

Jo Bonner, Alabama  
*Chairman*  
Linda T. Sánchez, California  
*Ranking Member*



Michael T. McCaul, Texas  
K. Michael Conaway, Texas  
Charles W. Dent, Pennsylvania  
Gregg Harper, Mississippi

John A. Yarmuth, Kentucky  
Donna F. Edwards, Maryland  
Pedro R. Pierluisi, Puerto Rico  
Joe Courtney, Connecticut

ONE HUNDRED TWELFTH CONGRESS

## U.S. House of Representatives

COMMITTEE ON ETHICS

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*Staff Director and Chief Counsel*

Joanne White  
*Administrative Staff Director*

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December 31, 2012

HON. KAREN L. HAAS  
*Clerk, House of Representatives*  
*Washington, DC.*

Dear Ms. Haas:

Pursuant to clause 1(d) of Rule XI of the Rules of the House of Representatives, we hereby submit to the House a report on the Activities of the Committee on Ethics for the 112<sup>th</sup> Congress.

Sincerely,

A handwritten signature in black ink that reads "Jo Bonner".

Jo Bonner  
Chairman

A handwritten signature in black ink that reads "Linda T. Sanchez".

Linda T. Sánchez  
Ranking Member

**SUMMARY OF ACTIVITIES**  
**ONE HUNDRED TWELFTH CONGRESS**

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December 31, 2012.—Committed to the Committee of the Whole House on the State of the  
Union and ordered to be printed  
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Mr. BONNER and Ms. SÁNCHEZ, from the Committee on Ethics, submitted the following

**REPORT**

The Committee on Ethics is tasked with interpreting and enforcing the House's ethics rules. The Committee has sole jurisdiction over the interpretation of the Code of Official Conduct, which governs the acts of House Members, officers, and employees. The Committee is the only standing House committee with equal numbers of Democratic and Republican members. The operative staff of the Committee is required by rule to be professional and nonpartisan.

In the 112<sup>th</sup> Congress the Committee was led by Chairman Jo Bonner and Ranking Member Linda T. Sánchez. The Members appointed at the beginning of the Congress were Michael T. McCaul, John A. Yarmuth, K. Michael Conaway, Donna F. Edwards, Charles W. Dent, Mazie Hirono, Gregg Harper and Pedro R. Pierluisi. In July 2011, Representative Joe Courtney replaced Representative Hirono.

The Committee's core responsibilities include providing training, advice, and education to House Members, officers, and employees; reviewing and approving requests to accept privately-sponsored travel related to official duties; reviewing and certifying all financial disclosure reports Members, candidates and senior staff are required to file; and investigating and

adjudicating allegations of misconduct and violations of rules, laws, or other standards of conduct.

The Committee met 51 times in the 112<sup>th</sup> Congress, including 16 times in 2011, and 35 times in 2012. Every Committee vote in the 112<sup>th</sup> Congress was unanimous.

Within the scope of its training, advice and education, travel, and financial disclosure responsibilities, the Committee:

- Issued more than 900 formal advisory opinions regarding ethics rules;
- Fielded more than 40,000 informal telephone calls, emails, and in-person requests for guidance on ethics issues;
- Released 23 advisory memoranda on various ethics topics to the House;
- Provided training to approximately 10,000 House Members, officers, and employees each year, and reviewed their certifications for satisfying the House's mandatory training requirements; and
- Received more than 6,000 Financial Disclosure Statements and amendments filed by House Members, officers, senior staff, and House candidates.
- Received approximately 500 Periodic Transaction Reports filed by House Members, officers, and senior staff, containing thousands of transactions.

In addition, the Committee actively investigates allegations against House Members, officers, and employees, using a mix of informal and formal investigative techniques to determine the validity of factual allegations, explore potential rules violations, and recommend appropriate sanctions and corrective actions. The Committee's options for investigating a matter include fact-gathering under Committee Rule 18(a), which may or may not be publicly disclosed, the empanelment of investigative subcommittees, and the review of transmittals from the Office

of Congressional Ethics (OCE). The fact that the Committee is investigating a particular matter or that a House Member, officer, or employee is referenced in an investigative matter should not be construed as a finding or suggestion that the Member, officer, or employee has committed any violation of the rules, law, or standards of conduct.

During the 112<sup>th</sup> Congress, within the scope of its investigative responsibilities, the Committee:

- Commenced or continued investigative fact-gathering regarding 96 separate investigative matters;
- Empanelled 2 new investigative subcommittees, in the matters of Representative Laura Richardson and Representative Shelley Berkley;
- Re-empanelled the investigative subcommittee in matters related to allegations against Former Representative Eric Massa;
- Held 32 investigative subcommittee meetings; Filed 14 reports with the House totaling nearly 1,700 pages regarding various investigative matters;
- Publicly addressed 27 matters, described in Section V of this report;
- Resolved 42 additional matters;
- Conducted 102 voluntary witness interviews;
- Deposed 4 witnesses pursuant to subpoena;
- Authorized the issuance of 9 subpoenas; and
- Reviewed nearly 500,000 pages of documents.

All votes taken in the investigative subcommittees were unanimous. In addition to the publicly-disclosed matters discussed in this report, there were a total of 34 investigative matters pending before the Committee as of December 31, 2012.

## I. INTRODUCTION

House Rule XI, clause 1(d), requires each committee to submit to the House, not later than July 1 and December 31 of each year, a report on the activities of that committee under that rule and House Rule X during the Congress ending on January 3 of that year. This report summarizes the activities of the Committee on Ethics for the semiannual period ending December 31, 2012, as well as for the entirety of the 112<sup>th</sup> Congress.

The jurisdiction of the Committee on Ethics (“Committee”) is defined in clauses 1(g) and 11(g)(4) of House Rule X, clause 3 of House Rule XI, and clause 5(h) of House Rule XXV. The text of those provisions is as follows:

### *Rule X, clause 1(g)*

1. There shall be in the House the following standing committees, each of which shall have the jurisdiction and related functions assigned by this clause and clauses 2, 3, and 4.

\* \* \*

#### **(g) Committee on Ethics.**

The Code of Official Conduct.

### *Rule X, clause 11(g)(4)*

(4) The Committee on Ethics shall investigate any unauthorized disclosure of intelligence or intelligence-related information by a Member, Delegate, Resident Commissioner, officer, or employee of the House in violation of subparagraph (3) and report to the House concerning any allegation that it finds to be substantiated.

### *Rule XI, clause 3*

#### *Committee on Ethics*

3. (a) The Committee on Ethics has the following functions:

(1) The committee may recommend to the House from time to time such administrative actions as it may consider appropriate to establish or enforce standards of official conduct for Members, Delegates, the Resident Commissioner, officers, and employees of the House. A letter of reproof or other administrative action of the committee pursuant to an investigation under subparagraph (2) shall only be issued or implemented as a part of a report required by such subparagraph.

(2) The committee may investigate, subject to paragraph (b), an alleged violation by a Member, Delegate, Resident Commissioner, officer, or employee of the House of the Code of Official Conduct or of a law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, Delegate, Resident Commissioner, officer, or

employee in the performance of the duties or the discharge of the responsibilities of such individual. After notice and hearing (unless the right to a hearing is waived by the Member, Delegate, Resident Commissioner, officer, or employee), the committee shall report to the House its findings of fact and recommendations, if any, for the final disposition of any such investigation and such action as the committee may consider appropriate in the circumstances.

(3) The committee may report to the appropriate Federal or State authorities, either with the approval of the House or by an affirmative vote of two-thirds of the members of the committee, any substantial evidence of a violation by a Member, Delegate, Resident Commissioner, officer, or employee of the House, of a law applicable to the performance of his duties or the discharge of the responsibilities of such individual that may have been disclosed in a committee investigation.

(4) The committee may consider the request of a Member, Delegate, Resident Commissioner, officer, or employee of the House for an advisory opinion with respect to the general propriety of any current or proposed conduct of such Member, Delegate, Resident Commissioner, officer, or employee. With appropriate deletions to ensure the privacy of the person concerned, the committee may publish such opinion for the guidance of other Members, Delegates, the Resident Commissioner, officers, and employees of the House.

(5) The committee may consider the request of a Member, Delegate, Resident Commissioner, officer, or employee of the House for a written waiver in exceptional circumstances with respect to clause 4 of rule XXIII.

(6)(A) The committee shall offer annual ethics training to each Member, Delegate, Resident Commissioner, officer, and employee of the House. Such training shall—

(i) involve the classes of employees for whom the committee determines such training to be appropriate; and

(ii) include such knowledge of the Code of Official Conduct and related House rules as may be determined appropriate by the committee.

(B)(i) A new officer or employee of the House shall receive training under this paragraph not later than 60 days after beginning service to the House.

(ii) Not later than January 31 of each year, each officer and employee of the House shall file a certification with the committee that the officer or employee attended ethics training in the last year as established by this subparagraph.

(b)(1)(A) Unless approved by an affirmative vote of a majority of its members, the Committee on Ethics may not report a resolution, report, recommendation, or advisory opinion relating to the official conduct of a Member, Delegate, Resident Commissioner, officer, or employee of the House, or, except as provided in subparagraph (2), undertake an investigation of such conduct.

(B)(i) Upon the receipt of information offered as a complaint that is in compliance with this rule and the rules of the committee, the chair and ranking minority member jointly may appoint members to serve as an investigative subcommittee.

(ii) The chair and ranking minority member of the committee jointly may gather additional information concerning alleged conduct that is the basis of a complaint or of information offered as a complaint until they have established an investigative

subcommittee or either of them has placed on the agenda of the committee the issue of whether to establish an investigative subcommittee.

(2) Except in the case of an investigation undertaken by the committee on its own initiative, the committee may undertake an investigation relating to the official conduct of an individual Member, Delegate, Resident Commissioner, officer, or employee of the House only—

(A) upon receipt of information offered as a complaint, in writing and under oath, from a Member, Delegate, or Resident Commissioner and transmitted to the committee by such Member, Delegate, or Resident Commissioner;

(B) upon receipt of information offered as a complaint, in writing and under oath, from a person not a Member, Delegate, or Resident Commissioner provided that a Member, Delegate, or Resident Commissioner certifies in writing to the committee that such Member, Delegate, or Resident Commissioner believes the information is submitted in good faith and warrants the review and consideration of the committee; or

(C) upon receipt of a report regarding a referral from the Office of Congressional Ethics.

If a complaint is not disposed of within the applicable periods set forth in the rules of the Committee on Ethics, the chair and ranking minority member shall establish jointly an investigative subcommittee and forward the complaint, or any portion thereof, to that subcommittee for its consideration. However, if at any time during those periods either the chair or ranking minority member places on the agenda the issue of whether to establish an investigative subcommittee, then an investigative subcommittee may be established only by an affirmative vote of a majority of the members of the committee.

(3) The committee may not undertake an investigation of an alleged violation of a law, rule, regulation, or standard of conduct that was not in effect at the time of the alleged violation. The committee may not undertake an investigation of such an alleged violation that occurred before the third previous Congress unless the committee determines that the alleged violation is directly related to an alleged violation that occurred in a more recent Congress.

(4) A member of the committee shall be ineligible to participate as a member of the committee in a committee proceeding relating to the member's official conduct. Whenever a member of the committee is ineligible to act as a member of the committee under the preceding sentence, the Speaker shall designate a Member, Delegate, or Resident Commissioner from the same political party as the ineligible member to act in any proceeding of the committee relating to that conduct.

(5) A member of the committee may seek disqualification from participating in an investigation of the conduct of a Member, Delegate, Resident Commissioner, officer, or employee of the House upon the submission in writing and under oath of an affidavit of disqualification stating that the member cannot render an impartial and unbiased decision in the case in which the member seeks to be disqualified. If the committee approves and accepts such affidavit of disqualification, the chair shall so notify the Speaker and request the Speaker to designate a Member, Delegate, or Resident Commissioner from the same political party as the disqualifying member to act in any proceeding of the committee relating to that case.

(6) Information or testimony received, or the contents of a complaint or the fact of its filing, may not be publicly disclosed by any committee or staff member unless specifically authorized in each instance by a vote of the full committee.

(7) The committee shall have the functions designated in titles I and V of the Ethics in Government Act of 1978 [on financial disclosure and the limitations on outside earned income and outside employment], in sections 7342 [the Foreign Gifts and Decorations Act], 7351 [on gifts to superiors], and 7353 [on gifts] of title 5, United States Code, and in clause 11(g)(4) of rule X.

(c)(1) Notwithstanding clause 2(g)(1) of rule XI, each meeting of the Committee on Ethics or a subcommittee thereof shall occur in executive session unless the committee or subcommittee, by an affirmative vote of a majority of its members, opens the meeting to the public.

