

WATKINS & EAGER

Attorneys and Counselors at Law

est. 1895

Mailing Address:
P.O. Box 650
Jackson, Mississippi 39205
Telephone: (601) 965-1900

Gregg Harper
Direct Dial: (601) 965.1890
E-mail: gharper@watkinseager.com

October 23, 2020

The Honorable Theodore E. Deutch, Chairman
The Honorable Kenny Marchant, Ranking Member
Committee on Ethics
United States House of Representatives
Washington, DC 20515

Re: Representative Steven Palazzo, OCE Review No. 20-2124

Dear Chairman Deutch and Ranking Member Marchant:

Please accept this as our response to the Report and Findings of the Office of Congressional Ethics ("OCE") in Review No. 20-2124 regarding Representative Steven Palazzo. We respectfully request that the Committee on Ethics (the "Committee"), after a thorough evaluation, dismiss the OCE's referral and take no further actions.

INTRODUCTION

This all began because of unfounded allegations made by a former primary election political opponent which was picked up in the news and submitted to OCE by an outside group asking for an investigation of various issues, all of which were unfounded. Under the Commentary of Rule 1, OCE the "Staff shall assume the facts alleged are true."¹ As will be discussed in detail below, those "facts" were not true.

Representative Palazzo has already had to endure negative news stories and now the release of the OCE Report and Findings which is not accurate and very misleading. At all times, Representative Palazzo acted in good faith to comply with Federal Election Commission ("FEC") rules, as well as Rules of the House of Representatives and, of course, Rules of the Committee on Ethics. The review that will be conducted fairly and thoroughly by the Ethics Committee, we submit, will clear Representative Palazzo of these allegations.

The unfortunate fact is that the OCE report is now being made public and will be used against Representative Palazzo, even though ultimately, he will be cleared of this. It's a situation that the House of Representatives should consider amending H. Res. 895, so that an OCE Report and Findings regarding a Member is not to be released to the public until and unless there is a finding

¹ See Office of Congressional Ethics, Rules for the Conduct of Investigations, Rule 1, Commentary, p. 5.

of wrongdoing by that Member by the Committee. Further, the House of Representatives should prohibit the OCE from trolling for business on its website. In the hyper-partisan environment that all members face, this can be used as a tool by political opponents and/or outside groups that seek to gain a political advantage against a sitting Member of the U.S. House of Representatives.

OCE has not met its burden of proof to establish a “substantial reason to believe” as required by Rule 9(A)² and simply alleging possible violations in such broad strokes is not enough for even “probable cause” under Rule 8(A).³

A. Rep. Palazzo Cooperated with the OCE Investigation

Let’s start with their allegation that Representative Palazzo “refused to cooperate with the OCE Review.” That’s simply not true, as Rep. Palazzo cooperated extensively, and the OCE knows it as they were provided with hundreds of pages of documents in response to their six (6) Requests for Information (“RFI”). Of course, they were not provided with his divorce court file nor his tax returns as counsel considered those to be personal in nature and not related to their allegations.

Paul Breazeale, the campaign treasurer, spent countless hours reviewing and providing documents. Therefore, Mr. Breazeale cooperated extensively, yet the OCE said he did not cooperate. That could not be further from the truth.

Sadly, during this OCE investigation, Representative Palazzo’s father was placed in hospice and subsequently passed away on August 9, 2020. A copy of the obituary is attached as Exhibit A. In addition, the treasurer’s longtime business partner passed away on June 16, 2020. A copy of this obituary is attached as Exhibit B.

It’s amazing, that in a 47-page Report and Findings that OCE never once mentioned the hardships that both the Representative and his campaign treasurer were each facing during this time. That’s 47 pages that contained 146 numbered paragraphs and OCE did not find it significant to mention even once. Perhaps they made the decision that to express some level of sympathy would have hurt their claim that the Congressman and his treasurer “Refused to Cooperate with the OCE Review.” The truth is that Representative Palazzo did cooperate, even though he refused to give OCE personal documents unrelated to their allegations. The campaign treasurer spent countless hours reviewing his records and producing documents requested.

When it came to interviewing staffers, I requested some parameters for the questions to be asked of staffers, but I was not given specifics. Instead, OCE referred me to the Statement of Nature of the Review provided to Rep. Palazzo on June 2, 2020.

