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CHAIRMAN'S
CORRESPONDENCE UNIT

February 29, 2012

The Honorable Mary L. Shapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Dear Madame Chairman:

I am writing to request that you and the Securities and Exchange Commission carefully review your pending implementation of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

As you know, Section 1502 of Dodd-Frank requires firms to report to the Securities and Exchange Commission (SEC) whether their products contain conflict minerals, which are subject to the Dodd-Frank Act's heightened disclosure standards. The SEC's proposed rule categorizing materials derived from secondary sources as "DRC conflict free" cites the inherent and formidable challenges associated with tracing the lifecycle of recycled materials, but despite acknowledging these challenges, the law still requires the SEC to impose full disclosure standards for these materials.

I am aware that a number of manufacturing firms are concerned with the classification requirements that call for an inevitably costly third-party audit and compliance with the environmental requirements associated with the use of recycled or scrap materials. They are concerned that the proposed rule, as currently structured, would present unnecessarily onerous requirements on small businesses and manufacturers, while not accomplishing the goal of enhancing supply chain transparency.

As a member of House Minority Leader Steny Hoyer's "Make it in America" Task Force, I am committed to doing everything I can to protect and strengthen our manufacturing sector while in Congress. While supporting the humanitarian objective of addressing the ongoing conflicts in the DRC and neighboring countries, I hope you can work to come up with a common sense solution to achieve the intended goals of Section 1502 that will not put domestic manufacturers at a significant cost disadvantage in relation to their counterparts around the world. I would request that you consider proposed alternatives such as reconfiguring the auditing requirement as it relates to recycled scrap materials and phasing-in implementation to allow for materials of indeterminate origin currently in the supply chain to be properly classified.

I appreciate your consideration of my request, and look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read 'M S C', with a long horizontal line extending from the end of the signature.

MARK S. CRITZ
Member of Congress

MSC:NH