing to work with Mr. Lukken help maintain confidence in our commodity markets and help to ensure that these markets remain competitive and efficient.

Once again, I congratulate Mr. Jeffery and Commissioner Lukken on their nominations and look forward to their testimony. Thank you Mr. Chairman.

Senator Mike Crapo:

The CFMA embodies legislation establishing a reasonable and flexible regulatory standard. It creates four levels of regulatory oversight by the CFTC of futures transactions based upon the nature of the market participant. This approach is one first recommended in proposed regulations by the CFTC under the Clinton Administration. The Act, therefore, is a product of *bi-partisan support.*

The issues addressed in the legislation were complex, and took several years to perfect language. Because the issues raised included not just the regulatory scope of the CFTC, but the designation of products (and therefore their regulatory treatment) as commodities or securities, and the protection of bank products from CFTC jurisdiction, negotiations included not only the CFTC, but the Treasury Department, the Federal Reserve Board, the Comptroller of the Currency, and the SEC.

The Commodity Exchange Act, as modified by the CFMA, is working well. Jim Newsome, most recently the Chairman of the CFTC, testified that no changes to the Act are required at this time. Acting Chairman Brown-Hruska also testified recently that the CFTC has used its enforcement powers to levy more than $300 million in penalties for false reporting, attempted manipulation and manipulation in the energy markets. So far, $240 million of that amount has been deposited with the US Treasury.

While the CFTC's Acting Chairman has submitted some proposed ideas for our consideration, I want to stress that the President's Working Group (PWG) has not yet had an opportunity to review and comment on those proposals. Any time the jurisdiction of an agency may be expanded and, therefore, affect existing and new products and services, the key financial regulators constituting the PWG must be given an opportunity to consider the proposals. It seems to me that is a responsible path to follow in the interests of preserving stability in our financial markets and preventing adverse unintended economic consequences. I would also imagine that you might wish to have an opportunity to consider the proposals once confirmed.

The most harmful course of action that we in Congress can take is to adopt revisions to the CEA without thorough consideration. I hope that you will be able to agree with me on this point, and I would ask you whether you see a need at this time for changes to the CFMA?

Statement of CFTC Commissioner Walter Lukken
Senate Committee on Agriculture, Nutrition and Forestry
Confirmation Hearing, June 9, 2005

Mr. Chairman, Senator Harkin and other distinguished Senators, I am honored to address the Senate Agriculture Committee regarding my nomination as Commissioner of the Commodity Futures Trading Commission (CFTC). I am truly grateful that the President has provided me with this opportunity. In particular, I appreciate the introduction by my former boss, Senator Lugar, who still serves as my role model for sound and principled decision-making. Before I begin, I would like to recognize my wife, Dana, as well as several supportive friends and colleagues in the audience today. I would also like to thank my fellow Commissioners in attendance, including Acting Chairman Sharon Brown-Hruska as well as our newest additions to the Commission, Fred Hatfield and Mike Dunn. Lastly, I am honored to join Reuben Jeffery, my fellow nominee, and I hope that this hearing is only the first of many times that we collaborate in the interest of the Commission.

It has been almost three years since my first nomination hearing and that short expanse of time has brought significant change within the futures industry. In this period, the annual volume on U.S. futures exchanges surpassed one billion contracts for the first time and, incredibly, it is on pace to double that amount by year's end. This industry has also witnessed the accelerated migration from open outcry to electronic platforms, with screen-based trading now accounting for a significant majority of all futures trading. Also worth noting is the common clearing platform between the Chicago Board of Trade and Chicago Mercantile Exchange (CME), which is expected to bring almost a billion and a half dollars worth of capital efficiencies to market participants. The CME also became the first publicly-traded U.S. exchange in either the equities or derivatives field during this time, and investors in this pioneering effort have been rewarded with a 430 percent increase in its share price. My tenure has also coincided with the arrival of new futures exchanges and products, including the launch of Eurex US and the listing of event-styled contracts and the previously-banned security futures products. It is hard to believe that all of this progress and change has occurred in the short time that I have been at the Commission. One can only imagine what this industry will look like in 2010, when the term for which I am being considered expires.

As regulators, we cannot stem the uncertainties of change but must adapt our models to fulfill the public mission entrusted to us. Thankfully, Congress – and, in particular, members of the agriculture committees – had the foresight to provide this agency with the flexible tools needed to oversee the marketplace with the passage of the Commodity Futures Modernization Act of 2000 (CFMA). Before the CFMA, some of the prescriptive rules written by the CFTC were outdated on the day they were published. This was not always the fault of the agency but the reality of the marketplace. The nature of these markets is to innovate, compete and arbitrage opportunities with lightning speed. In crafting the CFMA, policymakers recognized that, instead of struggling against this dynamic, a regulatory structure should leverage these market characteristics to the advantage of the public interest and allow the agency to better anticipate problems. Much has been made of the flexibility provided businesses by the CFMA, but the adoption of a core principles approach equally enhanced the Commission's ability to get in front

of developing regulatory problems. At a time of limited resources, this has allowed the CFTC to target our efforts effectively to areas where the risks to the public are greatest.

The CFMA may have instructed our agency to walk softly in tailoring our regulations, but it also gave us the directive to carry a big stick when the law is broken. Since the passage of the CFMA, our agency has been aggressive in its enforcement efforts – whether shutting down boiler-room operations that are defrauding the public, working with states and federal authorities to lock up criminals or pursuing corporate malfeasance as part of the President's Corporate Fraud Task Force. As a result of our investigation of manipulation in the energy markets, the Commission has settled with 27 companies and 20 individuals for nearly $300 million in fines for violating our Act. Such robust law enforcement authority serves as a powerful deterrent to wrongful activity and represents an important component of the CFTC's overall regulatory program.

With such a dynamic regulatory arsenal provided by Congress, I am confident that the Commission is well-positioned to meet approaching challenges. I would like to briefly mention some developing trends that will test this proposition. Unlike even five years ago, competitive forces are leading market participants to utilize alternative legal means to protect their market interests, including the increased use of intellectual property rights and antitrust law – both issues of first impression for our agency and industry. On the first point, the Commission and market participants, in consultation with the U.S. Patent and Trademark Office, have begun a dialogue on the impact of intellectual property claims in the marketplace and whether the CFTC has a facilitative role to play on this issue. On second point, the Commission has witnessed an increased use of antitrust claims among market participants and this upward trend is only expected to continue. Being mindful of other antitrust agencies, the Commission will need to better coordinate and clarify its responsibilities in this area.

Another challenge facing the agency is the increasing globalization of our markets and the regulatory structures that underlie them. Whether opening foreign markets to U.S. businesses or tracking down criminals that hide their ill-gotten gains overseas, the CFTC must work in close tandem with its foreign counterparts to ensure that the global community abides by the highest regulatory principles. As chair of the CFTC's Global Markets Advisory Committee, I am committed to this end and will work with industry members and foreign regulators to guarantee a more harmonious regulatory structure that does not hinder the free flow of services and capital across borders.

In conclusion, Mr. Chairman, I am so proud to play a small role in this important and growing segment of our economy and to work side-by-side with the talented staff of the CFTC, observing their growth and success over the last three years. But with these changing markets, work remains for policymakers and I hope I will be given the opportunity to roll up my sleeves and lend a hand in that effort. If confirmed, I look forward to working with this Committee and my fellow Commissioners to ensure that these markets continue to thrive and compete, absent of fraud and manipulation. Thank you for allowing me to testify and I look forward to answering any questions.

STATEMENT OF

REUBEN JEFFERY III

SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

CONFIRMATION HEARING

JUNE 9, 2005

Mr. Chairman, Senator Harkin, members of the Committee, thank you for the honor and privilege of appearing before you today as nominee for Commissioner and Chairman of the Commodity Futures Trading Commission (CFTC).

Thank you, Senator, for that very kind introduction. I would like also to thank the President for affording me this opportunity to be considered by your Committee. Thanks also to your professional staff, which has been very responsive in helping me through the relevant preparations for today. Finally, I'd like to thank each of the Commissioners and the Commission staff, who have been generous with their time and patient in helping me prepare for this hearing. In particular, Acting Chairman Brown-Hruska has been especially gracious and forthcoming in providing information and encouragement.

With me today are my wife Robin and our children, Jocelyn, Ben and Bob.

It is a great honor to be considered for the leadership of the CFTC in an era of ever increasing globalization, competition and innovation across the broad sweep

of the capital and commodities markets, and in particular, those within the ambit of the jurisdiction of the Commission.

Prior to joining the administration, I spent 20 years in the financial world. During most of that period I specialized in the financial sector, working with banks, insurance companies and other financial service entities, both in the United States and abroad. Through that work, I developed an appreciation for the importance of properly functioning markets in price discovery, risk management, competition and innovation. I also observed that these markets are only effective when participants, both direct and indirect, have great confidence in the integrity and fairness of their operation.

Whether the market is for an option on an interest rate or for a future on an agricultural commodity, the key elements of market efficiency and integrity are the same -- willing buyers and sellers; the free flow of information; the financial soundness of the participants; and the perception on the part of both market participants and those otherwise affected by market activity that pricing and transactional information is derived in a fair and transparent manner. The Commission plays an absolutely crucial role in creating the conditions whereby those involved in commodity futures and options markets can have confidence in those markets; and know that there is a referee; that fouls will be called. If confirmed as Commissioner and Chairman, I can assure you that I would work diligently with fellow Commissioners and Commission staff to fulfill the Commission's mission to maintain the integrity of these markets.

For the past three years, I have been privileged to work at both the White House and the Pentagon on a variety of national security and domestic and international economic policy issues. I have had the opportunity to work shoulder to shoulder with public servants from many departments and agencies, with men and women in uniform, and with appointed and elected officials. It will come as no surprise to each of you, who have devoted your lives to public service, how impressive and dedicated is the group of people who have given their careers to working for the United States Government and the American public. I know that men and women of the CFTC, like so many public servants, embody this ethic of service and commitment to mission. If confirmed, I would assume leadership of the Commission with a great sense of responsibility and tremendous pride in the organization.

If confirmed, I would look to my fellow Commissioners, this Committee, and various market participants for guidance as to issue identification and priorities. Among my highest priorities, however, would be the following three:

First, to proceed expeditiously in working with this Committee as you reauthorize the Commodity Exchange Act (CEA). This follows the Commodity Futures Modernization Act of 2000, which, by any measure, was a path breaking and in some senses revolutionary piece of legislation of which this Committee should be very proud.