Perhaps if OCE had submitted written interrogatories as allowed⁴ to the staffers, they could have

² *Id.* Rule 9(A)

³ *Id.* Rule 8(A)

⁴ *Id.* Rule 4(D)

participated and answered. It's clear that the broad subject area approach conducted by OCE in interviews of three former staffers was not conducive to getting relevant facts.

B. OCE Failed to Provide All Exculpatory Evidence as Required Under Rule 4(F)

Under Rule 4(F) of the OCE Rules, OCE staff shall **promptly** provide to a subject **any** exculpatory evidence received that is not already known by or in the possession of the subject or the subject's counsel. (Emphasis added.) On August 20, 2020, counsel for OCE sent an email to counsel for Representative Palazzo with what OCE believed to be "exculpatory" and failed to acknowledge or provide additional exculpatory material as required. The email from OCE is attached as Exhibit C to our response. The last page of this exhibit that was provided by OCE is almost unreadable because it is so small. A more readable copy was requested from OCE, but the replacement was not an improvement.

First, the statements of three (3) former staffers were taken on July 29, 2020, July 31, 2020 and August 11, 2020, so the "subject's counsel" was not promptly provided the exculpatory evidence. More importantly, OCE's view of what constituted exculpatory evidence was very limited, and OCE failed to provide other exculpatory evidence as required under Rule 4(F), including, but not limited to the following:

First, regarding Jessica Vera, OCE failed to point out the following as exculpatory:

Mr. Brown: And how about grocery shopping?

Jessica Vera: I never witnessed that.

Mr. Brown: Did you ever hear about anybody doing grocery shopping for the Congressman or for the kids?

Jessica Vera: I did not.

(p. 52 lines 19-22 – p. 53 lines 1-3)

This clearly goes counter to the OCE claim that personal errands were being done for the Congressman.

Ms. Eisner: Okay. Did you ever get the impression that the Congressman was particularly worried about his re-election prospects?

Jessica Vera: He was.

(p. 70 lines 4-7)

This supports the need for a stronger campaign presence, which is consistent with re-establishing a campaign office.

Second, regarding Lela Bremen, OCE failed to point out several answers that were exculpatory, including:

Lela Bremen: So, you know, respecting, one, Kyle's privacy and, two, you know, we always –

we did that for any constituent. You are not supposed to go home and talk about, you know, their situations with your family or anybody or, you know, call up and talk to, you know, anybody else about situations that come up.

(p. 34 lines 13-19)

Mr. Brown: Did you in any way understand his request to keep this situation confidential to relate to the fact that he would have been doing something inappropriate on behalf of his brother?

Lela Bremen: No. And to be 100 percent honest, I believe at the time that he made that statement he had full faith that I was going to take care of it, I was going to do it, it was going to happen overnight and he just wanted it done behind the scenes without, you know, everybody in the office knowing. I don't -- and this is -- this is just based off all of the -- everything that happened, I don't think when he made that statement that it was because he was going to go directly to the Secretary of the Navy and I think it was just, hey, if anybody can do this, you can do this, but keep-it-quiet type thing.

(p. 36, line 9 – p. 37, line 5)

Lela Bremen: Those are the -- those are the items I am trying to gather to be able to submit. The only thing that was actually submitted was the request for the records.

(p. 41 lines 19-22)

Lela Bremen: So at that point I assumed he was, you know, working on the campaign side. But he would go to a lot of events and -- sorry.

(p. 60 lines 11-13)

Lela Bremen: It was because the Secretary of the Navy's letter came back and said this is the process of how you go about requesting an RE Code change. And I don't -- I -- I want to say that this email was actually sent from my personal email, but I can't -- I know that I got an email either a day or two later from the Congressman asking me, you know, what was my thought on their response.

(p. 65 lines 10-18)

Mr. Brown: The text from Kyle where he said something along the lines of, I guess, he decided to go about it the right way, what was your understanding of what Kyle was trying to convey with that text?

Lela Bremen: That he was no longer going to request for the Secretary of the Navy to just change -- do a personal favor and change his RE code.

(p. 66 lines 7-15)

Ms. Eisner: Did you ever observe the river house used as a campaign office?

Lela Bremen: I did not. I never went to the river house. I actually -- Jessica had pointed it out a couple times because there was signs outside and, you know, like political signs outside of the gate.

