

November 12, 2013

The Honorable Patrick Leahy
Chairman
United States Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
United States Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Leahy and Ranking Member Grassley:

Thank you again for giving me the opportunity to appear before the Committee on October 30, 2013. I enclose my responses to the Questions for the Record that I received from Senator Grassley.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Kadzik". The signature is stylized and cursive.

Peter J. Kadzik

Enclosure

Senator Chuck Grassley
Questions for the Record for
Peter Joseph Kadzik
Nominee for Assistant Attorney General
Office of Legislative Affairs, Department of Justice

1. Circumstances of the House Subpoena

At your confirmation hearing on October 30, 2013, you testified as to the circumstances regarding your failure to voluntarily appear to the House Committee on Government Reform Hearing on March 1, 2001. You said “At the time I got on the plane, no one had advised me that my appearance would be mandatory.” However, on March 13, 2002, you wrote a letter representing more than that to the House. Your letter asserted that no one on the Committee informed *anyone* at your firm of the subpoena. Given the notes from Committee staff that we discussed at your hearing, that does not appear to be true. The notes indicate three attorneys at your firm knew that the Committee was attempting to serve you and two of them explicitly declined to accept informal service on your behalf.

What was your basis for asserting to the House Committee that no one at your firm was aware of the Committee’s attempt to serve you a subpoena?

Did you check the accuracy of your letter with your colleagues at the firm before sending it? If not, then why did you make a claim beyond the extent of your personal knowledge without having any basis for knowing whether it was true?

At your confirmation hearing you had difficulty squaring your letter’s claim that neither you nor your attorneys were informed about the House Government Reform’s plans to subpoena you with the Committee staff’s contemporaneous handwritten notes showing that your attorneys were in fact informed. You claimed you had difficulty because you “hadn’t seen those notes before” and because you were “not aware of what notes were made by Committee staff at that time.” Now that you have become familiar with the notes, how do you square your claim that no one told you or your attorneys about the subpoena with these notes which show that your attorneys were in fact informed?

RESPONSE: Consistent with my 2001 testimony before the House Committee on Government Reform, my March 13, 2002, letter to that Committee, and my recent testimony before the Senate Committee on the Judiciary, at no time prior to boarding my scheduled flight to California on February 28, 2001, did Committee staff or anyone at Dickstein Shapiro advise me of the Committee’s attempt to serve me with a subpoena. As I testified in 2001 and again on October 30, 2013, I learned of the subpoena for the first time when I got off the plane in California on February 28, 2001. I immediately booked a return flight and flew back to Washington to testify the same day (within hours after I landed).

Furthermore, at the time of my March 13, 2002 letter, I had consulted with my colleagues at Dickstein Shapiro and had no knowledge that anyone at the firm had

notice of the Committee's attempt to serve the subpoena prior to my boarding the noted flight to California (February 28, 2001). As to the handwritten notes represented as those of House Committee staff from 2001, I had no knowledge of these notes at the time of my 2001 testimony or 2002 letter. I saw the notes for the first time at the October 30, 2013, hearing and cannot speak to their veracity.

2. Testimony before the House Committee

In response to my first question at your confirmation hearing, you stated:

Moreover, at the time of my testimony [before the House Committee in 2002], which was contemporaneous with the events that occurred, I laid out the chronology that occurred, and *I did not receive a single question* about my testimony at that time.

To Senators who might not be familiar with the record of the House proceedings, this response clearly leaves the impression that the House Committee failed to ask you any questions following your refusal to testify voluntarily, your flight to California, and your return after being served a subpoena in California. In fact, however, during your appearance before the House Committee, you were asked a total of 39 questions.

Why did you represent to me and to the Committee during your confirmation hearing that you "did not receive a single question," when you actually received 39 questions

RESPONSE: In my October 30, 2013 statement quoted above regarding my 2001 testimony before the House Committee on Government Reform, I noted that "*I laid out the chronology that occurred, and I did not receive a single question about my testimony at that time*" (emphasis added). It was my understanding that your question in the October 30, 2013, hearing concerned the chronology of events leading up to my 2001 testimony, and therefore, I explained that Chairman Burton, Representative LaTourette, and other members of the Committee raised *no questions with regard to the chronology* I provided in my sworn testimony. In fact, after I provided that chronology to the House Committee, Chairman Burton thanked me on the record for my testimony and excused me early to return to California. In my recent testimony before the Senate Judiciary Committee, I in no way suggested that I did not receive other questions during the hearing. Indeed, as the Committee is well aware, I had returned to Washington from a business trip to California to cooperate fully, appear before the House Committee, and answer all questions posed by its Members. I also provided the transcript of the 2001 hearing, including my answers to all Members' questions, to the Senate Judiciary Committee as an attachment to my Committee questionnaire.

3. Marc Rich representation

I understand that you billed billionaire tax fugitive Marc Rich for approximately 12 hours of work performed in 1999 and 2000 as part of your representation of him in his pardon application process. How much were you paid for these 12 hours of service?

Were you paid on any other occasions by Marc Rich, Pincus Green, or any entities associated with either of them?

You testified at the House hearing that you were consulted in the late 1980s by other lawyers for Marc Rich in the early years after he fled to Switzerland for advice how to approach the Southern District of New York about a possible settlement.

Were you compensated for your advice?

What was your advice?

Did you encourage Rich's attorneys to attempt to persuade him to return from his fugitivity? If not, why not?

You also testified at the House hearing that you were consulted again in 1999 about another effort to settle the case while Rich was still a fugitive. You testified that your advice was, "that I thought that approaching the Justice Department, rather than the U.S. Attorney's Office would be more fruitful,"

Were you compensated for your advice on this occasion?

Did you encourage Rich's attorneys to attempt to persuade him to return from his fugitivity on this occasion? If not, why not?

Why did you think the Justice Department would be more likely to negotiate with a billionaire tax fugitive than the U.S. Attorney's Office would?

At any time prior to the pardon, did you ever have any communications with anyone at the Justice Department, including Eric Holder, about Marc Rich? If so, please indicate with whom and provide a detailed description of your communications.

Please provide a detailed explanation of how you came to represent Marc Rich.

RESPONSE: As I testified before the House Committee on Government Reform in 2001, my law firm at that time, Dickstein Shapiro, represented Marc Rich over the course of many years, primarily through services provided by Messrs. Leonard Garment, Michael Green, and Lewis Libby. During this decades-long representation, these members of the firm consulted me occasionally on various matters. For instance, colleagues asked for my advice about potentially engaging the United States Attorney's Office for the Southern District of New York (USAO-

SDNY) to revisit Mr. Rich's case. My colleagues also consulted me to gain insight into the status of Mr. Rich's pardon application at the White House. In these instances, I believe the firm billed for legal services. I received no additional compensation beyond my allocated share as a firm partner for the work on the Rich matter. At the time of its lengthy and comprehensive investigation, the House Committee on Government Reform subpoenaed some of my law firm's billing records on this matter. I understand that those records are now publicly available as part of the Committee's report. *See, e.g., House Report 107-454, Exhibit 143.* I did not prepare or review these bills and, therefore, I do not know any specifics with regard to the legal bills or the amount or timing of compensation received by the firm for this work. As I also explained in my testimony before the House in 2001, when consulted by my colleagues, I advised that they contact Department of Justice officials in Washington in addition to continuing discussions with the USAO-SDNY. I did not contact anyone at the Department of Justice.

4. Discrepancies in testimonies of Kadzik and Podesta at the 2001 hearing

At the March 1, 2001, you and Mr. John Podesta testified as to the nature of your communications with each other regarding the Rich pardon.

Specifically, you testified as follows:

Mr. LATOURETTE. Did Mr. Podesta indicate to you at any point in time how the President of the United States felt about this particular pardon application?

Mr. KADZIK. No, he simply indicated to me the decision was the President's.¹

However, Mr. Podesta testified as follows:

I told him that yes the President was considering additional pardons and commutations, *but it was unlikely that one would be granted under the circumstances he had briefly described* unless the counsel's office, having reviewed the case on the merits, believed that some real injustice had been done. *I thought a pardon in the Rich/Green case was unlikely* but still knew very little about it. (emphases added).²

* * *

I told him that I, along with the entire White House staff counsel, opposed it *and that I did not think it would be granted.* At that

¹ *Id.* at 459.

² *Id.* at 316.

point, I believed that the pardons would not be granted in light of the uniform staff recommendation to the contrary and that little more needed to be done on the matter. (emphasis added).³

* * *

Mr. Kadzik made one more call to me, and I believe we spoke on either January 15 or 16. He told me he had been informed that the President had reviewed the submissions Mr. Quinn had sent in and was impressed with them and was once again considering the pardon. I told him I was strongly opposed to the pardons *and that I did not believe they would be granted.* (emphasis added).⁴

According to Mr. Podesta's version, on several occasions, you appeared to be obtaining information from him for Marc Rich about how President Clinton was likely to decide the matter.

Do you dispute Mr. Podesta's account? If so, please explain. If not, how do you square it with your testimony?

Do you believe that the primary reason that you were hired was your previous relationship with Mr. Podetsta and thus your ability to access the President's Chief of Staff and obtain information about the state of internal deliberations about the pardon?

If confirmed, how would you reconcile your role in asserting the Department's policy against disclosing information about internal Executive Branch deliberations with your previous experience in being paid by March Rich to obtain that type of information for the benefit of his effort to obtain a pardon.

RESPONSE: There is no discrepancy between my testimony and John Podesta's testimony on March 1, 2001. In the portion of my testimony quoted above, I explained that Mr. Podesta did not indicate to me how the President felt about the Marc Rich pardon application. In the portion of Mr. Podesta's testimony quoted above, Mr. Podesta explained that he told me that he and other staffers in the White House opposed granting Mr. Rich a pardon and thus, believed it was unlikely—Mr. Podesta did not provide President Clinton's position on the matter. Indeed, in another portion of Mr. Podesta's testimony from that hearing (omitted from the quotes above), Mr. Podesta explained to Chairman Burton that even though the President's staff had opposed the pardon, the decision belonged to the President. Mr. Podesta stated: "The President understood our views; and, ultimately, it's his decision to grant or not to grant the pardon."

As I explained in my testimony on March 1, 2001, when I called Mr. Podesta, I did not seek internal deliberative information; rather, I simply made a procedural inquiry as to the status of Mr. Rich's pardon application and the White House

³ *Id.* at 317.

⁴ *Id.*

process for considering pardon applications. If I am fortunate enough to be confirmed, I will ensure that the Department's Office of Legislative Affairs assists Members of Congress in providing their constituents with appropriate information about Department processes, consistent with policies and procedures governing internal deliberations.

5. ATF Briefing

On October 24, 2013, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) walked out of a briefing with my staff. The briefing surrounded ATF's initial denial of a request by Special Agent John Dodson for approval to publish a manuscript about his experiences in blowing the whistle on the connection between Operation Fast and Furious and the death of Border Patrol Agent Brian Terry.

ATF claimed to have consulted with the Department prior to walking out. To get to the bottom of how this happened, I sent you an October 28 letter asking you four specific questions and requesting copies of all records relating to communications to and from your office concerning the briefing. In response, you sent me a letter on October 29.

Your letter stated: "ATF's understanding was that the briefing requested by Chairman Issa . . . would be for staff of the House Committee on Oversight and Government Reform." However, Chairman Issa's staff clearly communicated to ATF's Chief of Legislative Affairs that they had invited my staff, and my staff discussed this with ATF prior to the briefing.

Your letter also failed to answer several of my questions or provide the documents I requested. Therefore, I asked you specifically about this at the hearing. In response, you testified: "Senator, I believe that my letter answered your questions. I set forth the misunderstanding that occurred on the behalf of the ATF representatives. In fact, my office didn't instruct them not to go forward with the briefing. They wanted to get guidance on the Privacy Act; they returned, got that guidance. They came back to that—to the Senate that very afternoon to conduct the briefing, and at your staff's request it was postponed until this Monday, and it just occurred on Monday."

When I asked you about the documents, you testified: "With respect to the documents, I interpreted your letter to mean documents with respect to the Privacy Act advice, and to the best of my knowledge, there are no documents. When they got back, I understand they showed the waiver, consulted, and realized that the waiver was valid, and they went back and attempted to—to conduct the briefing but it was postponed."

QUESTIONS:

- a. Both your letter and your hearing response implied that this was a misunderstanding on the part of ATF surrounding the Privacy Act waiver we provided. However, this fails to address the question of whether your office instructed ATF not to brief my staff in the absence of a waiver. **Prior to** the October 24, 2013 briefing, did your staff have communications with ATF about Chairman Issa's invitation to my staff and what to do if

my staff attended? If so, please describe those communications in detail? Were any of the communications in writing? What did your office instruct ATF to do in the event my staff arrived at the briefing without a waiver?

RESPONSE: The House Oversight and Government Reform Committee (HOCR) originally scheduled a hearing for October 23, 2013 to obtain information about the ATF's decisions regarding Special Agent Dodson's plan to publish a book relating to his experience as an ATF agent. During the week of October 21, 2013, the Committee elected to postpone the hearing and instead requested a briefing on the same topic. Consistent with established practice, staff in the Office of Legislative Affairs (OLA) consulted with ATF staff about plans for the hearing and the briefing in an effort to assure that ATF was prepared to be as responsive as possible to the Committee's interests in this matter.

As indicated in my letter of October 29, 2013 (copy enclosed) and my testimony on October 30, 2013, there was some misunderstanding by ATF about the briefing requested by Chairman Issa. Since the content of the briefing involved information protected by the Privacy Act of 1974, 5 U.S.C. 552a, it was important to ensure that ATF's disclosures complied with that statute. In advance of the briefing, it was ATF's understanding that under exemption (b)(9) of the statute, the briefing could proceed given the Committee's request. When your staff handed an ATF representative a Privacy Act waiver signed by Special Agent Dodson (which appeared to apply only to Chairman Issa's staff and your staff) as the briefing was about to begin, ATF staff sought advice as to its Privacy Act implications, but was unable to get advice immediately. When the Department reviewed the waiver, in conjunction with information indicating that Chairman Leahy of the Senate Judiciary Committee (SJC) regarded the briefing as a continuation of the investigation into Operation Fast and Furious jointly conducted by HOCR and SJC, and that majority and minority staffs of both committees could attend, ATF returned that same afternoon to conduct the briefing. While ATF waited to begin, Committee staff decided to reschedule the briefing for the following Monday, October 28, 2013, and it occurred at that time.

As I explained in my letter of October 29, 2013, I was not employed at the Department in October 2012 and have no information responsive to your question about the ATF briefing related to William McMahon's outside employment at that time.

- b. Prior to the October 24, 2013 briefing, did you have any communications with anyone about the briefing? If so, please describe them in detail.

RESPONSE: Please see answer to 5a.

- c. Prior to noon on October 24, 2013, were you aware of the instruction given to ATF to exclude my staff?

RESPONSE: There was no instruction to exclude your staff.

- d. At your hearing, you indicated that you believed my October 28, 2013 letter sought only documents with respect to the Privacy Act advice. The letter stated: “Prior to your confirmation hearing, I would appreciate a written explanation for these events, to include **copies of all records relating to communications to and from your office related to this briefing.**” Please produce those records, to include any e-mails related to the scheduling of the briefing or any other issues surrounding the briefing.

RESPONSE: Please see answer to 5c; there are no documents setting forth an instruction to exclude your staff.