(2) Notwithstanding clause 2(g)(2) of rule XI, each hearing of an adjudicatory subcommittee or sanction hearing of the Committee on Ethics shall be held in open session unless the committee or subcommittee, in open session by an affirmative vote of a majority of its members, closes all or part of the remainder of the hearing on that day to the public.

(d) Before a member, officer, or employee of the Committee on Ethics, including members of a subcommittee of the committee selected under clause 5(a)(4) of rule X and shared staff, may have access to information that is confidential under the rules of the committee, the following oath (or affirmation) shall be executed:

“I do solemnly swear (or affirm) that I will not disclose, to any person or entity outside the Committee on Ethics, any information received in the course of my service with the committee, except as authorized by the committee or in accordance with its rules.”

Copies of the executed oath shall be retained by the Clerk as part of the records of the House. This paragraph establishes a standard of conduct within the meaning of paragraph (a)(2). Breaches of confidentiality shall be investigated by the Committee on Ethics and appropriate action shall be taken.

(e)(1) If a complaint or information offered as a complaint is deemed frivolous by an affirmative vote of a majority of the members of the Committee on Ethics, the committee may take such action as it, by an affirmative vote of a majority of its members, considers appropriate in the circumstances.

(2) Complaints filed before the One Hundred Fifth Congress may not be deemed frivolous by the Committee on Ethics.

#### *Committee agendas*

(f) The committee shall adopt rules providing that the chair shall establish the agenda for meetings of the committee, but shall not preclude the ranking minority member from placing any item on the agenda.

#### *Committee staff*

(g)(1) The committee shall adopt rules providing that—

(A) the staff be assembled and retained as a professional, nonpartisan staff;

(B) each member of the staff shall be professional and demonstrably qualified for the position for which he is hired;

(C) the staff as a whole and each member of the staff shall perform all official duties in a nonpartisan manner;

(D) no member of the staff shall engage in any partisan political activity directly affecting any congressional or presidential election;

(E) no member of the staff or outside counsel may accept public speaking engagements or write for publication on any subject that is in any way related to the employment or duties with the committee of such individual without specific prior approval from the chair and ranking minority member; and

(F) no member of the staff or outside counsel may make public, unless approved by an affirmative vote of a majority of the members of the committee, any information, document, or other material that is confidential, derived from executive session, or classified and that is obtained during the course of employment with the committee.

(2) Only subdivisions (C), (E), and (F) of subparagraph (1) shall apply to shared staff.

(3)(A) All staff members shall be appointed by an affirmative vote of a majority of the members of the committee. Such vote shall occur at the first meeting of the membership of the committee during each Congress and as necessary during the Congress.

(B) Subject to the approval of the Committee on House Administration, the committee may retain counsel not employed by the House of Representatives whenever the committee determines, by an affirmative vote of a majority of the members of the committee, that the retention of outside counsel is necessary and appropriate.

(C) If the committee determines that it is necessary to retain staff members for the purpose of a particular investigation or other proceeding, then such staff shall be retained only for the duration of that particular investigation or proceeding.

(D) Outside counsel may be dismissed before the end of a contract between the committee and such counsel only by an affirmative vote of a majority of the members of the committee.

(4) In addition to any other staff provided for by law, rule, or other authority, with respect to the committee, the chair and ranking minority member each may appoint one individual as a shared staff member from the respective personal staff of the chair or ranking minority member to perform service for the committee. Such shared staff may assist the chair or ranking minority member on any subcommittee on which the chair or ranking minority member serves.

#### ***Meetings and hearings***

(h)(1) The committee shall adopt rules providing that—

(A) all meetings or hearings of the committee or any subcommittee thereof, other than any hearing held by an adjudicatory subcommittee or any sanction hearing held by the committee, shall occur in executive session unless the committee or subcommittee by an affirmative vote of a majority of its members opens the meeting or hearing to the public; and

(B) any hearing held by an adjudicatory subcommittee or any sanction hearing held by the committee shall be open to the public unless the committee or subcommittee by an affirmative vote of a majority of its members closes the hearing to the public.

#### ***Public disclosure***

(i) The committee shall adopt rules providing that, unless otherwise determined by a vote of the committee, only the chair or ranking minority member, after consultation with each

other, may make public statements regarding matters before the committee or any subcommittee thereof.

***Requirements to constitute a complaint***

(j) The committee shall adopt rules regarding complaints to provide that whenever information offered as a complaint is submitted to the committee, the chair and ranking minority member shall have 14 calendar days or five legislative days, whichever is sooner, to determine whether the information meets the requirements of the rules of the committee for what constitutes a complaint.

***Duties of chair and ranking minority member regarding properly filed complaints***

(k)(1) The committee shall adopt rules providing that whenever the chair and ranking minority member jointly determine that information submitted to the committee meets the requirements of the rules of the committee for what constitutes a complaint, they shall have 45 calendar days or five legislative days, whichever is later, after that determination (unless the committee by an affirmative vote of a majority of its members votes otherwise) to—

(A) recommend to the committee that it dispose of the complaint, or any portion thereof, in any manner that does not require action by the House, which may include dismissal of the complaint or resolution of the complaint by a letter to the Member, officer, or employee of the House against whom the complaint is made;

(B) establish an investigative subcommittee; or

(C) request that the committee extend the applicable 45-calendar day or five-legislative day period by one additional 45-calendar day period when they determine more time is necessary in order to make a recommendation under subdivision (A).

(2) The committee shall adopt rules providing that if the chair and ranking minority member jointly determine that information submitted to the committee meets the requirements of the rules of the committee for what constitutes a complaint, and the complaint is not disposed of within the applicable time periods under subparagraph (1), then they shall establish an investigative subcommittee and forward the complaint, or any portion thereof, to that subcommittee for its consideration. However, if, at any time during those periods, either the chair or ranking minority member places on the agenda the issue of whether to establish an investigative subcommittee, then an investigative subcommittee may be established only by an affirmative vote of a majority of the members of the committee.

***Duties of chair and ranking minority member regarding information not constituting a complaint***

(l) The committee shall adopt rules providing that whenever the chair and ranking minority member jointly determine that information submitted to the committee does not meet the requirements of the rules of the committee for what constitutes a complaint, they may—

(1) return the information to the complainant with a statement that it fails to meet the requirements of the rules of the committee for what constitutes a complaint; or

(2) recommend to the committee that it authorize the establishment of an investigative subcommittee.

### *Investigative and adjudicatory subcommittees*

(m) The committee shall adopt rules providing that—

(1)(A) an investigative subcommittee shall be composed of four Members (with equal representation from the majority and minority parties) whenever such a subcommittee is established pursuant to the rules of the committee;

(B) an adjudicatory subcommittee shall be composed of the members of the committee who did not serve on the pertinent investigative subcommittee (with equal representation from the majority and minority parties) whenever such a subcommittee is established pursuant to the rules of the committee; and

(C) notwithstanding any other provision of this clause, the chair and ranking minority member of the committee may consult with an investigative subcommittee either on their own initiative or on the initiative of the subcommittee, shall have access to information before a subcommittee with which they so consult, and shall not thereby be precluded from serving as full, voting members of any adjudicatory subcommittee;

(2) at the time of appointment, the chair shall designate one member of a subcommittee to serve as chair and the ranking minority member shall designate one member of the subcommittee to serve as the ranking minority member; and

(3) the chair and ranking minority member of the committee may serve as members of an investigative subcommittee, but may not serve as non-voting, ex officio members.

### *Standard of proof for adoption of statement of alleged violation*

(n) The committee shall adopt rules to provide that an investigative subcommittee may adopt a statement of alleged violation only if it determines by an affirmative vote of a majority of the members of the subcommittee that there is substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities by a Member, officer, or employee of the House of Representatives, has occurred.

### *Subcommittee powers*

(o)(1) The committee shall adopt rules providing that an investigative subcommittee or an adjudicatory subcommittee may authorize and issue subpoenas only when authorized by an affirmative vote of a majority of the members of the subcommittee.

(2) The committee shall adopt rules providing that an investigative subcommittee may, upon an affirmative vote of a majority of its members, expand the scope of its investigation approved by an affirmative vote of a majority of the members of the committee.

(3) The committee shall adopt rules to provide that—

(A) an investigative subcommittee may, upon an affirmative vote of a majority of its members, amend its statement of alleged violation anytime before the statement of alleged violation is transmitted to the committee; and

(B) if an investigative subcommittee amends its statement of alleged violation, the respondent shall be notified in writing and shall have 30 calendar days from the date of that notification to file an answer to the amended statement of alleged violation.

*Due process rights of respondents*

(p) The committee shall adopt rules to provide that—

(1) not less than 10 calendar days before a scheduled vote by an investigative subcommittee on a statement of alleged violation, the subcommittee shall provide the respondent with a copy of the statement of alleged violation it intends to adopt together with all evidence it intends to use to prove those charges which it intends to adopt, including documentary evidence, witness testimony, memoranda of witness interviews, and physical evidence, unless the subcommittee by an affirmative vote of a majority of its members decides to withhold certain evidence in order to protect a witness; but if such evidence is withheld, the subcommittee shall inform the respondent that evidence is being withheld and of the count to which such evidence relates;

(2) neither the respondent nor the counsel of the respondent shall, directly or indirectly, contact the subcommittee or any member thereof during the period of time set forth in paragraph (1) except for the sole purpose of settlement discussions where counsel for the respondent and the subcommittee are present;

(3) if, at any time after the issuance of a statement of alleged violation, the committee or any subcommittee thereof determines that it intends to use evidence not provided to a respondent under paragraph (1) to prove the charges contained in the statement of alleged violation (or any amendment thereof), such evidence shall be made immediately available to the respondent, and it may be used in any further proceeding under the rules of the committee;

(4) evidence provided pursuant to paragraph (1) or (3) shall be made available to the respondent and the counsel of the respondent only after each agrees, in writing, that no document, information, or other materials obtained pursuant to that paragraph shall be made public until—

(A) such time as a statement of alleged violation is made public by the committee if the respondent has waived the adjudicatory hearing; or

(B) the commencement of an adjudicatory hearing if the respondent has not waived an adjudicatory hearing;

but the failure of respondent and the counsel of the respondent to so agree in writing, and their consequent failure to receive the evidence, shall not preclude the issuance of a statement of alleged violation at the end of the period referred to in paragraph (1);

(5) a respondent shall receive written notice whenever—

(A) the chair and ranking minority member determine that information the committee has received constitutes a complaint;

(B) a complaint or allegation is transmitted to an investigative subcommittee;

(C) an investigative subcommittee votes to authorize its first subpoena or to take testimony under oath, whichever occurs first; or

(D) an investigative subcommittee votes to expand the scope of its investigation;

(6) whenever an investigative subcommittee adopts a statement of alleged violation and a respondent enters into an agreement with that subcommittee to settle a complaint on which that statement is based, that agreement, unless the respondent requests otherwise,

shall be in writing and signed by the respondent and respondent's counsel, the chair and ranking minority member of the subcommittee, and the outside counsel, if any;

(7) statements or information derived solely from a respondent or the counsel of a respondent during any settlement discussions between the committee or a subcommittee thereof and the respondent shall not be included in any report of the subcommittee or the committee or otherwise publicly disclosed without the consent of the respondent; and

(8) whenever a motion to establish an investigative subcommittee does not prevail, the committee shall promptly send a letter to the respondent informing the respondent of such vote.

#### *Committee reporting requirements*

(q) The committee shall adopt rules to provide that—

(1) whenever an investigative subcommittee does not adopt a statement of alleged violation and transmits a report to that effect to the committee, the committee may by an affirmative vote of a majority of its members transmit such report to the House of Representatives;

(2) whenever an investigative subcommittee adopts a statement of alleged violation, the respondent admits to the violations set forth in such statement, the respondent waives the right to an adjudicatory hearing, and the respondent's waiver is approved by the committee—

(A) the subcommittee shall prepare a report for transmittal to the committee, a final draft of which shall be provided to the respondent not less than 15 calendar days before the subcommittee votes on whether to adopt the report;

(B) the respondent may submit views in writing regarding the final draft to the subcommittee within seven calendar days of receipt of that draft;

(C) the subcommittee shall transmit a report to the committee regarding the statement of alleged violation together with any views submitted by the respondent pursuant to subdivision (B), and the committee shall make the report together with the respondent's views available to the public before the commencement of any sanction hearing; and

(D) the committee shall by an affirmative vote of a majority of its members issue a report and transmit such report to the House of Representatives, together with the respondent's views previously submitted pursuant to subdivision (B) and any additional views respondent may submit for attachment to the final report; and

(3) members of the committee shall have not less than 72 hours to review any report transmitted to the committee by an investigative subcommittee before both the commencement of a sanction hearing and the committee vote on whether to adopt the report.