(p. 147 lines 11-17)

Finally, much of what T. J. Moran had to say was omitted by OCE in its requirement to provide exculpatory material to Congressman Palazzo. Those include the following:

T. J. Moran: I don't know that I would ever have witnessed someone being asked. If they were doing something for him, I would have not known what they were doing.
(p. 6 lines 8-11)

Mr. Brown: During the occasion when you walked through briefly and he was just showing you the house, was anyone living there?

T. J. Moran: I don't believe so.
(p. 14 lines 4-7)

Ms. Eisner: What types of events did you see him (Kyle Palazzo) at?

T. J. Moran: I couldn't tell you if it was a ribbon-cutting or a group breaking.
(p. 18 lines 9-11)

Mr. Brown: And again, what was the extent of your participation on the 2018 campaign, be that primary or otherwise?

T. J. Moran: The only thing that I would have, in 2018, would have been putting out signs the night before the election -- in a voluntary -- of course, it's after 5:00.
(p. 22 lines 4-10)

Mr. Brown: Do you know where the Congressman lived?

T.J. Moran: Say that again?

Mr. Brown: Do you know where the Congressman lived in Mississippi?

T. J. Moran: I believe somewhere in Gulfport.

Mr. Brown: Okay. Why do you say you believe?

T. J. Moran: Because that's where I would pick him up to go to events most of the time.
(p. 24 lines 6-15)

Mr. Brown: Did you ever pick him up at the River House?

T. J. Moran: No.

Mr. Brown: Did you ever witness or did you ever hear of the Congressman staying in the District office?

T. J. Moran: In the district? No.

Mr. Brown: Was there a sleeper sofa in the District office?

T. J. Moran: No.
(p. 25 lines 13-21)

Hopefully, this sampling of information that OCE failed to disclose as exculpatory, will give the Committee a clear understanding that Rep. Palazzo complied with all applicable rules and laws. The discussion that follows will corroborate that position.

ARGUMENT

I. The property at 11072 Old Highway 67, D'Iberville, MS was allowable to use as a campaign office for Palazzo for Congress, and it was appropriate for lease payments to be made to Greene Acres, LLC.

This became an alleged issue because a political opponent claimed that the campaign office was a “farm” in Perkinston, Mississippi, which was absolutely false.

To support routine campaign activity and establish a permanent campaign presence, Palazzo for Congress leased a campaign office to prepare for the 2018 election cycle and maintain preparedness for future elections. By November 2017, it was widely covered in media reports that Steven Palazzo would likely be opposed by up to three well known elected officials from the Mississippi Gulf Coast in the June 2018 Republican Primary and November 2018 General Election. Additionally, a lesser known Republican primary opponent had been aggressively campaigning against Steven Palazzo since mid-November 2016. The 2018 election cycle appeared to be one of the most competitive election cycles for incumbent Steven Palazzo.

Also, media reports indicated there would be a competitive Republican Primary for the U.S. Senate in a race between Senator Roger Wicker and Chris McDaniel. Palazzo for Congress had experienced in 2014 the risks of being challenged during a midterm Republican Primary while concurrently an incumbent senator is in a competitive primary election. In 2014, Steven Palazzo narrowly avoided a runoff election in the Republican Primary. Senator Thad Cochran was challenged by Chris McDaniel in one of the most closely watched primaries in the country. This race went to a runoff which Senator Cochran won.

With two-year election cycles and the normalization of primary challenges, a Member of the House of Representatives never stops campaigning and requires a year-round campaign presence. In preparation for what was proving to be a competitive re-election and a realistic replay scenario of the bitter 2014 midterm Mississippi Republican Primaries, it was necessary to identify and secure a campaign office.

Palazzo for Congress rented a vacant investment property owned by Steven Palazzo and managed by Greene Acres, LLC, located at 11072 Old Hwy 67, D'Iberville, MS 39540 from February 2018 until September 2019. The campaign office offered a centralized, convenient location in a major commercial district with east to west interstate access and direct access to high traffic areas along Highway 90. The location has convenient access to major corridors leading to densely populated areas of the northern part of the 4th Congressional District.

Since June 24, 2009, Rep. Palazzo has maintained Greene Acres, LLC as a standard business practice to own and operate fixed assets. Greene Acres, LLC, is a single owner, investment property management company. Rep. Palazzo is the managing member and only member of Greene Acres, LLC.