Secondly, to vigorously execute the CFTC's legislative mandate to protect market participants through aggressive enforcement and maintain market integrity through appropriately calibrated market oversight and supervision. To this end, if

confirmed, I would continue the efforts of the Commission to work closely with other departments and agencies in areas of common or overlapping interest.

Finally, I would work in the tradition of prior Chairmen to set a high bar of professional excellence within the Commission and build upon a culture of teamwork and productivity, while maintaining the highest ethical standards.

In closing, I would add that among many lessons learned during the past three years, I've developed a keen appreciation for the need for close working relationships with Congress and other departments and agencies on areas of mutual interest. If confirmed, I would look forward to working closely with my fellow Commissioners, this Committee, Congress and other members of the President's Working Group on Financial Markets, on fulfilling the important mandate of the CFTC.

Thank you Mr. Chairman.

DOCUMENTS SUBMITTED FOR THE RECORD

MAY 25, 2005

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Walter Lewis Lukken

2. Date and place of birth.

   March 23, 1967; LaGrange, Illinois.

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   Dana Bostic Lukken, stay-at-home mother, self-employed part-time meeting scheduler.

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   Indiana University; 1985-1989; BS in finance; May 1989.
   Lewis and Clark Law School; 1989-1992; JD; May 1992.

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

   8/2002 to present: Commissioner, Commodity Futures Trading Commission.

   10/1998 to 8/2002: U.S. Senate Agriculture Committee; professional staff member covering futures markets and agricultural banking and tax issues.

   10/1993 to 10/1998: Office of Senator Richard Lugar; Legislative Assistant on tax and financial issues.

10/1992 to 10/1993: The Martec Group; Telemarketer for medical industry; Interviewed healthcare professionals concerning healthcare products.

1/1992 to 5/1992: Oregon Department of Justice-Charitable Activities Division; part-time law clerk.

05/1991 to 09/1991: U.S. Department of Justice-Tax Division; summer intern for Appellate and Civil Trial Eastern Sections.

05/1990 to 09/1990: Office of Senator Richard Lugar; summer intern.

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

No.

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

8/2002 to present: Commissioner, Commodity Futures Trading Commission; appointed.

10/1998 to 8/2002: U.S. Senate Agriculture Committee; professional staff member covering futures markets and agricultural banking and tax issues.

10/1993 to 10/1998: Office of Senator Richard Lugar; Legislative Assistant on tax and financial issues.

1/1992 to 5/1992: Oregon Department of Justice-Charitable Activities Division; part-time law clerk.

05/1991 to 09/1991: U.S. Department of Justice-Tax Division; summer intern for Appellate and Civil Trial Eastern Sections.

05/1990 to 09/1990: Office of Senator Richard Lugar; summer intern.

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

None.

9. Political Affiliation: The statute creating the Commodity Futures Trading Commission requires that no more than three members be from the same political party. List your current political party registration or affiliation.

Republican.

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Illinois Bar Association
American Diabetes Association

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

Remarks of Commissioner Walter L. Lukken before the CFTC Commodity Pool Roundtable, Washington, D.C., April 6, 2005.

Remarks of Commissioner Walter L. Lukken before the Intellectual Property Panel at FIA Expo, Chicago, Illinois, October 26, 2004.

Article by Commissioner Walter L. Lukken, "Reauthorization: Let the Debate Begin," published in the fall 2004 issue of Futures & Derivatives Law Report, September 2004.

Remarks of Commissioner Walter L. Lukken before the Swiss Futures and Options Association Conference, Burgenstock, Switzerland, September 9, 2004.

Remarks of Commissioner Walter L. Lukken before the Futures Industry Association's Annual Conference, Panel on Market Structure and Self-Regulation, Boca Raton, Florida, March 18, 2004.

Derivative Contracts and their Regulation by CFTC Commissioner Walt Lukken and Jim Overdahl; Financial Product Fundamentals; Practicing Law Institute; February 2004.

Statement of Commissioner Walter L. Lukken before the USFE Designation Hearing, Washington, D.C., February 4, 2004.

Remarks by Commissioner Walter Lukken before the Chicago Bar Association, Chicago, Illinois, February 3, 2004.

Statement of Commissioner Walter L. Lukken before the Futures and Options World's Trade Mission, Shanghai, November 21, 2003.

Remarks of Commissioner Walter L. Lukken before the Futures and Options World's Derivatives and Risk Expo, New York, New York, May 21, 2003.

Remarks of Commissioner Walter L. Lukken before the Futures and Derivatives Committee of the New York State Bar Association, May 20, 2003.

Presentation of CFTC Commissioner Walter L. Lukken to the Financial Services Regulatory Conference, March 17-18, 2003.

Statement of Commissioner Walter L. Lukken before the National Grain Trade Council at their Annual Meeting, February 7, 2003.

Statement of Commissioner Walter L. Lukken before the Futures Industry Association, Chicago, Illinois, September 12, 2002.

12. Health: What is the present state of your health?

Excellent. I have had diabetes for the last 18 years but keep it under tight control through exercise, monitoring and diet.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Yes.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   None.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

   No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

   No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

   No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

    None.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

    Yes. I received several government-guaranteed law school loans, which are being repaid and are in good standing.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

    I will continue to confer with the Office of Government Ethics and ethics officials at the CFTC so as to avoid the appearance of and to resolve any potential conflicts of interest that may arise in the future.

U.S. Commodity Futures Trading Commission
Three Lafayette Centre,1155 21st Street, NW, Washington, DC 20581

Walter L. Lukken
Commissioner

(202) 418-5014
(202) 418-5550 Facsimile
wlukken@cftc.gov

June 6, 2005

The Honorable Saxby Chambliss
Chairman, Senate Committee on Agriculture, Nutrition and Forestry
328A Russell Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with Title I of the Ethics in Government Act of 1978, as amended, and 5 C.F.R. § 2634.606(a), I hereby update my public financial disclosure form. Since May 26, 2005, the date I signed my public financial disclosure report, my spouse and I have not received honoraria, and I have received an additional $5,379 in earned income from the CFTC.

I am also writing to make certain corrections to my public financial forms, as provided the Committee in my annual standard form 278, prior to my confirmation hearing on June 9th, 2005. The corrections are as follows:

On page 2, item five should read "District of Columbia 529 Education Fund-Age 0-5."
On page 6, item two should be marked in the category "$50,000-$100,000."
On page 6, item three should be deleted.

Please do not hesitate to contact me if you have questions regarding any of these items. I appreciate your attention to this matter.

Sincerely

Walter Lukken
Commission

cc: Marilyn L. Glynn
Acting Director of Government Ethics

Patrick J. McCarty
General Counsel and Designated Agency Ethics Official, Commodity Futures Trading Commission

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

May 31, 2005

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Walter Lukken, who has been nominated by President Bush to be the Commissioner, Commodity Futures Trading Commission.

We have reviewed the report and have also obtained advice from the Commodity Futures Trading Commission concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated April 5, 2005, from Mr. Lukken to the Commission's ethics official, outlining the steps which he will take to avoid conflicts of interest.

Based thereon, we believe that Mr. Lukken is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Marilyn L. Glynn
Acting Director

Enclosures

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved:
OMB No. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination *(Month, Day, Year)*	**Reporting Status** (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒	Termination Filer ☐ Termination Date *(If Applicable) (Month, Day, Year)*
Reporting Individual's Name	Last Name: Lukken			First Name and Middle Initial: Walter	
Position for Which Filing	Title of Position: Commissioner			Department or Agency *(If Applicable)*: Commodity Futures Trading Commission	
Location of Present Office (or forwarding address)	Address *(Number, Street, City, State, and ZIP Code)*: 1155 21st Street NW, Washington, DC 20581			Telephone No. *(Include Area Code)*: 202-418-5014	
Position(s) Held with the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: Commissioner, August 6, 2002 to present				
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry			Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No	
Certification I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: Walter L. Lukken			Date *(Month, Day, Year)*: 4-8-05	
Other Review (If desired by agency)	Signature of Other Reviewer: John P. Jhen			Date *(Month, Day, Year)*: 5-25-05	
Agency Ethics Official's Opinion On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official: Patrick J. McCarty			Date *(Month, Day, Year)*: 5-26-05	
Office of Government Ethics Use Only	Signature: Marilyn Y. Glynn			Date *(Month, Day, Year)*: 5/31/05	

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

(Check box if filing extension granted & indicate number of days _____) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Agency Use Only

OGE Use Only

MAY 26 2005

Supersedes Prior Editions, Which Cannot Be Used.

278-112

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SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: Lukken, Walter

SCHEDULE A

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
	Doe Jones & Smith, Hometown, State																															Law Partnership Income $130,000	
	Kempstone Equity Fund													x										x									
	IRA: Heartland 500 Index Fund													x											x								
1	T Rowe Price Equity Income Fund		X											X							X												
2	T Rowe Price Growth Stock Fund		X											X							X												
3	T Rowe Price Personal Strategy Growth IRA Rollover (Dana Bostic)		X											X							X												
4	Spouse self-employed as meeting planner for trade associations with Congressional offices																															self-employment income	
5	District of Columbia 527 Education Fund-Age 0-5		X											X							X												
6																																	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: Lukken, Walter

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
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7																																	
8																																	
9																																	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name: Lukken, Walter

SCHEDULE B

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example	Central Airlines Common				2/1/99			X									
1																	
2																	
3																	
4																	
5																	

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260, and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☐

	Source *(Name and Address)*	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
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U.S. Office of Government Ethics

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name: Lukken, Walter

SCHEDULE B continued
(Use only if needed)

Part I: Transactions

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
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*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

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Reporting Individual's Name: Lukken, Walter

SCHEDULE C

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors *(Name and Address)*	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			X								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand	X										
1	Department of Education, Washington DC	student loan	2002	8	15		X									
2	Department of Education, Washington DC	spouse student loan	2001	7	25		X									
3	Sallie Mae, Reston VA	student loan	1989	5.25	20	X										
4																
5																

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
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2			
3			
4			
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6			

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5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE D	Page Number
Lukken, Walter		7 of 7

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☒

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1					
2					
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6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None ☒

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
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5		
6		

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April 5, 2005

Mr. Patrick J. McCarty
General Counsel and Designated
Agency Ethics Official
Commodities Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20518

Dear Mr. McCarty:

In regard to your review of my public financial disclosure report ("SF 278") and in anticipation of my nomination by President Bush, I wish to advise you of the steps I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Commissioner of the Commodity Futures Trading Commission.