- e. By what authority did the Department disclose Privacy Act information at the rescheduled briefing to Ranking Member Cummings’ staff contrary to the express lack of consent by Special Agent Dodson?

RESPONSE: Please see answer to 5a.

- f. Given the Department’s so-called policy against Ranking Members receiving Privacy Act information, please identify why it would apply to Ranking Member Cummings’ staff but not to my staff.

RESPONSE: Please see answer to 5a.

- g. Where there is a specific waiver from the individual concerned, why would the Department disclose Privacy Act information contrary to the express limitations in the waiver?

RESPONSE: Please see answer to 5a.

- h. Given the Department’s so-called policy against Ranking Members receiving Privacy Act information, do you believe the October 12, 2012 ATF briefing which disclosed personal information about William McMahon’s outside employment to my staff without a request from the Chairman of the Senate Judiciary Committee was a violation of the Privacy Act? If not, why not? If so, what steps has the Department taken to notify Mr. McMahon’s counsel of the violation or otherwise remedy it? If none, why not?

RESPONSE: Please see answer to 5a.

6. Privacy Act

In last week’s hearing you agreed to review whether the Department’s so-called policy against Ranking Members receiving Privacy Act information is required by law. You also agreed that if

you found that legal precedent supports a Ranking Member's ability to receive Privacy Act information, you will change the policy. I trust that you will carry this out in good faith.

As you may be aware, Section 552a(b)(9) of the Privacy Act permits the Executive Branch to provide information that would otherwise be protected by the Act to Congress or a "committee or subcommittee thereof." Nevertheless, an Office of Legal Counsel (OLC) opinion of December 5, 2001, concludes that the Privacy Act prohibits the disclosure of Privacy Act-protected information to the ranking minority members. The OLC opinion cites no legal authority and does not address contrary authority, such as a Second Circuit Court of Appeals case decided a year and a half earlier. That opinion, *Devine v. United States*, held that information sent to a congressman in his official capacity as a member of a subcommittee fell "squarely within the ambit of § 552a(b)(9)." [See *Devine v. United States*, 202 F.3d 547, 551 (2d Cir. 2000).]

QUESTIONS:

- a. Why is the Department's policy contrary to the Second Circuit decision?

RESPONSE: The Department's position on the Privacy Act is not inconsistent with the case you have cited, *Devine v. United States*, 202 F.3d 547 (2d Cir. 2000), which addressed whether to "read[] a motive requirement into [the congressional disclosure exception] under which § 552a(b)(9) would not apply if the government agency knew or should have known that the information would eventually be released to the public." *Id.* at 551. In concluding that the provision "does not permit a construction that would incorporate a motive requirement into the exception," *id.* at 553, the Court did not address the same question as the Department's Office of Legal Counsel (OLC) opinion.

The Department's position is well grounded in the December 5, 2001, OLC Opinion, which cites to a Congressional Research Service report that also supports the Department's position. While I understand that the Department respectfully disagrees with your view of the Privacy Act, the Department's position has remained unchanged for decades. I am advised that the Department's actions have complied faithfully with that position, regardless of the political parties in leadership in the Executive Branch and in the Congress.

- b. Are you aware of any other court decision that contradicts the Second Circuit decision?

RESPONSE: Please see answer to 6a.

- c. What is your view of the persuasiveness of the above OLC opinion?

RESPONSE: Please see answer to 6a.

- d. Since the OLC opinion was written after the Second Circuit decision, shouldn't the case at least have been cited and analyzed in the opinion? Does the fact that it ignores relevant legal precedent make the OLC opinion less persuasive? Why or why not?

RESPONSE: Please see answer to 6a.

- e. Does the Department claim the right to completely ignore the courts and assert its own opinion of what the law is, regardless of what the courts say?

RESPONSE: Please see answer to 6a.

- f. The Privacy Act does not address the Congressional exemption in terms of the origin of a request. It does not even refer to any request from any source. Rather, it simply exempts disclosures *to a Committee*. In other words, the statutory structure conditions the exemption on the *recipient* alone. Given the plain words of the statute, do you agree that so long as the disclosure is made *to a Committee*, that it qualifies for the Congressional exemption? Why or why not?

RESPONSE: Please see answer to 6a.

- g. Given the above, do you agree that a request is not even necessary—the Department can volunteer Privacy Act information, so long as the recipient of the volunteered information is a Committee? Why or why not?

RESPONSE: Please see answer to 6a.

- h. Congress is capable of limiting its own access to records depending on the identity of an appropriate requestor. It does so in the context of tax return information under 26 U.S.C. § 6103 by allowing disclosure to Congress only upon request of the Chairman of the Finance or Ways and Means Committees or the staff director of the Joint Tax Committee. Given that no such restriction appears in the text of the Privacy Act, why should disclosure be conditioned on the identity of a requestor, as asserted in the OLC opinion?

RESPONSE: Please see answer to 6a.

7. Third Party Meeting Policy

Senator Whitehouse and I have a request with the Government Accountability Office (GAO) for a report on drug shortages that is being held up because of Drug Enforcement Administration's (DEA) refusal to provide data. I tried to resolve the dispute, but your office instructed the DEA Administrator not to meet with me and the Comptroller General. DEA said it could not take the meeting because of your office's so-called "third party meeting" policy. This policy supposedly prohibits agencies from meeting with Members of Congress and any "third party" at the same time.

During your nominations hearing, you stated the Department imposes this policy so to "avoid any inference or implications that there has been any political interference on our litigation and law enforcement priorities so in order to protect ourselves and Members of Congress." When I

pointed out that GAO is non-political—not to mention a part of the legislative branch—you testified:

I am not saying that the GAO is a political entity, but certainly with respect to a Member of Congress, if we were to meet with respect to ongoing prosecutions or litigation, that could lead to the inference or the implication that our decisions have been influenced by political leaders, and that is something we would like to avoid.

By this logic, just a meeting with *me* could lead to the inference you reference, whether or not GAO is present in the meeting. This does not provide a logical reason for excluding GAO. Besides, the subject of the meeting was *not* ongoing prosecutions or litigation, as far as I'm aware.

My meeting request did not include a constituent or anyone that has litigation before the Department. It was a simple meeting request between three government agencies to resolve a dispute that has lasted entirely too long.

QUESTIONS

- a. Please provide a written copy of the third party meeting policy.

RESPONSE: The Department has had a longstanding policy of declining to conduct meetings with Congressional offices and Committees in the presence of third parties. Among other concerns, the policy serves to protect both the Department and Members of Congress from the suggestion that the Department's litigation or prosecution priorities or other Departmental decisions are subject to or influenced by political pressure. Although the policy has not been reduced to writing, it has long been communicated to Congressional staff and received without significant objection, particularly since the Department is generally willing to meet separately with Congressional offices and Committees to discuss matters of interest to Congress. With reference to the particular requests for information made by GAO, we continue to work cooperatively with GAO to find reasonable accommodations and have made significant progress in meeting their needs.

- b. Please explain the background and history that led to the development of the third party meeting policy.

RESPONSE: Please see answer to 7a.

- c. Please provide any legal precedent that requires the third party meeting policy.

RESPONSE: Please see answer to 7a.

- d. Is the issue on which I requested to meet with the DEA Administrator and the Comptroller General in current litigation? If not, how can you cite this as a reason for denying the meeting with GAO and DEA?

RESPONSE: Please see answer to 7a.

8. DOJ involvement in the recent *Mount Holly* settlement.

On June 17, 2013, the Supreme Court decided to grant certiorari in *Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc.*, a case that challenged whether claims of discrimination under a disparate impact theory are permitted under the Fair Housing Act.⁵

In 2012, the Supreme Court was poised to hear oral argument in *Magner v. Gallagher*, a case that presented the same legal question that is at issue in *Mount Holly*.⁶ Concerned that the Court would rule that disparate impact claims could not be brought under the Fair Housing Act, then-Assistant Attorney General Thomas Perez struck a secret deal with the petitioner in *Magner* – the City of St. Paul, Minnesota – in order to have *Magner* withdrawn from the Court's docket.

The deal consisted of the Department declining to intervene in two False Claims Act cases in exchange for the City withdrawing *Magner* from the Supreme Court. This *quid pro quo* manipulated the rule of law and cost the federal government the opportunity to recover over \$200 million in U.S. taxpayer money.⁷

With the granting of certiorari in *Mount Holly*, I was concerned that the Justice Department may once again attempt to exert improper influence over a Supreme Court case to which the United States is not a party involving the highly questionable disparate impact theory.

According to news reports, as of November 1, 2013, just one month away from when oral arguments were scheduled to be heard before the Supreme Court, parties to the *Mount Holly* case were reportedly close to settlement.⁸

QUESTIONS

- a. Have you or any other Justice Department official communicated with, either directly or through a third party, anyone affiliated with the Township of Mt. Holly, New Jersey, regarding *Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc.*?

⁵ *Township of Mount Holly, New Jersey. et al. v. Mt. Holly Gardens Citizens in Action, Inc., et al.*, No. 11-1507 (U.S. June 17, 2013) (granting petition for a writ of certiorari).

⁶ See *Magner v. Gallagher*, 132 S. Ct. 546 (Nov. 7, 2011) (granting petition for a writ of certiorari).

⁷ The full facts are detailed in an April 20 13 joint Committee report. See H. Comm. on Oversight & Gov't Reform, S. Comm. on the Judiciary, & H. Comm. on the Judiciary, *DO.'s Quid Pro Quo with St. Paul: How Assistant Attorney General Thomas Perez Manipulated Justice and Ignored the Rule of Law* (2013).

⁸ Mortgage News Daily, *Disparate Impact Case Settled Before Getting to Supreme Court*, Jann Swanson, November 1, 2013, http://www.mortgagenewsdaily.com/11012013_fair_housing_eoca.asp, accessed November 6, 2013.

- i. If so, please describe all such communications in detail.

RESPONSE: Please see answer below.

- ii. Please provide all records relating to any contact with the Township of Mt. Holly about the Supreme Court case, *Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc.*

RESPONSE: Please see answer below.

- b. Have you or any other Justice Department official had discussions, meetings, or deliberations with officials from any other federal department or agency referring or relating to the Township of *Mt. Holly's* petition for certiorari?

- i. If so, please provide all records relating to these discussions, meetings, or deliberations with officials from any other federal department or agency referring or relating to the Township of *Mt. Holly's* petition for certiorari.

RESPONSE: Please see answer below.

- c. Have you or any other Justice Department official had discussions, meetings, or deliberations with any official from the Executive Office of the President referring or relating to the Township of *Mt. Holly's* petition for certiorari?

- i. If so, please provide all records relating to these discussions, meetings, or deliberations with any official from the Executive Office of the President referring or relating to the Township of *Mt. Holly's* petition for certiorari.

RESPONSE: Please see answer below.

- d. Have you or any other Justice Department official had discussions, meetings, or deliberations with individuals, advocacy groups, or other entities outside of the federal government regarding *Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc.?*

- i. If so, please provide all records relating to these discussions, meetings, or deliberations with individuals, advocacy groups, or other entities outside of the federal government regarding *Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc.*

RESPONSE: As the Department explained in our August 21, 2013 letter to your office, with respect to the *Mount Holly* litigation, the Supreme Court invited the Solicitor General to file a brief expressing the views of the United States as to whether the Court should hear the case. As is customary in the process of determining the United States' position in response to a request from the Court at the certiorari stage, the Office of the Solicitor General contacted and met with counsel for the petitioners in the case to hear the parties' views. The Department also consulted other federal agencies with equities in this matter, including

the Department of Housing and Urban Development. As a result of the government's deliberations, the United States filed a brief in the Supreme Court, which expressed the Department's view that the Court should deny the petition for a writ of certiorari. The Court, however, granted the petition for a writ of certiorari, limited to the question of whether a disparate-impact cause of action is available under the Fair Housing Act (FHA). As your question above notes, it has been publicly reported that the parties in *Mount Holly* have been engaged in settlement discussions. The Department has not been a participant in these discussions. In October 2013, the Department filed an amicus brief on the merits of the case. The Department also filed a related motion for leave to participate in the oral argument. I am enclosing these filings.



U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

October 29, 2013

The Honorable Charles Grassley
Ranking Minority Member
Committee on the Judiciary
United States Senate
Washington, DC 20510

Dear Senator Grassley:

This is in response to your letter dated October 28, 2013, regarding the briefing that House Committee on Oversight and Government Reform Chairman Darrell E. Issa requested from the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) regarding Special Agent John Dodson's request to publish a manuscript.

At the outset, the Department has great respect for your work on behalf of whistleblowers and the American people. If confirmed, I will be committed to working with your staff to provide requested information, consistent with the Department's legal and law enforcement obligations. Indeed, I am glad that ATF and Department representatives were able to provide your staff with a full briefing on Special Agent Dodson's request yesterday.

The briefing was postponed briefly last week as a result of a misunderstanding. ATF's understanding was that the briefing requested by Chairman Issa, which was scheduled for 1:00 p.m. on October 24, 2013, would be for staff of the House Committee on Oversight and Government Reform. The subject matter of the briefing was to be detailed information related to Special Agent Dodson and thus implicated the Privacy Act of 1974, 5 U.S.C. § 522a, which bars government agencies from disclosing individuals' records without their consent unless a statutory exception applies. At the time it scheduled the briefing, ATF believed it could provide the information sought by the House Oversight Committee under the Act's exception for congressional committees, 5 U.S.C. § 522a (b)(9).

However, as the briefing was about to begin, your staff presented a Privacy Act waiver signed by Special Agent Dodson, which consented to the provision of information to your staff and staff for Chairman Issa. ATF's Chief of Congressional Affairs was uncertain at that moment about the implications of the waiver and its interplay with exception (b)(9) of the Privacy Act, and who could attend the meeting. As your letter notes, he contacted this office in an effort to obtain legal advice, but because we did not have a copy of the waiver, we were not able to provide immediate assistance with respect to the application of the Privacy Act. Without

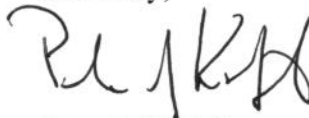
The Honorable Charles Grassley
Page Two

guidance, ATF believed that it was necessary to postpone the briefing. We note that within hours of the postponement, ATF obtained advice that the briefing could go forward, and ATF returned to the Senate to provide the briefing later that same day.

Ultimately, at the request of your staff, the briefing was rescheduled for your staff, as well as other Senate Judiciary Committee and House Oversight Committee staff, and occurred yesterday. We understand that Department representatives discussed these matters with your staff for two hours and answered your questions regarding Special Agent Dodson's request. I was not at the Department for the October 2012 briefing mentioned in your letter regarding William McMahon, and I am not familiar with the circumstances under which it occurred. If confirmed, however, I look forward to working with Committee staff to schedule informational briefings in the future and to promote better communication between our offices.

We hope that this information is helpful. Please do not hesitate to contact this office if we may be of assistance in this or any other matter.

Sincerely,



Peter J. Kadzik
Principal Deputy Assistant Attorney General

cc: The Honorable Patrick Leahy
Chairman, Committee on the Judiciary

The Honorable Darrell Issa
Chairman, Committee on Oversight and Government Reform

The Honorable B. Todd Jones
Director, Bureau of Alcohol, Tobacco, Firearms and Explosives

No. 11-1507

In the Supreme Court of the United States

TOWNSHIP OF MOUNT HOLLY, NEW JERSEY, ET AL.,
PETITIONERS

v.