The House Ethics Manual, 2008 Edition, p. 154, states:

Use for Bona Fide Campaign or Political Purposes

In General. While House rules provide that campaign funds may be used for “bona fide campaign or political purposes” only, the rules do not include a definition of that term. The Standards Committee has long advised that each Member has wide discretion to determine whether any particular expenditure would serve such purposes, provided that the Member does not convert campaign funds to personal or official uses.

The House Ethics Manual, 2008 Edition, p. 170, states:

Purchase or Other Acquisition From the Member of a Member of His or Her Family. At times a Member (or a member of his or her family) has office space or other property that the person wishes to lease to the Member’s campaign. Similarly, at times a family member of a Member wishes to sell certain goods or services to the Member’s campaign.

Such a transaction is permissible under the House Rules only if (1) there is a bona fide campaign need for the goods, services, or space, and (2) the campaign does not pay more than fair market value in the transaction. Whenever a Member’s campaign is considering entering into a transaction with either the Member or one of his or her family members, it is advisable for the Member to seek a written advisory opinion on the transaction from the Standards Committee.

If a Member’s campaign does enter into such a transaction with the Member or a member of his or her family, the campaign’s records must include information that establishes both the campaign’s need for and actual use of the particular goods, services or space, and the efforts made to establish fair market value for the transaction.

The campaign, without question, had the need for the space, and Representative Palazzo has demonstrated the “actual use” of the property for campaign purposes. Because of the political landscape at the time, there was a clear need for a strong and visible campaign presence.

An email from Cameron Bell, a local realtor, demonstrates that the campaign paid less than fair market value. Mr. Bell, in his email dated February 14, 2018 stated that “a comparable lease property is \$12/square foot. Which at 3,856 sf, would put this property in the range of \$46,272 per year, or \$3,856 per month.” A copy of that email is attached as Exhibit D.

The OCE tries to paint a narrative of financial desperation which is patently false, as evidenced by the fact that he did not accept rent payments until he was three and a half months into the lease. Any expenses paid by the campaign were authorized under the terms of the lease and were reasonable and necessary.

Representative Palazzo paid significant expenses out of his personal account for the property for

which he did not get reimbursed by the campaign. Those expenses were for various repairs for the roof, windows, kitchen and other items totaling \$33,375. A summary of those items paid are attached as Exhibit E. Documentation, including canceled checks and bank statements will be provided to the Committee. Any expenses related to the river house property that were paid by the campaign, were, in fact, allowable campaign expenses and were in compliance with all rules and applicable laws.

II. Utilizing two accounting firms was a reasonable and necessary expense for Palazzo for Congress.

Breazeale, Saunders & O'Neil prepared and filed FEC reports for Palazzo for Congress and for Patriot PAC, provided consulting services to the campaign and assured that both the campaign and the PAC complied with all applicable rules. Palazzo & Company provided other professional services on an almost daily basis, including general ledger, bill paying, banking, correspondence, financial management, data management and other accounting services. David Domonkos was the point of contact at Palazzo & Company for the Campaign and when he resigned from the firm and moved to Texas, Palazzo for Congress moved all accounting activity to Breazeale, Saunders & O'Neil. It's interesting that OCE has nothing in its 47-page report about Mr. Domonkos, and it appears that they made no attempt to contact him since he is not listed as a witness.

The amount paid to both firms over the years was reasonable and necessary and Congressman Steven Palazzo operated fully within all rules and regulations. As we look again at the House rules, a family member can sell services to a Member's campaign provided it was a bona fide need of the campaign and that the payments were reasonable and did not exceed fair market value. Clearly, the amounts paid were reasonable as incurred and paid, irrespective of the fact that a cumulative total appears significant because the services were utilized over a period of many years.

III. Rep. Palazzo's actions regarding his brother, Kyle Palazzo, were not in violation of House rules, standards of conduct, or federal law.

There are two issues alleged by the OCE regarding Kyle Palazzo. First is their allegation that the campaign work provided may not have justified the salary he received. OCE admits that he "provided at least some bona fide services to the campaign." Some of the exculpatory material listed above in the introduction that the OCE failed to point out, confirms that he was attending events and providing services to the campaign committee. Reviewing Palazzo for Congress, Reports of Receipts and Disbursements, 2014-2019, the total amount paid over a more than five (5) year period was more than reasonable. A copy of the job description for Kyle Palazzo is attached as Exhibit F, which shows a wide range of campaign responsibilities.

