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March 30, 2022

Via email

The Honorable Theodore E. Deutsch, Chairman
The Honorable Jackie Walorski, Ranking Member
Committee on Ethics
1015 Longworth House Office Building
Washington, DC 20515

Re: OCE Review No. 21-3355

Dear Chairman Deutsch and Ranking Member Walorski:

On behalf of Representative Pat Fallon, this letter responds to the referral from the Office of Congressional Ethics (“OCE”) to the Committee on Ethics (the “Committee”) recommending further review of allegations regarding late-filed Periodic Transaction Reports (“PTR’s”). Representative Fallon respectfully requests that the Committee dismiss the referral and take no further action in this matter.

Representative Fallon is a first-term Member of Congress, having served previously in the Texas Senate and the Texas House of Representatives. As with many new Members of Congress, Rep. Fallon did not realize that Periodic Transaction Reports were required for broker-initiated transactions in his portfolio over which he had no active knowledge of the transactions. This is a common misconception, which, coupled with the overwhelming amount of information new Members and their staff receive at the beginning of their terms, often results in inadvertent late-filed PTR’s. Indeed, the Committee has acknowledged that inadvertent errors and omissions “are not uncommon” in financial disclosure statements.¹

Although Representative Fallon attended the financial disclosure briefings during his freshman orientation in November or December of 2020, it was not until late May or early June 2021, when discussing PTR’s with another Member, that he realized that PTR’s are

¹ See “*In the Matter of Allegations Relating to Representative Vernon G. Buchanan*, 112th Cong., 2nd Sess. (July 10, 2012) at 5.

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required to be filed within 45 days of a transaction. In the Texas legislature, where he served for eight years, financial transactions are reported on an annual basis, and Representative Fallon erroneously thought it was the same in Congress.

Immediately upon discovering this error, Representative Fallon took action to correct the record. In addition to affirmatively filing the PTR's covering all of the transactions dating back to when Representative Fallon was sworn in, he also immediately remitted payment to the House Clerk for the late-filed PTRs. He also put into place a new system for reviewing his transactions on a monthly basis and hired a compliance firm to conduct a thorough review of his records and processes. In the course of their review, they discovered additional items that have now also been properly reported. Upon completion of this process, we have verified that all information from Representative Fallon's financial statements that was required to be reported has been done completely and accurately.

Despite the fact that there was and is literally nothing to investigate here, OCE launched an unnecessary investigation at taxpayer expense and administrative burden. It was clear from the beginning of the inquiry that the outcome was predetermined and would result in a referral to the Committee. Despite that inevitable conclusion, Representative Fallon cooperated with OCE by providing them with all of the requested account statements and detailed narrative information. Nonetheless, OCE labeled the Congressman "uncooperative" and suggested that he did not provide the documents requested by OCE.

In sum, this was an entirely inadvertent oversight by a brand-new Member of Congress. As soon as he was aware of the issue, he conducted the due diligence required to completely and accurately correct the record by reporting the late transactions. He paid all fines owed and put a new system in place for future PTR tracking and filing. Given the nature of this matter and the surrounding facts, it is not at all clear *why* OCE decided to investigate it in the first place and then refer it to the Committee. There are many longtime Members of Congress who have far more extensive histories of late-filed PTR's, yet OCE did not launch needless investigations into their activities.

Representative Fallon of course will continue to work with the Committee to resolve any outstanding questions to the extent there are any, or to take additional actions the Committee recommends. We believe, however, that there are no such unresolved issues and this matter has already extended well beyond its logical conclusion. For that reason, Representative Fallon respectfully requests that the Committee dismiss the referral and take no further action in this matter.

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We appreciate your consideration of this response.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kate", with a stylized flourish extending to the right.

Kate Belinski