#### *House Rule XXV, clause 5(h)*

(h) All the provisions of this clause [the gift rule] shall be interpreted and enforced solely by the Committee on Ethics. The Committee on Ethics is authorized to issue guidance on any matter contained in this clause.

In addition, a number of provisions of statutory law confer authority on the Committee. Specifically, for purposes of the statutes on gifts to federal employees (5 U.S.C. § 7353) and gifts to superiors (5 U.S.C. § 7351), both the Committee and the House of Representatives are the “supervising ethics office” of House Members, officers, and employees. In addition, as discussed further in Part III below, for House Members, officers, and employees, the Committee is both the “supervising ethics office” with regard to financial disclosure under the Ethics in Government Act (5 U.S.C. app. 4 § 101 *et seq.*) and the “employing agency” for certain purposes under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342). Finally, the outside employment and earned income limitations are administered by the Committee with respect to House Members, officers, and employees (5 U.S.C. app. 4 § 503(1)(A)).

## **II. ADVICE AND EDUCATION**

Pursuant to a provision of the Ethics Reform Act of 1989 (2 U.S.C. § 29d(i)), the Committee maintains an Office of Advice and Education, which is staffed as directed by the Committee’s Chairman and Ranking Member. Under the statute, the primary responsibilities of the Office include the following:

- Providing information and guidance to House Members, officers, and employees on the laws, rules, and other standards of conduct applicable to them in their official capacities;
- Drafting responses to specific advisory opinion requests received from House Members, officers, and employees, and submitting them to the Chairman and Ranking Member for review and approval;
- Drafting advisory memoranda on the ethics rules for general distribution to House Members, officers, and employees, and submitting them to the Chairman and Ranking Member, or the full Committee, for review and approval; and

- Developing and conducting educational briefings for House Members, officers, and employees.

The duties of the Office of Advice and Education are also addressed in Committee Rule 3, which sets out additional requirements and procedures for the issuance of Committee advisory opinions.

Under Committee Rule 3(j), the Committee will keep confidential any request for advice from a Member, officer, or employee, as well as any response to such a request. As a further inducement to House Members, officers, and employees to seek Committee advice whenever they have any uncertainty on the applicable laws, rules, or standards, statutory law (2 U.S.C. § 29d(i)(4)) provides that no information provided to the Committee by a Member or staff person when seeking advice on prospective conduct may be used as a basis for initiating a Committee investigation if the individual acts in accordance with the Committee's written advice. In the same vein, Committee Rule 3(k) provides that the Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion of the Committee if the conduct conforms to the specific facts addressed in the opinion. In addition, the Committee understands that federal courts may consider the good faith reliance of a House Member, officer, or employee on written Committee advice as a defense to Justice Department prosecution regarding certain statutory violations.

The Committee believes that a broad, active program for advice and education is an extremely important means for attaining understanding of, and compliance with, the ethics rules. The specifics of the Committee's efforts in the areas of publications, briefings, and advisory opinion letters during the 112<sup>th</sup> Congress are set forth below. In addition, on a daily basis Committee staff attorneys provided informal advice in response to inquiries received from

Members, staff persons, and third parties in telephone calls and e-mails directed to the Committee office, as well as in person. During the 112<sup>th</sup> Congress, Committee attorneys responded to more than 40,000 phone calls and e-mail messages seeking advice, and participated in many informal meetings with Members, House staff, or outside individuals or groups regarding specific ethics matters.

#### PUBLICATIONS

The Committee's major publication is the *House Ethics Manual*, an updated version of which was issued in March 2008. The Manual provides detailed explanations of all aspects of the ethics rules and statutes applicable to House Members, officers, and employees. Topics covered by the Manual include the acceptance of gifts or travel, campaign activity, casework, outside employment, and involvement with official and outside organizations. The *House Ethics Manual* is posted in a searchable format on the Committee's Web site, <http://ethics.house.gov>.

The Committee updates and expands upon the materials in the Manual, as well as highlights matters of particular concern, through the issuance of general advisory memoranda to all House Members, officers, and employees. The memoranda issued during the 112<sup>th</sup> Congress (other than ones announcing training dates) were as follows:

- New Employee Mandatory Ethics Training within 60 days (January 25, 2011);
- The 2011 Outside Earned Income Limit and Salaries Triggering the Financial Disclosure Requirement and Post-Employment Restrictions Applicable to House Officers and Employees (February 5, 2011);
- Calendar Year 2010 Financial Disclosure Statements (April 6, 2011);
- Committee on Ethics and Committee on House Administration Joint Guidance Regarding Redistricting (September 16, 2011);

- Rules Regarding Personal Financial Transactions (November 29, 2011);
- Holiday Guidance on the Gift Rule (December 9, 2011);
- Revised Legal Expense Fund Regulations (December 20, 2011);
- Member Participation in Certain Events Taking Place During a National Political Convention (January 24, 2012);
- The 2012 Outside Earned Income Limit and Salaries Triggering the Financial Disclosure Requirement and Post-Employment Restrictions Applicable to House Officers and Employees (January 30, 2012);
- Change in Rules Regarding Providing a Hyperlink from Campaign Internet Sites to Official Internet Sites (March 9, 2012);
- New Ethics Requirements Resulting from the STOCK Act (April 4, 2012);
- Gift Rules Applicable to National Political Conventions (June 1, 2012);
- Periodic Reporting of Personal Financial Transactions Pursuant to the STOCK Act (June 7, 2012) superseded by revised memorandum following amendment of the STOCK Act (August 17, 2012);
- Purchase of Tablet Computers with Principal Campaign Committee Funds (September 18, 2012);
- REMINDER: Spouse PTR Transaction Reporting Begins September 30, 2012 (September 28, 2012);
- Reminder About the 2012 Annual Ethics Training Requirement (November 21, 2012);
- Negotiations for Future Employment and Restrictions on Post-Employment for House Members and Officers (November 26, 2012);

- Negotiations for Future Employment and Restrictions on Post-Employment for House Staff (November 26, 2012);
- Holiday Guidance on the Gift Rule (November 27, 2012);
- Member Swearing-in and Inauguration Day Receptions, and Attendance at Inaugural-Related Events (December 4, 2012);
- Rules Prohibiting Use of One's Official Position for Personal Gain (December 27, 2012); and
- Revised Travel Regulations (December 27, 2012)

A copy of each of these advisory memoranda is included as Appendix I to this Report.

In addition to the advisory memoranda listed above, the Committee issued an updated version of its summary memorandum, Highlights of the House Ethics Rules, in March 2011 and January 2012. The Committee released 46 public statements regarding various matters.

In order to make access to all Committee materials easier and more transparent, the Committee launched a new Web site in the fall of 2011, featuring easily accessible guidance, forms, and historical documents. Significantly, the Committee has now, for the first time, made all conduct reports dating back to the Committee's founding in 1967 available to the public in electronic form. All of these reports are now available in searchable format on the Committee's Web site. In addition, the Committee is currently working to update the summary of all reported matters of conduct in the entire history of the House of Representatives. Currently that chart ends with 2004. With the launch of the new Web site, the Committee has listened to transparency suggestions and concerns from numerous House and outside sources and continues to make improvements to the usefulness of its Web site.

Copies of all current Committee publications are available from the Committee's office, and their text is posted on the Committee's Web site. Finally, with this report and the annual report published by the Committee in early 2012, the Committee has sought to provide as much transparency as is appropriate. In addition to the many numbers referred to throughout this report, the Committee annually publishes the following summary chart in the interest of transparency.

| <b>Committee Report<br/>(numbers are approximate)</b>                                     | <b>2011</b> | <b>2012</b> | <b>TOTAL</b> |
|---|-------------|-------------|--------------|
| <b>Formal Advice and Approval</b>   |             |             |              |
| Advisory Opinion Requests Received  | 597         | 409         | 1,006        |
| Advisory Opinions Mailed  | 535         | 379         | 914          |
| Percentage of Opinions Mailed within 2 weeks  | 64.11%      | 60.15%      | 62.13%       |
| Percentage of Opinions Mailed within 4 weeks  | 80.93%      | 78.10%      | 79.52%       |
| <b>Travel Requests Received</b>   |             |             |              |
| Travel Requests Received  | 2,001       | 1,563       | 3,564        |
| Travel Opinions Mailed  | 1,768       | 1,379       | 3,147        |
| Percentage of Travel Opinions Mailed within 2 weeks                                       | 63.52%      | 49.53%      | 56.53%       |
| Percentage of Travel Opinions Mailed within 4 weeks                                       | 91.91%      | 86.36%      | 89.14%       |
| <b>Informal Advice (including Financial Disclosure)</b>                                   |             |             |              |
| Phone Calls   | 18,054      | 18,000      | 36,054       |
| Emails  | 3,574       | 3,000       | 6,574        |
| <b>Training</b>   |             |             |              |
| Total # of House Employees  | 10,000      | 10,000      | 10,000       |
| Employees having completed training   | 9,610       | 8,500       | 18,110       |
| Training briefings (scheduled training sessions)  | 51          | 42          | 93           |
| Personal Advisory Meetings with Members, officers, and employees                          | 386         | 400         | 786          |
| <b>Investigations</b>   |             |             |              |
| Investigative Matters carried over from the 111th Congress                                | 23          | ----        | 23           |
| Investigative Matters commenced   | 29          | 44          | 73           |
| <b>Investigative Subcommittees carried over from the 111<sup>th</sup> Congress</b>        |             |             |              |
| Investigative Subcommittees commenced   | 1           | ----        | 1            |
| Investigative Subcommittees commenced   | 1           | 1           | 2            |
| <b>Publicly Disclosed Resolutions</b>   |             |             |              |
| Publicly Disclosed Resolutions  | 8           | 12          | 20           |
| Confidential Resolutions  | 4           | 38          | 42           |
| <b>Referrals received from the Office of Congressional Ethics</b>                         |             |             |              |
| Referrals received from the Office of Congressional Ethics                                | 9           | 13          | 22           |
| <b>Financial Disclosures</b>  |             |             |              |
| FD Reports filed by Members, officers, and employees                                      | 2,701       | 2,194       | 4,895        |
| FD Reports filed by Candidates  | 434         | 841         | 1,275        |
| PTRs filed by Members, officers, and employees  | ----        | 500         | 500          |
| FD Reports and amendments reviewed by Committee staff                                     | 3,110       | 3,635       | 6,745        |
| <b>Committee Publications</b>   |             |             |              |
| Pink Sheets/General Advisories  | 11          | 17          | 28           |
| Public Statements   | 18          | 28          | 46           |
| Investigative Reports   | 7           | 7           | 14           |
| <b>Miscellaneous Oversight</b>  |             |             |              |
| Recusals (Members, officers, and employees)   | 62          | 51          | 113          |
| Negotiations (Only MEMBERS had to disclose publicly, and only if a recusal was necessary) | 83          | 135         | 218          |
| Qualified Blind Trusts  | 3           | 3           | 3            |
| Legal Expense Funds   | 7           | 7           | 8            |
| Foreign Gifts and Travel Reports  | 6           | 0           | 6            |
| <b>Meetings</b>   |             |             |              |
| Full Committee Meetings   | 16          | 35          | 51           |
| Subcommittee Meetings   | 5           | 27          | 32           |
| Working Group Meetings  | 8           | 9           | 17           |
| <b>Personnel</b>  |             |             |              |
| Lowest Total Staff Level  | 17          | 23          | 17           |
| Highest Total Staff Level   | 24          | 24          | 24           |

## ETHICS TRAINING

Clause 3(a)(6) of House Rule XI, which originated in the 110th Congress, requires each House employee to complete ethics training each calendar year, pursuant to guidelines to be issued by the Committee. The House rules and Committee's guidelines require each House employee to complete one hour of ethics training each calendar year. The guidelines also require all House employees who file an annual Financial Disclosure Statement to complete an additional hour of training once each Congress on issues primarily of interest to senior staff. Rule XI requires staff newly hired by the House to complete their training within 60 days of the commencement of their employment with the House.

Pursuant to its obligations under Rule XI, the Committee held 51 ethics training sessions during 2011 and 42 during 2012. During the 112<sup>th</sup> Congress, all employees other than new employees were permitted to fulfill their training requirement either through attending a training session in person or by viewing an on-line presentation. The training sessions for new employees provided a general summary of the House ethics rules in all areas, such as gifts, travel, campaign activity, casework, involvement with outside entities, and outside employment. The live and on-line sessions for existing House employees covered specific topics, such as gifts and travel or campaign work, on a more in-depth basis. The Committee also had several different options that staff could use to fulfill their requirement of one additional hour of training. The on-line training provided a general overview of ethics rules of particular interest to senior staff. The live training sessions focused in depth on a single topic, of import for senior staff, such as the rules on completing a Financial Disclosure Statement, the post-employment restrictions, or STOCK Act filings.