The other issue alleged by the OCE is that Rep. Palazzo "may have performed a special favor for his brother." Even the lengthy explanation of this matter by OCE gives you the impression that the OCE is doing its best to create and pad an allegation. Rep. Palazzo and his office did not do anything "special" for his brother. This description looks no different than what would have been done on behalf of any constituent. Great constituent services are the hallmark of any

Member's office that will help a Member to continue to get re-elected. To stay in office, a good Member treats every constituent like a VIP and that's what Rep. Palazzo and his office consistently do. Rep. Palazzo is well known as a Member that takes great care of veterans in his district.

Again, the OCE prefers not to tell the whole story. In this case, they do not point out that Kyle never did his part to complete the necessary forms and the file was closed. A more accurate explanation would be that the work done was the same that would have been done for any constituent similarly situated, and in Kyle's case, this was purely process related.

The evidence before the OCE demonstrates that this was a process inquiry, as shown by the letter dated January 9, 2019 from The Assistant Secretary of the Navy Gregory Slavonic to Rep. Palazzo, indicating that in order to change reenlistment (RE) codes, a former service member has to file a DD Form 149 and a DD Form 293, along with any supporting documentation, for consideration. A copy of that letter is attached as Exhibit F.

Rep. Palazzo sent an email to Lela Bremen on January 23, 2019, and asked her thoughts on the letter from the ASN and which route they should take. Her reply at 2:10 pm is attached as Exhibit G, and her reply at 7:42 pm is attached as Exhibit H.

It appears that the matter ended at that point as no documentation could be found where Kyle Palazzo ever submitted a DD Form 149 or a DD Form 293.

Conclusion:

This all began because of unfounded allegations from a political opponent and seems to have been perpetuated further by a vindictive former Wounded Warrior Fellow. Since the OCE file will be made public, even if later dismissed by the Committee, then the damage is already done, allowing a future political opponent to use these same unfounded allegations against Rep. Palazzo.

I urge the Committee to dismiss this matter. Putting emotions aside, it should be clear to the Committee that no violation has occurred. A reasonable person would determine, after reviewing the voluminous documentation provided by Rep. Palazzo, that the OCE should only have recommended dismissal by the Committee.

This process has been burdensome to say the least, including the very personal request to make his divorce file a part of the record, which we refused to produce. Nor did we produce his tax returns. Both of those have no place in the record on this matter and should not potentially be made public. Despite that, Rep. Palazzo and Palazzo for Congress have cooperated by producing voluminous documentation to satisfy the RFIs. Rep. Palazzo stands ready to answer any questions or provide any information that would be helpful to the Committee.

We appreciate the difficulty the Committee has as it reviews the various cases before it. We believe that significant information has been presented to show that the allegations against Rep. Palazzo should be dismissed.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Gregg Harper". The signature is written in a cursive, flowing style.

Gregg Harper
Watkins & Eager

From: Brown, Jeffrey <[REDACTED]@mail.house.gov>
Sent: Wednesday, August 12, 2020 8:42 AM
To: Gregg L. Harper <gharper@watkinseager.com>; Eisner, Helen <[REDACTED]@mail.house.gov>
Subject: RE: Sad News

Gregg - We are sorry to hear the sad news. Our condolences to the Congressman. Thank you for updating us.

Jeffrey L. Brown
Investigative Counsel
Office of Congressional Ethics
U.S. House of Representatives
425 3rd St. SW, Suite 1110
Washington, DC 20024
Office: 202-226-1560
Cell: [REDACTED]
Fax: 202-226-0997
[REDACTED]@mail.house.gov

-----Original Message-----

From: Gregg L. Harper <[REDACTED]@watkinseager.com>
Sent: Tuesday, August 11, 2020 7:45 PM
To: Brown, Jeffrey <[REDACTED]@mail.house.gov>; Eisner, Helen <[REDACTED]@mail.house.gov>
Subject: Sad News

I wanted you both to be aware of the recent passing of Congressman Palazzo's father.