MT. HOLLY GARDENS CITIZENS IN ACTION, INC., ET AL.

*ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT*

**BRIEF FOR THE UNITED STATES
AS AMICUS CURIAE SUPPORTING RESPONDENTS**

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QUESTION PRESENTED

Whether disparate-impact claims are cognizable under Section 804(a) of the Fair Housing Act, 42 U.S.C. 3604(a).

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v.

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*ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
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**BRIEF FOR THE UNITED STATES
AS AMICUS CURIAE SUPPORTING RESPONDENTS**

INTEREST OF THE UNITED STATES

This case presents the important question whether a disparate-impact cause of action is cognizable under Section 804(a) of the Fair Housing Act (FHA or Act), 42 U.S.C. 3604(a).¹ The FHA prohibits discrimination

¹ Although the question on which this Court granted review addresses the availability of disparate-impact claims under the FHA generally, respondents' complaint alleges a disparate-impact claim under Section 804(a) only. This case therefore affords no occasion for the Court to consider the availability of disparate-impact liability under other prohibitions in the FHA. Unlike Section 804(a), certain of the FHA's other prohibitions make it unlawful "[t]o discriminate against any person" in specified, housing-related actions, *e.g.*, 42 U.S.C. 3604(b), 3605(a), and the term "discriminate" readily accommodates an interpretation encompassing disparate-impact liability. See, *e.g.*, *Alexander v. Choate*, 469 U.S. 287, 292

on various bases in the sale or rental of housing and in related services. See 42 U.S.C. 3604, 3605. The Act gives the Secretary of the Department of Housing and Urban Development (HUD) “authority and responsibility for administering [the FHA],” including the authority to promulgate regulations interpreting the Act and to enforce the Act through administrative proceedings. 42 U.S.C. 3608(a), 3612, 3614a. In exercising its rule-making and adjudicatory authority under the statute, HUD has consistently interpreted the Act to permit disparate-impact claims. See 78 Fed. Reg. 11,460-11,482 (Feb. 15, 2013); *Mountain Side Mobile Estates P’ship v. HUD*, 56 F.3d 1243, 1251 (10th Cir. 1995). The Department of Justice also has authority to enforce the FHA, see 42 U.S.C. 3612(o), 3614(a)-(d), and has brought disparate-impact claims in its enforcement actions. See, e.g., *United States v. City of Black Jack*, 508 F.2d 1179, 1186 (8th Cir. 1974), cert. denied, 422 U.S. 1042 (1975). At the invitation of the Court, the United States filed a brief as amicus curiae at the petition stage of this case.

STATUTORY PROVISIONS INVOLVED

The pertinent provisions of the FHA, 42 U.S.C. 3601 *et seq.*, and select other statutory provisions are set forth in an appendix to this brief. App., *infra*.

STATEMENT

1. Mount Holly Gardens (the Gardens) is a 30-acre neighborhood of roughly 330 homes, located in the Township of Mount Holly, in Burlington County, New

(1985). Petitioner does not argue that other FHA provisions do or do not encompass disparate-impact claims, and this Court should decline various amici’s invitation to consider a question neither raised in the petition nor addressed by the parties.

Jersey. Pet. App. 5a. Nearly all Gardens residents earn less than 80% of the area's median income, and most earn much less. *Ibid.* At the time of the 2000 Census, approximately 20% of Gardens residents were white, 46% were African-American, and 29% were Hispanic. *Id.* at 6a. Overall, the Township of Mount Holly is 66% white, 23% African-American, and 13% Hispanic. *Id.* at 78a-79a.

In 2000, petitioners (the township, township council, and township officials) determined that the Gardens should be designated as an "area in need of redevelopment" under New Jersey law. Pet. App. 7a-8a. Petitioners implemented an evolving series of redevelopment plans, culminating in a plan to buy all the homes in the Gardens, demolish them, and rebuild the neighborhood. *Id.* at 8a-10a. Many Gardens residents objected to the redevelopment plan, observing that they would be unable either to afford to purchase a home in the area after redevelopment or to live elsewhere in the township. *Id.* at 9a, 11a. Although petitioners offered to pay qualified homeowners in the Gardens between \$32,000 and \$49,000 for their homes, plus relocation assistance of \$15,000 and \$20,000 of no-interest loan assistance toward the purchase of a new home, the estimated cost of a new home in the Gardens after redevelopment was between \$200,000 and \$275,000. *Id.* at 10a. Renters in the Gardens were also unlikely to be able to afford rents in the Gardens after redevelopment. *Ibid.* Most Gardens residents would therefore be unable to afford to live in the Gardens after redevelopment, including in the homes designated as affordable housing. *Id.* at 9a.

2. a. Respondents are Gardens residents, former residents, and a residents' association. Pet. App. 4a.

In 2008, respondents filed suit in federal court alleging, *inter alia*, violations of Section 804(a) of the FHA, including disparate-impact claims, and seeking declaratory and injunctive relief. *Id.* at 12a. During the litigation, respondents submitted the report of a statistical and demographic expert, who concluded that the displacement that would result from the redevelopment plan would adversely affect 22.54% of the township's African-American households and 32.31% of the Hispanic households, but only 2.73% of the white households. *Id.* at 15a-16a, 43a. The expert further concluded that the new homes in the redeveloped Gardens area would be affordable for 79% of Burlington County's white households, but for only 21% of African-American and Hispanic households in the county. *Id.* at 16a, 45a n.9. The expert also concluded that most displaced Gardens residents would be unable to afford to relocate elsewhere in the township. *Id.* at 18a.

b. The district court converted petitioners' motion to dismiss into a motion for summary judgment and granted it. Pet. App. 33a-61a. In relevant part, the court concluded that respondents had failed to establish a prima facie case of disparate-impact discrimination under Section 804(a) of the FHA. *Id.* at 41a-47a. Although the court acknowledged respondents' evidence that the disproportionately minority households in the Gardens before redevelopment would be unable to afford to stay in the area, it rejected respondents' statistical analysis because the analysis did not account for how many minorities might move into Mount Holly. *Id.* at 43a-46a & n.9. The court also faulted respondents for failing to demonstrate that the redevelopment plan would affect minority households in

the Gardens in a different way than it would affect white households in the Gardens. *Id.* at 45a.

The court concluded in the alternative that, even if respondents had established a prima facie disparate-impact case, petitioners met their burden of showing a legitimate interest in pursuing the redevelopment plan. Pet. App. 43a & n.6. And, the court determined, respondents had not rebutted that legitimate interest by identifying a less discriminatory alternative available to petitioners. *Id.* at 47a-51a.

c. The court of appeals reversed the district court's grant of summary judgment and remanded for further factual development on respondents' claims under Section 804(a) of the FHA. Pet. App. 1a-29a. The court concluded that the district court erred in rejecting the statistical data respondents submitted in support of their disparate-impact claim. *Id.* at 15a-18a. The court also noted that the district court had conflated the concepts of disparate impact and disparate treatment when it reasoned that each white Gardens resident was treated the same as each African-American or Hispanic Gardens resident. *Id.* at 19a. The court of appeals thus concluded that respondents had established a prima facie case of disparate-impact discrimination under the FHA. *Id.* at 23a-24a.

The court of appeals further noted that "everyone agrees that alleviating blight is a legitimate interest." Pet. App. 24a. The court found, however, a disputed issue of fact as to whether petitioners had alternative means of addressing blight that would be less discriminatory than the redevelopment plan. *Id.* at 25a-26a. The court of appeals thus remanded for further factual development to be followed by renewed motions for summary judgment. *Id.* at 28a-29a.

SUMMARY OF ARGUMENT

The United States Department of Housing and Urban Development—the agency principally charged with administering and enforcing the Fair Housing Act—has authoritatively construed Section 804(a) of the Act to encompass disparate-impact liability. That construction is the best (and certainly a permissible) reading of the statutory text, and it comports with the uniform judicial construction of the Act over four decades. The agency’s construction is entitled to deference.

A. The authoritative interpretation of the agency charged with administering the statute should resolve the question presented. The FHA grants HUD broad authority to administer and enforce the statute, including by promulgating rules implementing the statute and conducting formal adjudications of FHA complaints. HUD has promulgated a rule recognizing that Section 804(a) encompasses disparate-impact claims. In exercising its authority to conduct formal adjudications, HUD has also consistently recognized that disparate-impact claims are cognizable under the statute. This Court’s decisions make clear that such authoritative agency interpretations command the full measure of deference under *Chevron U.S.A. Inc. v. NRDC*, 467 U.S. 837 (1984).

B. HUD’s construction of Section 804(a) follows directly from the statute’s text, structure, and history. Section 804(a) makes it unlawful to “refuse to sell or rent” or “otherwise make unavailable or deny” housing to a person “because of” a protected characteristic, including race. 42 U.S.C. 3604(a). That language supports liability based on the disparate effects caused by a challenged action because it focuses on

the consequences of the action—the unavailability or denial of a dwelling—rather than the motivation of the actor. This Court, for the same reason, has held that Section 703(a)(2) of Title VII of the Civil Rights Act of 1964 (Title VII), 42 U.S.C. 2000e-2(a)(2), and Section 4(a)(2) of the Age Discrimination in Employment Act of 1967 (ADEA), 29 U.S.C. 623(a)(2), encompass disparate-impact claims. Those provisions make it unlawful to “deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of,” *inter alia*, race or age. 29 U.S.C. 623(a)(2); 42 U.S.C. 2000e-2(a)(2). Section 804(a) similarly makes it unlawful to “make unavailable or deny” housing “because of,” *inter alia*, race. 42 U.S.C. 3604(a).

The FHA also contains particularized exemptions that presuppose the existence of disparate-impact liability under Section 804(a). Those exemptions insulate actions that deny housing based on: a person’s conviction for certain drug offenses; a reasonable governmental rule limiting the number of occupants; or an appraiser’s taking into consideration factors other than race, gender, family status, or other protected characteristics. Each of those statutory exemptions is grounded in concerns that, in the absence of the exemption, the statute would bar actions within the scope of the exemption on a disparate-impact theory. Without the exemptions, for instance, a claim could be made that a policy denying housing to persons with drug convictions has a disparate impact based on a protected characteristic.

The history of the statute lends further support to the conclusion that disparate-impact claims are cognizable under Section 804(a). When Congress in 1988

comprehensively amended the FHA, including Section 804(a), Congress was aware of the uniform body of court of appeals precedent supporting disparate-impact claims but did not amend the statute to limit such claims. To the contrary, Congress rejected efforts to amend the statute to require proof of discriminatory intent in a category of cases.

C. Petitioners err in suggesting that Section 804(a)'s disparate-impact prohibition does not apply to local governments while its disparate-treatment prohibition does. The plain text of Section 804(a) applies to any person or entity that makes housing unavailable on a specified basis. Nor do petitioners' constitutional-avoidance arguments have merit. A local government does not violate the Equal Protection Clause merely by considering whether a proposed action will have a disparate impact on the basis of race. And requiring consideration of potential disparate-impacts raises no federalism concerns. As explained in HUD's regulation, a local government (like any defendant) may proceed with an action that has a discriminatory effect if it is necessary to achieve a substantial and legitimate nondiscriminatory interest that cannot be accomplished through less discriminatory means.

ARGUMENT

DISPARATE-IMPACT CLAIMS ARE COGNIZABLE UNDER SECTION 804(a) OF THE FHA

The federal agency with authority to administer the FHA has long interpreted Section 804(a), 42 U.S.C. 3604(a), to authorize disparate-impact claims. The agency's conclusion follows from the statute's text, structure, and history. And it accords with the uniform decisions of the 11 courts of appeals to have

considered the question. See p. 22 & n.5, *infra*. Because the text of Section 804(a) is best read to include—and certainly does not foreclose—disparate-impact claims, HUD’s interpretation is dispositive. See *Meyer v. Holley*, 537 U.S. 280, 287-288 (2003).

A. HUD Has Authoritatively Interpreted Section 804(a) Of The FHA To Encompass Disparate-Impact Liability

The FHA aims “to provide, within constitutional limitations, for fair housing throughout the United States.” 42 U.S.C. 3601; *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 380 (1982) (recognizing Congress’s “broad remedial intent” in passing the Act). To that end, Section 804(a) of the FHA makes it unlawful:

To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, familial status, or national origin.

42 U.S.C. 3604(a).

Congress vested HUD with broad authority to implement and construe the FHA. Exercising that authority, HUD has long interpreted Section 804(a) to support a disparate-impact theory of discrimination. HUD recently reaffirmed that interpretation after notice-and-comment rulemaking.

1. The FHA grants HUD broad authority to promulgate rules implementing and construing the statute. 42 U.S.C. 3614a (“The Secretary may make rules * * * to carry out this subchapter.”); 42 U.S.C. 3608(a) (vesting “authority and responsibility for administering this Act” in the Secretary of HUD); see also 42 U.S.C. 3535(d) (general rulemaking authority).

Rules promulgated pursuant to that authority are entitled to deference under *Chevron U.S.A. Inc. v. NRDC*, 467 U.S. 837 (1984).

HUD recently issued a regulation reaffirming that the FHA, including Section 804(a), authorizes disparate-impact claims. 78 Fed. Reg. at 11,481-11,482. The rule amends Part 100 of Title 24 of the Code of Federal Regulations to provide: “Liability may be established under the Fair Housing Act based on a practice’s discriminatory effect * * * even if the practice was not motivated by a discriminatory intent.” 78 Fed. Reg. at 11,482; 24 C.F.R. 100.500. The regulation further states:

A practice has a discriminatory effect where it actually or predictably results in a disparate impact on a group of persons or creates, increases, reinforces, or perpetuates segregated housing patterns because of race, color, religion, sex, handicap, familial status, or national origin.

24 C.F.R. 100.500(a).

The rule’s preamble articulates the principal bases for HUD’s longstanding view that Section 804(a) encompasses disparate-impact claims. The statutory text—“otherwise make unavailable or deny [a dwelling]”—focuses on the *effect* of a challenged action, not the relevant actor’s motivation, reflecting congressional intent that liability flow from disparate impact and not be limited to disparate treatment. 78 Fed. Reg. at 11,466; see pp. 12-18, *infra*. HUD also relied on three statutory exemptions that “presuppose that the Act encompasses an effects theory of liability” and that “would be wholly unnecessary if the Act prohibited only intentional discrimination.” 78 Fed. Reg. at 11,466; see pp. 18-21, *infra*. Uniform judicial prece-

dent both before and after Congress amended the FHA in 1988 provides further support for HUD's reading of the text. And, HUD concludes, its textual interpretation is consistent with the broad purpose and legislative history of the Act, including the sponsor's recognition of the need to address "[o]ld habits" and "frozen rules," including "the refusal by suburbs and other communities to accept low-income housing." 78 Fed. Reg. at 11,467.

2. HUD's rule reaffirmed the agency's long-standing interpretation of the FHA. See 42 U.S.C. 3610 and 3612. Through formal adjudications that become final agency decisions after an opportunity for all parties to petition the Secretary for review, see 42 U.S.C. 3612(g) and (h); 24 C.F.R. 180.675, HUD has interpreted the FHA—including Section 804(a)—to encompass disparate-impact claims in every adjudication to address the issue.² In addition, in a formal adjudication raising the question whether a disparate-impact claim is cognizable in an action under Section 804(a), the Secretary concluded that liability could be premised on a disparate-impact showing and that disparate-impact liability had been established in the case. *HUD v. Mountain Side Mobile Estates P'ship*, No. 08-92-0010-1, 1993 WL 307069, at *5 (July 19, 1993), *aff'd* in relevant part, 56 F.3d 1243 (10th Cir. 1995).