As required by 18 U.S.C. 208 (a), I will not participate personally or substantially in any particular matter that has a direct and predictable effect on my financial interest or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. 208 (b)(1), or qualify for a regulatory exemption pursuant to 18 U.S.C. 208(b)(2).

My spouse, Dana Bostic Lukken is self-employed as a meeting planner for lobbyists wishing to visit various Capital Hill officials and staff, for which she receives compensation. Pursuant to 5 C.F.R. Part 2635.502, I will not participate in any particular matter involving specific parties in which any client of my spouse is or represents a party, unless I am authorized to participate.

I understand that you will provide copies of this letter to the White House Counsel's Office and the Office of Government Ethics in connection with their review of my SF 278. I would be pleased to provide them with any additional information they may require.

Sincerely,

Walt Lukken

Walter L. Lukken

Walter L. Lukken

Commissioner
Commodity Futures Trading Commission

Walter Lukken currently serves as a Commissioner of the Commodity Futures Trading Commission (CFTC). The Commission is responsible for overseeing the laws and regulations that govern our nation's futures and options exchanges. President Bush nominated him to this post in January 2002 and the Senate confirmed his nomination in August 2002.

Commissioner Lukken was appointed in October 2003 to serve as Chairman and Designated Federal Official of the CFTC's Global Markets Advisory Committee (GMAC). The GMAC was created by the Commission to provide a forum in which it can discuss the many complex and novel issues raised by the ever-increasing globalization of futures markets.

In May 2003, CFTC Chairman Newsome and SEC Chairman William Donaldson tasked Commissioner Lukken and SEC Commissioner Paul Atkins, respectively, to work together with agency staff on the completion of issues arising from the implementation of the Commodity Futures Modernization Act of 2000 (CFMA). A memorandum of understanding between the CFTC and the SEC regarding security futures products was completed in March 2004.

Prior to joining the CFTC, Commissioner Lukken served four years on the professional staff of the U.S. Senate Agriculture Committee under Chairman Richard Lugar (R-IN). While working for the Committee, he specialized in futures and derivatives markets, agricultural banking, and agricultural tax issues. In this capacity, Commissioner Lukken was fully involved in the drafting of the CFMA (H.R. 5660) and the 2002 Farm Bill (H.R. 2646). Before joining the Agriculture Committee, Commissioner Lukken worked for five years in the personal office of Sen. Lugar as a legislative assistant specializing in finance and tax matters.

A native of Richmond, Indiana, he received his B.S. degree with honors from the Kelley School of Business at Indiana University, and his Juris Doctor degree from Lewis and Clark Law School in Portland, Oregon. Commissioner Lukken is a member of the Illinois Bar. He is married to Dana Bostic Lukken of Morgan City, Louisiana, and they and their son William reside in Washington, D.C.

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

Reuben Jeffery III

2. Date and place of birth.

8/21/1953 Wilmington, DE

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

Married to the former Robin Eleanor Walker (Mrs. Robin Walker Jeffery). She is a registered nurse, but not currently employed.

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

Name of School	Attended (Month/Year) From	To	Degree	Month/Year Awarded
Stanford University Law School	09/1977	05/1981	JD	05/1981
Stanford University Business School	09/1977	05/1981	MBA	05/1981
Yale University	09/1971	05/1975	BA	05/1975

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner*, proprietor, or employee since graduation from college; include a title and brief job description.

Jobs

1975-1977	**Morgan Guaranty Trust Company of New York, commercial bank – Management trainee**
[1977-1981	**joint MBA-JD program]**
1981-1983	**Davis Polk & Wardwell, law firm – Associate**
1983-2001	**Goldman, Sachs & Co./The Goldman Sachs Group Inc., investment bank/financial services -- Associate, Partner, Managing Director**

*Limited partnerships in investment entities excluded.

Goldman Sachs-related Directorships

1996-2001	**Sterling Cook Brown Holdings, insurance brokerage -- Director (Goldman Sachs was a minority shareholder)**
1998-2001	**Archon Group France, Goldman Sachs-affiliated European property management company – Director**
1999-2001	**Euromeg/Citadines, extended stay hotel company – Director (Goldman Sachs was a majority shareholder)**

Other Directorship

2001	**Col Wine (Luxembourg), holding company for Chateau Lascombes -- Director**

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

Yes, 06/1972 to 01/1974 – U.S. Marine Corps Platoon Leaders Class (Private E-1, serial number 043386148), Honorable Discharge – January 3, 1974.

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

Employer	Served (Month/Year) From	To	Department	Position and Grade Level
The White House	**03/2002**	**04/2003**	**Executive Office of the President-Domestic Policy**	**Special Advisor-Lower Manhattan Development (Volunteer)**
Pentagon	**05/2003**	**06/2004**	**Dept. of Defense/Coalition Provisional Authority**	**D.C. Representative (SES 4)**
The White House	**08/2004**	**Present**	**National Security Council**	**Special Asst. to Pres/Senior Director**

All were appointed positions.

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

June 2004	**Awarded the Department of Defense Medal for Distinguished Public Service**

9. Political Affiliation: The statute creating the Commodity Futures Trading Commission requires that no more than three members be from the same political party. List your current political party registration or affiliation.

Republican

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Cercle de L'Union Interalliee, Paris, France, member since 1998
Commanderie de Bordeaux, Washington, D.C., member since 2002
Laurel Links Country Club, Jamesport, New York, member since 2001
Metropolitan Club, Washington, D.C., member since 2002
Quogue Field Club, Quogue, NY, member since 1981
Quogue Beach Club, Quogue, NY, member since 1981
Queenwood Golf Club, Surrey, England, member since 2001
Stanford Law School Board of Visitors, Palo Alto, CA, member since 2004
Yale Club of New York, member since 1975

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

None

12. Health: What is the present state of your health?

Excellent

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Yes, except as noted in answer to the next question.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   Under the Goldman Sachs Employees Pension Plan, a defined benefit plan, I am entitled to receive an annual benefit of $2,839 at age 65. When I was an associate at Goldman Sachs, I participated in two Goldman Sachs qualified plans: the Goldman Sachs Employees' Profit Sharing Retirement Income Plan and the Goldman Sachs Money Purchase Pension Plan. I continue to have interests in those plans (aggregate value is less than $2 million). Goldman Sachs has no financial obligations with respect to any benefits payable by such plans.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No. (I am a small minority shareholder in a closely held corporation which owns a vineyard outside the United States.)

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

   No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

   No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

   No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

    In order to avoid conflicts of interest or problems in meeting the disclosure requirements of the Ethics in Government Act that could arise in respect of the holdings of certain investment entities as to which I do not have the ability to control their holdings or the disclosure of their holdings, I have committed in my ethics agreement to divest or otherwise eliminate my interests in those investment entities within 90 days after my confirmation.

11. Have you ever received a government guaranteed student loan?

    Yes.

    If so, has it been repaid?

    Yes.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

As indicated in response to Question 10 above, I have committed to divest or otherwise eliminate my interests in certain investment entities as to which I do not have the ability to control their holdings or the disclosure of their holdings, in order to avoid conflicts of interest or problems in meeting the disclosure requirements of the Ethics in Government Act that could arise in respect of the holdings of such entities. If a conflict should arise in the future, I will consult with the General Counsel of the CFTC and the CFTC's DAEO, with a view to obtaining a written waiver, determining that I qualify for a regulatory exemption , recusing myself from the particular matter or divesting the financial interest that creates the conflict.

SULLIVAN & CROMWELL LLP

TELEPHONE: 1-202-956-7500
FACSIMILE: 1-202-293-6330
WWW.SULLCROM.COM

1701 Pennsylvania Avenue, N.W.
Washington, D.C. 20006-5805

NEW YORK • LOS ANGELES • PALO ALTO
FRANKFURT • LONDON • PARIS
BEIJING • HONG KONG • TOKYO
MELBOURNE • SYDNEY

June 7, 2005

By Hand

The Honorable Saxby Chambliss,
Chairman,
Committee on Agriculture, Nutrition and Forestry,
United States Senate,
SR-328A Russell Senate Office Bldg.,
Washington, D.C. 20510.

Re: Reuben Jeffery III

Dear Mr. Chairman:

We have discovered that the wrong box was checked in Block C of Schedule A in Reuben Jeffery's SF 278 relating to his nomination to be a member and Chair of the Commodities Futures Trading Commission in the following cases:

- p3, #4: the $2,501-$5,000 box should have been checked, rather than the next higher box.
- p4, #3: the None box should have been checked, rather than the $15,001-$50,000 box.
- p4, #4: the $50,001-$100,000 box should have been checked, rather than the next lower box.
- P5, #5: the $5,001-$15,000 box should have been checked, rather than the next higher box.
- p5, #6: the $5,001-$15,000 box should have been checked, rather than the $1,001-$$2,500 box.
- p5, #9: the $5,001-$15,000 box should have been checked, rather than the $1,001-$$2,500 box.

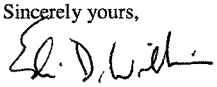
The Hon. Saxby Chambliss

- P6, #1: the $2,501-$5,000 box should have been checked, rather than the next higher box.
- P6, #4: the $1,001-2,500 box should have been checked, rather than the next higher box.
- p7, #6: the $15,001-$50,000 box should have been checked, rather than the next lower box.
- p7, #7: the None box should have been checked, rather than the $5,001-$15,000 box.
- p7, #8: the $5,001-$15,000 box should have been checked, rather than the $201-$$1,000 box.
- p8, #5: the $2,501-$5,000 box should have been checked, rather than the next higher box.
- p8, #8: the $15,001-$50,000 box should have been checked, rather than the next lower box.

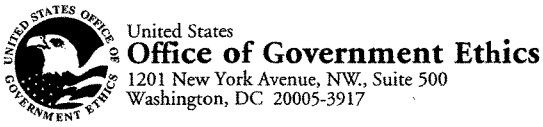
Mr. Jeffery informs me that there have been no material changes in the information set forth in the SF 278 submitted to the Committee since the date as of which it sets forth information. He has not received any earned income other than from the U.S. Government, his spouse has not received any earned income and neither he nor his wife has received any honoria.

