

Opening Statement of Roman Martinez IV
Senate Homeland Security and Government Affairs Committee
Confirmation Hearing, U.S. Postal Service Board of Governors
April 2, 2019

Chairman Johnson, Ranking Member Peters, and members of the Committee, thank you for considering my nomination to serve on the Board of Governors of the U.S. Postal Service.

I emigrated to our great country from Cuba as a boy, in 1960. I am grateful for the opportunities this country has given me throughout my life. And I am now honored to have a chance to serve our country, if confirmed.

Let me tell you a bit about my background and experience. After coming here from Cuba, I lived for several years in Miami before heading to Massachusetts, where I attended a Jesuit high school and later Boston College. After business school at the Wharton School of the University of Pennsylvania, I moved to New York City, where I worked as an investment banker for 32 years. I became a partner of Lehman Brothers in 1978 and was there until I retired in 2003. During my career in finance, I was involved in most aspects of investment banking, including public and private financings, mergers & acquisitions, corporate restructurings and overall corporate financial advice.

Since 2004, I have served on several corporate boards, and have chaired audit and compensation committees. I am currently on the board of Cigna Corporation, where I chair the audit committee and serve on the finance and executive committees as well. Other boards where I have served include Orbital ATK and Bacardi Limited. I qualify as an "audit committee financial expert", as that term is defined by the Securities & Exchange Commission.

For over 20 years, I have also been actively involved with non-profit organizations, including serving as Vice Chairman of the Investment Advisory Council of the State Board of Administration of Florida, membership of which required confirmation by the Florida Senate. I currently serve on the board of trustees of New York-Presbyterian Hospital and the board of overseers of the International Rescue Committee.

I welcome this opportunity to help the Postal Service through the daunting set of challenges it now faces. The Postal Service has played a critical role in the economic and social development of our country since before the American Revolution, when Benjamin Franklin served as its first Postmaster General. A few years later, the U.S. Constitution explicitly authorized its establishment. For well over 200 years the Postal Service has been a backbone of the communications infrastructure that served the entire country.

In recent years, however, the Postal Service has faced severe challenges. The digital revolution--with its direct impact on regular mail communication--and rigid financial requirements mandated by statute have placed the Postal Service in a state of virtual insolvency. Its current business and financial model is not viable. Yet, its role providing essential services to the entire nation remains critical.

The Postal Service is in dire need of operational and financial restructuring. In addition, its current board governance structure is not functional.

If confirmed, I intend to immerse myself in a deep analysis of the business, financial and other issues affecting the Postal Service. I will follow the same approach that I took throughout my investment banking career, which I continue as an active and independent member of corporate and non-profit boards. I will begin with an open mind; I will learn as much as I can about the challenges at hand; I will consult widely and consider as many points of view as possible. And I will do my best to propose practical and constructive solutions consistent with the Postal Service's universal service obligation.

Based on my board experience, however, I would like to make some brief preliminary observations on current Postal Service board governance.

As you well know, the Postal Service statute establishes an 11-member board, including nine independent board members, the Postmaster General and the Deputy Postmaster General. But as of today, only two independent board members are currently in place--and one of them is subject to reconfirmation this year. For years the board operated with no independent governors in place, a situation that deprived the board of a quorum during an especially trying period.

Respectfully, it is critical that the board be constituted with the appropriate number of governors. The absence of a quorum is itself an important problem. But the problem goes beyond just that.

My experience in corporate governance has taught me that a successful board must include individuals with expertise and experience relevant to the operations of the organization as well as personal backgrounds representative of the organization's constituencies. A diverse group is critical for a board to provide effective advice and counsel. And it is important for a board to be at full strength to ensure that its most important committees--such as those addressing enterprise risk, human resources, governance, audit, and increasingly information technology and cybersecurity—can provide effective oversight.

The actual service term of a governor should be long enough to allow for the governor to acquire in-depth knowledge of the organization and to establish personal relationships with fellow board members and management, which are necessary to develop the trust and respect required for frank and open discussions.

Finally, I appreciate the importance of the constitutional role the Senate plays in advising and consenting on Presidential appointments. The vetting of qualifications and potential conflicts of board candidates is unquestionably necessary. But for positions like the USPS Governors, which are not full time and where diversity of backgrounds and experiences is desirable, I would urge Congress and the President to work together to streamline the process to attract and have the very best candidates confirmed within a reasonable timeframe.

In closing, I'd like to express again my appreciation for the privilege of being considered for this position.

I look forward to your questions.