In 2011, the Committee trained more than 2,400 employees in person at live ethics briefings, and more than 7,500 used one of the on-line training options. During 2012, the Committee trained more than 1,600 employees in person at live ethics briefings, and more than 6,500 through one of the on-line training options. The total number of employees who completed ethics training for 2012 will be determined after January 31, 2013, the date that House Rule XI established as the deadline for employees to certify completion of the ethics training requirement for 2012.

In addition to the training required under House Rule XI, the Committee also provided training in several other contexts. The Committee made three presentations to the Members-elect of the 113<sup>th</sup> Congress during New Member Orientation for the members-elect of the 113<sup>th</sup> Congress. The Committee also led a briefing for the spouses of the Members-elect of the 113<sup>th</sup> Congress on the ethics rules applicable to them as congressional spouses. In addition, the Committee met with numerous departing Members and staff to counsel them on the ethics rules related to their transition to private life and the post-employment restrictions. The Committee also provided training open to all House Members, officers, and employees on the financial disclosure rules, which is discussed further in Section III. Finally, together with the Committee on House Administration, the Committee participated in two general briefings, one in 2011 and one in 2012, on the rules related to Member participation in the Congressional Art Competition.

Committee staff also participated in approximately 10 briefings sponsored by or held for the members of outside organizations. The Committee also had an information booth at the 2011 House Services Fair held by the Chief Administrative Officer. In addition, Committee staff led approximately twelve briefings for visiting international dignitaries from a variety of countries, including Indonesia, China, Moldova, and Romania.

The Committee will continue this outreach activity in the 113th Congress.

#### ADVISORY OPINION LETTERS

The Committee's Office of Advice and Education, under the direction and supervision of the Committee's Chairman and Ranking Member, prepared and issued more than 900 private advisory opinions during the 112<sup>th</sup> Congress, 535 in 2011 and more than 375 in 2012. Opinions issued by the Committee in the 112<sup>th</sup> Congress addressed a wide range of subjects, including various provisions of the gift rule, Member or staff participation in fund-raising activities of charities and for other purposes, the outside earned income and employment limitations, campaign activity by staff, and the post-employment restrictions.

#### TRAVEL APPROVAL LETTERS

As discussed above, House Rule XXV, clause 5(d)(2), which was enacted at the start of the 110th Congress, charged each House Member or employee with obtaining approval of the Committee prior to undertaking any travel paid for by a private source on matters connected to the individual's House duties. Under the travel approval process established by the Committee to implement this rule, the Committee reviewed more than 2,000 requests, and issued letters approving more than 1,760 requests for travel in 2011. In 2012, the Committee reviewed more than 1,500 requests and issued letters approving more than 1,300 requests for travel. The Committee also reviewed the post-travel disclosure forms filed by the traveler on each approved trip pursuant to House Rule XXV, clause 5(b)(1)(A)(ii), requesting amendments or other remedial action by the traveler when deemed necessary.

House Rule XXV, clause 5(i), charges the Committee with undertaking an annual review of its guidelines and regulations regarding privately-funded, officially-connected travel by House Members, officers, and employees. In 2011, the Committee carried over a bipartisan travel

working group to assess and make recommendations regarding its process for the review and approval of such travel. Committee members Representatives Charles Dent and Donna F. Edwards comprised the working group. As a result of the efforts of the working group, the Committee adopted comprehensive revised travel regulations for privately-sponsored, officially-connected travel which were released as a general advisory on December 27, 2012. The regulations are included in this report in Appendix I.

### **III. FINANCIAL DISCLOSURE, FOREIGN GIFTS & DECORATIONS, AND TRAVEL DISCLOSURE**

Title I of the Ethics in Government Act of 1978 (EIGA), as amended (5 U.S.C. app. 4 §§ 101-111), requires certain officials in all branches of the federal government, as well as candidates for federal office, to file publicly-available statements that set out financial information regarding themselves and their families. By May 15 of each year, these “covered individuals” are required to file a statement that provides information for the preceding calendar year. On April 4, 2012, the Stop Trading on Congressional Knowledge Act (STOCK Act) was enacted. Among other provisions, the STOCK Act amended the EIGA to add a requirement that financial disclosure filers must report certain securities transactions over \$1,000 within 45 days of the transaction. The Committee has termed these interim reports “Periodic Transaction Reports” or “PTRs.”

The EIGA designates the Committee as the “supervising ethics office” of House Members, officers, and employees for purposes of financial disclosure and provides that the Committee is to administer the Act with regard to those individuals. In this role, the Committee interprets the EIGA, establishes policy, issues instructions, and designs the Financial Disclosure Statements (FD Statements or Statements) and PTRs to be filed by Members, officers, legislative branch employees, and candidates for the House. After Statements and PTRs are filed with the Clerk of the House,

they are forwarded to the Committee to be reviewed for compliance with the law. For several months each year, accountants from the General Accounting Office assist the Committee in its review efforts. As noted above, in the 112<sup>th</sup> Congress the Committee received nearly 500 PTRs filed by House Members, officers, and senior staff containing thousands of transactions. The Committee anticipates this figure will increase substantially in the future because the requirement for filing PTRs was only in effect for the second half of 2012, and the inclusion of spouses' and independent children's transactions was only required for approximately the last quarter of 2012.

Each year the Committee publishes two detailed financial disclosure instruction booklets, one for current Members and employees, and one for candidates and new employees. The Committee also published a detailed advisory memorandum providing instructions for completion of a PTR, which was updated following amendment of the Act in August 2012. The appropriate FD instruction booklet and the PTR advisory memorandum are sent to each person who is required to file an FD Statement and PTRs with the Clerk of the House pursuant to House payroll data. Candidates who are required to file FD statements, as determined by records from the Federal Election Commission, are also sent the appropriate FD instructions and forms.

The Committee also engaged in substantial training efforts regarding completing FD Statements and PTRs. Prior to the May 15 filing date, the Committee held six briefings in 2011, three for Members and three for officers and employees, and five briefings in 2012, one for Members, one for Members' spouses, and three for officers and employees, on the financial disclosure requirements. In 2012, the Committee held six briefings on the new PTR requirement, two for Members and four for officers and employees. The Committee issued three advisory memoranda providing guidance to the House community on these new requirements, all of which are available on the Committee's Web site and in Appendix I to this Report. The Committee staff

also met on an individual basis with any Member who had questions regarding the preparation of the Member's Statement or PTR and who requested additional guidance. In addition, Committee staff responded, by telephone, e-mail, or in person, to numerous questions from filers on the financial disclosure filing requirements. Upon request, Committee staff reviewed Statements and PTRs in draft form, prior to being formally filed with the Clerk, for compliance with the disclosure requirements in order to reduce errors and the need for amendments. The Committee encourages all financial disclosure filers to avail themselves of this service for their future filings.

For calendar years 2011 and 2012 (as of December 20, 2012), the Legislative Resource Center of the Clerk's office referred a total of 6,170 Financial Disclosure Statements to the Committee for review under the statute. Of those, 4,183 were Statements filed by current or new House Members or employees, 712 were filed by departing House Members or employees, and 1,275 were Statements filed by candidates for the House. Where the Committee's review indicated that a filed Statement had a deficiency, such as a failure to include required information, the Committee requested an amendment from the filer. Such amendments are routine and, without evidence of a knowing or willful violation, the Committee will usually take no further action.

The Committee also followed up with filers whose Statements indicated non-compliance with applicable law, such as the outside employment and outside earned income limitations. Where the Committee found that a Member or staff person had received income in violation of any of these limitations, the Committee determined the appropriate remedy for the violation, which in some circumstances was a requirement that the individual repay the amount that was improperly received.

For calendar year 2012 (as of December 20, 2012), the Legislative Resource Center of the Clerk's office referred a total of 477 PTRs to the Committee for review under the statute beginning on the effective date of the PTR requirement, July 3, 2012. Of those, 141 were PTRs filed by

Members and 336 were PTRs filed by House employees. The Committee has continued to receive a large number of year-end PTRs since the numbers above were compiled.

Like FD Statements, where the Committee's review indicated that a filed PTR had a deficiency, such as a failure to include required information, the Committee requested an amendment from the filer. The Committee also followed up with filers whose PTRs indicated non-compliance with applicable law, such as impermissible participation in an Initial Public Offering or late filing of the PTR. Where the Committee found that a Member or staff person had violated a provision of the STOCK Act, the Committee determined the appropriate remedy for the violation.

#### **IV. COMMITTEE RULES**

On February 15, 2011, the Committee met and adopted the initial set of Committee rules for the 112<sup>th</sup> Congress. The substance of the initial set of Committee rules was largely identical to those adopted for the 111<sup>th</sup> Congress, except they were changed to reflect the Committee's new name, in conformance with changes that had been made to the House rules for the 112<sup>th</sup> Congress. Subsequently, on May 18, 2012, the Committee met and adopted a revised set of Committee rules. The May 2012 revisions amended Committee Rule 4 to authorize the Committee to review periodic transaction reports as required by the Stop Trading On Congressional Knowledge (STOCK) Act, and amended Committee Rule 9 to change the quorum requirements of the Committee for the purpose of taking testimony or receiving evidence, from six to two Members. Copies of the February 2011 and amended May 2012 Committee rules are included as Appendices II and III, respectively, to this Report.

On July 7, 2011, the Committee formed a working group to assess the Committee's rules and procedures. The rules working group issued a report to the Committee on November 15, 2012. The rules working group's report suggested various changes to the Committee rules,

primarily focused on the Committee's investigative and adjudicative procedures. As a result of the efforts of the working group, the Committee met and adopted new Committee rules on December 19, 2012. Numerous changes were made to the Committee's investigative rules at that time, including changes to Committee rules 17A, 18, 19 and 23. These changes were made either to bring the Committee rules in greater conformity with the House Rules, or to make the Committee's adjudicatory process more fair and efficient. A copy of the amended December 2012 Committee Rules are included as Appendix IV to this Report.

## V. INVESTIGATIONS

Article 1, Section 5 of the Constitution grants each chamber of Congress the power to "punish its Members for disorderly Behaviour, and, with the Concurrence of two thirds, expel a Member." The Committee is designated by House Rule as the body which conducts the investigative and adjudicatory functions which usually precede a vote by the full House regarding such punishment or expulsion. House Rule XI, Clause 3, as well as Committee Rules 13 through 28, describe specific guidelines and procedures for the exercise of that authority.

Beginning prior to the current Congress, allegations had been raised that the public caseload of the Committee represented a racial disparity that was not in line with the general population of the House of Representatives. In the 112<sup>th</sup> Congress, under the leadership of the Chairman and Ranking Member, the Committee sought to take those allegations seriously, through study and discussion. The Committee began with the understanding that the public caseload, most of which had begun in prior congresses, consisted almost entirely of matters required to be made public as they were referred by the Office of Congressional Ethics. However, the Committee did not rest on that fact alone. In fact, many investigative matters pending before the Committee may not be publicly disclosed. The Committee, therefore,

considered the broader but necessarily confidential caseload, which did not reflect the same alleged disparity. The Committee as a whole had several collegial discussions and the staff took steps to ensure they are aware of the potential for bias, and that they remain vigilant to ensure that every case is handled only on the merits and is consistent, in relevant ways, with House and Committee precedent. No matter these numbers, however, the Chairman, Ranking Member, and the entire Committee remained absolutely committed to insuring integrity in the Committee's operations and fairness to the entire House community.

The Committee publicly addressed 27 investigative matters during the 112<sup>th</sup> Congress.

On September 1, 2010, and November 3, 2010, the Committee received referrals in three matters from the Office of Congressional Ethics (OCE) related to alleged improper fundraising activities and the House vote on H.R. 4173, by Representatives John Campbell, Tom Price, and Joseph Crowley, which was resolved by the Chairman and Ranking Member in the 112<sup>th</sup> Congress by releasing a staff report on January 26, 2011.

On May 18, 2011, the Committee received a referral from the OCE related to the alleged receipt of an impermissible gift by Representative Jean Schmidt.

On May 18, 2011, the Committee received a referral from the OCE related to the alleged receipt of an improper loan by Representative Gregory Meeks.

On May 18, 2011, the Committee received a referral from the OCE related to the alleged receipt of excess outside earned income by Michael Collins.

On May 18, 2011, the Committee received a referral from the OCE related to the alleged receipt of excess outside earned income by Gregory Hill.

On July 14, 2011, the Committee voted to reauthorize the Investigative Subcommittee for the 112<sup>th</sup> Congress that had been authorized during the 111<sup>th</sup> Congress in matters related to allegations against former Representative Eric Massa.

On July 20, 2011, the Committee voted to hire outside counsel to review, advise, and assist the Committee in the matter of Representative Maxine Waters.