If you have any questions or comments, please feel free to call me at the above number.

Sincerely yours,



Edwin D. Williamson



May 23, 2005

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Reuben Jeffery III, who has been nominated by President Bush for the position of Commissioner and Chairman, Commodity Futures Trading Commission.

We have reviewed the report and have also obtained advice from the Commodity Futures Trading Commission concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated May 11, 2005, from Mr. Jeffery to the agency ethics official, outlining the steps which Mr. Jeffery will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with the actions he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Jeffery is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Marilyn L. Glynn
Acting Director

Enclosures

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

CFTC DRAFT DATED MAY 10, 2005

Form Approved:
OMB No. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination *(Month, Day, Year)*	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒	Termination Filer ☐ Termination Date *(If Applicable) (Month, Day, Year)*
Reporting Individual's Name	Last Name: JEFFERY III			First Name and Middle Initial: REUBEN	
Position for Which Filing	Title of Position: COMMISSIONER			Department or Agency *(If Applicable)*: COMMODITY FUTURES TRADING COMM.	
Location of Present Office (or forwarding address)	Address *(Number, Street, City, State, and ZIP Code)*: THE WHITE HOUSE, WASHINGTON, DC 20504			Telephone No. *(Include Area Code)*: (202) 456-9281	
Position(s) Held with the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: SPECIAL ASSNT TO PRESIDENT /SENIOR DIR., NAT'L SECURITY COUNCIL 8/2004-PRESENT DEPARTMENT OF DEFENSE/CPA REPRESENTATIVE 8/01/03-06/30/04				
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry			Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No	
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: [signature]			Date *(Month, Day, Year)*: May 11, 2005	
Other Review (If desired by agency)	Signature of Other Reviewer: John P. Tolan, ADAEO			Date *(Month, Day, Year)*: 05-18-05	
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official: Patrick J. McCarty			Date *(Month, Day, Year)*: 05-18-2005	
Office of Government Ethics Use Only	Signature: Marilyn L. Glynn			Date *(Month, Day, Year)*: 5/23/05	

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

(Check box if filing extension granted & indicate number of days .....) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Agency Use Only

OGE Use Only
MAY 19 2005

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Asset	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
	Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
	Kempstone Equity Fund					x								x										x									
	IRA: Heartland 500 Index Fund							x						x											x								
1	GS MONEY PURCHASE/PROFIT SHARE PLAN: GS STABLE VALUE FD (1) ATT E						x												x							x							
2	GS MONEY PURCHASE/PROFIT SHARE PLAN:GS FSQ MONEY MKT FD (1)			x										x								x											
3	GS MONEY PURC/PROFIT SHARE PLAN: MULTI STRATEGY HEDGE FD (1)						x										x		x	x							x						
4	GS MNY PURC/PROFIT SH PLAN: OMEGA MULTI-MKT HDGE FD (1) ATT F							x									x		x	x								x					
5	GS MONEY PURCHASE/PROFIT SHARE PLAN:CONCENTRATED GWTH (1)					x								x														x					
6	GS MONEY PURCHASE/PROFIT SHARE PLAN:GS LARGE CAP CORE FD (1)					x								x												x							

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot Be Used.

OGE/Adobe Acrobat version 1.0.1 (3/29/01)

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5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	IRA: OPPENHEIMER GROWTH FUND			x										x							x												
2	COL WINE LUX, SEE ATTACHMENT A							x													x												
3	BARCLAYS UK CASH DEPOSIT ACCOUNT		x																x		x												
4	VANGUARD PRIME MONEY MARKET FUND						x							x											x							INCLUDES FAMILY FOUNDATION	
5	VANGUARD TAX EXEMPT MONEY MARKET FUND									x				x												x							
6	VANGUARD INTERMEDIATE-TERM BOND INDEX FUND (ADMIRAL SHS)										x			x														x					
7	VANGUARD INTERMEDIATE-TERM TAX EXEMPT FUND (ADMIRAL SHS)										x			x														x					
8	VANGUARD TOTAL STOCK MARKET INDEX FUND (INSTITUTIONAL SHS)										x			x														x				INCLUDES FAMILY FOUNDATION	
9	VANGUARD WINDSOR II FUND (VALUE EQUITY)- ADMIRAL SHS										x			x														x					

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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	AMERICAN HIGH INCOME TRUST (HIGH YIELD INCOME FUND)										x			x														x				AMOUNTS INCLUDE IRC SEC 529 PLAN	
2	AMERICAN FUNDS - GROWTH FUND OF AMERICA INC. (GROWTH EQUITY)										x			x												x						AMOUNTS INCLUDE IRC SEC 529 PLAN	
3	LEGG MASON OPPORTUNITY TRUST (SPECIAL OPPORTUNITY EQUITY)										x			x												x							
4	AMERICAN FUNDS - NEW PERSPECTIVE FUND(INTERNATIONAL)										x			x												x						AMOUNTS INCLUDE IRC SEC 529 PLAN	
5	WASHINGTON MUTUAL INVESTORS FUND, INC. (VALUE EQUITY)										x			x														x				AMOUNTS INCLUDE IRC SEC 529 PLAN	
6	LEGG MASON VALUE TRUST (VALUE EQUITY)										x			x							x												
7	PIMCO TOTAL RETURN FUND										x			x														x					
8	PIMCO MONEY MARKET FUND						x							x												x							
9	DREYFUS 100% US TREASURY MONEY MARKET FUND	x												x								x											

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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	VANGUARD HIGH YIELD CORP. FUND						x							x											x							FAMILY FOUNDATION	
2	VANGUARD U.S. VALUE FUND						x							x									x									FAMILY FOUNDATION	
3	QUEENWOOD GOLF CLUB - SURREY, ENGLAND					x															x											TRANSFERABLE MEMBERSHIP	
4	LAUREL LINKS COUNTRY CLUB -JAMESPORT, NY				x																x											TRANSFERABLE MEMBERSHIP	
5	PIMCO REAL RETURN FUND									x				x											x								
6	BARCLAYS FRANCE CASH DEPOSIT ACCOUNT						x												x				x										
7	CITIBANK CASH DEPOSIT ACCOUNT						x												x				x										
8	THE NORTHERN TRUST COMPANY CASH DEPOSIT ACCOUNT			x															x			x											
9	JP MORGAN PRIME MONEY MARKET FUND				x									x									x										

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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	FIDELITY VALUE FUND				X									X										X									
2	PENNIMAN'S POINT LP - LIMITED PARTNER. SEE ATTACHMENTS A & C								X								X	X	X	X				X									
3	BARCLAY CAPITAL GUARANTEE SAVINGS ACCOUNT-C.D.					X													X				X										
4	JP MORGAN CASH DEPOSIT ACCOUNT									X									X					X									
5	GSC PARTNERS CDO FEEDER II LLC NON-MANAGING MBR. SEE ATTACH A							X																								LLC Income $135,898	
6	FARALLON CAPITAL PARTNER'S LP - LIMITED PARTNER. SEE ATTACH A										X			X																		Partnership Income $936,672	
7	NESTOR 2000 SPEC LLC-NON MANAGING MBR. SEE ATTACHMENT A					X								X							X												
8	OMEGA EQUITY INV. LP - LIMITED PARTNER. SEE ATTACHMENTS A & D										X																					Partnership Income $859,699	
9	IRA: DREYFUS LIQUID ASSETS FUND			X										X							X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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U.S. Office of Government Ethics

Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)															Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)														
																Type				Amount										
	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Dividends	Rent and Royalties	Interest	Capital Gains	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1 IRA: DREYFUS APPRECIATION FUND		X											X							X											
2 NORTHERN MONEY MARKET FUND										X			X												X						
3 FIDELITY CASH RESERVES FUND				X									X									X									
4 FIDELITY NEW MILLENIUM FUND					X								X									X									
5 GOLDMAN SACHS FINANCIAL SQR PRIME OBLIGATION FUND (2)										X			X													X					
6 GOLDMAN SACHS MID CAP VALUE FUND (2)						X							X											X							
7 GOLDMAN SACHS CAPITAL GROWTH FUND (2)						X							X											X							
8 GOLDMAN SACHS SMALL CAP VALUE FUND (2)					X								X								X										
9 GOLDMAN SACHS INTERNATIONAL EQUITY FUND (2)			X										X								X										

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	FIDELITY CONVERTIBLE SECURITIES FUND				X									X									X										
2	FIDELITY CHARITABLE GIFT FUND/MONEY MARKET POOL						X							X							X												
3	TEJON RANCH CO.					X															X												
4	MAKEMUSIC INC.			X																	X												
5	CASH HELD AT LEGG MASON							X											X						X								
6	BALMAIN SA, SEE ATTACHMENT A		X																		X												
7	EDREAMS INC. SERIES D PREF, BARCELONA, SPAIN.ONLINE TRAVEL			X																	X												
8	GOLDMAN SACHS FOREIGN CURRENCY-CASH ACCOUNT									X									X						X								
9	GOLDMAN SACHS EMPLOYEE'S PENSION PLAN-SEE FOOTNOTE 1			X																	X											$9,436.5 PER YEAR AT AGE 65	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	RENARDES LLC, SEE ATTACHMENT A					X															X												
2	FIDELITY CHARITABLE GIFT FUND/GROWTH POOL					X								X							X												
3	FIDELITY CHARITABLE GIFT FUND/EQUITY INCOME POOL						X							X							X												
4	FIDELITY CHARITABLE GIFT FUND/INTEREST INCOME POOL						X							X							X												
5	GSC PARTNERS CDO INVESTORS II, LP SEE ATTACHMENT A							X						X																		Partnership Income $135,898	
6	GS GLOBAL INC. MUTUAL FUND CLASS I	X												X			X								X								
7	GS ULTRA SHORT MUTUAL FUND CLASS I	X												X			X								X								
8	DEUTSCHE TELECOM	X																		X								X					
9	WESTERN WIRELESS A	X																		X							X						

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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	ACP GLOBAL OPPORTUNITY FUND LP SEE ATTACHMENT A	x												x																		Partnership Income $32,000	
2	(1) NOTE: ALL GS MONEY PURCHASE / PROFIT SHARE PLAN DETAIL ABOVE																																
3	RELATES TO FUNDS HELD IN GOLDMAN SACHS RETIREMENT																																
4	ACCOUNTS. SEE ATTACHMENTS B, E & F FOR ADDITIONAL DETAIL.																																
5																																	
6	(2) VALUES INCLUDE ALL TRUSTS AND FAMILY FOUNDATION.																																
7	REFER TO SCHEDULE D, PRT I FOR ADDITIONAL INFORMATION ON																																
8	TRUSTS AND FOUNDATION.																																
9																																	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE B