² See *e.g.*, *HUD v. Twinbrook Vill. Apartments*, No. 02-00-0256-8, 2001 WL 1632533, at *17 (HUD ALJ Nov. 9, 2001); *HUD v. Pfaff*, No. 10-93-0084-8, 1994 WL 592199, at *7-9 (HUD ALJ Oct. 27, 1994), *rev'd* on other grounds, 88 F.3d 739 (9th Cir. 1996); *HUD v. Ross*, No. 01-92-0466-8, 1994 WL 326437, at *5, *7 (HUD ALJ July 7, 1994); *HUD v. Carter*, No. 03-90-0058-1, 1992 WL 406520, at *5 (HUD ALJ May 1, 1992).

When, as here, Congress expressly affords an agency authority to issue formal adjudications carrying the force of law, see 42 U.S.C. 3612, the agency’s reasonable interpretation of the statute in such adjudications is entitled to the full measure of *Chevron* deference. See *United States v. Mead Corp.*, 533 U.S. 218, 230 & n.12 (2001); *INS v. Aguirre-Aguirre*, 526 U.S. 415, 424-425 (1999).

B. The Text, Structure, History, And Purpose Of The Statute Support HUD’s Recognition Of Disparate-Impact Claims

Because Congress charged HUD with administering the FHA, HUD’s interpretation of the statutory language controls unless it is “arbitrary or capricious in substance, or manifestly contrary to the statute.” *Mead*, 533 U.S. at 227. HUD’s interpretation is neither, and its interpretation thus commands deference. See *Smith v. City of Jackson*, 544 U.S. 228, 243 (2005) (Scalia, J., concurring in part and in the judgment) (agency’s exercise of rulemaking authority in ADEA presented “an absolutely classic case for deference to agency interpretation”); *Meacham v. Knolls Atomic Power Lab.*, 554 U.S. 84, 103-104 (2008) (Scalia, J., concurring in the judgment) (deferring to EEOC’s reasonable construction of ADEA); *General Dynamics Land Sys., Inc. v. Cline*, 540 U.S. 581, 601 (2004) (Scalia, J., dissenting) (same).

1. The text of Section 804(a) encompasses a disparate-impact cause of action

a. Section 804(a) makes it unlawful, *inter alia*, “[t]o refuse to sell or rent * * * or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, familial status, or national

origin.” 42 U.S.C. 3604(a). That language is best read to encompass disparate-impact claims. By banning actions that “make unavailable or deny” housing on one of the specified bases, Section 804(a) focuses on the result of challenged actions—the unavailability or denial of a dwelling—rather than exclusively on the intent of the actor. Such a prohibition on specified outcomes that adversely affect an identifiable group is most naturally read to support a disparate-impact claim.

b. This Court has drawn precisely that conclusion when construing other anti-discrimination statutes that similarly place principal focus on the discriminatory consequences of the challenged actions rather than the actor’s motive. In particular, both Section 703(a)(2) of Title VII, 42 U.S.C. 2000e-2(a)(2), and Section 4(a)(2) of the ADEA, 29 U.S.C. 623(a)(2), make it unlawful for an employer “to limit, segregate, or classify his employees in any way” that would “deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of” a specified characteristic (race, color, religion, sex, or national origin for Title VII; age for the ADEA).

In *Griggs v. Duke Power Co.*, 401 U.S. 424, 431 (1971), this Court held that Section 703(a)(2) of Title VII prohibits employers from taking actions that have the effect of discriminating on the basis of race, regardless of whether the actions are motivated by discriminatory intent. The Court explained that “Congress directed the thrust of the Act to the *consequences* of employment practices, not simply the motivation.” *Id.* at 432. See *Watson v. Fort Worth Bank & Trust*, 487 U.S. 977, 990-991 (1988) (noting that, if

employer’s practice “has precisely the same effects as a system pervaded by impermissible intentional discrimination, it is difficult to see why Title VII’s proscription against discriminatory actions should not apply”); see also *Smith*, 544 U.S. at 235 (plurality) (noting Court’s recognition that its “holding [in *Griggs*] represented the better reading of the statutory text”).³

The same is true of the parallel terms in Section 4(a)(2) of the ADEA, which this Court, in *Smith, supra*, likewise held encompass disparate-impact claims. The Court explained that, in prohibiting actions that “deprive any individual of employment opportunities or otherwise adversely affect his [employment] status[] because of” his age, 29 U.S.C. 623(a)(2), “the text” of the statute—like Section 703(a)(2) of Title VII—“focuses on the *effects* of the action on the employee rather than the motivation for the action of the employer.” *Smith*, 544 U.S. at 235-236 (plurality); see *id.* at 243 (Scalia, J., concurring in part and in the judgment) (“agree[ing] with all of the Court’s reasoning”). That focus, the Court explained, “strongly suggests that a disparate-impact theory should be cognizable.” *Id.* at 236 (plurality).

The textual similarities between Section 804(a) and the disparate-impact provisions in Title VII and the ADEA fully justify HUD’s conclusion that Section 804(a) authorizes disparate-impact claims. Actions that “make unavailable or deny[] a dwelling to any

³ In 1991, Congress amended Title VII to add a provision expressly recognizing the existence of “disparate impact cases” under the statute, 42 U.S.C. 2000e-2(k), but Title VII contained no such provision when this Court in *Griggs* construed Section 703(a)(2) to encompass disparate-impact liability.

person”—like actions that “deprive any individual of employment opportunities”—“focus[] on the *effects* of the [challenged] action * * * rather than the motivation for the action.” *Smith*, 544 U.S. at 236 (plurality). This focus on effects rather than motivations is the essence of a disparate-impact prohibition.

Petitioners’ efforts (Br. 19-24) to distinguish Section 804(a) are unavailing. Title VII and the ADEA both prohibit actions that “deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect” his “status as an employee, because of,” *inter alia*, race or age. 42 U.S.C. 2000e-2(a)(2); 29 U.S.C. 623(a)(2). The FHA analogously prohibits actions that “refuse to sell or rent” or “otherwise make unavailable or deny” housing to an individual “because of,” *inter alia*, race. 42 U.S.C. 3604(a). Like Title VII and the ADEA, Section 804(a) enumerates a handful of specific prohibited actions *and* includes a nonspecific catch-all phrase that focuses on the prohibited effects of the specified actions, regardless of the motivation behind them. See *Smith*, 544 U.S. at 235 (plurality). To be sure, Title VII and the ADEA, which apply to employment-related actions generally, broadly prohibit actions that “tend to deprive any individual of employment opportunities”—while Section 804(a), which applies to a subset of housing-related transactions, more narrowly targets actions that have the effect of making housing unavailable. But the similarities in the textual structure of the prohibitions are more material than the differences in statutory scope. Given those similarities—and especially when read against the backdrop of Title VII, which was enacted before the FHA—Section 804(a) of the FHA is best read to include a

prohibition on actions having the effect of disproportionately denying housing based on a protected characteristic, without regard to the actor's motivation.

c. Petitioners' contrary parsing of the statutory text to reach an "unambiguous" result is unpersuasive.

First, petitioners argue (Br. 17, 24-26) that Section 804(a)'s requirement that the prohibited discrimination arise "because of" a protected characteristic limits the provision's reach to cases in which a defendant "has made a conscious decision to discriminate on that basis." Pet. Br. 24. Petitioners concede (Br. 25-26), however, that the disparate-impact provisions of Title VII and the ADEA also require that the prohibited discrimination arise "because of" a specified characteristic. 29 U.S.C. 623(a)(2); 42 U.S.C. 2000e-2(a)(2). See *Meacham*, 554 U.S. at 96 (explaining that, "in the typical disparate-impact case" under the ADEA, "the employer's practice is 'without respect to age' and its adverse impact (*though 'because of age'*) is 'attributable to a nonage factor'") (emphasis added; citation omitted). The phrase "because of" should not prohibit a disparate-impact cause of action under the FHA when the same phrase embraces such a cause of action in Title VII and the ADEA.

Petitioners rely (Br. 24) on this Court's decision in *Gross v. FBL Financial Services, Inc.*, 557 U.S. 167 (2009), which held that an ADEA plaintiff is never entitled to a mixed-motive jury instruction. *Id.* at 173-179. Relying on its earlier opinion in *Hazen Paper Co. v. Biggins*, 507 U.S. 604, 610 (1993), the Court in *Gross* explained that "the ordinary meaning of the ADEA's requirement that an employer took adverse action 'because of' age is that age was the 'reason' that

the employer decided to act.” *Gross*, 557 U.S. at 176; see Pet. Br. 24. But both *Gross* and *Hazen Paper* involved exclusively disparate-treatment claims under the ADEA. See *Gross*, 557 U.S. at 170; *Hazen Paper*, 507 U.S. at 609; see also *Smith*, 544 U.S. at 237 (plurality opinion) (noting that the “opinion in *Hazen Paper* * * * did not address or comment on” the availability of a disparate-impact cause of action under the ADEA). The reasoning supporting the mixed-motive holding of *Gross* thus sheds no light on the operation of the ADEA’s disparate-impact prohibition (which does not concern motive at all), let alone the prohibition in Section 804(a).

Second, petitioners argue (Br. 18-19) that Section 804(a)’s prohibition on “otherwise mak[ing] housing unavailable” encompasses only intentional discrimination. That is incorrect. The plain meaning of the phrase “make unavailable” includes actions that have the result of making housing unavailable, regardless of whether the actions were intended to have that result. This Court explained long ago that “[t]he word ‘make’ has many meanings, among them ‘To cause to exist, appear or occur.’” *United States v. Giles*, 300 U.S. 41, 48 (1937) (quoting *Webster’s New International Dictionary* (2d ed. 1934)); see *Webster’s Third New International Dictionary* 1364 (1966) (noting that “make” “can comprise any such action” that “cause[s] something to come into being,” “whether by an intelligent or blind agency”); *Black’s Law Dictionary* 1107 (rev. 4th ed. 1968) (“[t]o cause to exist”). One may cause a result to “exist, appear or occur,” *Giles*, 300 U.S. at 48, without specifically intending to do so. For example, a landlord may make her housing unavailable to blind individuals by refusing to permit

pets. Intent is not a prerequisite to making housing unavailable.

Third, petitioners' reading of Section 804(a) is at odds with decades of uniform precedent from the courts of appeals: all 11 circuits to have addressed the issue have concluded that the FHA encompasses disparate-impact liability. See p. 22 & n.5, *infra*. In light of that precedent, "it would be difficult indeed" to conclude that the text is, in the way petitioners suggest, "unambiguous." *Smiley v. Citibank (S.D.), N.A.*, 517 U.S. 735, 739 (1996); see *ibid.* (finding ambiguity in part from the conflict among lower court opinions).

2. The structure of the FHA confirms that the Act prohibits actions that cause a disparate impact on a specified basis

The Act's structure adds further support to HUD's interpretation of Section 804(a). The Act contains three exemptions from liability that presuppose the availability of a disparate-impact claim.

First, Congress specified that "[n]othing in [the FHA] prohibits conduct against a person because such person has been convicted by any court of competent jurisdiction of the illegal manufacture or distribution of a controlled substance." 42 U.S.C. 3607(b)(4). Because the Act contains no direct prohibition on discriminating against individuals with drug convictions, the inclusion of that exemption makes sense only if actions denying housing to individuals with such drug convictions would otherwise be subject to challenge on the ground that they have a disparate impact based on a protected characteristic. That the exemption presupposes a disparate-impact theory of discrimination is made clear by a similar exemption in Title VII. See 42 U.S.C. 2000e-2(k)(3). Congress

enacted the Title VII exemption for drug users as part of a provision expressly addressed to “disparate impact cases,” 42 U.S.C. 2000e-2(k), and the language of the exemption specifies that it applies solely to disparate-impact claims, see 42 U.S.C. 2000e-2(k)(3) (allowing employers to prohibit employment of individuals who use or possess drugs unless “such [a] rule is adopted or applied with an intent to discriminate because of race”).

Second, Congress specified that “[n]othing in [the FHA] limits the applicability of any reasonable * * * restrictions regarding the maximum number of occupants permitted to occupy a dwelling.” 42 U.S.C. 3607(b)(1). Because the Act contains no direct bar against discrimination based on number of occupants, the purpose of the exemption necessarily was to preclude suits contending that otherwise reasonable occupancy limits have a disparate impact based on a protected characteristic such as familial status or race. See *City of Edmonds v. Oxford House, Inc.*, 514 U.S. 725, 735 n.9 (1995).

Finally, the FHA includes a targeted exemption specifying that “[n]othing in [the Act] prohibits a person engaged in the business of furnishing appraisals of real property to take into consideration factors other than race, color, religion, national origin, sex, handicap, or familial status.” 42 U.S.C. 3605(c). There would be no reason to enact an exemption for appraisers’ actions based on factors *other than* protected characteristics unless the statute would otherwise bar such actions on a disparate-impact theory. See *Meacham*, 554 U.S. at 96 (“action based on a ‘factor other than age’ is the very premise for disparate-impact liability”). These statutory exemptions thus

strongly support the conclusion that Section 804(a) of the Act encompasses disparate-impact claims.

Petitioners contend (Br. 31-34) that the exemptions suggest nothing about whether the FHA encompasses disparate-impact claims, contending that “all three exemptions offer valuable defenses to disparate-treatment claims.” Pet. Br. 33. That is incorrect. The classic defense to a disparate-treatment claim is that the defendant undertook the challenged action for a nondiscriminatory reason. A defendant’s showing that she denied housing based on (for example) a prospective buyer’s drug offense would defeat disparate-treatment liability whether or not Congress had enacted Section 3607(b)(1). Congress thus had no reason to identify three particular exemptions if the FHA extends only to claims of disparate treatment. In contrast, liability for disparate impact arises precisely when a nondiscriminatory basis, such as a prior drug offense, affects a specified group disproportionately. Indeed, analogous claims had been litigated by the time Congress acted in 1988. See, e.g., *New York City Transit Auth. v. Beazer*, 440 U.S. 568 (1979) (asserting disparate-impact liability under Title VII based on an agency’s refusal to hire methadone users). That Congress chose to identify these three exemptions from liability makes sense only if Congress had disparate-impact liability in mind.

