

APPENDIX C

U.S. House of Representatives

COMMITTEE ON ETHICS

Washington, DC 20515

September 25, 2012

BY HAND DELIVERY

Mr. Mikael Moore
Office of the Honorable Maxine Waters
U. S. House of Representatives
2344 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Moore:

By a unanimous vote on September 21, 2012, and pursuant to House Rule XI, clause 3(a)(1)-(2) and Committee Rules 10(a)(5) and 18, the Committee on Ethics for the Matter of Representative Maxine Waters (Committee) voted to issue you this letter of reproof. We have issued this letter as a result of your taking official action on behalf of OneUnited Bank, an entity in which your employing Member, Representative Maxine Waters, had a financial interest. The Committee has also voted unanimously to adopt the attached Report to the House of Representatives.

The conduct for which you are hereby reproved is summarized below:

1. You sent an email on September 19, 2008 to a staffer for the House Financial Services Committee stating that “[OneUnited Bank] is in trouble.” You followed up with that staffer, writing “I think it will become a timetable issue.”
2. You sent an email on September 23, 2008 to a staffer for the House Financial Services Committee forwarding a chart that summarized OneUnited Bank’s investment in the preferred stock of certain government sponsored entities (GSEs) that were eventually placed into conservatorship. You followed up with that staffer, asking “how did the meeting go?,” to which she responded, “[we] will continue to pursue [the Treasury Department] acting without legislation but [another staffer] and I are also working on drafting CDFI-related language to help them that we could try to possibly add to the bailout bill.”
3. You failed to inform OneUnited Bank representatives that your office had recused itself from assisting in efforts to obtain federal government intervention related to its investment in GSEs, such that they continued to believe that your office was involved in the matter.

4. You engaged in the above-mentioned conduct when you knew, or should have known, that Representative Waters and her husband had a financial interest in OneUnited Bank.

With respect to the conduct described above, you violated House Rule XXIII, clause 3, which provides that “[a] Member, Delegate, Resident Commissioner, officer, or employee of the House may not receive compensation and may not permit compensation to accrue to the beneficial interest of such individual from any source, the receipt of which would occur by virtue of influence improperly exerted from the position of such individual in Congress.” With respect to the conduct described above, you also violated paragraph 5 of the Code of Ethics for Government Service, which provides in relevant part that government employees may “[n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.” Finally, your conduct violated House Rule XXIII, clause 1, which provides that “[a] Member, Delegate, Resident Commissioner, officer, or employee of the House shall behave at all times in a manner that shall reflect creditably on the House.”

The Committee has reviewed the statements you provided in this matter to the Office of Congressional Ethics (OCE), this Committee during a previous Congress, and to Outside Counsel during this Congress. The Committee understands that you contend that you were unaware of Representative Waters’ conflict of interest when you took the actions described above. The Committee does not find that contention credible and finds that you either knew, or should have known, of her interest in OneUnited Bank. Representative Waters made her interest in OneUnited Bank public no later than 2007, when she disclosed her and her husband’s personal financial stake in OneUnited Bank during a meeting of a Financial Services subcommittee, and you testified that you were aware of her statement regarding her husband’s position on OneUnited Bank’s Board of Directors. Representative Waters herself testified that you “would have known that [her] husband was invested in OneUnited [Bank].” Representative Waters also stated, during an August 2010 press conference, that she had instructed you not to get involved with OneUnited Bank, and she stated that she “clearly” communicated that direction to you. You testified that this conversation occurred in late September, and you interpreted it to mean simply that you should cease efforts on that day and that day only.

Your professed interpretation is not consistent with any reasonable interpretation of the events. First, if one is to credit Representative Waters’ explanation of her instruction to you and her awareness of the conflict, it is not credible to suggest that you would have read an arbitrary time limit into her instructions if you were trying to abide by her direction. In fact, you informed the Chief of Staff to the Financial Services Committee of the conflict of interest and your office’s recusal from matters involving OneUnited Bank. It is therefore clear that you understood the direction that Representative Waters provided to you, and yet chose to act on matters involving OneUnited Bank anyway. Moreover, the weight of the evidence suggests that, contrary to your assertion, you were given this direction by Representative Waters in early to mid-September.

Your actions on behalf of OneUnited Bank’s private efforts to obtain assistance and avoid collapse created dramatic appearances of conflict with your employing Member’s personal

financial interests. Your actions blurred an already difficult and close line of permissible conduct due to OneUnited's prominent role in responding to a significant crisis affecting an unknown number of banks. And your actions were the reason this Committee had such serious and appropriate concerns about the activities of you and your employing Member in September of 2008.

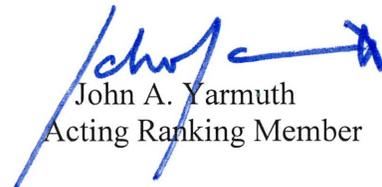
As the Chief of Staff for Representative Waters, it was incumbent upon you to uphold the House rules, laws, regulations and other standards of conduct and, where you knew or had reason to know of your employing Member's conflict of interest, to avoid engaging in impermissible conflicts on her behalf. Therefore, it is the determination of the Committee that your conduct in certain specific instances did constitute an impermissible conflict, and violated your obligation to behave in a manner that reflects creditably on the House.

Finally, the Committee finds that you have given inconsistent and incredible testimony. In addition, your lack of acknowledgment of any responsibility, as well as your disrespect for the Committee's investigative process and jurisdiction demonstrates that any mere comments by the Committee would be disregarded. Therefore, based on your conduct in this matter, the Committee has unanimously determined that you should be publicly reprovved. Now that this letter has issued and the Committee has publicly noted its reprovval of your conduct, the Committee has determined that this matter is closed.

Sincerely,



Robert Goodlatte
Acting Chairman



John A. Yarmuth
Acting Ranking Member