

Prepared Statement of Keith E. Gottfried

**Nominee to be General Counsel,
U.S. Department of Housing and Urban Development**

**Hearing before the United States Committee on Banking,
Housing and Urban Affairs**

United States Senate



September 15, 2005

Chairman Shelby, Senator Sarbanes and distinguished members of the Committee, my name is Keith Gottfried, and I thank you for giving me the great privilege and honor to appear before this Committee today as it considers my nomination to serve as General Counsel of the U.S. Department of Housing and Urban Development. I know that this is a particularly busy time for the Senate and, accordingly, I am especially grateful to this Committee for expediting the confirmation process for myself and the other nominees present today.

I would like to express my deep gratitude to President Bush and Secretary Jackson for the trust and confidence they have placed in me in putting forward my nomination for this very important position. I am honored by their willingness to entrust me with a leadership position on issues that are of great importance to our nation and which are of deep interest to me personally. As Secretary Jackson continues to lead HUD in strengthening our nation's communities, promoting affordable housing, expanding homeownership opportunities for all Americans, particularly low and moderate income families, meeting President Bush's goal of at least 5.5 million new minority homeowners before the end of the decade, ending chronic homelessness, vigorously enforcing fair housing, civil rights and anti-discrimination laws, and, of course, providing housing and other desperately-needed relief to the victims of Hurricane Katrina, it will be the honor of a lifetime to serve as his General Counsel.

With your indulgence, I would like to introduce my wife Cindy. It is due to her love and support, and with the grace of God, that I am before you today and it will be with her love and support, and with the grace of God, that, should I be confirmed, I will be able to carry out the important responsibilities that will be before me. I thank her for being my closest adviser and my best friend.

I would also like to introduce my mother Rosalie from whom I first learned the benefits that attach to homeownership and being a vested member of a community, and who has sacrificed so much so that I would have the opportunity to pursue my personalized version of the American dream.

Mr. Chairman, I have been very blessed in my life, the most recent example of that being that my wife and I are expecting the birth of our first child in March. As we anxiously anticipate the day we become parents, my wife and I find ourselves becoming more attentive to how to ensure that our children will have access to the same opportunities that we had.

Over the past two decades, I have had wonderful and enriching career opportunities to work for a number of prestigious organizations, first as an accountant and auditor with the Philadelphia office of Arthur Young & Company, one of the predecessor firms to Ernst and Young LLP, and then later as a lawyer focused on corporate transactions and securities law compliance for two excellent law firms, first, following law school, at Blank Rome LLP in Philadelphia and then, for most of the 1990s, at Skadden, Arps, Slate, Meagher & Flom LLP in New York. During my tenure at Skadden Arps, I counseled clients in a variety of industries on mergers, acquisitions and other corporate transactions aggregating tens of billions of dollars. I also counseled clients with respect to corporate governance issues, securities law compliance, SEC reporting issues and New York Stock Exchange and Nasdaq compliance. As a function of my securities law compliance work, I practiced extensively before the Securities and Exchange Commission and developed an understanding of, and deep respect for, how regulatory agencies work.

In June 2000, I relocated to Silicon Valley to join Borland Software Corporation as its General Counsel and Chief Legal Officer. Borland is a publicly-traded, Nasdaq-listed software development company headquartered in Scotts Valley, California. During my tenure as General Counsel of Borland, I significantly overhauled almost every aspect of the company's worldwide legal function to make it more efficient and responsive to the needs of the company and more in tune with the company's business objectives as well as to have the company serve as a model of state-of-the-art corporate governance and disclosure practices. I also was responsible for overseeing the company's implementation of the necessary systems and processes to comply with the requirements of the Sarbanes-Oxley Act of 2002, which had recently been enacted. As General Counsel of Borland, I strived for the highest levels of transparency and accuracy in all of our public disclosures and communications, whether they were press releases, analyst conference calls or periodic filings with the SEC. I also strived to create a culture that accorded respect for, and adherence to, the highest standards of ethical conduct. In addition, as General Counsel, though I am not a litigator by training, I achieved an impressive track record in managing and resolving complex, potentially high-exposure litigation.

I cannot begin to articulate how honored and humbled I am to appear today before this Committee. I come from a very modest upbringing and never did I imagine growing up in Queens, New York that one day I would be nominated by the President of the United States to serve the American people in this position.

I feel very strongly that to those to whom much is given much is expected and that, as a member of a compassionate society, I have a duty to give something back to the nation that has given me so much. The opportunity to serve as General Counsel of HUD would be a particularly fitting opportunity for me to give something back to our nation, not only because of my background and experience as a lawyer and as a seasoned legal executive in the private sector, but also because of a deep personal connection that I share with HUD's mission.