Five members of this Court endorsed this very reasoning in *Smith* when considering the ADEA’s “RFOA” defense, which allows an employer to escape liability if it relied on a “reasonable factor[] other than age.” 544 U.S. at 238-239 (plurality); *id.* at 243 (Scalia, J., concurring in part and concurring in the judgment) (expressly agreeing with “all of the Court’s reason-

ing); see 29 U.S.C. 623(f)(1). The RFOA defense would be “unnecessary” if the ADEA prohibited only disparate treatment because “[i]n most disparate-treatment cases, if an employer in fact acted on a factor other than age, the action would not be prohibited under [the disparate-treatment provision] in the first place.” *Smith*, 544 U.S. at 238 (plurality). Because the defense “plays its principal role by precluding liability if the adverse impact was attributable to a nonage factor that was ‘reasonable,’” the availability of the defense “supports” the conclusion that the ADEA encompasses disparate-impact claims. *Id.* at 239 (plurality). Just so here.⁴

3. *The history of the 1988 amendments to the FHA supports the availability of disparate-impact claims*

The history of the 1988 amendments to the FHA likewise supports the existence of a disparate-impact theory of discrimination under Section 804(a). Between the enactment of the FHA in 1968 and its substantial amendment in 1988, see Fair Housing Amendments Act of 1988 (1988 Amendments), Pub. L. No. 100-430, 102 Stat. 1619, all nine courts of appeals to consider the issue concluded that the Act authorizes suits based on disparate-impact claims. See, e.g., *Huntington Branch, NAACP v. Town of Huntington*, 844 F.2d 926, 935-936 (2d Cir.), *aff’d in part*, 488 U.S. 15 (1988); *Resident Advisory Bd. v. Rizzo*, 564 F.2d

⁴ Petitioners argue that “nothing in their text” indicates that the exemptions would have “no role” in a disparate-treatment case. Br. 34. But the task of statutory construction is to harmonize the relevant statutory provisions, not marginalize them by denying them their most obvious meaning.

126, 146 (3d Cir. 1977), cert. denied, 435 U.S. 908 (1978); *Smith v. Town of Clarkton*, 682 F.2d 1055, 1065 (4th Cir. 1982); *Hanson v. Veterans Admin.*, 800 F.2d 1381, 1386 (5th Cir. 1986); *Arthur v. City of Toledo*, 782 F.2d 565, 574-575 (6th Cir. 1986); *Metropolitan Hous. Dev. Corp. v. Village of Arlington Heights*, 558 F.2d 1283, 1290 (7th Cir. 1977), cert. denied, 434 U.S. 1025 (1978); *United States v. City of Black Jack*, 508 F.2d 1179, 1184-1185 (8th Cir. 1974), cert. denied, 422 U.S. 1042 (1975); *Halet v. Wend Inv. Co.*, 672 F.2d 1305, 1311 (9th Cir. 1982); *United States v. Marengo Cnty. Comm'n*, 731 F.2d 1546, 1559 n.20 (11th Cir.), cert. denied, 469 U.S. 976 (1984).⁵

Against that background, Congress substantially amended the Act in 1988, adding new provisions barring discrimination based on familial status and disability, establishing the statutory exemptions that presuppose the availability of disparate-impact actions (see pp. 18-21, *supra*), and enhancing HUD's authority to interpret and implement the Act. See 1988 Amendments §§ 1-15, 102 Stat. 1619-1636. Congress was aware that the FHA, including Section 804(a), had uniformly been interpreted to encompass disparate-impact claims.⁶ Significantly Congress nevertheless

⁵ The First and Tenth Circuits directly confronted the question for the first time after the 1988 amendments and agreed with their sister circuits, see *Langlois v. Abington Hous. Auth.*, 207 F.3d 43, 49 (1st Cir. 2000); *Mountain Side Mobile Estates P'ship*, 56 F.3d at 1251, while the D.C. Circuit has yet to decide the issue, see *Greater New Orleans Fair Hous. Action Ctr. v. HUD*, 639 F.3d 1078, 1085 (D.C. Cir. 2011).

⁶ See *e.g.*, H.R. Rep. No. 711, 100th Cong., 2d Sess. 21 (1988) (citing courts of appeals decisions in discussing a policy that could have a "discriminatory effect" on minority households); 134 Cong. Rec. 23,711 (1988) (statement of Sen. Kennedy) (noting unanimity

chose when amending the Act—including an amendment of Section 804(a) to add familial status as a protected characteristic—to leave that provision’s operative language unchanged. See *Forest Grove Sch. Dist. v. T.A.*, 557 U.S. 230, 244 n.11 (2009) (“When Congress amended [the Act] without altering the text of [the relevant provision], it implicitly adopted [this Court’s] construction” of that provision.); cf. *Lorillard v. Pons*, 434 U.S. 575, 580 (1978) (noting that “every court to consider the issue” had agreed on the statute’s interpretation, and explaining that “Congress is presumed to be aware of an administrative or judicial interpretation of a statute and to adopt that interpretation when it re-enacts a statute without change”). Moreover, Congress specifically rejected an amendment that would have overturned precedent recognizing disparate-impact challenges to zoning decisions. See H.R. Rep. No. 711, 100th Cong., 2d Sess. 89-91 (1988) (dissenting views of Rep. Swindall); see 78 Fed. Reg. at 11,467 (noting five other occasions on which Congress declined to impose an intent requirement).

Petitioners note (Br. 35-36) that President Reagan, when signing the 1988 amendments, declared that the amendments did not “represent any congressional or executive branch endorsement of the notion, expressed in some judicial opinions,” of a disparate-impact theory of discrimination under the FHA. *Remarks on Signing the Fair Housing Amendments Act of 1988*, 24 Weekly Comp. Pres. Doc. 1141 (Sept. 13,

of courts of appeals as to the disparate-impact test); *Fair Housing Amendments Act of 1987: Hearings Before the Subcomm. on the Constitution of the Senate Comm. on the Judiciary*, 100th Cong., 1st Sess. 529-557 (1987) (testimony of Prof. Robert Schwemm) (same).

1988). And HUD regulations issued soon thereafter declined to “resolve the question of whether intent is or is not required to show a violation.” 54 Fed. Reg. 3235 (Jan. 23, 1989). But neither of those statements casts doubt on Congress’s awareness of courts’ unanimous construction of the FHA as encompassing disparate-impact claims when Congress amended the FHA without changing its operative language.⁷ In any event, once HUD directly confronted the question in administrative adjudications and other contexts under the authority granted to it by the 1988 amendments, HUD consistently determined that the FHA encompasses disparate-impact liability.

4. HUD’s interpretation furthers the FHA’s purpose

Construing Section 804(a) to encompass a disparate-impact cause of action is a reasonable implementation of the FHA’s broad antidiscrimination purpose.

⁷ Nor do subsequently enacted statutes in which Congress explicitly provided for disparate-impact liability (see Pet. Br. 31) shed light on the intent of Congress in passing the FHA or its amendments. That is particularly so as to Title VII—although Congress added language in 1991 that more explicitly provided for disparate-impact claims, this Court had already held that Title VII’s original language provided for such claims. *Griggs*, 401 U.S. at 431. There is no merit to petitioners’ suggestion that Congress’s failure to amend the FHA when it amended Title VII in 1991 “speaks volumes about” whether Congress intended Section 804(a) to encompass disparate-impact claims. Pet. Br. 31. Petitioners rely on this Court’s decision in *Gross*—but *Gross* compared *contemporaneous* amendments of Title VII and the ADEA, explaining that “‘negative implications raised by disparate provisions are strongest’ when the provisions were ‘considered simultaneously when the language raising the implication was inserted.’” 557 U.S. at 175 (quoting *Lindh v. Murphy*, 521 U.S. 320, 330 (1997)). No such negative implication is appropriate here.

Individual motives are difficult to prove directly and Congress has frequently required proof of only discriminatory effect as a means of overcoming discriminatory practices—including in Title VII, enacted only four years before the FHA. This Court explained in *Griggs* that Congress’s objective in enacting Title VII, including its disparate-impact prohibition, “was to achieve equality of employment opportunities and remove barriers that have operated in the past to favor an identifiable group of white employees over other employees.” 401 U.S. at 429-430. “Under the Act,” the Court explained, “practices, procedures, or tests neutral on their face, and even neutral in terms of intent, cannot be maintained if they operate to ‘freeze’ the status quo of prior discriminatory employment practices.” *Id.* at 430. The Court in *Griggs* thus had little trouble concluding that the defendant employer’s education and “intelligence” requirements for certain work assignments violated Title VII even while acknowledging the employer’s “lack of discriminatory intent.” *Id.* at 431-433.

When enacting the FHA, Congress similarly sought to overcome entrenched barriers to equal opportunity in housing by prohibiting acts that have the effect of denying such opportunities on a specified basis. Petitioners err in arguing (Br. 27-28) that there is less need for a disparate-impact cause of action in the housing context than there is in the employment context because (they assert) it is easier to establish the motivation of individual decisionmakers in the housing context. Housing-related decisions (like employment-related decisions) frequently involve a significant degree of subjectivity. A would-be renter who is denied a lease when others receive one will often

have just as much difficulty discerning the basis for that treatment as she would if she were informed that a potential employer had filled available job openings with more qualified applicants. The difficulties in proof are only exacerbated when the defendant in a housing action is a local government body, whose discriminatory motives can be particularly hard to discern.

Petitioners further err in asserting that “barriers erected by past discrimination do not have the same persistent legacy in housing transactions as in employment decisions.” Br. 28. Housing discrimination can entail the “loss of social, professional, and economic benefits,” *Havens Realty Corp.*, 455 U.S. at 376-377; see *Trafficante v. Metropolitan Life Ins. Co.*, 409 U.S. 205, 208 (1972), by, *e.g.*, depressing prices, reducing the number of buyers in a particular market, diminishing the tax base, and making affordable housing unavailable, *Gladstone Realtors v. Village of Bellwood*, 441 U.S. 91, 110-111 & n.24 (1979). In many areas of the country, substantial residential segregation persists as a result of past discrimination. Indeed, according to 2010 Census data, the Philadelphia-Camden area, which includes Mount Holly, is among the ten most segregated large metropolitan areas for African-American residents. <http://www.censusscope.org/2010Census/FREY2010B-LK100MetroSeg.xls> (last visited Oct. 25, 2013). Section 804(a)’s prohibition on actions that have a disparate impact on a specified basis is an important tool in ameliorating such conditions.

5. HUD's interpretation is consistent with the position of the Department of Justice

HUD and the Department of Justice are in accord with respect to disparate-impact liability under the FHA. The FHA grants the Department of Justice authority to enforce the statute by filing actions in federal court. See 42 U.S.C. 3612(o), 3614(a)-(d). The Department has filed numerous briefs (including in the court of appeals in this case) explaining that the FHA supports disparate-impact liability. See, e.g., Br. for the United States as Amicus Curiae in *Mt. Holly Gardens Citizens in Action, Inc. v. Township of Mt. Holly*, 658 F.3d 375 (3d Cir. 2011) (No. 11-1159); Br. for the United States as Amicus Curiae in *Veles v. Lindow*, 243 F.3d 552 (9th Cir. 1999) (No. 99-15795); Br. for the United States in *United States v. Glisan*, Nos. 81-1746 and 81-2205, at 15-20 (10th Cir. 1981).

Petitioners observe (Br. 36) that, in 1988, the government filed an amicus brief in this Court arguing that the FHA proscribes only intentional discrimination. See Br. for the United States as Amicus Curiae at 13-18, *Town of Huntington v. Huntington Branch, NAACP*, 488 U.S. 15 (1988) (No. 87-1961). But that brief was filed before the enactment of the 1988 statutory amendments giving HUD its full authority to administer and enforce the Act, and thus before the agency's formal adjudications and other administrative pronouncements endorsing the existence of a disparate-impact theory of discrimination under the statute. The brief also predated the enactment of the statutory exemptions that presuppose the viability of disparate-impact claims (see pp. 18-21, *supra*). As explained, moreover, the United States has repeatedly filed briefs since the 1988 amendments espousing the

position that the amended Act encompasses disparate-impact claims. That is the precise interpretation HUD has adopted here, and it is that agency interpretation that commands deference.

C. Congress Did Not Exempt Local Governments From Section 804(a)

Petitioners argue (Br. 37-48) that this Court should construe Section 804(a) not to impose disparate-impact liability on local governments. There is no basis in the statute’s text for such an argument; nor is such a counter-textual construction compelled by constitutional concerns.

1. In drafting Section 804(a), Congress broadly declared it unlawful to refuse to sell or rent a dwelling “or otherwise make unavailable or deny[] a dwelling to any person because of race, color, religion, sex, familial status, or national origin.” 42 U.S.C. 3604(a). Nothing in the text of the provision indicates that some categories of defendants are entirely immune from claims of disparate impact, even though they are otherwise fully covered by the statute. This Court has long recognized “the FHA’s ‘broad and inclusive’ compass,” and “accord[ed] a ‘generous construction’” to achieve the statute’s purpose of providing for fair housing. *City of Edmonds*, 514 U.S. at 731 (quoting *Trafficante*, 409 U.S. at 209). The FHA’s sponsors indicated an intent to cover local governments, explaining that the law was intended to stop municipalities whose segregation rules were struck down by courts from enacting “[l]ocal ordinances with the same effect, although operating more deviously in an attempt to avoid the Court’s prohibition.” 114 Cong. Rec. 2699 (1968); see also *id.* at 2277 (noting segrega-

tion was exacerbated by local governments' refusal to allow low-income housing).

Other provisions confirm Section 804(a)'s applicability to local governments. The FHA's exemption from liability for "any reasonable local, State, or Federal restrictions regarding the maximum number of occupants permitted to occupy a dwelling," 42 U.S.C. 3607(b)(1), would have been largely unnecessary if local governments were not potentially liable under the statute for other types of local housing regulations with a discriminatory effect. In addition, Section 810 of the FHA, which governs the Secretary's administrative enforcement, specifies that the Secretary must refer any complaint filed under the FHA to the Department of Justice "[i]f the Secretary determines that the matter involves the legality of any State or local zoning or other land use law or ordinance." 42 U.S.C. 3610(g)(2)(C). That provision, too, presupposes application of the FHA's substantive prohibitions to local governments. Especially in light of those clear statutory statements, the Court should decline petitioners' late-breaking invitation (Br. 37-38) to invent a statutory limit that appears nowhere in the text and is at odds with congressional intent.

2. Petitioners are also incorrect (Br. 39-42) that Congress's inclusion of disparate-impact liability in Section 804(a) raises constitutional concerns when applied to local governments. A local government does not violate the Equal Protection Clause merely by considering the racial effects of a proposed action and possibly altering its course if such action will impose disparate burdens on one racial group. On the contrary, consideration of a course of action's actual consequences may *assist* a municipality in acting in a

racially neutral manner and providing equality of opportunity to its citizens. In an analogous context, this Court explained that Title VII's disparate-treatment prohibition "does not prohibit an employer from considering, before administering a test or practice, how to design that test or practice in order to provide a fair opportunity for all individuals, regardless of their race." *Ricci v. DeStefano*, 557 U.S. 557, 585 (2009). Neither does the Equal Protection Clause prohibit a municipality from considering the effects of a proposed action in order to ensure that it does not unnecessarily burden one racial group.

Cases such as *Parents Involved in Community Schools v. Seattle School District Number 1*, 551 U.S. 701, 711-712, 718-719 (2007) (Pet. Br. 41), do not support petitioners here. Those cases involve the intentional distribution of a limited set of benefits that, if allocated on a preferential basis to members of one race, could not then be allocated to members of another race. There is no analogue here—petitioners would not, for example, be forced to redevelop (or be foreclosed from redeveloping) a white neighborhood by the outcome of the redevelopment decision here. The merits question in this case is simply whether petitioners may proceed with a project if it will have a discriminatory effect on African-American and Hispanic residents. Petitioners point to nothing in the record suggesting that adopting a different redevelopment plan (or no redevelopment plan at all) would have any effect at all on citizens of other races. As Justice Kennedy explained in his concurring opinion in *Parents Involved in Community Schools*, when a government "considers the impact a given approach might have on [citizens] of different races," it does not

run afoul of the Constitution—instead, it acts in service of its duty “to preserve and expand the promise of liberty and equality on which [the Nation] was founded.” 551 U.S. at 787, 789.