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example	Central Airlines Common	x			2/1/99			x									
1																	
2																	
3																	
4																	
5																	

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260, and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. Exclude anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☐

	Source (Name and Address)	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
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Reporting Individual's Name: JEFFERY III, REUBEN

SCHEDULE C

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None [x]

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					x						
1																
2																
3																
4																
5																

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	SEE ATTACHMENT B.		
2	PARTICIPANT IN THE GOLDMAN SACHS EMPLOYEE'S PENSION PLAN AND WILL RECEIVE AN ANNUAL PAYMENT OF $2,836.50 COMMENCING AT AGE 65. SEE ATTACHMENT B.	GOLDMAN SACHS	4/83
3	PARTICIPANT IN THE GOLDMAN SACHS MONEY PURCHASE RETIREMENT PLAN AND THE GOLDMAN SACHS PROFIT SHARING RETIREMENT PLAN. SEE ATTACHMENT B.	GOLDMAN SACHS	4/83
4			
5			
6			

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Reporting Individual's Name	SCHEDULE D	Page Number
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	VIRGINIA IRC SEC 529 PLAN FBO DEPENDENT CHILD #1	EDUCATIONAL FUND	TRUSTEE	04/2002	PRESENT
2	VIRGINIA IRC SEC 529 PLAN FBO DEPENDENT CHILD #2	EDUCATIONAL FUND	TRUSTEE	04/2002	PRESENT
3	VIRGINIA IRC SEC 529 PLAN FBO DEPENDENT CHILD #3	EDUCATIONAL FUND	TRUSTEE	04/2002	PRESENT
4	TRUST F/B/O DEPENDENT CHLD #1	TRUST	TRUSTEE	11/1994	PRESENT
5	TRUST F/BO DEPENDENT CHILD #2	TRUST	TRUSTEE	11/1994	PRESENT
6	TRUST F/B/O DEPENDENT CHILD #3	TRUST	TRUSTEE	11/1994	PRESENT

Part II: Compensation in Excess of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None ☒

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

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Reporting Individual's Name	SCHEDULE D	Page Number
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	TRUST F/B/O FAMILY MEMBER	TRUST	TRUSTEE	08/1998	PRESENT
2	THE FAMILY FOUNDATION	CHARITABLE TRUST	TRUSTEE	01/2001	PRESENT
3					
4					
5					
6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None ☒

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
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5		
6		

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Private Equity:

1. *Col Wine Lux (Hldg. Co. For Lascombes Property)* – Small percentage interest in Chateau Lascombes acquired in April 2001. Col Wine (Lux) S.A.R.L., registered in Luxembourg, owns the outstanding shares of Chateau Lascombes, Margaux, France.

2. *Penniman's Point LP* – Spouse is one of six limited partners in this family limited partnership. The principal asset is real property (undeveloped land) located in New York State. The partnership's portfolio of securities is attached as Attachment C. Following filer's confirmation, the portfolio will be invested in a combination of government securities and excepted investment funds.

3. *Renardes LLC*, Wilmington, DE – A minority interest in a regional French wine wholesaler acquired in January 2002. Renardes LLC is a Delaware limited liability corporation, the sole asset of which is shares of Camille Giroud, Beaune, France, a wine wholesaler.

4. *Balmain SA*, Paris, France - Shares in a French clothing design company acquired in a 1999 private equity transaction.

Private Investment Funds:

1. *Farallon Capital Partners, L.P.*, San Francisco, California – Private investment fund seeking to achieve above market rates of return without the risk to principal or the volatility associated with equity returns. The partnership's investments include a portfolio of securities of companies undergoing extraordinary corporate transactions and companies experiencing financial distress, interests in real estate and other assets that are inefficiently financed and need to be recapitalized and emerging markets debt and equity. The partnership is not registered with the CFTC. The partnership is an "excepted investment fund" because it is "widely-held" in that it is owned by more than 100 investors (counting the beneficiaries of entity investors), it is "publicly available" in that it was not restricted to any group of investors (provided they met the SEC definition of "accredited investor"), and it is independently managed, in that filer neither exercises control nor has the ability to exercise control over the financial interests held by the partnership.

2. *GSC Partners CDO Feeder II LLC* ("Feeder") and *GSC Partners CDO Investors II, L.P.* ("Investors"), New York, New York – Feeder's only asset is its interest in Investors, which in turn is invested solely in GSC Partners CDO Fund II, Limited ("Fund"), a closed end leveraged distressed debt fund. Neither Feeder, Investors nor Fund is registered with the CFTC. Investors is an "excepted investment fund" because it is "widely-held" in that it is owned by more than 100 investors (counting the beneficiaries of entity investors), it is "publicly available" in that it was not restricted to any group of investors (provided they met the SEC definition of "accredited investor"), and it is independently managed, in that filer neither exercises control nor has the ability to exercise control over the financial interests held by it or Fund.

3. *Nestor 2000 Special LLC*, Milan, Italy - a venture capital fund formed to make equity investments in startup and early stage privately held technology companies located primarily in Europe. Filer's interest in the fund has been sold with closing to take place in

late May. The fund is an "excepted investment fund" because it is "widely-held" in that it is owned by more than 100 investors, it is "publicly available" in that it was not restricted to any group of investors (provided they met the SEC definition of "accredited investor"), and it is independently managed, in that filer neither exercises control nor has the ability to exercise control over the financial interests held by fund.

4. *Omega Equity Investors L.P.*, New York, New York - An investment fund which invests in public market equity securities with the objective of achieving long term capital appreciation. Filer intends to divest.

5. *ACP Global Opportunities Fund LP*, London, UK – A hedge fund seeking to achieve positive absolute returns consistently by investing in diversified portfolios of global equities, bonds and currencies. The fund is an "excepted investment fund" because it is "widely-held" in that it is owned by more than 100 investors (counting the beneficiaries of entity investors), it is "publicly available" in that it was not restricted to any group of investors (provided they met the SEC definition of "accredited investor"), and it is independently managed, in that filer neither exercises control nor has the ability to exercise control over the financial interests held by it or Fund.

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Filer joined Goldman Sachs as an employee in 1983, ceased to be an employee and became a partner in 1992, ceased to be a partner and became a Managing Director when Goldman Sachs went public in 1999 and completely retired from Goldman Sachs in 2001.

Additional Detail for Schedule A, Footnote (1):

The Goldman Sachs Money Purchase/Profit Share Plan listed in Schedule A refer to the following two qualified plans: the Goldman Sachs Employees' Profit Sharing Retirement Income Plan, which is a 401(k), discretionary plan to which filer, when an employee of Goldman Sachs, could contribute a portion of his income and Goldman Sachs would make additional matching or other contributions up to 20% of his income up to $25,000 (i.e., Goldman Sachs would contribute up to $5,000 per year), and the Goldman Sachs Money Purchase Pension Plan, a non-discretionary plan to which Goldman Sachs contributed on behalf of filer, when an employee of Goldman Sachs, the amount permitted under IRC 415(c), which amount was then subtracted from filer's bonus. For the investment of the funds in his accounts under the two plans, filer elects from a list of 35 investment alternatives. The Money Purchase Pension Plan replaced the Goldman Sachs Employees Pension Plan, a defined benefit plan under which filer is entitled to receive an annual benefit of $2,839 at age 65.

The third party managers of the funds listed on Schedule A are as follows: Multi Strategy Fund-OZ Management LLC; Multi-Market Hedge Fund-Omega Advisors, Inc.; Concentrated Growth Equity-TCW Asset Management Company.

Filer will switch from the GS Stable Value Fund, the Multi Strategy Fund and the Omega Multi-Market Hedge Fund to investment options that are non-conflicting funds.

Additional Detail for Schedule C, Part II:

Since filer's retirement from Goldman Sachs, filer has had no further relationships with Goldman Sachs other than as a customer and the following: As a former Partner/Managing Director of Goldman Sachs, filer has the option to continue, and is continuing, at his own expense, to obtain health and excess liability insurance coverage through the firm. As a former employee, he has interests in a defined benefit pension plan ($2,839 annual benefit at age 65), a defined contribution plan and a 401(k) plan, all of which are listed in Schedule A and described in footnote 1 thereto (See Additional Detail for Schedule A, Footnote (1) above). As a Partner when Goldman Sachs went public in 1999, filer is covered by an agreement pursuant to which Goldman Sachs has agreed to hold those former Partners harmless in the event that a taxing authority assesses additional amounts of tax liability in respect of partnership income. (These assessments are usually a question of timing, so that an assessment for one year usually results in a refund for another year.) Goldman Sachs has resolved all federal audits and all state audits except for one state, which

REUBEN JEFFERY III
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is expected to be resolved this year. Thus, the agreement is a *de minimis* obligation for Goldman Sachs, and it should expire in the near term. As a former Partner, filer is invited to occasional Goldman Sachs social events, such as retirement dinners.

ATTACHMENT C

INVESTPort

Return to Investment Detail Page

(This is a printable page only. Click on the Return link to continue your current transaction.)

