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FOREIGN AGENT REGISTRATION AND FORMER HIGH-LEVEL
FEDERAL OFFICIALS REPRESENTING FOREIGN INTERESTS

Statement of
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Before the Committee on Commerce, Science, and
Transportation
United States Senate



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Dear Mr. Chairman and Members of the Committee:

I am pleased to be here to discuss our reports on foreign agent registration and on the extent to which former high-level federal officials represent foreign interests. I will discuss the conclusions of these reports and the recommendations we made.

In summary, in 1974, 1980, and 1990, we reported continuing problems in the Justice Department's administration of foreign agent registration. Despite our recommendations to correct these problems, people continue to act as foreign agents without registering, registered agents are still not fully disclosing their activities and are not filing required statements on a timely basis, and officials in the executive branch are still often unaware of the act's requirements. In addition, we found that the Justice Department's disclosure criteria were unclear.

Regarding the extent to which former high-level officials represent foreign interests, we reported in 1986¹ that during fiscal years 1980 through 1985, 76 former incumbents of high level positions had subsequently carried out foreign representational activities. We did not attempt to determine whether these activities violated any U.S. laws.

¹Foreign Representation: Former High-Level Federal Officials Representing Foreign Interests (GAO/NSIAD-86-175, July 11, 1986).

FOREIGN AGENT REGISTRATION

The specific statute governing foreign agent reporting requirements is the Foreign Agents Registration Act of 1938, as amended. The act requires foreign agents to disclose their representational activities, including any connections with foreign governments, foreign political parties, and other foreign principals, as well as the activities they perform on behalf of such principals in the United States.

Although the act at first appears to cover a very broad range of representational activities, it also includes many exemptions to the registration requirement, such as for diplomatic, humanitarian, commercial, and legal activities. Foreign agents who claim one of these exemptions are not required to notify the Justice Department that they are exempt from the registration requirement.

In 1974² and in 1980³ we examined the administration of the Foreign Agents Registration Act and identified a number of continuing problems. We found the following:

-- People were acting as foreign agents without registering.

²Effectiveness of the Foreign Agents Registration Act of 1938, as Amended, and Its Administration by the Department of Justice (GAO/B-177551, Mar. 13, 1974).

³Improvements Needed in the Administration of Foreign Agent Registration (ID-80-51, July 31, 1980).

- Registered agents were not fully disclosing their activities.
- Registered agents were not always filing required statements on a timely basis.
- Officials in the executive branch were often unaware of the act's requirements.
- The Justice Department was not making full use of its authority to enforce the act and related regulations.

To correct these problems, we recommended that the Attorney General:

- Establish a system that would bring all foreign agent files up to date and require that filings be made on time.
- Review supplemental statements to identify and revise all questions that confused the registrants, so as to reduce or eliminate the high incidence of insufficient responses.
- Assess the Registration Section's needs, including those for more staff, and establish a review system to ensure that the Department carries out its registration and enforcement activities effectively.

We also recommended that the Attorney General seek legislative authority to:

- Require written notification to the Justice Department of all exemption claims prior to any agent activity.

- Give the Justice Department additional enforcement measures (such as administrative subpoena powers, a schedule of civil fines for minor violations, and increases in existing fines).

This year Senator Carl Levin asked us to update our 1980 report on the administration of the act. We reported in July⁴ that we found these problems still remain, and we continue to support our prior recommendations.

The Department still had no information on exemptions and still had limited enforcement authority. In addition to reaffirming our 1980 recommendations, we further recommended that the Congress may wish to consider amending the act to give the Department of Justice the authority to:

- Subpoena foreign agents to appear, testify, or produce records at administrative hearings.

⁴Foreign Agent Registration: Justice Needs to Improve Program Administration (GAO/NSIAD-90-250) July 30, 1990.

-- Impose administrative fines for minor violations against those who, after being directly informed of their obligation to report, still fail to do so.

FORMER FEDERAL OFFICIALS REPRESENTING FOREIGN INTERESTS

We have also issued a number of reports on post-employment conflict of interest activities of former high-level federal officials in such areas as military contracting and foreign government representation. The post-employment conflict of interest laws restrict former officials from representing foreign and other interests before nonlegislative components of the federal government. The restrictions vary in duration from 1 year to a lifetime, depending on the officials' former relationship to the issues in question or to the place of representation.

Within the context of post employment conflict of interest concerns, I previously mentioned that during fiscal years 1980-1985, 76 of 2,557 former incumbents of high-level federal positions had subsequently carried out foreign representational activities. Information we collected showed that the 76 former incumbents included 18 White House officials, 22 other executive branch officials, 4 General Officers, 15 members of Congress and 17 senior congressional staff. We did not attempt to determine, however, whether their foreign representational activities violated any U.S. laws, and we did not make any recommendations in our report.

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Mr. Chairman, this concludes my statement. I would be happy to try to respond to any questions you may have.