3. Petitioners are also incorrect (Br. 42-44) that Congress’s decision to prohibit disparate-impact discrimination undermines principles of federalism. At no previous point in this litigation have petitioners challenged the constitutionality of Section 804(a) or suggested that it violates the Tenth Amendment. As this case comes to the Court, it is a given that Section 804(a) is a constitutional exercise of Congress’s enumerated powers and that it therefore does not violate the Tenth Amendment. And, as discussed at pp. 13-18, *supra*, the plain and expansive text of Section 804(a) provides a sufficiently “clear and manifest statement,” Pet. Br. 43, that Congress intended its prohibitions to apply to local governments.

To the extent petitioners suggest that this Court should not defer to HUD’s regulatory interpretation of Section 804(a) because of federalism concerns about supplanting local land-use decisions, this Court recently rejected a similar argument. In *City of Arlington v. FCC*, 133 S. Ct. 1863 (2013), the Court considered whether a federal court or a federal agency should resolve ambiguous language in a federal statute that supplanted some local land-use discretion. That choice, the Court explained, “has nothing to do with federalism.” *Id.* at 1873. Here, local governments are plainly subject to Section 804(a)’s requirements. In the words of this Court, petitioners raise a “faux-federalism argument” in insisting that this Court’s independent construction of any ambiguous

language should trump HUD's considered judgment, based on its expertise and rulemaking authority. *Ibid.*

Local governments are subject to myriad federal rules and regulations, including with respect to their land-use decisions. The Telecommunications Act of 1996, for example, leaves intact local governments' authority to direct the placement of telecommunications towers *except* insofar as such decisions would discriminate among providers or have the effect of prohibiting the provision of personal wireless service. 47 U.S.C. 332(c)(7). Local governments similarly must ensure that their land-use decisions do not discriminate on the basis of religion. 42 U.S.C. 2000cc. And local governments must comply with federal environmental protections by, *e.g.*, conforming stormwater discharges to limits in permits issued pursuant to federal law. 33 U.S.C. 1342(p). Such regulations, if authorized pursuant to an enumerated power, do not violate federalism principles. Neither does Section 804(a).

4. Finally, petitioners err in arguing (Br. 44-48) that requiring local governments to comply with Section 804(a)'s prohibition on taking actions that have the effect of making housing unavailable on a specified basis "undermine[s] the FHA's core objectives." Pet. Br. 44. In particular, petitioners contend (Br. 44-45) that local governments will be loath to undertake any project to improve a blighted area that is predominantly minority. Not so. Disparate-impact liability under the FHA has been the law of the land for more than three decades, and petitioners offer no evidence that the FHA has prevented local officials from addressing blighted neighborhoods in that time.

For good reason. Section 804(a) does not prevent local officials from addressing urban blight, either in this case or elsewhere. As reflected in HUD's recent regulation, a defendant may move forward with a proposed action that has an otherwise-prohibited disparate impact when the defendant establishes that the proposed action is necessary to achieve a substantial, legitimate nondiscriminatory interest and the plaintiff does not establish that the defendant's interest could be served by another practice with a less discriminatory effect. 78 Fed. Reg. at 11,482; 24 C.F.R. 100.500(b) and (c). In this case, the court of appeals found that petitioners had satisfied their burden of establishing a legitimate interest. Pet. App. 24a (“[E]veryone agrees that alleviating blight is a legitimate interest.”). Finding a disputed issue of fact about whether petitioners may use alternative means of addressing blight that would be less discriminatory than the redevelopment plan, the court remanded for further proceedings. *Id.* at 25a-29a. Thus, petitioners may yet be permitted to proceed with their redevelopment plan. Or they may discover an alternative, less discriminatory plan that would achieve their goals, while providing more affordable housing. Either way, Section 804(a)'s disparate-impact cause of action does not prevent municipalities from alleviating blight.

Experience confirms that Section 804(a)'s disparate-impact prohibition does not prevent cities from implementing appropriate revitalization projects. In the decades since courts have recognized the existence of disparate-impact liability under the FHA, cities have taken steps to address blight by, *e.g.*, enforcing building code requirements, securing vacant

homes, and maintaining surrounding public and abandoned space. See, e.g., Allison Plyler, Elaine Ortiz, and Kathryn L.S. Pettit, *Optimizing Blight Strategies: Deploying Limited Resources in Different Neighborhood Housing Markets* 9, 16 (Nov. 2010) (*Optimizing Blight Strategies*); Joseph Schilling & Elizabeth Schilling, *Leveraging Code Enforcement for Neighborhood Safety: Insights for Community Developers* 2-3 (June 20, 2007). And, as discussed, where such alternate means cannot achieve the substantial, legitimate nondiscriminatory goals of a municipality, Section 804(a)'s disparate-impact prohibition will not stand in its way.

Finally, petitioners' concern that disparate-impact liability "undermine[s] the FHA's core objectives" (Br. 44) rings hollow. At the outset, it is the Secretary of HUD, not petitioners, that Congress charged with determining how best to advance the core objectives of the Act. In any event, the availability of disparate-impact liability here serves the core purposes of the Act without unduly burdening petitioners. Before undertaking their redevelopment project, petitioners have already conducted studies, inspected properties, considered alternatives, amended their plans several times, and followed state procedures to designate the Gardens as blighted. See Pet. App. 7a-11a. It is reasonable for Congress to require petitioners—before displacing long-time residents and seizing homes through eminent domain—to also consider whether their plan will have a discriminatory effect and, if so, whether a less discriminatory alternative would serve petitioners' legitimate interests. As Justice Thomas explained in his dissent in *Kelo v. City of New London*, 545 U.S. 469 (2005), urban development plans in

this country have historically had the effect of disproportionately displacing racial minorities. *Id.* at 522; see *ibid.* (“Urban renewal projects have long been associated with the displacement of blacks; [i]n cities across the country, urban renewal came to be known as ‘Negro removal.’”) (brackets in original) (quoting Wendell E. Pritchett, *The “Public Menace” of Blight: Urban Renewal and the Private Uses of Eminent Domain*, 21 *Yale L. & Pol’y Rev.* 1, 47 (2003)); see Institute for Justice Amicus Br. 9-34. Congress and the Secretary made a reasonable policy choice in requiring municipalities to avoid such harmful and disparate effects when those effects are unnecessary to achieving the municipalities’ legitimate goals. Disparate-impact liability thus advances, rather than undermines, the core objectives of the FHA.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

HELEN R. KANOVSKY
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OCTOBER 2013

APPENDIX

Relevant Fair Housing Act Provisions

1. 42 U.S.C. 3604 provides in pertinent part:

Discrimination in the sale or rental of housing and other prohibited practices

As made applicable by section 3603 of this title and except as exempted by sections 3603(b) and 3607 of this title, it shall be unlawful—

(a) To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, familial status, or national origin.

* * * * *

2. 42 U.S.C. 3605 provides in pertinent part:

Discrimination in residential real estate-related transactions

* * * * *

(c) Appraisal exemption

Nothing in this subchapter prohibits a person engaged in the business of furnishing appraisals of real property to take into consideration factors other than race, color, religion, national origin, sex, handicap, or familial status.

(1a)

3. 42 U.S.C. 3607 provides in pertinent part:

Religious organization or private club exemption

* * * * *

(b)(1) Nothing in this subchapter limits the applicability of any reasonable local, State, or Federal restrictions regarding the maximum number of occupants permitted to occupy a dwelling. Nor does any provision in this subchapter regarding familial status apply with respect to housing for older persons.

* * * * *

(b)(4) Nothing in this subchapter prohibits conduct against a person because such person has been convicted by any court of competent jurisdiction of the illegal manufacture or distribution of a controlled substance as defined in section 802 of title 21.

* * * * *

4. 42 U.S.C. 3608 provides in pertinent part:

Administration

(a) Authority and responsibility

The authority and responsibility for administering this Act shall be in the Secretary of Housing and Urban Development.

* * * * *

Relevant Provisions of Title VII of the Civil Rights Act of 1964

5. 42 U.S.C. 2000e-2 provides in pertinent part:

Unlawful employment practices

(a) Employer practices

It shall be an unlawful employment practice for an employer—

* * * * *

(2) to limit, segregate, or classify his employees or applicants for employment in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's race, color, religion, sex, or national origin.

* * * * *

(k) Burden of proof in disparate impact cases

(1)(A) An unlawful employment practice based on disparate impact is established under this subchapter only if—

(i) a complaining party demonstrates that a respondent uses a particular employment practice that causes a disparate impact on the basis of race, color, religion, sex, or national origin and

the respondent fails to demonstrate that the challenged practice is job related for the position in question and consistent with business necessity; or

(ii) the complaining party makes the demonstration described in subparagraph (C) with respect to an alternative employment practice and the respondent refuses to adopt such alternative employment practice.

(B)(i) With respect to demonstrating that a particular employment practice causes a disparate impact as described in subparagraph (A)(i), the complaining party shall demonstrate that each particular challenged employment practice causes a disparate impact, except that if the complaining party can demonstrate to the court that the elements of a respondent's decisionmaking process are not capable of separation for analysis, the decisionmaking process may be analyzed as one employment practice.

(ii) If the respondent demonstrates that a specific employment practice does not cause the disparate impact, the respondent shall not be required to demonstrate that such practice is required by business necessity.

(C) The demonstration referred to by subparagraph (A)(ii) shall be in accordance with the law as it existed on June 4, 1989, with respect to the concept of "alternative employment practice".

(2) A demonstration that an employment practice is required by business necessity may not be used as a defense against a claim of intentional discrimination under this subchapter

(3) Notwithstanding any other provision of this subchapter, a rule barring the employment of an individual who currently and knowingly uses or possesses a controlled substance, as defined in schedules I and II of section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)), other than the use or possession of a drug taken under the supervision of a licensed health care professional, or any other use or possession authorized by the Controlled Substances Act [21 U.S.C. 801 et seq.] or any other provision of Federal law, shall be considered an unlawful employment practice under this subchapter only if such rule is adopted or applied with an intent to discriminate because of race, color, religion, sex, or national origin.

* * * * *

Relevant Provision of the Age Discrimination in Employment Act

6. 29 U.S.C. 623 provides in pertinent part:

Prohibition of age discrimination

(a) Employer practices

It shall be unlawful for an employer—

* * * * *

(2) to limit, segregate, or classify his employees in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's age.

* * * * *

IN THE SUPREME COURT OF THE UNITED STATES

No. 11-1507

TOWNSHIP OF MOUNT HOLLY, NEW JERSEY, ET AL., PETITIONERS

v.

MT. HOLLY GARDENS CITIZENS IN ACTION, INC., ET AL.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

MOTION OF THE UNITED STATES FOR LEAVE TO
PARTICIPATE IN ORAL ARGUMENT AS AMICUS CURIAE
AND FOR DIVIDED ARGUMENT

Pursuant to Rules 28.4 and 28.7 of the Rules of this Court, the Solicitor General, on behalf of the United States as amicus curiae, respectfully moves that the United States be granted leave to participate in oral argument in this case and that the United States be allowed ten minutes of argument time. The United States has filed a brief as amicus curiae supporting respondents. Counsel for respondents has consented to an allocation of ten minutes of argument time to the United States that would normally be allotted to respondents.

The question presented in this case is whether disparate-impact claims are cognizable under Section 804(a) of the Fair Housing Act (FHA), 42 U.S.C. 3601(a).

Petitioner Mount Holly is a township located in New Jersey. In 2000, the township determined that a predominantly minority neighborhood known as "the Gardens" was in need of redevelopment. Petitioners then implemented an evolving series of redevelopment plans, culminating in a plan to buy all the homes in the Gardens, demolish the homes, and rebuild the neighborhood. Respondents, residents of the Gardens, filed suit alleging, inter alia, that the redevelopment plan imposes a disparate impact on the basis of race in violation of Section 804(a) of the FHA. The district court granted summary judgment for petitioners and respondents appealed. The court of appeals reversed, holding that petitioners had established a prima facie case of disparate impact. The court of appeals remanded the case for further development on the question whether respondents could establish that petitioners can achieve their legitimate, substantial nondiscriminatory interests through less discriminatory means.

The Court granted the petition for a writ of certiorari limited to the question whether a disparate-impact cause of action is available under the FHA. The United States has filed a brief as amicus curiae in support of respondents. The brief

argues that the court of appeals -- like every court of appeals to have considered the question --decided correctly that Section 804(a) of the FHA encompasses disparate-impact suits.

The United States has a substantial interest in the question presented by this case. The FHA gives the Secretary of the Department of Housing and Urban Development (HUD) "authority and responsibility for administering [the FHA]." 42 U.S.C. 3608(a), 3614a. HUD recently promulgated a regulation, following notice-and-comment rulemaking, articulating the Department's longstanding interpretation of Section 804(a) as prohibiting actions with a disparate impact on a specified basis. 78 Fed. Reg. 11,460-11,482 (Feb. 15, 2013). In addition, in exercising its adjudicatory authority under the statute, HUD has long interpreted the Act to permit disparate-impact claims. See, e.g., Mountain Side Mobile Estates P'ship v. HUD, 56 F.3d 1243, 1251 (10th Cir. 1995). The Department of Justice also has authority to enforce the FHA, see 42 U.S.C. 3612(o), 3614(a)-(d), and has brought disparate-impact claims in its enforcement actions. See, e.g., United States v. City of Black Jack, 508 F.2d 1179, 1186 (8th Cir. 1974), cert. denied, 422 U.S. 1042 (1975). At the invitation of the Court, the United States filed a brief as amicus curiae at the petition stage.

The United States has regularly participated in oral argument as amicus curiae in cases presenting questions relating to the interpretation of federal antidiscrimination laws. See, e.g., Lewis v. City of Chicago, No. 08-974 (argued Feb. 22, 2010); Gross v. FBL Financial Servs., Inc., No. 08-441 (argued Mar. 31, 2009); Meacham v. Knolls Atomic Power Laboratory, No. 06-1505 (argued Apr. 23, 2008).

We therefore believe that oral presentation of the views of the United States would be of material assistance to the Court.

Respectfully submitted.

DONALD B. VERRILLI, JR.
Solicitor General
Counsel of Record

OCTOBER 2013

November 19, 2013

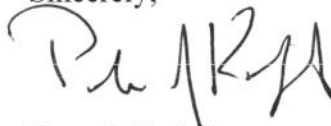
The Honorable Patrick Leahy
Chairman
United States Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
United States Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Leahy and Ranking Member Grassley:

Thank you again for giving me the opportunity to appear before the Committee on October 30, 2013. I enclose my responses to additional Questions for the Record that I received from Ranking Member Grassley.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Kadzik". The signature is stylized with a large initial "P" and "K".

Peter J. Kadzik

Enclosure

Senator Chuck Grassley
Questions for the Record for
Peter Joseph Kadzik
Nominee for Assistant Attorney General
Office of Legislative Affairs, Department of Justice

Answering subpart questions

1. In your first set of Questions for the Record, you declined to answer the vast majority of the individual questions. In your future responses to Questions for the Record or questions in letters from Members of the Committee, will you pledge to provide individual answers to each individual question? If not, please explain why not.

I certainly intended to answer all questions in my first set of responses; however, because many questions concerned the same topic or events, I provided a narrative response because I thought that doing so would be more comprehensive and efficient. I believe that the Department's Office of Legislative Affairs should facilitate communication and information flow between the Department and Congress, and if confirmed, I will provide as much information as possible in responses to Congress, consistent with the Department's national security, law enforcement and other confidentiality interests, and will endeavor to provide individual responses.

