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ONE HUNDRED TWELFTH CONGRESS

U.S. House of Representatives

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STATEMENT OF THE CHAIRMAN AND RANKING MEMBER OF THE COMMITTEE ON ETHICS REGARDING REPRESENTATIVE JEAN SCHMIDT

Pursuant to Committee Rule 7(d) and 7(g), the Committee on Ethics (Committee) determined on August 1, 2011, to release the following statement:

On May 18, 2011, the Committee received a referral from the Office of Congressional Ethics (OCE) regarding Representative Jean Schmidt. The Committee, pursuant to Committee Rule 18(a), conducted a further review of the matter as recommended by OCE. Following the conclusion of the Committee's further review, the Committee unanimously voted on August 1, 2011, to release a public 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.

Since the spring of 2009, Representative Schmidt has been involved in litigation regarding statements made about her by an opponent in her 2008 re-election campaign. That dispute has 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 at least three related matters and then sent bills for their fees to the TCA, which paid those bills on an ongoing basis. According to OCE's referral, between 2008 and 2010 TCA actually paid her 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. Neither the Committee nor, according to the evidence, Representative Schmidt was aware of these payments when the Committee previously provided advice to Representative Schmidt regarding her options for paying legal fees in the various proceedings.

The Committee's review of the matter indicated that Representative Schmidt did, in fact, receive an impermissible gift from TCA as OCE has alleged, and therefore the Committee did not dismiss the OCE matter. However, the Committee has 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 has

determined that no sanction is appropriate in this case. However, the gift was impermissible, and Representative Schmidt must now disclose and repay the gift. Representative Schmidt has worked in good faith with the Committee since September 2009 to determine the appropriate ways to pay her lawyers.

Through a letter to Representative Schmidt issued contemporaneously with the Committee's Report, the Committee has given her guidance on how to appropriately repay the bills which were paid by TCA. In sum, Representative Schmidt must: 1) ensure that TCA does 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. This remedy requires any attorney who was actually paid with TCA funds to first agree that they will repay the fees TCA originally paid to them.

Pursuant to Committee Rule 17A(c)(2), the Committee on Ethics hereby publishes the attached Report, which includes OCE's Report and Findings regarding Representative Schmidt and Representative Schmidt's response.

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