In 1967, one year after the birth of HUD and one year after the cornerstone was laid for HUD's current headquarters, the building now known as the Robert C. Weaver Federal Building, my parents purchased their first home in Queens, New York using a modest down-payment and a thirty-year, fixed-rate mortgage. When their marriage dissolved some years later, my mother was extremely determined to keep our home - notwithstanding much advice to the contrary that she should sell it and move the family to a much smaller rental apartment. My mother, the daughter of immigrants, had grown up in the Brighton Beach section of Brooklyn, where she shared a one-bedroom apartment with her parents and three siblings, so she knew all too well that this was not the environment she wanted for her family. As a schoolteacher employed by the New York City Board of Education, my mother struggled for many years to keep our home and to remain a member of the "ownership society," often taking on extra class coverage assignments at her school as well as additional work in after-school, weekend and summer school programs, to be able to continue to make the monthly mortgage payments.

Like President Bush and Secretary Jackson today, my mother recognized the value and benefits of homeownership. She believed, and continues to believe, that homeownership plays an immeasurable contribution to a family's stable living environment. From the time I was an infant until I left home to attend college, I lived in the same home and maintained the same group of friends. I also had numerous surrogate parents among our neighbors and the parents of my friends, something of obvious comfort to a working single parent. Because of my mother's strong determination to remain a homeowner, neither my sister nor I ever had to switch elementary, middle or high schools. While our home was modest in size, we each had our own bedroom. Not sharing a bedroom meant that I had a place to retreat to each evening after clearing the dinner table, a place where I could focus on my schoolwork in an atmosphere of relative quiet and take advantage of the opportunities afforded to me by the New York City public school system.

I learned from my mother first-hand the benefits of being part of a closely-knit community where your neighbors feel like family and where homeownership

translates into greater concern for your community and the welfare of your neighbors. In addition to working as a schoolteacher and her numerous ancillary jobs, my mother was an active and concerned member of the community, leading a Girl Scouts troop, tutoring neighborhood children for little or no compensation and serving as an executive officer of the local chapter of CancerCare, a national non-profit organization that provides free professional support services to anyone affected by cancer.

My mother's home and community continue to be sources of great pride to her. Almost forty years after purchasing her home, my mother remains deeply active in, and committed to, her community. Just a few weeks ago, she convinced all the neighbors on her block to organize a neighborhood block party so that the "old-timers" and those who more recently had moved onto her block or into the community could get to know each other.

Mr. Chairman, if confirmed, I would embrace the responsibilities and duties of the Office of the General Counsel with an abundance of enthusiasm, vigor and dedication. Over the past few weeks, through a variety of briefings, I have had the opportunity to familiarize myself with some of the responsibilities of the Office of General Counsel, the myriad of statutes and regulations that apply to the programs that HUD administers or has enforcement authority over, and how the Office of General Counsel ensures that HUD achieves its mission consistent with applicable law and Congressional intent. To date, I have been extremely impressed with the caliber and dedication of all the staff members in the Office of General Counsel that I have had the privilege of meeting. In particular, because HUD has been without a General Counsel since May 2004, I want to acknowledge and thank Kathleen Koch who has served as the Acting General Counsel since that time.

I am also extremely committed to assisting Secretary Jackson in his ongoing efforts to make HUD a more effective, efficient and responsive institution, one that will operate in accordance with the highest ethical and professional standards, both for its employees and for its program participants. Additionally, I am committed to assisting Secretary Jackson in his ongoing efforts to create a culture that inspires confidence in the integrity of HUD's programs on Capitol Hill and with all of our program participants and beneficiaries. I am very respectful of the independence of the Government Accountability Office and the HUD Inspector General. I also appreciate the valuable oversight functions that they perform. If confirmed, I will dedicate myself to building on the constructive working relationships that have developed during the course of the current Administration between the Office of the General Counsel and both the GAO and the HUD IG. I would also seek to be a

catalyst for the development of constructive working relationships between the Office of the General Counsel and the members of this Committee, as well as other members of Congress.

Mr. Chairman and members of the Committee, the Office of General Counsel at HUD is a great honor, a great responsibility and a tremendous challenge. If confirmed, I look forward to working in a bipartisan manner with this Committee and other members of Congress as we meet the challenges before us. As has been noted a number of times in prior hearings of this Committee, the mission at HUD is neither a Democratic nor a Republican mission, but rather a mission on behalf of all Americans.

At this time, Mr. Chairman, I stand ready to answer any questions or comments that you or the other members of the Committee may have. I thank the members of the Committee for both the honor and the opportunity to appear before them today.