

**Peggy E. Gustafson**



July 12, 2016

The Honorable John Thune  
Chairman  
Senate Commerce, Science and Transportation Committee  
Washington, DC 20510

Chairman Thune:

I'm writing to correct an oversight I made on my Senate Commerce Committee questionnaire dated May 2, 2016. Specifically, I failed to recall a claim made against me previously related to Part C, question # 5 of the questionnaire.

In February 2013, I received an inquiry from the CIGIE Integrity Committee (IC) based on a letter they received alleging racial and age discrimination. This allegation was based on a decision I made in 2011 to consolidate four SBA OIG field offices and to offer the seven impacted employees reassignment to the Washington, DC metro area, with relocation expenses to be paid by the office. My decision was based on a formal recommendation from my Assistant Inspector General for Audit, with concurrence by the Deputy Inspector General, that the SBA OIG field office structure had become outdated and the resources to support those offices should be redirected to more efficiently and effectively enable the SBA OIG to meet its mission.

The complainant also alleged that I had wasted office resources in a contract with an outside auditing firm and by furnishing an SBA OIG office in Herndon, Virginia. Finally, the complainant alleged that I had retained the Director of the Credit Programs Group (CPG) with knowledge the Director engaged in "hostile behavior" towards audit staff and created a "hostile work environment."

I responded to the IC inquiry in March 2013 and refuted each of the allegations. In May 2013, I received a request from the IC for additional information related to the audit contract and furniture purchase but not the allegation related to age and racial discrimination. In June 2013, I responded with additional information requested by the IC. In July 2013, I received a letter from the IC informing me that after reviewing the allegations and my responses, the IC determined I had sufficiently answered the allegations. The letter further stated that the complaint had been closed and no further action would be taken on the matter.

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While I did recall the inquiry from the IC in general terms when completing my questionnaire, I did not recall the specific allegations of age and racial discrimination. I believe this was due in part to the fact that the IC did not mention, much less focus on this allegation in its follow-up inquiry to me, the quick resolution of the entire matter by the IC, and the general passage of time. In the years since I received the initial inquiry from the IC in February 2013, the allegation of age and racial discrimination has not been raised with me again, related to this or any other actions or decisions on my part.

This oversight was discovered last week by an attorney in my office who was reviewing an MSPB matter - which does not involve allegations against me - that referenced the 2013 IC inquiry. The same attorney had independently in his unofficial capacity read my committee questionnaire on the Commerce Committee website. When the attorney recognized the omission, he made me aware and I began to take immediate steps to correct the oversight.

Again, I deeply regret this error and appreciate your consideration in this matter. I have enclosed a supplemental response to Part C, question #5 to include with my original committee questionnaire dated May 2, 2016. If I can provide any additional information, please let me know.

Sincerely,



Peggy E. Gustafson

Enclosure

CC: The Honorable Bill Nelson, Ranking Member, Senate Commerce, Science and Transportation Committee

The Honorable Ron Johnson, Chairman, Homeland Security and Governmental Affairs Committee

The Honorable Tom Carper, Ranking Member, Homeland Security and Governmental Affairs Committee

Senate Commerce, Science and Transportation Committee Nominee  
Questionnaire

Supplemental Response of Peggy E. Gustafson

Part C, Question #5

Have you ever been accused, formally or informally, of sexual harassment or discrimination on the basis of sex, race, religion, or any other basis? If so, please explain.

On February 13, 2013, I received a letter from the Integrity Committee of the Council of Inspectors General for Integrity and Efficiency (CIGIE), asking me to respond to three allegations. The first allegation related to the reassignment of seven auditors located in satellite offices that was undertaken in 2011, and alleged that racial discrimination had motivated that reassignment. The letter asked for a response so that the Integrity Committee could determine if an investigation was warranted. I responded to the allegations on March 15, 2013. I explained in my response that I initiated the field office consolidation to better align SBA OIG resources to meet its mission and to make the SBA OIG more efficient by eliminating costs associated with maintaining satellite offices. The Committee asked follow up questions about one of the allegations, but not the allegation of discrimination, on May 22, 2013, and I responded to those follow up questions on June 17, 2013. The committee subsequently sent me a letter on July 30, 2013, stating that, after reviewing the complaint and my responses, they determined I had sufficiently answered the allegations. The letter stated that the complaint would be closed without further action.