Mon, 25 Apr 2005 18:13:49 UTC

INVESTMENT DETAIL

PENNIMAN'S POINT LTD PARTNERSHIP #367862771

Asset Type	Asset Name	Current Alloc	Quantity	Current Price	Date Priced	Current Value	Total Cost	Unrealized Gain/Loss	Estimated Annual Income	Yield
Cash Eqv	CASH - INCOME	0.0%	42,786.7900	1.0000		42,786.79	42,786.79	0.00	0.00	0.0%
Cash Eqv	CASH - PRINCIPAL	0.0%	(42,786.7900)	1.0000		(42,786.79)	(42,786.79)	0.00	0.00	0.0%
Cash Eqv	MERRIMAC CASH SERIES INVESTMENT CL Ticker:MRIXX Asset ID:590266300	5.1%	84,377.1600	100.0000%	01-Mar-2001	84,377.16	84,377.16	0.00	1,815.31	2.2%
Corp Bnd	BAXTER INTL INC 5.25% 5/01/07 Ticker:BI55207 Asset ID:071813AS8	6.1%	100,000.0000	101.3160%	31-Mar-2005	101,316.00	103,220.00	(1,904.00)	5,250.00	5.2%
Corp Bnd	CITIGROUP INC 3.625% 2/09/09 Ticker:CI33609 Asset ID:172967CH2	2.9%	50,000.0000	96.6420%	31-Mar-2005	48,321.00	49,444.50	(1,123.50)	1,812.50	3.8%
Corp Bnd	CITIGROUP INC 4.125% 6/30/05 Ticker:CI44105 Asset ID:172967BM2	6.0%	100,000.0000	100.2250%	31-Mar-2005	100,225.00	102,714.00	(2,489.00)	4,125.00	4.1%
Corp Bnd	GEN ELEC CAP CORP 2.61% 12/15/09 Ticker:GEC2209 Asset ID:36962GM35	6.0%	100,000.0000	100.1090%	31-Mar-2005	100,109.00	100,080.00	29.00	2,610.00	2.6%
Corp Bnd	GEN MTRS ACCEP CORP 6% 4/01/11 Ticker:GMC11 Asset ID:370424CF8	2.7%	50,000.0000	90.5190%	31-Mar-2005	45,259.50	49,391.69	(4,132.19)	3,000.00	6.6%
Corp Bnd	GILLETTE CO 4.125% 8/30/07 Ticker:GC80007 Asset ID:375766AJ1	6.0%	100,000.0000	99.7040%	31-Mar-2005	99,704.00	103,220.00	(3,516.00)	4,125.00	4.1%
Corp Bnd	IBM CORP 4.875% 10/01/06 Ticker:IB44806 Asset ID:459200AW1	6.1%	100,000.0000	101.3370%	31-Mar-2005	101,337.00	105,730.00	(4,393.00)	4,875.00	4.8%
Corp Bnd	INTL LEASE FIN CORP 4.375% 12/15/05 Ticker:ILF0002 Asset ID:459745FC4	6.0%	100,000.0000	100.3850%	31-Mar-2005	100,385.00	103,866.00	(3,481.00)	4,375.00	4.4%
Corp Bnd	JP MORGAN CHASE 3.125% 12/11/06 Ticker:JPM3106 Asset ID:46625HBD1	5.9%	100,000.0000	98.5010%	31-Mar-2005	98,501.00	100,744.00	(2,243.00)	3,125.00	3.2%
Corp Bnd	PACIFIC GAS & ELEC 3.26% 4/03/06 Ticker:PGE2306 Asset ID:694308GF8	1.6%	27,000.0000	100.2620%	31-Mar-2005	27,070.74	27,102.60	(31.86)	880.20	3.3%
Corp Bnd	PROCTER & GAMBLE CO 4% 4/30/05 Ticker:PGC4005 Asset ID:742718BV0	6.0%	100,000.0000	99.8800%	31-Mar-2005	99,880.00	104,203.00	(4,323.00)	4,000.00	4.0%
Corp Bnd	TARGET CORP 5.5% 4/01/07 Ticker:TC55507 Asset ID:87612EAD8	6.1%	100,000.0000	102.3590%	31-Mar-2005	102,359.00	108,762.00	(6,403.00)	5,500.00	5.4%
	WELLS FARGO FINL									

ATTACHMENT C

Corp Bnd	INC 4.875% 6/12/07 Ticker:WFF4807 Asset ID:94975CAK3	6.1%	100,000.0000	101.5630%	31-Mar-2005	101,563.00	105,652.00	(4,089.00)	4,875.00	4.8%
Equities	ABBOTT LABORATORIES Ticker:ABT Asset ID:002824100	0.9%	300.0000	47.5700	22-Apr-2005	14,271.00	11,431.59	2,839.41	330.00	2.3%
Equities	ALLTEL CORP PFD Ticker:AYZ Asset ID:020039822	1.2%	400.0000	51.1200	22-Apr-2005	20,448.00	19,974.00	474.00	1,550.00	7.6%
Equities	AUTOMATIC DATA PROCESSING INC Ticker:ADP Asset ID:053015103	0.8%	300.0000	44.3400	22-Apr-2005	13,302.00	11,098.50	2,203.50	186.00	1.4%
Equities	BARD (C R) INC Ticker:BCR Asset ID:067383109	0.8%	200.0000	70.4900	22-Apr-2005	14,098.00	5,413.00	8,685.00	96.00	0.7%
Equities	BAXTER INTERNATIONAL 7% CONV PFD Ticker:BAXP Asset ID:071813406	1.3%	400.0000	55.9400	22-Apr-2005	22,376.00	19,132.00	3,244.00	1,400.00	6.3%
Equities	BB & T CORPORATION Ticker:BBT Asset ID:054937107	0.7%	300.0000	38.1800	22-Apr-2005	11,454.00	11,775.00	(321.00)	420.00	3.7%
Equities	BURLINGTON RESOURCES INC Ticker:BR Asset ID:122014103	0.9%	300.0000	50.4100	22-Apr-2005	15,123.00	7,207.50	7,915.50	102.00	0.7%
Equities	CHUBB CORP 7% CONV PFD Ticker:CB P Asset ID:171232507	1.1%	600.0000	29.3700	22-Apr-2005	17,622.00	15,442.50	2,179.50	1,050.00	6.0%
Equities	DIEBOLD INC Ticker:DBD Asset ID:253651103	0.9%	300.0000	48.2300	22-Apr-2005	14,469.00	11,279.50	3,189.50	246.00	1.7%
Equities	EXXON MOBIL CORP Ticker:XOM Asset ID:30231G102	0.7%	200.0000	59.4200	22-Apr-2005	11,884.00	6,839.00	5,045.00	216.00	1.8%
Equities	FORTUNE BRANDS INC Ticker:FO Asset ID:349631101	0.5%	100.0000	87.7500	22-Apr-2005	8,775.00	4,749.00	4,026.00	132.00	1.5%
Equities	FPL GROUP INC Ticker:FPL Asset ID:302571104	1.2%	482.0000	41.5700	22-Apr-2005	20,036.74	17,515.06	2,521.68	684.44	3.4%
Equities	GANNETT CO INC Ticker:GCI Asset ID:364730101	0.7%	150.0000	75.7100	22-Apr-2005	11,356.50	12,936.02	(1,579.52)	162.00	1.4%
Equities	GENERAL ELECTRIC CO Ticker:GE Asset ID:369604103	0.9%	400.0000	36.1000	22-Apr-2005	14,440.00	10,371.00	4,069.00	352.00	2.4%
Equities	JOHNSON & JOHNSON Ticker:JNJ Asset ID:478160104	0.8%	200.0000	68.4900	22-Apr-2005	13,698.00	10,711.00	2,987.00	228.00	1.7%
Equities	MASCO CORP Ticker:MAS Asset ID:574599106	0.6%	300.0000	32.2200	22-Apr-2005	9,666.00	10,889.58	(1,223.58)	240.00	2.5%
Equities	MERCANTILE BANKSHARES CORP Ticker:MRBK Asset ID:587405101	0.6%	200.0000	49.5100	22-Apr-2005	9,902.00	7,623.35	2,278.65	280.00	2.8%
Equities	MICROSOFT CORPORATION Ticker:MSFT Asset ID:594918104	0.9%	600.0000	24.9800	22-Apr-2005	14,988.00	15,348.72	(360.72)	192.00	1.3%
Equities	NEW JERSEY RESOURCES Ticker:NJR	0.8%	300.0000	43.9300	22-Apr-2005	13,179.00	10,845.00	2,334.00	408.00	3.1%

ATTACHMENT C

	Asset ID:646025106									
Equities	PEPSICO INC Ticker:PEP Asset ID:713448108	0.8%	250.0000	54.4700	22-Apr-2005	13,617.50	9,459.00	4,158.50	230.00	1.7%
Equities	PIEDMONT NATURAL GAS INC Ticker:PNY Asset ID:720186105	0.9%	600.0000	22.7100	22-Apr-2005	13,626.00	10,393.50	3,232.50	552.00	4.1%
Equities	PITNEY - BOWES INC Ticker:PBI Asset ID:724479100	0.8%	300.0000	44.0200	22-Apr-2005	13,206.00	9,748.50	3,457.50	372.00	2.8%
Equities	PRAXAIR INC Ticker:PX Asset ID:74005P104	0.5%	200.0000	45.7400	22-Apr-2005	9,148.00	6,389.15	2,758.85	144.00	1.6%
Equities	QUESTAR CORP Ticker:STR Asset ID:748356102	1.1%	300.0000	58.5600	22-Apr-2005	17,568.00	7,312.00	10,256.00	258.00	1.5%
Equities	REGIS CORP Ticker:RGS Asset ID:758932107	0.6%	300.0000	34.7300	22-Apr-2005	10,419.00	11,766.77	(1,347.77)	48.00	0.5%
Equities	SCHEIN HENRY INC Ticker:HSIC Asset ID:806407102	0.9%	400.0000	37.0100	22-Apr-2005	14,804.00	9,657.85	5,146.15	0.00	0.0%
Equities	SYSCO CORP Ticker:SYY Asset ID:871829107	0.4%	200.0000	34.7000	22-Apr-2005	6,940.00	4,884.82	2,055.18	120.00	1.7%
Equities	US BANCORP Ticker:USB Asset ID:902973304	0.7%	400.0000	27.2000	22-Apr-2005	10,880.00	12,010.88	(1,130.88)	480.00	4.4%
Equities	VARIAN MEDICAL SYSTEMS INC Ticker:VAR Asset ID:92220P105	0.6%	300.0000	33.1500	22-Apr-2005	9,945.00	10,756.47	(811.47)	0.00	0.0%
Equities	WACHOVIA CORP Ticker:WB Asset ID:929903102	0.9%	300.0000	50.5800	22-Apr-2005	15,174.00	10,206.00	4,968.00	552.00	3.6%
Equities	WELLS FARGO CO Ticker:WFC Asset ID:949746101	0.9%	250.0000	58.6700	22-Apr-2005	14,667.50	11,413.50	3,254.00	480.00	3.3%
Foreign	DORAL FINANCIAL CORP Ticker:DRL Asset ID:25811P100	0.6%	600.0000	15.7600	22-Apr-2005	9,456.00	18,885.38	(9,429.38)	432.00	4.6%
Foreign	INGERSOLL-RAND CO-A Ticker:IR Asset ID:G4776G101	1.0%	200.0000	79.7800	22-Apr-2005	15,956.00	13,421.93	2,534.07	200.00	1.3%
OthFixIn	AMAZON COM INC CONV 4.75% 2/01/09 Ticker:ACI4709A Asset ID:023135AF3	0.6%	10,000.0000	99.0000%	31-Mar-2005	9,900.00	8,525.00	1,375.00	475.00	4.8%
Cash Eqv		5.1%				84,377.16	84,377.16	0.00	1,815.31	2.2%
Corp Bnd		67.5%				1,126,030.24	1,164,129.79	(38,099.55)	48,552.70	4.3%
Equities		25.3%				421,083.24	334,579.76	86,503.48	11,510.44	2.7%
Foreign		1.6%				25,412.00	32,307.31	(6,895.31)	632.00	2.5%
OthFixIn		0.6%				9,900.00	8,525.00	1,375.00	475.00	4.8%
TOTALS		**100.0%**				**1,666,802.64**	**1,623,919.02**	**42,883.62**	**62,985.45**	**3.8%**

Report Options
Asset Types : Cash and Equivalents, Corporate Bonds, Equities, Foreign Assets, Government and Agency Bonds, Other Assets, Other Fixed Income
Data Current As Of : 25-Apr-2005

Return to Investment Detail Page (This is a text only printable page. Click on the Return link to continue your current transaction.)