On August 1, 2011, the Committee voted not to establish an Investigative Subcommittee with regard to the arrest of Representative Luis V. Gutierrez for failing to obey a lawful order of a police officer during a protest outside the White House.

On September 8, 2011, the Committee voted not to establish an Investigative Subcommittee with regard to the arrest of Todd Poole, an employee of the House, for driving while impaired and resisting an officer.

On October 13, 2011, after the withdrawal of a request for deferral from the Department of Justice, the Committee voted to end the deferral period in the matter of Representative Jesse Jackson, Jr., related to allegations that Representative Jackson, or an agent of Representative Jackson, may have offered to raise funds for then-Illinois Governor Rod Blagojevich in return for the appointment of Representative Jackson to the Illinois Senate seat vacated by President Barack Obama.

On October 13, 2011, the Committee received a referral from the OCE related to allegations of improper contributions to Representative Don Young's Legal Expense Fund.

On October 13, 2011, the Committee received a referral from the OCE related to alleged employment discrimination, unwelcome sexual advances, and unwelcome sexual conduct by Representative Alcee L. Hastings.

On November 3, 2011, the Committee voted to establish an Investigative Subcommittee to investigate the alleged improper use of official House resources and personnel for work related to campaign activities and other non-official purposes by Representative Laura Richardson and two members of her staff.

On November 8, 2011, the Committee received a referral from the OCE related to the alleged failure to report certain positions and unearned income on Financial Disclosure Statements by Representative Vern Buchanan.

On February 9, 2012, the Committee received a referral from the OCE related to allegations that Representative Vern Buchanan attempted to influence the testimony of a witness in a proceeding before the Federal Election Commission.

On February 9, 2012, the Committee received a referral from the OCE regarding Representative Shelley Berkley.

On March 20, 2012, the Committee voted not to establish an Investigative Subcommittee with regard to the arrests of four Members – Al Green, James P. McGovern, James P. Moran, and John W. Olver – for crossing a police line during a protest outside of the Embassy of Sudan.

On April 2, 2012, the Committee received a referral from the OCE related to the alleged use of campaign or leadership PAC funds for personal use by Representative Robert Andrews.

On June 28, 2012, the Committee received a referral from the OCE related to allegations that Representative Michael G. Grimm improperly solicited or received prohibited campaign funds, used his official position to obtain campaign contributions, and filed false campaign finance reports.

On August 30, 2012, the Committee received a referral from the OCE related to allegations regarding Representative William Owens.

On August 30, 2012, the Committee received a referral from the OCE related to allegations regarding Representative Aaron Schock.

On August 30, 2012, the Committee received a referral from the OCE related to the alleged use of campaign funds for personal use by Representative Silvestre Reyes.

On November 15, 2012, the Committee voted not to establish an Investigative Subcommittee with regard to the arrest of Joy Henrichs, an employee of the House, for driving under the influence.

On December 19, 2012, the Committee voted not to establish an Investigative Subcommittee with regard a charge filed against Representative Tim Ryan, for public intoxication.

On December 19, 2012, the Committee completed its review of allegations related to the “V.I.P.” program of the Countrywide Financial Corporation (Countrywide).

These investigative matters are described in more detail below. Copies of all of the Committee’s public statements related to these matters are included as Appendix V to this Report.

*Representatives John Campbell, Tom Price, and Joseph Crowley (In the Matter of Allegations Relating to Fundraising Activities and the House Vote on H.R. 4173)*

On September 1, 2010, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations of campaign fundraising by Representatives John Campbell and Tom Price that was connected to a mark-up and vote on financial regulation legislation. As part of the same investigation, the OCE referred the matter of Representative Joseph Crowley. However, in accordance with H. Res. 895, and Committee Rule 17A(i), the OCE waited to make its referral of findings until November 3, 2010, after the primary and general elections.

In all three matters, the OCE alleged that the Members' fundraising activities near the time that the House voted on H.R. 4173 (Wall Street Reform and Consumer Protection Act of 2009) on December 11, 2009, gave the appearance that special treatment or access was provided to campaign donors, or gave the appearance that campaign contributions were linked to an official act.<sup>1</sup>

On December 15, 2010, pursuant to Committee Rules 17A(b)(1)(A) and 17A(j), the then-Chair and then-Ranking Republican Member jointly decided to extend the matter of Representatives Campbell, Price, and Crowley.

On January 26, 2011, the Chairman and Ranking Member of the Committee for the 112<sup>th</sup> Congress issued a public statement and released the Report of the Committee's nonpartisan, professional staff. The Report concluded there was no violation of any House rule, or any law, rule, regulation or other standard of conduct by any of the three Members in relation to their fundraising and vote on the financial regulation legislation nor was there any appearance of impropriety.

The staff Report based its conclusions on the fact that each Member had employed a strict separation between all fundraising and legislative activities by hiring professional fundraising consultants to manage all aspects of fundraising events. These fundraising consultants had no interaction with the three Members or their legislative staff on legislative activities. The fundraising events were planned several months in advance, long before votes on the legislation at issue, and invitations to the fundraising events were not restricted to individuals associated with a particular industry. Each Member held consistent and well-established

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<sup>1</sup> As part of the same investigation, the OCE also recommended for dismissal the matters of Representatives Jeb Hensarling, Christopher Lee, Frank Lucas and Melvin L. Watt. The Committee took no further action in those matters.

legislative positions regarding H.R. 4173 long before and after any of the fundraising events cited in the OCE's Reports and Findings. Each Member's official acts relating to H.R. 4173 were based on significant legislative concerns, which did not stem from requests from campaign donors. The record showed that the timing for floor action on H.R. 4173 was in constant flux, and was not known with certainty until days before the vote occurred on December 11, 2009.

Accordingly, the Committee's staff concluded that the general characteristics of each Member's fundraising events exhibited no appearances of special access for attendees to the Members in their official capacity and the Members did not violate any House rule, or any law, rule, regulation or other standard of conduct. In their January 26 statement, the Chairman and Ranking Member jointly announced that no further actions would be taken.

*Representative Jean Schmidt*<sup>2</sup>

On May 18, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Jean Schmidt violated House Rules by accepting legal services from an outside entity without establishing a Legal Expense Fund and failing to report the legal services on her Financial Disclosure Statements for calendar years 2008 and 2009. The Committee conducted an investigation into the matter pursuant to Committee Rule 18(a).

On July 1, 2011, the Chairman and Ranking Member of the Committee jointly decided to extend the Committee's review of the OCE referral pursuant to House Rule XI, clause 3(a)(8)(A), and Committee Rules 17A(b)(1)(A) and 17A(c)(1). On August 1, 2011, following the conclusion of the Committee's review, the Committee unanimously voted to release a public

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<sup>2</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Jean Schmidt*, H. Rept. 112-195, 112<sup>th</sup> Cong. 1st Sess. (2011).

Report finding that Representative Schmidt did not knowingly violate any provision of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct with respect to the receipt of gifts. The Committee released its Report and the OCE's Report and Findings on August 5, 2011.

The Committee's Report found that, beginning in spring of 2009, Representative Schmidt was involved in litigation regarding statements made about her by an opponent in her 2008 re-election campaign. That dispute involved proceedings before an Ohio state agency, in Ohio state court, and in federal court. According to the OCE referral, Representative Schmidt received an impermissible gift from the Turkish Coalition of America (TCA) when lawyers provided legal services to Representative Schmidt in connection with the three matters and then sent bills for their fees to the TCA, which paid those bills on an ongoing basis. According to the OCE's referral, between 2008 and 2010, TCA paid Representative Schmidt's lawyers, who claimed to be acting as the Turkish American Legal Defense Fund (TALDF), a project of TCA, approximately \$500,000 for legal services provided to Representative Schmidt.

The Committee's review of the matter indicated that Representative Schmidt did, in fact, receive an impermissible gift from TCA as the OCE alleged, and therefore the Committee did not dismiss the OCE matter. However, the Committee found that Representative Schmidt's lawyers failed to inform her of their payment arrangement with TCA, and made false and misleading statements to her about their relationship with TCA and TALDF. Because Representative Schmidt did not know she was receiving a gift from TCA, the Committee determined that no sanction was appropriate in the case. However, the Committee concluded that the gift was impermissible, and thus required Representative Schmidt to disclose and repay the gift.

Through a letter to Representative Schmidt issued contemporaneously with the Committee's Report, the Committee directed Representative Schmidt to: (1) ensure that TCA did not pay for any further legal services on her behalf; (2) pay from a permissible source the lawyers associated with TALDF for all legal services they performed to date; (3) amend her 2009 and 2010 Financial Disclosure Statements to disclose the gifts from TCA; and (4) disclose any unpaid legal fees from TCA as liabilities on her future Financial Disclosure Statements, until the lawyers associated with TALDF have been repaid in full.

On August 16, 2011, after the Committee approved a request first submitted in 2009, Representative Schmidt established a Legal Expense Fund. On January 3, 2012, Representative Schmidt amended her 2009 and 2010 Financial Disclosure Statements. In August 2012, Representative Schmidt informed the Committee that she "had raised or personally paid approximately \$50,000" to divest herself of the improper gift. Representative Schmidt lost her primary election and the Committee will not have jurisdiction over her after January 3, 2013.

*Representative Gregory W. Meeks*<sup>3</sup>

On May 18, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Gregory W. Meeks failed to disclose a \$40,000 loan he received from Edul Ahmad (Ahmad loan) and that the Ahmad loan was and should have been disclosed as a gift on Representative Meeks' Financial Disclosure Statements for 2007, 2008, and 2009.<sup>4</sup> On July 1, 2011, the Chairman and Ranking Member

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<sup>3</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Gregory Meeks*, H. Rept. 112-709, 112<sup>th</sup> Cong. 2d Sess. (2012).

<sup>4</sup> In the same Report and Findings, the OCE referred for dismissal allegations that Representative Meeks accepted an improper loan from a private investment firm (investment firm loan). The OCE based its dismissal recommendation on its conclusion that the investment firm loan had all the "normal indicia of a legitimate loan," and was thus not an improper gift that would violate the House gift rule. On August 1, 2011, the Committee voted

announced that they had jointly decided to extend the Committee's review of the matter for a 45-day period pursuant to Committee Rules 17A(b)(1)(A) and 17A(c).

On August 1, 2011, the Committee released the OCE's Report and Findings and indicated that it would continue to review allegations related to the Ahmad loan pursuant to Committee Rule 18(a).

Based on its investigation, the Committee adopted a Report on December 18, 2012, which resolves the allegation regarding the Ahmad loan. The Committee unanimously determined, based on the Committee's review of this allegation, that Representative Meeks failed to disclose the Ahmad loan as a liability on his 2007, 2008, and 2009 Financial Disclosure Statements. The Committee found no credible evidence that the errors were knowing or willful.

Although it was not the basis of the OCE referral, the Committee also investigated the allegation that the Ahmad loan was not accompanied by a written document and stated loan terms, and constituted an impermissible gift. The Committee determined that the evidence did not establish that the Ahmad loan was an impermissible gift.

Accordingly, on December 18, 2012 the Committee unanimously voted to adopt a Report concluding this matter. On December 20, 2012, the Committee transmitted its Report to the House of Representatives.

#### *Michael Collins*<sup>5</sup>

On May 18, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that, in 2009, Michael Collins, an employee of the

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unanimously to dismiss the allegation regarding the investment firm loan based on the evidence that the loan was commercially reasonable.

<sup>5</sup> Committee on Ethics, *In the Matter of Allegations Relating to Michael Collins*, H. Rept. 112-193, 112<sup>th</sup> Cong. 1st Sess. (2011).

House, may have received outside income in excess of the outside earned income limit applicable to senior staff, and that Mr. Collins failed to report outside income on his annual Financial Disclosure Statements and federal income tax returns. On July 1, 2011, the Chairman and Ranking Member of the Committee jointly decided to extend the Committee's review of the OCE referral pursuant to House Rule XI, clause 3(a)(8)(A), and Committee Rules 17A(b)(1)(A) and 17A(c)(1).

The Committee conducted an investigation into the matter pursuant to Committee Rule 18(a). At the conclusion of its investigation, the Committee unanimously determined that Mr. Collins failed to report outside income he had earned from 2005 through 2010 on both his annual Financial Disclosure Statements and his federal income taxes for each year. The Committee also found that, in 2009, Mr. Collins received an excess of \$450 of outside earned income that he repaid in 2011 in order to disgorge himself of the excess outside earned income. Mr. Collins agreed to waive all further procedural steps and rights he may have been entitled to under House and Committee Rules and to accept certain sanctions and remedies. Mr. Collins agreed to accept the findings of the Committee, accept a Letter of Reproval from the Committee for his actions, pay a \$1,000 fine, amend his Financial Disclosure Statements and federal income tax returns for 2005 through 2010, and pay any taxes or penalties owed. Accordingly, on August 1, 2011, the Committee unanimously voted to adopt a Report concluding this matter. On August 5, 2011, the Committee transmitted its Report to the House of Representatives.