https://urldefense.proofpoint.com/v2/url?u=https-3A__us11.campaign-2Darchive.com_-3F3D61a3b46b64-26u-3D301a28247b80ab82279e92afb-26id-3Db808609910&d=DwIGaQ&c=L93KkjKsAC98uTvC4KvQDdTDRzAeWDDRMG6S3YXIIH0&r=YVZxpS6BS7cXGBCP7bKmUbj2uw9fdJ00rl_iz_RDN2Y&m=g_SThVjs4vQBCzwD9i8KWNchDgwuRdOfvY9g_3pKMMo&s=ckDGMV48Ox-8sa2Dli8c4u-R5qt1sdYwmCzWTfRHVHM&e=

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House Republican
CONFERENCE

Chair Liz Cheney (R-WY)

Dear Colleagues:

It is with sadness we let you know that Congressman Steven Palazzo's father, Frank "Smiles" Palazzo, passed away on Sunday, August 9, 2020 at the age of 82.

The family is asking for prayers of comfort and healing during this challenging time.

Given the circumstances with COVID-19, a memorial service will be announced at a later time.

Congressman Palazzo gave the following statement:

It is with great sadness that I share my father's passing. He was a role model for me and so many others in our family and our community. He was the best husband, father, and grandfather our family could ask for. I will remember him fondly and know that I would not be where I am today without his support every step of the way. He will be dearly missed and remembered for his kind spirit, smile, and his commitment to God and his family.

Maggie H. Bailey

From: Maggie H. Bailey
Sent: Wednesday, July 01, 2020 11:03 AM
To: [REDACTED]@mail.house.gov
Cc: [REDACTED]@mail.house.gov; [REDACTED]@mail.house.gov; Gregg L. Harper
Subject: Letter from Gregg Harper
Attachments: Brent Saunders Obituary .docx; 7-1-20 letter to Jeff Brown .pdf

Jeffrey,

Please see attached a letter from Gregg Harper & a second corresponding attachment.

Best,

Maggie Bailey

WATKINS & EAGER PLLC

The Emporium Building
400 East Capitol Street
Jackson, Mississippi 39201

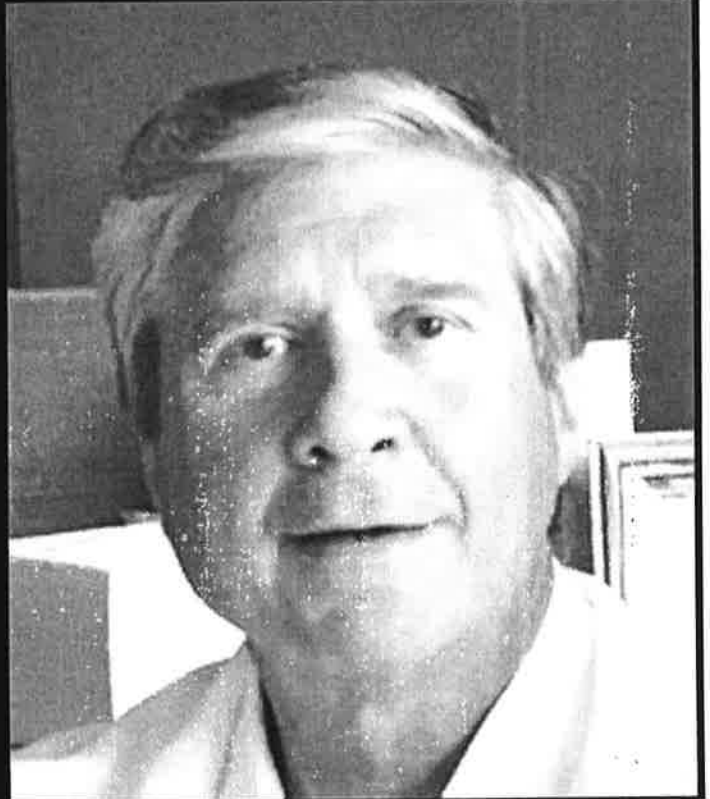
Telephone: 601-965-1900 | Facsimile: 601-965-1901
Direct Dial: 601-965-1206 | [REDACTED]@watkinseager.com

<http://www.watkinseager.com>

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Brent Saunders

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Brent Saunders

Ridgeland - Amos "Brent" Saunders, of Ridgeland, MS, passed away June 16th, 2020 surrounded by his family. He was 66. Brent was born to the late Fuller Brent and Cannie Crane Saunders on October 24th, 1953 in Bainbridge, MD. Brent graduated from Murrah high school in 1971, where he met Kathy; subsequently having two boys and one girl, during their marriage of 45 years. He graduated from Mississippi State University, with a BA in Accounting. He was a member of the Kappa Alpha fraternity and served as the President during his senior year. He was a partner in the accounting firm,

Breazeale, Saunders, & O'Neil for 40 years.