Cooperation with the House Committee

2. In your response to my Questions for the Record, you state that you "returned to Washington from a business trip to California to *cooperate fully*, appear before the House Committee, and answer all questions posed by its Members." What do you mean by claiming that you cooperated fully? Do you mean to imply that your decision to return to Washington D.C. and testify was voluntary, rather than legally compelled by the subpoena?

By "cooperate fully," I meant that before I left for my business trip to California, I informed the House Committee on Government Reform of my scheduling conflict and offered to meet upon my return. As soon as I learned of the subpoena, I immediately returned to Washington to testify before the Committee on March 1, 2001, and provided all information sought by the Committee. As noted in my first set of responses, in my testimony, I laid out the chronology with regard to my appearance before the House Committee in the March 2001 hearing, and no Member asked me questions regarding that chronology. Chairman Burton thanked me for my appearance and testimony, and excused me early to return to California. On February 27, 2001, before I had left for California, I advised the Committee of my business commitments in California and expressed my desire to cooperate fully, writing, "I intend to fully cooperate with the Committee's efforts. I will return to Washington next week [following business commitments in California] and am willing to meet with you or your staff at a mutually convenient time."

3. Do you acknowledge that if you had refused to return to Washington D.C. to testify, that the Committee could have legitimately held you in contempt?

As soon as I was aware of the Committee's subpoena, I immediately returned to Washington to testify before the House Committee on Government Reform and did indeed testify on March 1, 2001. Because it had always been my intention to cooperate fully with the Committee, no further proceedings were necessary.

4. If your intent was to "cooperate fully" with the Committee's investigation, then why did you force the Committee to resort to compulsory process by refusing to appear voluntarily?

I intended to cooperate fully with the Committee and did not know that the Committee intended to issue a subpoena. On February 26, 2001, I received a letter from the House Committee requesting my appearance on March 1, 2001. On February 27, 2001, I responded, explaining that I had prior business commitments in California that week and reiterated my willingness to appear voluntarily before the Committee: "I intend to fully cooperate with the Committee's efforts. I will return to Washington next week [following business commitments in California] and am willing to meet with you or your staff at a mutually convenient time." When I had not received a response from the Committee before my scheduled flight to California on the morning of February 28, 2001, I proceeded with that flight.

As I explained previously, at no time prior to boarding that flight, did I have notice of the Committee's intent to issue a subpoena. As soon as I received notice that my appearance would be mandatory, I returned to Washington immediately and testified before the House Committee. As noted previously, I laid out the chronology with regard to the circumstances leading to my appearance before the House Committee in my sworn testimony at the March 2001 hearing and did not receive questions regarding that chronology.

Awareness of Committee's intent to issue subpoena

5. Regarding your efforts to verify your claim that no one at your firm was aware of the Committee's intent to require your testimony by subpoena, your response to my Questions for the Record states, "Furthermore, at the time of my March 13, 2002 letter, I had consulted with my colleagues at Dickstein Shapiro and had no knowledge that anyone at the firm had notice of the Committee's *attempt to serve* the subpoena prior to my boarding the noted flight to California (February 28, 2001)." Did you have any knowledge that anyone at the firm had notice of the Committee's *intent to issue* a subpoena?

No, I did not know that anyone at the firm had notice of the Committee's intent to issue a subpoena.

6. According to the contemporaneous Committee staff notes, two of the three attorneys at your firm who were aware of the Committee's intent to subpoena you also indicated prior to your boarding the plane for California that they were not "authorized to accept service" of the subpoena informally on your behalf. Did you have any communications with anyone about whether you would cooperate with informal service of a subpoena by authorizing its acceptance on your behalf? If so, please describe those communications in detail.

I did not know that the Committee intended to issue a subpoena to me and had not had discussions with my colleagues regarding service of a subpoena.

7. In your answers to Questions for the Record, you indicated that, "at the time of my March 13, 2002 letter, I had consulted with my colleagues at Dickstein Shapiro and had no knowledge that anyone at the firm had notice of the Committee's attempt to serve the subpoena prior to my boarding the noted flight to California February 28, 2001)." Do you mean to indicate that your colleagues failed to inform you that they had refused to accept informal service of the subpoena on your behalf?

I wish that I could be more helpful on this matter, but there appear to be differing recollections among attorneys at Dickstein Shapiro and Committee staffers regarding conversations that may have occurred more than 12 years ago, and in which I did not participate. Because I was not involved in these conversations, I cannot shed light on whose recollection is more accurate, but I can explain the facts surrounding my departure for California. At no time prior to boarding my scheduled flight to California on February 28, 2001, was I advised of the Committee's intention to issue a subpoena, and as soon as I learned that the Committee expected my testimony on March 1, 2001, I immediately returned and testified fully.

8. One of the questions you failed to answer in your responses to Questions for the Record was: "Did you check the accuracy of your letter with your colleagues at the firm before sending it? If not, then why did you make a claim beyond the extent of your personal knowledge without having any basis for knowing whether it was true?" Please answer this question and indicate specifically whether or not you ever shared a draft of your letter or the final version with your colleagues at the firm.

Yes, I shared a draft with my colleagues.

9. When you read the response from the Committee dated March 15, 2002 expressing concern about the claim in your letter that no one at the Committee informed anyone at your firm of the subpoena, did you have any concern that your representation might not have been true? If not, please explain why not.

When I read the Committee's draft report, I was concerned because it seemed to suggest that I knew of the Committee's intent to issue a subpoena before I left for California, which I did not. As I have explained, at no time prior to boarding my

scheduled flight to California on February 28, 2001, did Committee staff or anyone at Dickstein Shapiro advise me of the Committee's intent to issue a subpoena, nor did I have knowledge that anyone at the firm had notice of any attempt by the Committee to serve the subpoena prior my boarding the noted flight.

10. The final version of the report described the exchange of letters between you and the Committee and concluded with regard to your claim that no one at your firm was aware of the subpoena, "It is troubling that Peter Kadzik would make a false assertion that is so easily disproved." What steps, if any, did you take to ascertain whether or not your claim might have been inaccurate, and if so, correct the record? If none, then please explain why not.

I do not believe that I made any false assertion. Please note the extensive written record regarding this matter, which includes sworn testimony (2001 and 2013), letters (2001 and 2002), and responses to your previous Questions for the Record (2013).

11. Do you agree to testify voluntarily before this Committee without insisting on compulsory process?

Yes, if I am fortunate enough to be confirmed, I will testify voluntarily, consistent with Department guidance.

12. If a disagreement arose between you and this Committee about whether and when you would agree to testify, and if this Committee indicated an intent to require your attendance through compulsory process, would you agree to accept informal service of process on your behalf by your colleagues at the Office of Legislative Affairs? Or would you insist on in person service of compulsory process?

I do not expect there to be any disagreement, but it is my understanding that the Department has accepted informal service through staff in the Office of Legislative Affairs (OLA) in the past and I would expect that practice to continue.

Marc Rich representation

You did not answer the following questions. Please answer each one individually, numbering your responses accordingly:

13. I understand that you billed billionaire tax fugitive Marc Rich for approximately 12 hours of work performed in 1999 and 2000 as part of your representation of him in his pardon application process. How much were you paid for these 12 hours of service?

As stated in my first set of responses, I received no additional compensation beyond my allocated share as a firm partner for work on the Rich matter. I believe the firm billed for legal services and received compensation for services rendered; however, I

did not prepare, review or approve these bills. Therefore, I do not know any specifics with regard to the legal bills or the amount or timing of compensation received by the firm for this work.

14. Were you paid on any other occasions by Marc Rich, Pincus Green, or any entities associated with either of them?

I never received any personal compensation from these individuals or any entities associated with them. As stated in my first set of responses and above, I received no additional compensation beyond my allocated share as a firm partner for work on matters related to Mr. Rich or Mr. Green. I believe the firm billed for legal services and received compensation for services rendered; however, I did not prepare, review or approve these bills. Therefore, I do not know any specifics with regard to the legal bills or the amount or timing of compensation received by the firm for work related to Mr. Rich or Mr. Green.

15. You testified at the House hearing that you were consulted in the late 1980s by other lawyers for Marc Rich in the early years after he fled to Switzerland for advice on how to approach the Southern District of New York about a possible settlement. Were you compensated for your advice?

As stated in my first set of responses and above, I received no additional compensation beyond my allocated share as a firm partner for work on matters related to Mr. Rich. In fact, I do not recall whether I recorded any time for the noted consultations. I also have no knowledge of whether the firm billed for such time, if any, or received compensation for services rendered. If the firm did bill for such time, I did not prepare, review or approve these bills. Therefore, I do not know any specifics with regard to any such legal bills or the amount or timing of compensation received by the firm for this work.

16. Did you encourage Rich's attorneys to attempt to persuade him to return from his fugitivity? If not, why not?

My recollection of these events is that Mr. Rich's attorneys sought his return to the United States; therefore, such advice on my part was not called for.

17. You also testified at the House hearing that you were consulted again in 1999 about another effort to settle the case while Rich was still a fugitive. You testified that your advice was, "that I thought that approaching the Justice Department, rather than the U.S. Attorney's Office would be more fruitful." Were you compensated for your advice on this occasion?

As stated in my first set of responses and above, I received no additional compensation beyond my allocated share as a firm partner for work on matters related to Mr. Rich. I do not recall whether I recorded any time for these consultations. I believe the firm billed for legal services and received compensation

for services rendered; however, I did not prepare, review or approve these bills. Therefore, I do not know any specifics with regard to the legal bills or the amount or timing of compensation received by the firm for this work.

18. Did you encourage Rich's attorneys to attempt to persuade him to return from his fugitivity on this occasion? If not, why not?

My recollection of these events is that Mr. Rich's attorneys sought his return to the United States; therefore, such advice on my part was not called for.

19. Why did you think the Justice Department would be more likely to negotiate with a billionaire tax fugitive than the U.S. Attorney's Office would?

I did not believe that the Department would be more likely to negotiate; I simply suggested an alternative approach.

20. In your response you stated that, "My colleagues also consulted me to gain insight into the status of Mr. Rich's pardon application at the White House." What insight did you have into the process that your colleagues did not have?

My colleagues simply sought to learn the status of Mr. Rich's pardon application and therefore, I made an inquiry to that effect.

Discrepancies in testimonies of Kadzik and Podesta at the 2001 hearing

21. You did not specifically answer the following question. Please provide an answer to it. Do you believe that the primary reason that you were hired was your previous relationship with Mr. Podesta and thus your ability to access the President's Chief of Staff and obtain information about the state of internal deliberations about the pardon?

Please note that I was not hired by Mr. Rich. As stated in my first set of responses, my firm represented Mr. Rich over the course of many years, primarily through services provided by Messrs. Leonard Garment, Michael Green, and Lewis Libby. During this decades-long representation, these members of the firm consulted me occasionally on various matters. In this case, they asked me to inquire about the status of the pardon application and therefore, I made an inquiry to that effect.

22. In retrospect, do you have any concern about the potential appearance that you were paid primarily because of who you knew at the White House? If not, please explain why not.

No; as explained previously, I was not hired by or paid individually by Mr. Rich. My firm represented Mr. Rich over the course of many years, primarily through services provided by Messrs. Leonard Garment, Michael Green, and Lewis Libby. During this decades-long representation, these members of the firm consulted me occasionally on various matters. In this case, they asked me to inquire about the status of the pardon application and therefore, I made an inquiry to that effect.

23. The normal method for obtaining information about the procedural status of a pardon is to ask the Pardon Attorney at the Department of Justice. Why did you believe it was necessary and appropriate to contact the White House Chief of Staff for a mere procedural inquiry rather than the Pardon Attorney?

We understood that the application was under consideration at the White House. My colleagues asked me to inquire about the status of Mr. Rich's pardon application and therefore, I made an inquiry to that effect.

Privacy Act

You did not provide a specific answer to the following three questions. Please answer each one individually.

24. Since the OLC opinion was written after the Second Circuit decision, shouldn't the case at least have been cited and analyzed in the opinion? Does the fact that it ignores relevant legal precedent make the OLC opinion less persuasive? Why or why not?

As you know, I did not write or review the OLC opinion at the time it was written, nor was I at the Department at the time it was written. I do not know whether OLC considered the case to be relevant legal precedent.

25. The Privacy Act does not address the Congressional exemption in terms of the origin of a request. It does not even refer to any request from any source. Rather, it simply exempts disclosures *to a committee*. In other words, the statutory structure conditions the exemption on the *recipient* alone. Given the plain words of the statute, do you agree that so long as the disclosure is made *to a committee*, that it qualifies for the Congressional exemption? Why or why not?

It is my understanding that when the Department discloses information to a Committee of Congress under the relevant Privacy Act exemption, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

26. Given the above, do you agree that a request is not even necessary—the Department can volunteer Privacy Act information, so long as the recipient of the volunteered information is a committee? Why or why not?

It is my understanding that the Department's long-standing practice is not to disclose information covered by the Privacy Act except in response to requests from Committee Chairmen.

27. The OLC memo states: “[A] disclosure of Privacy Act information *solely* to a ranking minority member is not a disclosure to the committee, and the congressional-disclosure

exception is therefore unavailable.” However, do you agree that so long as the disclosure is made to the committee through both the chairman and ranking member, that disclosure is authorized by the Privacy Act? Why or why not?

It is my understanding that when the Department discloses information to a Committee of Congress under the relevant Privacy Act exemption, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

28. Is it my experience that the Department’s policy and practice is to transmit reports, correspondence, and other communications, including those that contain Privacy Act information, *to a committee* by sending them separately to both the chairman and the ranking member, as opposed to sending them only to the chair. Is that consistent with your understanding?

It is my understanding that when the Department discloses information to a Committee of Congress, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

29. The OLC memo asserts, without any citation to legal authority, “As a general matter, ranking minority members are not authorized to . . . *act as the official recipient of information* for a committee[.]” What is the basis for this assertion?

While I am not in a position to elaborate on the OLC opinion, it is my understanding that when the Department discloses information to a Committee of Congress, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

30. The court in *Devine* wrote: “It is undisputed that the IG addressed and sent his letter regarding the OIG investigation and the MSPB’s decision to Congressman Gallegly in his official capacity as a member of the Subcommittee, not as an individual member of Congress.” Representative Gallegly was neither the chair nor the ranking member of the Committee or the Subcommittee, merely a member. How do you square this language from the court’s opinion with the assertion that members of a committee other than a chairman are not authorized by the statute to receive Privacy Act information?

The court in *Devine* indicated that the disclosure was made “to Congressmen Smith and Gallegly, in their capacities as, respectively, Chairman and Member of the Subcommittee.” 202 F.3d at 549. As described above, it is my understanding that when the Department discloses information to a Committee of Congress, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

31. How is the Department’s own policy and practice of transmitting information to both the chairman and separately to the ranking member as a mode of disclosing it to a committee

consistent with the OLC's assertion that ranking members are not authorized to receive information disclosed to a committee?

I do not believe that OLC has asserted that Ranking Members are not authorized to receive information disclosed to a Committee. It is my understanding that when the Department discloses information to a Committee of Congress, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

32. The next line of the OLC memo says, "We understand that the ranking minority member has not received such an authorization from the Finance Committee." What is the legal authority to support the assertion that a ranking member must have authorization from a chairman in order to merely receive information disclosed to a committee?