*Gregory Hill*<sup>6</sup>

On May 18, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that, in 2009, Gregory Hill, an employee of the House, may have received outside income in excess of the outside earned income limit applicable to senior staff, and that Mr. Hill failed to properly report the actual amount of such income on his 2009 Financial Disclosure Statement. On July 1, 2011, the Chairman and Ranking Member of the Committee jointly decided to extend the Committee's review of the OCE referral pursuant to House Rule XI, clause 3(a)(8)(A), and Committee Rules 17A(b)(1)(A) and 17A(c)(1).

The Committee conducted an investigation into the matter pursuant to Committee Rule 18(a). At the conclusion of its investigation, the Committee unanimously determined that, in 2009, Mr. Hill did in fact receive outside income that exceeded the outside earned income limit for senior staff. However, the Committee determined that Mr. Hill had taken several steps to ensure that his outside income remained within the authorized amount for senior staff. In addition, the Committee found that Mr. Hill's outside employer was responsible for the clerical error which led to Mr. Hill's receipt of outside income that exceeded the limit for senior staff. Further, the Committee determined that when Mr. Hill learned of the error, he took corrective action and repaid the excess amount. Finally, while Mr. Hill did not report the amount actually received in 2009 on his 2009 Financial Disclosure Statement, the Committee found that he relied upon information provided by the outside employer, including official wage and earnings statements to complete his Financial Disclosure Statement and that the information supplied to him was incorrect without his knowledge. The Committee found that because Mr. Hill had

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<sup>6</sup> Committee on Ethics, *In the Matter of Allegations Relating to Gregory Hill*, H. Rept. 112-194, 112<sup>th</sup> Cong. 1st Sess. (2011).

repaid the excess amount, making the total received for 2009 below the limit, no further action was necessary. Accordingly, on August 1, 2011, the Committee unanimously voted to adopt a Report concluding this matter. On August 5, 2011, the Committee transmitted its Report to the House of Representatives.

*Matters related to allegations against former Representative Eric Massa*

On July 14, 2011, the Committee voted to re-authorize an Investigative Subcommittee for the 112<sup>th</sup> Congress that had been previously authorized during the 111<sup>th</sup> Congress for the matter involving former Representative Eric Massa. The Investigative Subcommittee was again charged with conducting a full and complete inquiry into whether any Member, officer, or employee, in the performance of the duties or the discharge of the responsibilities of such individual: (1) had personal knowledge of actual or alleged conduct by Representative Massa that violated a law, rule, regulation, or other standard of conduct applicable to his conduct in the performance of his duties; (2) failed properly to report or fully disclose any such actual or alleged conduct on the part of Representative Massa; (3) had a duty to pursue or call attention to such allegations of misconduct; or (4) misappropriated, or otherwise fraudulently or improperly distributed or received, monies or other payments, all of the foregoing in violation of any law, rule, regulation or other standard of conduct.

Each of the Members who had initially served on the Investigative Subcommittee in the 111<sup>th</sup> Congress was reappointed in the 112<sup>th</sup> Congress. Representative Jo Bonner, the Chairman of the Committee on Ethics, served as Chairman of the Investigative Subcommittee. Representative Zoe Lofgren served as the Ranking Member. The other two members of the subcommittee were Representative Michael Conaway and Representative Ben Chandler.

As of the conclusion of the 112<sup>th</sup> Congress, the Investigative Subcommittee had not completed its investigation into the matter under its jurisdiction.

*Representative Maxine Waters*<sup>7</sup>

On July 24, 2009, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Maxine Waters violated House Rule XXIII, clause 3 and House precedent regarding conflicts of interest when she called the then-Treasury Secretary and requested that Treasury Department officials meet with representatives from the National Bankers Association. The OCE alleged that this meeting focused on a single bank—OneUnited Bank (OneUnited)—in which Representative Waters' husband held stock and for which he had previously served on the Board of Directors.

On October 29, 2009, following an investigation by Committee staff pursuant to authority granted by the Chairman and Ranking Member under Committee Rule 18(a), the Committee established an Investigative Subcommittee (ISC). During the course of the investigation, the ISC (in the 111<sup>th</sup> Congress) issued 11 subpoenas, interviewed 13 witnesses, and reviewed more than 1,300 pages of documents.

In the spring of 2010, the ISC came to an agreement to release a Report critical of some conduct in the matter, but recommending no further action or sanction. However, the former Chief Counsel and Staff Director advised the Committee that the rules did not permit an ISC to issue a Report that was critical of a Member without adopting a Statement of Alleged Violation (SAV) and providing the Respondent with the opportunity for an adjudicatory hearing under the rules for an Adjudicatory Subcommittee.

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<sup>7</sup> Committee on Ethics, *In the Matter of Representative Maxine Waters*, H. Rept. 112-690, 112<sup>th</sup> Cong. 2d Sess. (2012).

Subsequently, on June 15, 2010, the ISC adopted an SAV alleging three counts of misconduct: violations of clauses 1 and 3 of the House Code of Official Conduct (House Rule XXIII), and paragraph 5 of the Code of Ethics for Government Service. The ISC transmitted the SAV to the full Committee on July 28, 2010. Shortly thereafter, the Committee established an Adjudicatory Subcommittee (ASC) to conduct a hearing on the SAV.

On October 7, 2010, the Chair of the ASC scheduled a hearing in Representative Waters' matter for November 21, 2010. On or about October 12, 2010, the Committee postponed the date of the hearing by one week, until November 29, 2010.

On November 15, 2010, two weeks before the hearing was to occur, staff submitted a formal motion to the ASC to recommit the matter to the ISC, on the grounds that staff had obtained new evidence in the matter. On November 18, 2010, the ASC voted to recommit the matter to the ISC.

By the end of the 111<sup>th</sup> Congress, the Committee recognized the need to hire Outside Counsel to complete this matter. However, the need to reconstitute the Committee's staff in the 112<sup>th</sup> Congress delayed the resolution of Representative Waters' matter by, among other things, delaying the retention of Outside Counsel. The Committee ultimately retained attorney Billy Martin to serve as Outside Counsel on July 20, 2011.

The Committee's first charge to Outside Counsel was a thorough review of serious allegations regarding the Committee's own conduct in this matter. Those allegations included charges that the Committee and its staff had violated Representative Waters' due process rights in several respects during the course of the Committee's investigation. Mr. Martin thus conducted an extensive review of allegations raised by both Representative Waters and the Committee itself, which included a document review comprising more than 100,000 pages,

interviews of 26 witnesses, including all Members of the Committee from the 111<sup>th</sup> Congress as well as all current and former staff with knowledge of the relevant issues, and a significant and thorough analysis of the relevant legal issues. The vast majority of this review took place between July 2011 and the end of 2011. However, one significant witness, refused to testify without the issuance of a subpoena, and then indicated an intention to assert the Fifth Amendment privilege when the subpoena was issued. The witness did ultimately provide testimony, but the witness's recalcitrance delayed the completion of the first phase of Outside Counsel's review by at least four months.

On February 17, 2012, based on the advice received from Outside Counsel, six Members of the Committee for the 112<sup>th</sup> Congress—the Chairman, the Ranking Member, and all current Committee Members who also served on the Committee during the 111<sup>th</sup> Congress—voluntarily requested recusal from this matter. Further, all current Committee staff who were involved in Representative Waters' matter in the 111<sup>th</sup> Congress were recused from the matter.

Outside Counsel did not find any evidence of wrongdoing by any Member of the Committee, and no Member requested recusal because of any such wrongdoing. Instead, the Members requested recusal because:

- 1) They believed that, out of an abundance of caution and to avoid even an appearance of unfairness, their voluntary recusal would eliminate the possibility of questions being raised as to the partiality or bias of Committee Members considering this matter;
- 2) They wanted to assure the public, the House, and Representative Waters that this investigation was continuing in a fair and unbiased manner; and

- 3) They wanted to move this matter forward in a manner that supported the greatest public confidence in the ultimate conclusions of this Committee.

On February 17, 2012, the Speaker of the House of Representatives, with input from the Minority Leader, appointed six substitute Committee members who were charged solely with resolving Representative Waters' matter. The six new Committee members, Representatives Bob Goodlatte, Mike Simpson, Steve LaTourette, Shelley Moore Capito, Tim Griffin, and John Sarbanes, joined the four members of the standing Committee who had no role in the investigation of Representative Waters' matter in the 111<sup>th</sup> Congress. These 10 Members were referred to as the "Waters Committee." Representative Goodlatte served as the acting Chairman and Representative John Yarmuth, of the standing Committee, served as the acting Ranking Member.

Upon completion of Outside Counsel's due process review, Outside Counsel submitted his conclusions from that review to the Waters Committee in May 2012. On June 6, 2012, the Acting Chairman and Acting Ranking Member of the Waters Committee wrote to Representative Waters, notifying her that upon the advice of Outside Counsel, the Waters Committee had unanimously found that none of the individual allegations raised regarding the conduct of Committee Members or staff, nor the totality of the circumstances of those claims, amounted to a deprivation of her due process rights.

Only upon conclusion of the first phase of the review was Outside Counsel authorized to conduct a *de novo* review of the actual substance of the allegations against Representative Waters. This review was similarly thorough; Outside Counsel reviewed all prior ISC and staff interview transcripts and all documents produced to the Committee, and also re-interviewed several key witnesses. Members of the Waters Committee also reviewed many of these ISC and

staff interview transcripts and key documents. Finally, after providing Representative Waters and her chief of staff the opportunity to appear before the Committee, the Waters Committee held a public hearing on September 21, 2012. The Committee heard Representative Waters' chief of staff's testimony and fully considered it.

Based on the work of Outside Counsel, the Waters Committee's own evaluation of that work, and Representative Waters' chief of staff's testimony at the public hearing, the Waters Committee made their own determinations with respect to Representative Waters and her chief of staff.

With respect to Representative Waters' actions to set up a meeting between the then-Treasury Secretary and representatives from the National Bankers Association—who were also associated with OneUnited—Outside Counsel concluded that Representative Waters reasonably believed, at the time she requested the meeting, that the attendees would be speaking on behalf of minority banks generally. While it appears that all of the minority bankers who attended the meeting were associated with OneUnited, and that OneUnited was alone in requesting substantial financial assistance from the Treasury Department at the meeting, the record indicates that Representative Waters did not have reason to know of either of these facts when she arranged the meeting. Accordingly, Outside Counsel recommended that the Waters Committee find that Representative Waters reasonably believed she was arranging the Treasury meeting on behalf of a broad class of minority banks, and that in doing so she did not violate any House rule, law, regulation, or other applicable standard of conduct. The Waters Committee unanimously agreed with Outside Counsel's recommendation.

Outside Counsel also reviewed allegations that Representative Waters' chief of staff took steps to assist OneUnited after Representative Waters realized that the bank made a request for

federal financial assistance from the Treasury Department and that, due to her significant financial interest in OneUnited, she had a conflict of interest regarding any efforts to provide specific financial assistance to OneUnited. Outside Counsel concurred in Representative Waters' determination that she had a conflict of interest with respect to OneUnited's request for specific financial assistance. Outside Counsel also recognized that the House Rules prohibit Members from doing anything through staff that the Rules prohibit them from doing directly. Further, longstanding Committee precedent holds Members responsible for the actions of their staff, when those actions are within the scope of the staff's official duties. Thus, Outside Counsel believed that if Representative Waters' chief of staff knowingly ignored Representative Waters' conflict of interest—after the conflict became clear—and facilitated OneUnited's request for federal financial assistance, Representative Waters could be responsible for violating House rules.

However, Outside Counsel recommended that the Committee find that the evidence did not establish that Representative Waters violated House Rules. As Outside Counsel's Report detailed, Representative Waters appeared to have recognized and made efforts to avoid a conflict of interest with respect to OneUnited. Accordingly, Outside Counsel recommended that the Waters Committee find that Representative Waters did not violate House Rules by failing to exercise adequate oversight of her chief of staff with respect to his work on behalf of OneUnited. The Waters Committee unanimously concurred with this conclusion.

Outside Counsel also analyzed the conduct of Representative Waters' chief of staff, who is also her grandson. Outside Counsel considered evidence that Representative Waters told her chief of staff of her conflict of interest with respect to OneUnited prior to September 19, 2008, the date on which the chief of staff sent the first of two emails that were unambiguously intended

to assist OneUnited specifically. Although Outside Counsel concluded that the evidence did not establish, to a clear and convincing level, that Representative Waters' chief of staff was directed not to work on OneUnited matters before September 19, 2008, Outside Counsel believed that there was evidence to support that finding, and informed the Waters Committee that, based on its own weighing of the evidence, the Waters Committee could reasonably make that determination.