Table 2

Performance of the Top Ten and Bottom Ten Contributors
In the First Quarter of 2005

Top Ten Contributors	Basis Points	Bottom Ten Contributors	Basis Points
MCI, Inc.	155	EchoStar Communications	-33
WellPoint Health Networks	45	American International Group Inc.	-33
Kerr-McGee Corp	40	Cendant Corporation	-24
CMS Energy	33	Research In Motion Ltd.	-22
J.C. Penney Co.	28	Spirit Finance Corp	-21
Chiquita Brands International Corp	24	HealthSouth Corp	-19
Cameco Corp	22	Computer Associates International Inc.	-17
TXU Corp	21	Sprint Corp	-14
Transocean Inc.	20	British Energy Group plc	-14
Royal Dutch Petroleum Co.	20	Boston Scientific Corp	-14

Source: Omega Advisors, Inc.

Table 6

Top 25 Holdings as of March 31, 2005

Company	% of Assets	Cumulative % of Assets
MCI Inc.	7.0%	7.0
WellPoint Inc.	5.3	12.3
Research In Motion Ltd.	3.2	15.5
Royal Dutch Petroleum Co.	3.2	18.7
Resource America Inc.	3.1	21.8
EchoStar Communications Corp	2.7	24.5
Cendant Corp	2.7	27.1
Tyco International Ltd.	2.3	29.5
Freeport-McMoRan Copper & Gold Inc.	2.2	31.7
Scientific Games Corp	1.9	33.6
J.C. Penney Co.	1.8	35.4
American International Group Inc.	1.8	37.2
Computer Associates International	1.7	38.8
Hilton Hotels Corp	1.6	40.5
Kerr-McGee Corp	1.6	42.1
Sprint Corp	1.6	43.7
CMS Energy Corp	1.6	45.2
Conseco Inc.	1.6	46.8
Spirit Finance Corp	1.5	48.3
Nextel Communications Inc.	1.4	49.7
Total SA	1.4	51.2
Veritas Software Corp	1.4	52.5
Service Corp International/U.S.	1.4	53.9
British Energy Group plc	1.4	55.3
Chiquita Brands International Inc.	1.3	56.6

Source: Omega Advisors, Inc.

[Aggregate values of holdings not readily ascertainable]

Stable Value Fund

ATTACHMENT E

Actual Holdings and Blended Rate for the Period Ending: **March 31, 2005**

Company--- Moodys/S&P	Balance ($mm)	Interest Rate	Maturity Date	% of Fund by Contract	% of Fund by Carrier	Duration	% of Fund by Duration
Travelers Life---Aa1/AA	$19.24	2.35%	04/30/2005	3.03%	11.72%		
Travelers Life---Aa1/AA	$6.90	5.71%	08/01/2005	1.09%	---		
New York Life---Aa1/AA+	$21.95	3.39%	09/30/2005	3.46%	11.29%		
Met Life---Aa2/AA	$25.66	5.00%	12/31/2005	4.05%	8.99%		
Travelers Life---Aa1/AA	$14.93	4.93%	12/31/2005	2.35%	---		
Principal Life---Aa2/AA	$24.85	4.15%	03/31/2006	3.92%	11.24%	< 1 Year	**0.2**
Met Life---Aa2/AA	$31.35	6.27%	04/30/2006	4.94%	---		
Prudential Ins. Co.---A1/A+	$27.94	6.04%	09/30/2006	4.40%	11.53%		
John Hancock---Aa2/AA	$8.16	5.88%	12/29/2006	1.29%	3.70%		
Prudential Ins. Co.---A1/A+	$7.36	5.91%	12/31/2006	1.16%	---		
New York Life---Aa1/AA+	$30.50	6.23%	02/28/2007	4.81%	---	1 - 2 Years	**11.79%**
New York Life---Aa1/AA+	$19.13	3.50%	04/30/2007	3.02%	---		
Travelers Life---Aa1/AA	$16.32	7.50%	07/01/2007	2.57%	---		
Prudential Ins. Co.---A1/A+	$22.15	4.56%	09/30/2007	3.49%	---		
Travelers Life---Aa1/AA	$16.92	4.65%	09/30/2007	2.67%	---		
SEI Stable Asset Fund	$87.82	4.47%	---	13.85%	13.85%		
Principal Life---Aa2/AA	$30.58	7.63%	12/30/2007	4.82%	---	2 - 3 Years	**35.23%**
John Hancock---Aa2/AA	$15.30	5.95%	05/30/2008	2.41%			
Prudential Ins. Co. ---A1/A+	$15.71	7.41%	12/31/2008	2.48%	---	3 - 4 Years	**4.89%**
Principal Life---Aa2/AA	$15.88	6.20%	12/31/2009	2.50%		4 - 5 Years	**2.50%**
Dwight Target 5 Fund (Wrapped by State Street)	$93.50	4.47%	---	14.74%	14.74%		
Dwight Target 5 Fund (Wrapped by AIG)	$82.09	3.91%	---	12.94%	12.94%	5+ Years	27.68%
Totals/Blended Rate--Aa1/AA	**$634.26**	**4.97%**		**100.00%**	**100.00%**	**2.64**	**100.00%**

ATTACHMENT F

10 largest holdings of Multi-Market Hedge Fund managed by Omega Advisors

	%
WELLPOINT INC	5.14
MCI INC	3.47
ROYAL DUTCH PETROLEUM CO	3.26
ECHOSTAR COMMUNICATIONS CORP	2.88
CENDANT CORP	2.42
TYCO INTERNATIONAL LTD	2.03
KERR-MCGEE CORP	2.02
FREEPORT-MCMORAN COPPER & GOLD INC	1.99
SCIENTIFIC GAMES CORP	1.87
AUTOLIV INC	1.72

[Aggregate values not readily ascertainable]

May 11 2005

John P. Dolan
Counsel and Alternative Designated Ethics Official
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Mr. Dolan:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Commissioner for the Commodities Futures Trading Commission.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner; any organization in which I serve as officer, director, trustee, general partner or employee, and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I was formerly employed by Goldman Sachs as a Partner/Managing Director and terminated my position in 2001. I will continue to participate in a Goldman Sachs defined benefit pension plan, and therefore, pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the ability or willingness of Goldman Sachs to provide this contractual benefit, unless I first obtain a written waiver or qualify for a regulatory exemption. I will elect to switch funds currently invested by the Goldman Sachs Employees' Profit Sharing Retirement Income Plan and the Goldman Sachs Money Purchase Pension Plan in the GS Stable Value Fund, the Multi- Strategy Hedge Fund and the Omega Multi-Market Hedge Fund to investment options that are non-conflicting funds within 90 days of my confirmation. Additionally, the fund manager has not complied with a request that it provide the underlying holdings for the Multi- Strategy Hedge Fund and the fund manager for the Omega-Multi Market Hedge Fund has not complied with a request that it provide the underlying holdings other than to provide the ten largest holdings for the Omega Multi-Market Hedge Fund. I will continue to use reasonable efforts to obtain them.

I will divest my holdings in Omega Equity Investors L.P. within 90 days of my confirmation because I am unable to verify that it meets the definition of excepted investment fund, and the fund manager will not provide the underlying holdings of the fund other than the 25 largest holdings and the ten best and worst performers.

I have disclosed my spouse's interest as a limited partner in Penniman's Point LP on my SF 278 financial disclosure report and the General Partner has agreed to change the portfolio from its current holdings to a combination of government bonds, such as treasury bonds and municipal bonds, and non-conflicting funds within 90 days of my confirmation.

I will remain trustee of the entities listed on Schedule D Part I, for which I do not receive any compensation. Furthermore, pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests of these entities, unless I first obtain a written waiver or qualify for a regulatory exemption.

Sincerely,

Reuben Jeffery III

Reuben Jeffery III

Mr. Jeffery is the Special Assistant to the President and Senior Director for International Economic Affairs.

He was previously the Representative and Executive Director of the Coalition Provisional Authority Office at the Pentagon, after having served as an advisor to Ambassador Bremer in Iraq.

Prior to joining the CPA in May of 2003, Mr. Jeffery served as Special Advisor to the President for Lower Manhattan Development. In this capacity, he helped coordinate ongoing federal efforts in support of the longer term recovery and redevelopment of Lower Manhattan in the aftermath of September 11, 2001.

Mr. Jeffery spent eighteen years working for Goldman, Sachs & Co where he was managing partner of Goldman Sachs in Paris (1997-2001) and of the firm's European Financial Institutions Group (1992-1997) based in London. Mr. Jeffery has a broad range of international capital markets, corporate finance and merger and acquisition experience.

Prior to joining Goldman Sachs, Mr. Jeffery was a banking and securities lawyer with the New York firm of Davis Polk & Wardwell.

Mr. Jeffery received JD and MBA degrees from Stanford and a BA in Political Science from Yale.

Mr. Jeffery and his family reside in Washington, D.C.

QUESTIONS AND ANSWERS

MAY 25, 2005

From Senator Harkin

Question 1:
Do you believe that a critical part of the role and responsibility of the Commission is to protect the public interest, specifically the interest of consumers who may not themselves be direct market participants, in the proper operation of markets within the Commission's jurisdiction?