I do not understand the OLC memo to require Ranking Members to have authorization from a Chairman to receive information disclosed to a Committee in response to a Chairman's request. As described above, it is my understanding that when the Department discloses information to a Committee of Congress, the Department provides copies of that information to the Chairman and Ranking Member of the Committee.

33. If confirmed, under your leadership would the Department disclose Privacy Act information to *only* the chairman of a committee if the chairman of the committee requested that information and withheld authorization from the ranking member to receive that information? Or would you insist on providing the information to both the majority and the minority on the committee even in the absence of the chairman's authorization for the minority to receive it? Please explain why or why not.

If fortunate enough to be confirmed, I would seek to ensure that the Department continues its practice of disclosing information to Committees of Congress by providing copies of that information to the Chairman and Ranking Member of the Committee.

34. On October 28, 2013, the Department disclosed Privacy Act information involving ATF Special Agent John Dodson to the staff of the Ranking Member of House Oversight and Government Reform Committee. Did the Chairman of that Committee provide authorization to the Ranking Member to receive it? If not, then why did the Department make that disclosure in the absence of the Chairman's authorization for that Ranking Member to receive it?

It is my understanding that the House Oversight Committee—through Chairman Issa—had requested the information related to Mr. Dodson. Accordingly, the Department disclosed information to the House Oversight Committee by providing that information to the Chairman and Ranking Member of the Committee.

35. You did not specifically answer the following question. Please provide a response. Congress is capable of limiting its own access to records depending on the identity of an appropriate requestor. It does so in the context of tax return information under 26 U.S.C. § 6103 by allowing disclosure to Congress only upon request of the Chairman of the Finance or Ways and Means Committees or the staff director of the Joint Tax Committee. Given that no such restriction appears in the text of the Privacy Act, why should disclosure be conditioned on the identity of a requestor, as asserted in the OLC opinion?

The Privacy Act's exemption (b)(9) applies to requests from Committees of Congress. The OLC opinion explains the Department's position that a Ranking Member or individual member of the Committee other than the Chairman cannot exercise the power of the Committee.

36. In your previous responses, you assert that, "The Department's position is well grounded in the December 5, 2001, OLC opinion, which cites to a Congressional Research Service (CRS) report that also supports the Department's position." However, the CRS memo cited in the OLC opinion merely describes the uncontroversial fact that minority members may not exercise on their own the power of the Committee to compel the production of documents or testimony. The quoted portion from CRS in the OLC opinion further states: "Individual members may seek the voluntary cooperation of agency officials or private persons." Nothing in text of the Privacy Act, the Department's policy, or the Department's practice suggests that compulsory process is required in order to authorize disclosures of Privacy Act information to Congressional committees. A reply to chairman's request is also a voluntary cooperation of an agency. So how does the CRS report support the Department's position?

The Privacy Act's exemption (b)(9) applies to requests from Committees of Congress. The OLC opinion explains the Department's position that a Ranking Member or individual member of the Committee other than the Chairman cannot exercise the power of the Committee, and the CRS report supports this position. I do not understand the analysis to turn on whether there has been compulsory process.

Questions arising from matters before your time at the Department

37. You have repeatedly stated that since you were not employed by the Department in October 2012, you have no information responsive to questions regarding whether ATF's briefing on William McMahon's outside employment complied with the Privacy Act. However, you were able to represent that the third party meeting policy has "long been communicated to Congressional staff," even though those alleged representations also pre-date your time at the Department. Have you sought information about the circumstances of the McMahon briefing in order to answer my questions as you similarly sought information about the third party meeting policy in order to answer my questions? If not, will you do so and provide the answers to the questions regarding the circumstances of the McMahon briefing?

While I have sought to provide information in response to your questions about Department policies, your question here seeks details about decisions in a particular matter (rather than a longstanding Department policy) that were made before I joined the Department. I have asked my staff to inquire further into the circumstances of ATF's briefing on William McMahon's outside employment and to follow up with staff.

38. Given that I already asked in a letter about the McMahon briefing, why didn't you seek to become familiar with the circumstances under which it occurred before responding to my letter or to Questions for the Record?

I have asked my staff to inquire further into the circumstances of ATF's briefing on William McMahon's outside employment and to follow up with staff.

ATF Briefing Documents

39. I have now twice made a document request that you have ignored. The initial request in my October 28, 2013 letter stated: "Prior to your confirmation hearing, I would appreciate a written explanation for these events, to include **copies of all records relating to communications to and from your office related to this briefing.**" In your hearing, you stated: "I interpreted your letter to mean documents with respect to the Privacy Act advice, and to the best of my knowledge, there are no documents." I clarified in Questions for the Record that I was not just seeking documents with respect to Privacy Act advice, but wanted **all records related to this briefing**, to include any e-mails related to the scheduling of the briefing or any other issues surrounding the briefing. I reiterated the request in Questions for the Record. In response, you simply wrote: "[T]here are no documents setting forth an instruction to exclude your staff." My request extends beyond merely documents setting forth an instruction to exclude my staff. My request was for all documents related to the briefing. Will you provide the documents? If not, please explain why not.

The Department does not disclose documents related to the scheduling and planning of briefings except in the most extraordinary of circumstances. I understand that facts and circumstances of the underlying matter—Mr. Dodson's request to engage in outside employment—have been relayed to your staff and that ATF has been providing the House Committee on Oversight and Government Reform with the documents it requested concerning Mr. Dodson's application for outside employment.

Third Party Meeting Policy

You did not specifically answer any of the three following questions. Please answer each one individually.

40. Please explain the background and history that led to the development of the third party meeting policy. Please include a description of when and why this policy arose.

I understand that the third party meeting policy arose over time when it became clear that there is a risk of real or perceived political pressure if the Department agrees to take meetings with a Member of Congress and a third party in whose matters the Member has an interest. This policy applies to situations in which the third party has a matter in litigation with the Department, or simply when the third party has an interest in the Department making a certain policy decision. This policy has been upheld and applied consistently throughout Administrations.

41. Please provide any legal precedent that requires the third party meeting policy. If there is no relevant legal precedent, please indicate that there is none.

It is my understanding that the third party meeting policy is based upon separation of powers considerations.

42. Is the issue on which I requested to meet with the DEA Administrator and the Comptroller General in current litigation? If not, how can you cite this as a reason for denying the meeting with GAO and DEA? *Why* did you cite this as a reason in your confirmation hearing?

I did not intend my answer to encompass only litigation matters, and as my previous responses to your Questions for the Record indicate, the policy extends beyond matters in litigation to matters of policy.

December 11, 2013

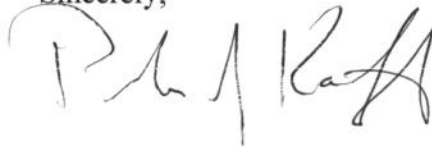
The Honorable Patrick Leahy
Chairman
United States Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
United States Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Leahy and Ranking Member Grassley:

Thank you again for giving me the opportunity to appear before the Committee on October 30, 2013. I enclose my responses to additional Questions for the Record that I received from Ranking Member Grassley.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Kadzik". The signature is written in a cursive style with a large initial "P" and "K".

Peter J. Kadzik

Enclosure

Senator Chuck Grassley
Questions for the Record for
Peter Joseph Kadzik
Nominee for Assistant Attorney General
Office of Legislative Affairs, Department of Justice

Response to IRS Targeting Letter from House Committee on Oversight and Government Reform

On December 2, 2013, Chairman Darrell Issa on the House Committee on Oversight and Government Reform and Chairman Jim Jordan of the Subcommittee on Economic Growth, Job Creation and Regulatory Affairs copied me on a letter to Federal Bureau of Investigation (FBI) Director James Comey. The letter involves questions Chairman Issa and Chairman Jordan had posed to the FBI regarding its investigation into findings of the Treasury Inspector General for Tax Administration (TIGTA) report regarding the Internal Revenue Service (IRS) targeting applicants for tax-exempt status based on political belief.

According to the letter, Monique Kelso, Unit Chief of the FBI Office of Congressional Affairs, stated on November 18, 2013 that the FBI “will not produce a single document” in response to the Committee’s request. Instead, Ms. Kelso represented that Valerie Parlave, Director of the FBI’s Washington Field Office and the agent responsible for the FBI’s investigation, would be willing to meet with Chairman Jordan to discuss the Committee’s requests and the Committee’s questions about the FBI’s investigation. That day, Chairman Jordan’s staff e-mailed FBI Congressional Affairs with several dates and times for the meeting.

On November 19, 2013, Ms. Kelso’s colleague, Kirk Melquist, responded: “Sorry for the delay. I am waiting for guidance from DOJ and will give you a status as soon as I hear something.” On November 20, 2013, both Ms. Kelso and Mr. Melquist called Committee staff. According to the letter, “Ms. Kelso stated that she contacted several individuals within the Department of Justice via e-mail about the FBI’s proposed meeting with Chairman Jordan, including Peter Kadzik, the Principal Deputy Assistant Attorney General for Legislative Affairs . . .” Ms. Kelso also said that she was withdrawing the offer for Chairman Jordan to meet with Ms. Parlave.

Please answer each question individually.

1. Did you receive an e-mail from anyone at the FBI requesting guidance on this issue?

No, no one at the FBI emailed me regarding this issue before the Federal Bureau of Investigation received Chairman Issa’s and Representative Jordan’s letter on December 2, 2013.

2. Did you respond, via e-mail or any other form of communication? If so, in what form and what was your guidance?

I did not provide any guidance to FBI on this issue.

3. Did you discuss this matter with any of your colleagues in the Office of Legislative Affairs? If, what was your position?

Through communications with my staff in the Office of Legislative Affairs, I was aware that FBI was in communication with staff of the House Oversight and Government Reform Committee regarding the Committee's request for documents from an open investigation. I took no position on the matter because it was my understanding that FBI had made the determination that, consistent with longstanding Department policy, it was unable to provide non-public documents or a briefing regarding the pending law enforcement matter.

Privacy Act

4. You stated in response to question 36: "The Privacy Act's exemption (b)(9) applies to requests from Committees of Congress." I am aware of no language in the Act stating that (b)(9) refers to "requests" or a "request" from Congress. It simply authorizes disclosures to committees. What specific language in the Act do you believe refers to a request from Congress?

It is my understanding that it is the Department's longstanding policy to provide Privacy Act protected information to Committees of Congress, under exemption (b)(9), only when that information is requested by the Chairman of a Committee of Congress. The December 5, 2001, OLC opinion sets forth the Executive Branch's position on disclosures of Privacy Act protected information to Congress and the reasons for that position.

5. The Privacy Act's exemption (b)(7) explicitly states that it only applies "if the head of the agency or instrumentality [conducting a civil or criminal law enforcement activity] has made a written request to the agency which maintains the record" Do you believe the same standard of requiring a request applies to (b)(9) even though that language was omitted from (b)(9)? If so, why?

Because I am not an expert on the Privacy Act, I am not in a position to answer this question.

6. Does the Privacy Act's exemption (b)(6) require a written request from the National Archives and Records Administration in order to disclose information for evaluation by the Archivist of the United States or the designee of the Archivist to determine whether the record has sufficient historical or other value to warrant its continued preservation by the United States government? If not, why not?

Because I am not an expert on the Privacy Act, I am not in a position to answer this question.

7. Does the Privacy Act's exemption (b)(12) require a written request from a consumer reporting agency in order to disclose information? If not, why not?

Because I am not an expert on the Privacy Act, I am not in a position to answer this question.

8. You stated in response to question 26: "It is my understanding that the Department's long-standing practice is not to disclose information covered by the Privacy Act except in response to requests from Committee Chairmen." Is it your belief that this practice is legally required by the statute? Why or why not?

As I have explained above, I am not an expert on the Privacy Act. The December 5, 2001 OLC opinion sets forth the Executive Branch's position on disclosures of Privacy Act protected information to Congress and the reasons for that position.

9. Do you believe that it is legally permissible and within the discretion of the Department to make disclosures of such information to a Committee (i.e. to the Chairman and the Ranking Member) in the absence of a chairman's request if it chose to depart from its previous practice? Why or why not?

As I have explained above, I am not an expert on the Privacy Act. The December 5, 2001, OLC opinion sets forth the Executive Branch's position on disclosures of Privacy Act protected information to Congress and the reasons for that position.

ATF Briefing Documents

10. After I made the request a third time, you responded to question 39: "The Department does not disclose documents related to the scheduling and planning of briefings except in the most extraordinary of circumstances." Why not?

It is my understanding that the Executive Branch has a long-standing practice of protecting these types of documents because they implicate substantial Executive Branch confidentiality interests and separation of powers principles. In addition, disclosing them could have a chilling effect on the Department's ability to respond to congressional inquiries.

11. Your response to question 39 also stated: "I understand . . . that ATF has been providing the House Committee on Oversight and Government Reform with the documents it requested concerning Mr. Dodson's application for outside employment."

The request to which you refer was an October 10, 2013 letter from Chairman Darrell Issa and myself. There was not a separate request that was exclusive to the House Committee on Oversight and Government Reform. It was a joint request. Does the Department intend to withhold documents from me and provide them only to the House Committee? If so, why?

It is my understanding that ATF has been providing its responses both the House Committee on Oversight and Government Reform and to the Senate Judiciary Committee, including your Committee staff.

12. Contrary to your response to question 39, ATF has not been providing the documents we requested concerning Mr. Dodson's application for outside employment. Other than the November 22, 2013 ethics opinion rendered by the Department's Ethics Office, which was written well after mine and Chairman Issa's October 10, 2013 request, all documents produced by ATF have related to requests by other ATF employees. Despite several repeated reminders from congressional staff, ATF has thus far failed to respond to the second request in our letter: "All documents, including e-mails, relating to ATF's decision to deny Special Agent Dodson's Request to Engage in Outside Employment."

On December 3, 2013, staff for the House Committee on Oversight and Government Reform e-mailed ATF:

[W]hen is ATF going to provide *any* documents pursuant to [the] second request in the October 10 letter? It has now been nearly two months since Chairman Issa and Senator Grassley sent their letter, and we are five weeks removed from John Hageman's comment that the documents would take two weeks to compile. When is ATF planning on producing documents? The unnecessary and unexplainable delay coming from ATF gives the impression that ATF is yet again unwilling to cooperate with the Chairman's request and that the documents may need to be obtained through other means.

Why did you state in your response that ATF had been providing these documents when that is not true?

It is true that ATF has been providing requested documents to the House Committee on Oversight and Government Reform and the Senate Committee on the Judiciary, including your Committee staff. It is my understanding that ATF has provided your Committee staff with responses to questions 1, 3, and 4 of the Committees' joint October 10, 2013, inquiry, and has explained that its search for and review of documents responsive to question 2 is well underway. In its email response to the email quoted above, ATF explained that the two-week timeframe referred to the initial electronic search for documents; ATF is now reviewing the results of that search to determine which documents are responsive to the Committees' request. In addition, I understand that ATF has been in frequent communication with the Committees' staffs regarding the status of the search and review of these documents, as well as to respond to other questions from the Committees' staffs.

13. What is the reason for the delay in producing these documents?

As ATF has explained to the Committees' staffs, ATF is reviewing the documents it has collected and will provide responsive material to the Committees as soon as its review is complete.

14. Have you given ATF any guidance on the production of these documents, and if so, what was your guidance?

No.