Outside Counsel also considered evidence, including Representative Waters' own testimony, that suggested that Representative Waters' chief of staff knew or should have known—regardless of how and when Representative Waters instructed her chief of staff not to work on OneUnited matters—that Representative Waters had a significant financial interest in, and thus a potential conflict of interest with respect to, OneUnited. Outside Counsel recognized this evidence, but recommended that the record, standing alone, did not establish the conclusion to a clear and convincing standard. Outside Counsel thus deferred to the Waters Committee to weigh the credibility of the chief of staff's claimed ignorance of Representative Waters' financial interest in OneUnited, in light of the evidence to the contrary. The Waters Committee ultimately found that the totality of the evidence supported the conclusion that the chief of staff knew or should have known of Representative Waters' financial interest in OneUnited. Thus, the Waters Committee found that the chief of staff knew or should have known that Representative Waters had a conflict of interest with respect to specific actions to assist OneUnited, regardless of how and when Representative Waters informed him that she believed such a conflict existed.

Based on the foregoing findings, the Waters Committee voted unanimously to close its investigation regarding Representative Waters. However, the Waters Committee found that Representative Waters' chief of staff knew or should have known of Representative Waters' financial interest in OneUnited and her conflict of interest in taking official action on the bank's

behalf alone, and that the chief of staff thus violated House rules by taking specific actions that would accrue to the distinct benefit of OneUnited. Accordingly, the Committee unanimously voted to issue a Letter of Reprimand to Representative Waters' chief of staff for his conduct. On September 25, 2012, the Waters Committee issued its Report in the matter of Representative Waters, which included the final Report of Outside Counsel.

*Representative Luis V. Gutierrez*<sup>8</sup>

In accordance with the requirements of H. Res. 451, H. Res. 5, Section 4(d) and Committee Rule 18(e)(2), the Committee convened on August 1, 2011, to consider the arrest of Representative Luis V. Gutierrez for failure to obey a lawful order from a police officer during a protest outside the White House on July 26, 2011. Representative Gutierrez paid a \$100 fine and was released following his arrest. Payment of the fine ended legal proceedings in the District of Columbia with regard to the arrest.

After reviewing and considering this matter, the Committee voted against empanelling an Investigative Subcommittee related to the conduct of Representative Gutierrez. In reaching this decision, the Committee considered the scope and nature of the violation, and determined it to be one for which review by an Investigative Subcommittee was not required. On August 5, 2011, the Committee submitted a Report to the House of Representatives describing the facts and its findings regarding this matter.

*Representative Jesse Jackson, Jr.*

On August 6, 2009, the OCE referred to the Committee allegations regarding Representative Jesse Jackson, Jr. Pursuant to a request by the Department of Justice, the

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<sup>8</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Luis V. Gutierrez*, H. Rept. 112-192, 112<sup>th</sup> Cong. 1st Sess. (2011).

Committee voted on September 15, 2009, to defer investigation of the matter. On October 13, 2011, the Department informed the Committee that it would not request any further deferral of the Committee's investigation regarding Representative Jackson. The Committee then voted to end the deferral period on October 13, 2011. On October 18, 2011, the Chairman and Ranking Member jointly decided to extend the matter of Representative Jackson for a 45-day period pursuant to Committee Rules 17A(b)(1)(A) and 17A(c)(1). On December 2, 2011, the Chairman and Ranking Member released a public statement that, pursuant to Committee Rule 18(a), the Committee would continue to review the matter. On that same date, pursuant to Committee Rule 17A(c)(2), the Committee published OCE's Report and Findings relating to allegations against Representative Jackson.

Representative Jackson resigned from the House on November 21, 2012, and the Committee no longer has jurisdiction over him. As of that date the Committee had not completed its investigation into this matter.

#### *Todd Poole*<sup>9</sup>

In accordance with the requirements of Committee Rule 18(e)(2), the Committee convened on September 8, 2011, to consider the arrest of Todd Poole, an employee of the House, on August 11, 2011, in North Carolina for driving while impaired and resisting an officer. After reviewing and considering this matter, the Committee voted against empanelling an Investigative Subcommittee. In reaching this decision, the Committee considered the scope and nature of the violation, and determined it to be one for which review by an Investigative Subcommittee was not required. On September 9, 2011, the Committee submitted a Report to the House of Representatives describing the facts and its findings regarding this matter.

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<sup>9</sup> Committee on Ethics, *In the Matter of Todd Poole*, H. Rept. 112-203, 112<sup>th</sup> Cong. 1st Sess. (2011).

*Representative Don Young*<sup>10</sup>

On June 23, 2011, the OCE commenced a preliminary review of allegations that Representative Don Young had accepted contributions to his Legal Expense Fund (LEF) in excess of the limits established by applicable rules. Pursuant to its organizing resolution, the OCE was required to notify both Representative Young and the Committee that it had begun a preliminary review. In a letter dated July 6, 2011, Representative Young sought guidance from the Committee related to twelve \$5,000 contributions—the maximum contribution permitted—made to his LEF by twelve limited liability corporations (LLCs) located in Louisiana. Representative Young indicated that, prior to accepting the contributions, his office sought guidance from the LEF’s trustee, Gail R. Schubert, regarding whether contributions from companies that are separate legal entities and “operate under separate financial records” were subject to the same contribution limit. The trustee’s opinion was that such contributions were permissible and not subject to the same contribution limit if the companies were separate legal entities and operated under separate financial records.

On October 13, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Young may have accepted contributions to his LEF in excess of the \$5,000 per calendar year limit from any individual or organization.

On November 17, 2011, the Chairman and Ranking Member authorized an investigation pursuant to Committee Rule 18(a) to gather additional information related to the allegations in the OCE’s Report and Findings. The Committee also conducted a review of the advice generally given to individuals with LEFs in interpreting the Legal Expense Fund Regulations issued by the

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<sup>10</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Don Young*, H. Rept. 112-336, 112<sup>th</sup> Cong. 1st Sess. (2011).

Committee on June 10, 1996 (1996 LEF Regulations). Based on the information gathered during the 18(a) investigation, as well as the Committee's review of the advice generally given, on December 14, 2011, the Committee voted unanimously to resolve the issues surrounding Representative Young's outstanding request for guidance from the Committee and the allegations referred by the OCE, by issuing a letter to Representative Young and releasing a Report.

With respect to Representative Young's request for guidance from the Committee, the Committee, in guidance issued contemporaneously with the Report on December 20, 2011, determined that the \$5,000 contributions by the twelve Louisiana LLCs to Representative Young were permissible under the 1996 LEF Regulations issued by the Committee, and that the LEF's acceptance of those contributions did not violate House rules. The Committee also adopted revised LEF Regulations, issued contemporaneously with the Report, that provide clarity on several matters related to LEFs, including restrictions on contributions from multiple entities owned by the same individual or individuals. Those regulations are included in this Report in Appendix I.

The Committee also dismissed the allegations in the OCE referral. With respect to the referral from OCE, the Committee determined that, based on the 1996 LEF Regulations and long-standing Committee advice, multiple entities owned by the same individual or individuals were permitted to make contributions up to \$5,000 per entity if they were separate legal entities. The twelve Louisiana LLCs were separate legal entities and were separately registered with the Louisiana Secretary of State. Further, the entities provide separate and distinct products or services and were formed at different times. Based on those reasons, the Committee voted to dismiss OCE's referral.

*Representative Alcee L. Hastings*

On November 8, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Alcee L. Hastings may have violated House Rule XXIII, clause 1, and the Congressional Accountability Act, 2 U.S.C. §§ 1311(a), 1317(a), where he allegedly engaged in employment discrimination, unwelcome sexual advances, and unwelcome sexual conduct towards a staffer of the United States Commission on Security and Cooperation in Europe. The Committee released OCE's Report and Findings on January 11, 2012, and noted in a public statement that the Committee was continuing to review the allegations pursuant to Committee Rule 18(a).

As of the conclusion of the 112<sup>th</sup> Congress the Committee had not completed its investigation into this matter.

*Representative Laura Richardson*<sup>11</sup>

In October 2010, the Committee received complaints from several members of Representative Laura Richardson's staff in both her Washington, D.C., and Long Beach, California, offices, indicating that Representative Richardson required her staff to perform campaign work. Based on these complaints, the then-Chair and then-Ranking Republican Member of the Committee for the 111<sup>th</sup> Congress authorized Committee staff to conduct an inquiry into these allegations pursuant to Committee Rule 18(a). On October 15, 2010, Committee counsel notified Representative Richardson in writing of the inquiry and requested she make her staff and documents and records available to the Committee. During the 18(a)

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<sup>11</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Laura Richardson*, H. Rept. 112-642, 112<sup>th</sup> Cong. 2d Sess. (2012).

phase of the inquiry, Committee staff obtained documents from Representative Richardson and her staff and interviewed 17 witnesses, including members of Representative Richardson's staff.

On November 3, 2011, based on the results of the 18(a) investigation and the recommendation of Committee staff, the Committee empanelled an Investigative Subcommittee (ISC) to investigate allegations that Representative Richardson, as well as two members of her official staff, had (1) engaged in improper use of House resources for campaign, personal, and nonofficial purposes; and (2) improperly required or compelled official staff to perform campaign work.

At the completion of its investigation, the ISC unanimously concluded that there was substantial reason to believe that Representative Richardson had violated 31 U.S.C. § 1301; House Rule XXIII clauses 1, 2, and 8; clause 2 of the Code of Ethics for Government Service; and other standards of conduct, by improperly using House resources for campaign, personal, and nonofficial purposes; by requiring or compelling her official staff to perform campaign work; and by obstructing the investigation of the Committee and the ISC through the alteration or destruction of evidence, the deliberate failure to produce documents responsive to requests for information and a subpoena, and/or attempting to influence the testimony of witnesses.

On July 18, 2012, pursuant to a negotiated settlement with Representative Richardson, the ISC unanimously voted to adopt a Statement of Alleged Violation (SAV) against Representative Richardson. On July 26, 2012, the ISC submitted a Report to the full Committee unanimously recommending that the full Committee submit a public report to the House. The ISC further recommended that the adoption of that Report by the House would serve as a reprimand of Representative Richardson for her misconduct. Additionally, the ISC recommended that the Committee recommend that the House impose a fine on Representative

Richardson in the amount of \$10,000, to be paid no later than December 1, 2012. The ISC strongly discouraged Representative Richardson from permitting any of her official staff to perform work on her campaign (either on a paid or volunteer basis), but recommended to the Committee that, to the extent any of her official staff did perform work on her campaign in the future, that said staff be required to sign a waiver asserting that such work would be performed voluntarily and was not compelled by Representative Richardson. As part of the negotiated resolution, Representative Richardson agreed to waive all further procedural rights in the matter provided to her by House or Committee rules, and agreed to admit to all seven counts in the SAV, pay a \$10,000 fine by December 1, 2012, and accept all other terms of the ISC's recommendation.

As part of its investigation, the ISC also inquired as to the role of Representative Richardson's Chief of Staff, Shirley Cooks, and Deputy District Director, Daysha Austin, in this matter. Following its investigation, the ISC concluded that Ms. Cooks and Ms. Austin had required other members of Representative Richardson's staff to perform campaign work and had used House resources for campaign purposes. Pursuant to separate negotiated settlements, Ms. Cooks and Ms. Austin each agreed to waive all further procedural rights in the matter provided to them by House or Committee rules. The ISC then recommended that the Committee issue public letters of reproof to Ms. Cooks and Ms. Austin for their conduct. The Committee accepted this recommendation and issued public Letters of Reproof to Ms. Cooks and Ms. Austin on August 1, 2012.

On August 1, 2012, the Committee submitted to the House its Report regarding this matter, in which the Committee adopted the ISC's Report and all of its recommendations. Following debate before the full House, the House of Representatives adopted the Committee's

Report regarding Representative Richardson by unanimous consent on August 2, 2012, and thus reprimanded her for her use of official resources for campaign and personal purposes, and for obstruction of the Committee's investigation. By adopting the Committee's Report, the House of Representatives also imposed a \$10,000 fine on Representative Richardson, as recommended by the ISC and full Committee.

*Representative Vern Buchanan (Financial Disclosure Statements)*<sup>12</sup>

On November 8, 2011, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Vern Buchanan may have violated House Rule XXVI, clause 2, and the Ethics in Government Act, 5 U.S.C. app. 4 § 101 *et seq.*, by failing to properly list on his Financial Disclosure Statements for 2007 through 2010 certain positions with a number of entities, as well as certain income from those positions. Representative Buchanan amended his 2007 through 2010 Financial Disclosure Statements while the OCE conducted its investigation. On February 6, 2012, pursuant to Committee Rule 17A(c)(2), the Committee published the OCE's Report and Findings relating to allegations against Representative Buchanan.