Answer
One of the primary economic functions of the futures markets the Commission oversees is price discovery for various commodities. Once this price discovery process takes place, there are frequently effects that are far-removed from the trading pits or computer screens. I understand, for example, that a farmer in Iowa who transports corn or soybeans to local elevators usually will be paid a price based directly on the current price of the corresponding futures contract. That farmer clearly has a stake in the proper functioning of the futures markets, though he or she may never buy or sell a futures contract (or an option on a futures contract).

If confirmed to be Chairman of the CFTC, I would continue the Commission's diligent work to ensure that the markets within the Commission's jurisdiction are transparent and free from manipulation and fraud. All those affected by the futures markets – directly and indirectly – rightly expect the vigilance of the CFTC and its self-regulatory organizations on this front.

Question 2:
It was not the intent of Congress when the CFMA was passed to shield swaps transactions in exempt commodities from CFTC enforcement with respect to fraud or manipulation, nor is that broad preclusion of jurisdiction consistent with the CFTC's swaps policy prior to the CFMA. Do you believe it would further the CFTC's mission to make clear that swaps in exempt commodities are subject to CFTC's fraud and anti-manipulation authorities?

Answer:
I agree with you on the question of Congressional intent. As I mentioned in my answer to Senator Crapo's question, until I have had the opportunity to tap into the full resources of the CFTC, I do not believe that I should express any conclusions as to the adequacy of the CFMA's anti-fraud and anti-manipulation authorities with respect to transactions in exempt commodities, including energy products. I do note, however, that the CFTC's enforcement division has been successful in the energy area, filing actions against 27 companies and 20 individuals, achieving settlements in 29 cases.

If confirmed, one of my highest priorities would be to focus the Commission on assisting Congress in the reauthorization of the CEA. In connection with the reauthorization, I can assure you that my focus will include consideration of whether there is a need for a clarification of the CFTC's authority.

Responses of Reuben Jeffery III to questions from the Senate Committee on Agriculture, Nutrition and Forestry

From Senator Crapo

Question:
The CFMA embodies legislation establishing a reasonable and flexible regulatory standard. It creates four levels of regulatory oversight by the CFTC of futures transactions based upon the nature of the market participant. This approach is one first recommended in proposed regulations by the CFTC under the Clinton Administration. The Act, therefore, is a product of *bi-partisan support.*

The issues addressed in the legislation were complex, and took several years to perfect language. Because the issues raised included not just the regulatory scope of the CFTC, but the designation of products (and therefore their regulatory treatment) as commodities or securities, and the protection of bank products from CFTC jurisdiction, negotiations included not only the CFTC, but the Treasury Department, the Federal Reserve Board, the Comptroller of the Currency, and the SEC.

The Commodity Exchange Act, as modified by the CFMA, is working well. Jim Newsome, most recently the Chairman of the CFTC, testified that no changes to the Act are required at this time. Acting Chairman Brown-Hruska also testified recently that the CFTC has used its enforcement powers to levy more than $300 million in penalties for false reporting, attempted manipulation and manipulation in the energy markets. So far, $240 million of that amount has been deposited with the US Treasury.

While the CFTC's Acting Chairman has submitted some proposed ideas for our consideration, I want to stress that the President's Working Group (PWG) has not yet had an opportunity to review and comment on those proposals. Any time the jurisdiction of an agency may be expanded and, therefore, affect existing and new products and services, the key financial regulators constituting the PWG must be given an opportunity to consider the proposals. It seems to me that is a responsible path to follow in the interests of preserving stability in our financial markets and preventing adverse unintended economic consequences. I would also imagine that you might wish to have an opportunity to consider the proposals once confirmed.

The most harmful course of action that we in Congress can take is to adopt revisions to the CEA without thorough consideration. I hope that you will be able to agree with me on this point, and I would ask you whether you see a need at this time for changes to the CFMA?

Answer:
I appreciate your observations about the Commodity Futures Modernization Act (CFMA), especially concerning the bipartisan nature of the legislation. As I immerse myself in CFTC related issues, I can appreciate the challenges you faced in weighing the disparate interests that

were affected by this groundbreaking legislation. The Senate and House Agriculture Committees demonstrated tremendous foresight and leadership in crafting the CFMA.

It is my understanding that the reauthorization of the Commodity Exchange Act (CEA) was a topic of discussion at a recent meeting of the principals of the President's Working Group on Financial Markets (PWG) and at a subsequent meeting of their staff. I would expect that as the reauthorization process advances, there will be further dialog within the PWG.

At this time, it would be presumptuous for me, in large part because I have not had the opportunity to tap into the full resources of the CFTC, to offer specific recommendations for changes to the CFMA. However, as I indicated in my testimony, if confirmed by the Senate, one of my top priorities would be to work with this Committee and your counterparts in the House of Representatives – as well as my fellow Commissioners and other interested parties – on the reauthorization of the CEA.

Responses to Submitted Questions for Walt Lukken
Nominee for Confirmation to be Commissioner of the CFTC
Senate Committee on Agriculture, Forestry and Nutrition
June 13, 2005

Senator Mike Crapo:
1) The CFMA embodies legislation establishing a reasonable and flexible regulatory standard. It creates four levels of regulatory oversight by the CFTC of futures transactions based upon the nature of the market participant. This approach is one first recommended in proposed regulations by the CFTC under the Clinton Administration. The Act, therefore, is a product of bi-partisan support.

The issues addressed in the legislation were complex, and took several years to perfect language. Because the issues raised included not just the regulatory scope of the CFTC, but the designation of products (and therefore their regulatory treatment) as commodities or securities, and the protection of bank products from CFTC jurisdiction, negotiations included not only the CFTC, but the Treasury Department, the Federal Reserve Board, the Comptroller of the Currency, and the SEC.

The Commodity Exchange Act, as modified by the CFMA, is working well. Jim Newsome, most recently the Chairman of the CFTC, testified that no changes to the Act are required at this time. Acting Chairman Brown-Hruska also testified recently that the CFTC has used its enforcement powers to levy more than $300 million in penalties for false reporting, attempted manipulation and manipulation in the energy markets. So far, $240 million of that amount has been deposited with the US Treasury.

While the CFTC's Acting Chairman has submitted some proposed ideas for our consideration, I want to stress that the President's Working Group (PWG) has not yet had an opportunity to review and comment on those proposals. Any time the jurisdiction of an agency may be expanded and, therefore, affect existing and new products and services, the key financial regulators constituting the PWG must be given an opportunity to consider the proposals. It seems to me that is a responsible path to follow in the interests of preserving stability in our financial markets and preventing adverse unintended economic consequences. I would also imagine that you might wish to have an opportunity to consider the proposals once confirmed.

The most harmful course of action that we in Congress can take is to adopt revisions to the CEA without thorough consideration. I hope that you will be able to agree with me on this point, and I would ask you whether you see a need at this time for changes to the CFMA?

ANSWER: I agree that the President's Working Group on Financial Markets (PWG) has played an extremely important role in coordinating the economic policies of our nation, from its formation after the 1987 stock market crash and leading up to its unanimous recommendations in 1999 to provide legal certainty to over-the-counter derivatives. This latter report was the foundation of the Commodity Futures Modernization Act of 2000 (CFMA) and without the PWG's support and guidance, it is unlikely that this monumental and bipartisan piece of legislation would have been enacted. Similarly, as Commissioner, I have urged and will

continue to urge the Chairman of the CFTC to engage the PWG on proposals, whether legislative or administrative, that impact markets within the purview of this group. As our markets converge, this regulatory coordination will only become more imperative.

Regarding recommendations to the CFMA, on May 20, 2005, CFTC Acting Chairman Brown-Hruska sent the Senate and House Agriculture Committees, at their request, consensus language on behalf of the Commission regarding reauthorization of the Commodity Exchange Act. This package contained legislative language that would: 1) clarify the CFTC's "principal to principal" anti-fraud authority and civil anti-manipulation authority; 2) define broad-based foreign and debt security indices under the jurisdiction of the CFTC; and 3) clarify the CFTC's retail fraud authority in forex transactions, including addressing the 7th Circuit *Zelener* decision. It is my understanding that this latter recommendation was the topic of conversation in a recent PWG meeting. I am confident that these suggestions are narrowly tailored to address current enforcement needs and to fulfill congressional intent regarding the CFMA's treatment of security futures. I will continue to work with our oversight committees, Congress and members of the PWG in providing assistance on these matters as needed.

Senator Tom Harkin:
1) Do you believe that a critical part of the role and responsibility of the Commission is to protect the public interest -- specifically the interest of consumers who may not themselves be direct market participants in the proper operation of markets within the Commission's jurisdiction?

ANSWER: The findings and purposes title of the Commodity Exchange Act, Section 3, states that the transactions within our oversight are "affected with a national public interest by providing a means for managing and assuming price risks, discovering prices, or disseminating pricing information through trading in liquid, fair and financially secure trading facilities." I believe this language directs the CFTC to oversee and protect not only direct market participants, but also those who are indirectly impacted by the markets through the price discovery process, including agricultural producers, energy consumers and others. I agree that the CFTC must always take into account the interests of all in the public who may be affected by these important markets.

2) It was not the intent of Congress when the CFMA was passed to shield swaps transactions in exempt commodities from CFTC enforcement with respect to fraud or manipulation nor is that broad preclusion of jurisdiction consistent with the CFTC's swaps policy prior to the CFMA. Do you believe it would further the CFTC's mission to make clear that swaps in exempt commodities are subject to CFTC's fraud and anti-manipulation authorities?

ANSWER: It is the policy of the Commission, and I agree, that the CFTC has certain fraud and manipulation authorities over exempt commodities within Section 2(h) of the Act. Utilizing these authorities, the CFTC has brought charges against 27 energy companies and 20 individuals and successfully settled a significant majority of these cases for nearly $300 million in fines. Of all of these cases, no one to date has successfully litigated and prevailed on this argument and I am confident that the CFTC is on solid legal ground in its position. In addition, the Commission – with my support – has submitted some legislative changes to the Senate Agriculture Committee

that would clarify its "principal to principal" fraud authority in Sec. 4b and its civil anti-manipulation authority in Sec. 9. This consensus language – also contained in the House-passed Energy Policy Act of 2005 – would fine-tune our authorities in this area and help ensure that the energy markets remain free from fraud and manipulation.

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