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ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515-6328

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STATEMENT OF THE CHAIR AND RANKING REPUBLICAN MEMBER OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT REGARDING ITS REPORT IN THE MATTER OF REPRESENTATIVE LAURA RICHARDSON

July 1, 2010

FOR IMMEDIATE RELEASE

Pursuant to Committee Rules 7(d) and 7(g), the Committee on Standards of Official Conduct (Standards Committee) determined on June 30, 2010, to release the following statement:

Based on the findings and conclusions of the Investigative Subcommittee following a thorough seven-month investigation, the Standards Committee unanimously voted to dismiss its review of the allegations regarding Representative Richardson that were referred to the Standards Committee by the Office of Congressional Ethics (OCE). Representative Richardson did not knowingly accept a gift from Washington Mutual Bank (Washington Mutual) or violate any applicable standard of conduct in connection with the purchase of, foreclosure on, rescission of foreclosure sale for, or modification of loan terms for a residential property she owns in Sacramento, California. In addition, Representative Richardson did not violate the Ethics in Government Act (EIGA) in connection with her financial disclosure statements relating to her California properties.

On October 29, 2009, the Standards Committee, in accordance with clause 3 of House Rule XI and Standards Committee Rules 14(a)(6), 17A(f), and 19, unanimously voted to establish an investigative subcommittee to determine whether Representative Laura Richardson violated the Code of Official Conduct or any law, rule, regulation or other standard of conduct applicable to her conduct in the performance of her duties or the discharge of her responsibilities by failing to disclose certain real property, income and liabilities on her financial disclosure forms (and amendments thereto) and whether Representative Richardson received an impermissible "gift" or received preferential treatment from her lender relating to the foreclosure, rescission of the foreclosure sale, or loan modification agreement for or relating to her property in Sacramento, California. This followed a referral from the Office of Congressional Ethics (OCE) regarding this matter, which was forwarded to the Standards Committee on August 6, 2009. Prior to establishing the Investigative Subcommittee, the Standards Committee conducted an initial investigation into the matter pursuant to Standards

Committee Rule 18(a), during which the Standards Committee authorized the issuance of three subpoenas.

The Investigative Subcommittee conducted a thorough seven-month investigation. The Investigative Subcommittee authorized the issuance of fourteen subpoenas; interviewed seven witnesses; and reviewed approximately seven thousand pages of documents. The Investigative Subcommittee also hired an independent consultant with experience in the mortgage industry to advise the Investigative Subcommittee. At the conclusion of the Investigative Subcommittee's investigation, the independent mortgage consultant reviewed the documents collected by the Investigative Subcommittee and the transcripts of the Investigative Subcommittee's interviews. Based on his review of the documents and interview transcripts, the mortgage consultant advised the Investigative Subcommittee as to whether the actions of Washington Mutual, the bank that granted Representative Richardson the loan to purchase her Sacramento, California property, were commercially reasonable practices within the mortgage industry.

Following its investigation, the members of the Investigative Subcommittee voted unanimously to adopt a report finding that Representative Richardson did not knowingly accept a gift from Washington Mutual or violate any applicable standard of conduct in connection with the purchase of, foreclosure on, rescission of foreclosure sale for, or modification of loan terms for a residential property she owns in Sacramento, California. In addition, the Investigative Subcommittee found that Representative Richardson did not violate the Ethics in Government Act in connection with her financial disclosure statements relating to her California properties. The Investigative Subcommittee recommended that the Standards Committee refer the matter involving the mortgage broker used in connection with the purchase of Representative Richardson's Sacramento property, who during the course of the investigation admitted to knowingly submitting fraudulent information, without Representative Richardson's knowledge, to Washington Mutual in connection with her mortgage application, to the Justice Department for such action as the Department deems necessary and appropriate.

The Investigative Subcommittee presented its report to the Standards Committee. On June 30, 2010, in accordance with clause 3 of House Rule XI and Rules 19 and 21(a) of the Committee on Standards of Official Conduct, the Standards Committee unanimously voted to adopt the Report of the Investigative Subcommittee and to include that Report as part of the Standards Committee's Report to the House of Representatives on this matter. The Standards Committee also unanimously voted to refer the mortgage broker, Charles Thomas, to the Justice Department for further action as it deems necessary and appropriate. OCE's report and findings are contained within the Investigative Subcommittee's report.

The Standards Committee thanks the members of the Investigative Subcommittee for their hard work, dedication, and service to the Committee and to the House. Representative Ben Chandler served as Chair of the Investigative Subcommittee. Representative Gregg Harper served as Ranking Republican Member. Representatives Emmanuel Cleaver, II and Sue Myrick also served on the Subcommittee. Each of these members devoted substantial time and effort to the investigation, and the Committee thanks each of them for their service.