After conducting an investigation of this matter pursuant to Committee Rule 18(a), the Committee issued a Report on July 10, 2012, in which it unanimously concluded that Representative Buchanan did not report on his Financial Disclosure Statements for 2007, 2008, 2009, and 2010, in complete and accurate detail, all of the positions or ownership interests he held with several entities and that he did not accurately report certain income received from those same entities in the same years. However, the Committee also unanimously determined

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<sup>12</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Vernon G. Buchanan*, H. Rept. 112-588, 112<sup>th</sup> Cong. 2d Sess. (2012).

that these errors and omissions were not substantively different from the hundreds or thousands of errors and omissions corrected by amendment at the requirement of the Committee every year. Because Representative Buchanan had remedied the errors and omissions by his subsequent amendments, the Committee determined that no further action was warranted in this matter.

*Representative Vern Buchanan (Campaign Finance/Witness Tampering)*

On February 9, 2012, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Vern Buchanan may have violated 18 U.S.C. §§ 201, 1505, and 1512, as well as House Rule XXIII, clause 1, by making the settlement of a lawsuit against a former business partner contingent on the business partner signing a false affidavit to be filed with the Federal Election Commission. The Committee released the OCE's Report and Findings on May 9, 2012, and noted in a public statement that the Committee was continuing to review the allegations pursuant to Committee Rule 18(a).

As of the conclusion of the 112<sup>th</sup> Congress the Committee had not completed its investigation into this matter.

*Representative Shelley Berkley<sup>13</sup>*

On February 9, 2012, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Shelley Berkley used her official position for personal gain and violated conflict of interest precedent by taking official action on behalf of the University Medical Center of Southern Nevada (UMC) Kidney Transplant Program in order to prevent the Centers for Medicare and Medicaid Services (CMS)

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<sup>13</sup> Committee on Ethics, *In the Matter of Allegations Relating to Representative Shelley Berkley*, H. Rept. 112-716, 112<sup>th</sup> Cong. 2d Sess. (2012).

from terminating the program's Medicare approval. On March 23, 2012, the Chairman and Ranking Member issued a public statement and jointly extended the matter referred by the OCE for an additional 45 days. Prior to the end of the second 45-day period, on June 29, 2012, the full Committee voted unanimously to empanel an Investigative Subcommittee to investigate allegations that Representative Shelley Berkley improperly used her official position for her financial interest, dispensed special favors or privileges to her husband, and allowed her husband to contact her or members of her staff on behalf of a third party.

The ISC unanimously concluded that the information it obtained indicated that Representative Berkley violated House Rules, regulations, laws or other standards of conduct when she permitted her office to take official action specifically on behalf of her husband's practice. However, the ISC did not find that Representative Berkley violated any such rules or laws when she intervened on behalf of UMC in an effort to prevent CMS from terminating Medicare approval of UMC's kidney transplant program, or when she permitted her husband to contact her office on behalf of other business entities, fellow members of a professional association, or other third parties seeking official action. The ISC adopted its Report on December 13, 2012, and transmitted it to the full Committee on the same day. In its Report, the ISC noted that Representative Berkley was entirely cooperative with the investigation, and credited her testimony both in terms of candor, and in terms of her objective lack of malicious intent in violating the rules.

On December 20, 2012, after providing Representative Berkley with a copy of the ISC's Report and inviting her to a hearing before the full Committee, the Committee unanimously adopted its own Report. In its Report, the Committee adopted the ISC's Report and accepted the

ISC's recommendations. On December 20, 2012, the Committee submitted its Report to the House and closed this matter.

*In the Matter of the Sudanese Embassy Protest Arrests*<sup>14</sup>

In accordance with the requirements of H. Res. 451, H. Res. 5, Section 4(d) and Committee Rule 18(e)(2), the Committee convened on March 20, 2012, to consider the arrests of four Members— Representatives Al Green, James P. McGovern, James P. Moran, and John W. Olver— for crossing a police line during a protest outside the Embassy of Sudan on March 16, 2012. Each of the four Members paid a \$100 fine on the date of their arrest. Payment of the fine ended legal proceedings in the District of Columbia with regard to each arrest.

After reviewing and considering this matter, the Committee voted against empanelling an Investigative Subcommittee. In reaching this decision, the Committee considered the scope and nature of the violation, and determined it to be one for which review by an Investigative Subcommittee was not required. On March 22, 2012, the Committee submitted a Report to the House of Representatives describing the facts and its findings regarding this matter.

*Representative Robert E. Andrews*

On April 2, 2012, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Robert Andrews converted funds from his principal campaign committee and leadership political action committee (PAC) to personal use by paying for trips to Scotland and to California with family members from campaign and leadership PAC funds. Committee Rule 17A(j) provides that the Committee may postpone any reporting requirement related to an OCE referral that falls within that 60-day

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<sup>14</sup> Committee on Ethics, *In the Matter of Regarding Arrests of Members of the House During a Protest Outside the Embassy of Sudan in Washington, DC, on March 16, 2012*, H. Rept. 112-419, 112<sup>th</sup> Cong. 2d Sess. (2012).

period until after the date of the election in which the subject of the referral is a candidate. Representative Andrews was on the primary ballot in June 2012. Therefore, the announcement that the Chairman and Ranking Member jointly decided to extend the matter of Representative Andrews for a 45-day period pursuant to Committee Rules 17A(b)(1)(A) and 17A(j) was postponed until July 17, 2012. On August 31, 2012, the Chairman and Ranking Member released a public statement that, pursuant to Committee Rule 18(a), the Committee would continue to review the matter. On that same date, pursuant to Committee Rule 17A(c)(2), the Committee published OCE's Report and Findings relating to allegations against Representative Andrews.

As of the conclusion of the 112<sup>th</sup> Congress, the Committee had not completed its investigation into this matter.

*Representative Michael G. Grimm*

On June 29, 2012, the OCE forwarded to the Committee a Report in which it recommended dismissal of allegations that Representative Michael G. Grimm violated federal campaign finance laws, where he allegedly solicited and accepted prohibited campaign contributions, including contributions in excess of contribution limits, excessive cash contributions, contributions from foreign nationals, and contributions made in the name of another. The OCE's Report contained additional allegations that Representative Grimm had filed false information in his campaign finance reports to the Federal Election Commission, and that he may have improperly sought assistance from a foreign national in soliciting campaign contributions in exchange for offering to use his official position to assist that individual in obtaining a green card. The OCE recommended dismissal because it "could not establish with

sufficient certainty that a violation occurred after Representative Grimm became a Member of Congress.”

On November 15, 2012, the Committee unanimously voted to continue to affirm jurisdiction over matters relating to a successful campaign for election to the House of Representatives. The Committee had previously taken this position with respect to its jurisdiction in other matters similar to these allegations, where Members had allegedly violated laws, rules, or standards of conduct when conducting their initial campaign for the House.<sup>15</sup> Because the Committee disagreed with the OCE’s conclusion regarding its jurisdiction, the Committee decided to investigate the matter pursuant to Committee Rule 18(a). However, just before the Committee would have been required to issue the report of the OCE, the Department of Justice requested that the Committee defer its consideration of this matter. The Committee agreed to do so and, consistent with House and Committee Rules, publicly announced the deferral on November 26, 2012.

As of the conclusion of the 112<sup>th</sup> Congress the Committee had not completed its investigation into this matter.

*Representative William L. Owens*

On August 30, 2012, the OCE referred to the Committee allegations regarding Representative William L. Owens. On December 14, 2012, the Chairman and Ranking Member jointly decided to extend the matter of Representative William Owens for a 45-day period pursuant to Committee Rules 17A(b)(1)(A) and 17A(j).

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<sup>15</sup> See, e.g., House Committee on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rept. 107-130, 107<sup>th</sup> Cong. 1st Sess. (2001); House Committee on Standards of Official Conduct, *In the Matter of Representative Jay Kim*, H. Rept. 105-797, 105<sup>th</sup> Cong. 2d Sess. at 6, 677 (1998).

*Representative Aaron Schock*

On August 30, 2012, the OCE referred to the Committee allegations regarding Representative Aaron Schock. On December 14, 2012, the Chairman and Ranking Member jointly decided to extend the matter of Representative Aaron Schock for a 45-day period pursuant to Committee Rules 17A(b)(1)(A) and 17A(j).

*Representative Silvestre Reyes*

On August 30, 2012, the OCE forwarded to the Committee a Report and Findings in which it recommended further review of allegations that Representative Silvestre Reyes violated 31 U.S.C. § 1301, 18 U.S.C. § 607, 2 U.S.C. § 439a(b)(1), 11 C.F.R. § 113.1(g)(1)(i)(E), and House Rule XXIII, clause 6(b), where public records indicated that Representative Reyes may have held campaign meetings on House property, and that he may have improperly used campaign funds to pay for certain expenses related to his daughter's residence. The Committee released OCE's Report and Findings on November 28, 2012.

As of the conclusion of the 112<sup>th</sup> Congress, the Committee had not completed its investigation in this matter. Representative Reyes lost his primary election and the Committee will not have jurisdiction over him after January 3, 2013.

*Joy Henrichs*<sup>16</sup>

In accordance with the requirements of Committee Rule 18(e)(2), the Committee convened on November 15, 2012, to consider the arrest of Joy Henrichs, an employee of the House, on August 16, 2012, in Virginia for driving under the influence. After reviewing and considering this matter, the Committee voted against empanelling an Investigative

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<sup>16</sup> Committee on Ethics, *In the Matter of Joy Henrichs*, H. Rept. 112-696, 112<sup>th</sup> Cong. 2d Sess. (2012).

Subcommittee. In reaching this decision, the Committee considered the scope and nature of the violation, and determined it to be one for which review by an Investigative Subcommittee was not required. On November 16, 2012, the Committee submitted a Report to the House of Representatives describing the facts and its findings regarding this matter.

*Representative Tim Ryan*<sup>17</sup>

In accordance with the requirements of H. Res. 451, H. Res. 5, Section 4(d) and Committee Rule 18(e)(2), the Committee convened on December 19, 2012, to consider the charge filed against Representative Tim Ryan on August 25, 2012, in Virginia for public intoxication. On December 4, 2012, Representative Ryan was found not guilty of the charge. After reviewing and considering this matter, the Committee voted against empanelling an investigative subcommittee. In reaching this decision, the Committee considered the scope and nature of the violation, and determined it to be one for which review by an investigative subcommittee was not required. On December 20, 2012, the Committee submitted a report to the House of Representatives describing the facts and its findings regarding this matter.

*Countrywide Financial Corporation*

On December 19, 2012, the Committee completed its review of allegations related to the “V.I.P.” program of the Countrywide Financial Corporation (Countrywide). On December 27, 2012, the Chairman and Ranking Member issued a public statement regarding the resolution of this matter as well as a general advisory to Members and employees regarding the use of one’s position in the House of Representatives for personal gain or benefit.

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<sup>17</sup> Committee on Ethics, *In the Matter of Representative Tim Ryan*, H. Rept. 112-710, 112<sup>th</sup> Cong. 2d Sess. (2012).

Numerous allegations were made that certain Members and employees of the House of Representatives acted improperly when they received “discounts” on personal residential or vacation property loans, or when their loan applications were handled by an office within Countrywide called the “V.I.P Loan Unit,” or handled as “Friends of Angelo,” referring to Angelo Mozilo, the former CEO of Countrywide. In addition, the evidence suggested that certain House employees made explicit requests to Countrywide lobbyists or spoke to a Countrywide lobbyist about their personal loan needs, and that the lobbyists then facilitated those loans.

While these allegations concern serious matters, almost all of the allegations concerned actions taken outside, or well outside, the jurisdiction of this Committee, as designated in House Rule XI, clause 3(b)(3), because they occurred before the third Congress prior to the current Congress. In addition, several of the Members and employees mentioned in the allegations are no longer serving in or employed by the House, and therefore are outside the Committee’s jurisdiction pursuant to House Rule XI, clause 3(a)(2).

After a lengthy and deliberate review, including more than 2,000 of pages of documentation provided by Countrywide or its successor, Bank of America, as well as giving careful and serious consideration to the submission and reports of the Chairman of the Committee on Oversight and Government Reform, the Committee unanimously agreed to end its review with the publication of a statement and the issuance of a general advisory. That general advisory is reprinted in Appendix I and is available on the Committee’s web site.

*Other Committee investigative actions*

In addition to the publicly disclosed matters discussed in this Report, the Committee either commenced review of, or continued to review from the 111<sup>th</sup> Congress, 69 investigative matters. Of these 69 matters which remain confidential, 42 were resolved in the 112<sup>th</sup> Congress.