Brent enjoyed spending time with his family snow skiing, fishing and he loved the game of golf. He is a husband, father, grandfather, brother, and a friend who will be greatly missed. A life well lived!

Brent is preceded in death by his parents. He is survived by his wife, Kathy Saunders of Ridgeland, MS; his two sons, Ryan Saunders, his wife Amanda and their four children - Oliver, Crosby, Sebastian, and Violette - of Austin, TX; Chase Saunders, his wife Kristin and their daughter Leila of San Antonio, TX; his daughter, Karyn Jordan her husband Josh and their two children - Liam and Lucas - of Spring, TX; and his sister, Candace Hubans of Fort Worth, TX. He is also survived by his faithful best friend Buckley.

A private memorial service for the family will be held on Monday, June 22nd, 2020. A public visitation will be held Tuesday, June 23rd, 2020 from 11 AM until 1 PM at Sebrell Funeral Home.

In lieu of flowers, memorials may be made to Jackson Friends of the Animal Shelter, 203 Woodlands Green Drive, Brandon, MS 39047.

To Plant Memorial Trees in memory, please visit our [Sympathy Store](#).

WATKINS & EAGER

Attorneys and Counselors at Law

Mailing Address:
P.O. Box 650
Jackson, Mississippi 39205
Telephone: (601) 965-1900
Facsimile: (601) 965-1901

est. 1893

Gregg Harper
Direct Dial: (601) 965.1890
E-mail: gharper@watkinseager.com

July 1, 2020

VIA ELECTRONIC MAIL

Honorable Jeffrey Brown
Investigative Counsel
Office of Congressional Ethics
425 3rd Street SW, Suite 1110
Washington, DC 20024
[REDACTED]@mail.house.gov

Re: RFI Responses – Congressman Steven Palazzo Review #20-2124

Jeff,

I realize that the Board will review the matter this afternoon, and I ask that this letter be submitted to them as they consider whether to dismiss or to go to a Second-Phase Review.

First, I have not provided the Divorce Decree as it is personal in nature and not relevant to the allegations. Second, regarding any tax return on behalf of Greene Acres, LLC, it is my understanding that it is a single member LLC, 100% owned by Steven Palazzo and that he filed that information on his personal income tax return.

Regarding the other production items you mentioned in your email yesterday, I have asked that we try to locate any and all additional documents requested. As you know, we supplied a significant number of documents without a great deal of time. Mississippi has had a spike in the number of coronavirus cases over the last 2 weeks which has reduced the amount of time that folks are in their offices. In addition, I want the Board to be aware of the death of Paul Breazeale's partner which has impacted his schedule. I have attached a copy of Mr. Saunders' obituary for your review.

I share that with you so you will know that we have been trying to work against a deadline under very trying times. It is my expectation that the review of documents will continue next week, and I hope to have everything you mentioned as soon as possible. We will continue to cooperate and look forward to concluding this matter.

July 15, 2019

Page 2

Please feel free to contact me if you have any questions in the meantime.

Sincerely,

A handwritten signature in cursive script that reads "Gregg Harper".

Gregg Harper
Watkins & Eager

cc: [REDACTED]@mail.house.gov

[REDACTED]@mail.house.gov

Maggie H. Bailey

From: Brown, Jeffrey <[REDACTED]@mail.house.gov>
Sent: Thursday, August 20, 2020 1:43 PM
To: Gregg L. Harper
Cc: Eisner, Helen
Subject: RE: OCE Review No. 20-2124
Attachments: Doc CB_0347.pdf

③ We do not anticipate producing any additional Rule 4(F) information. Also, please find a clearer version of the previously attached document.

Regards,

Jeffrey L. Brown
Investigative Counsel
Office of Congressional Ethics
U.S. House of Representatives
425 3rd St. SW, Suite 1110
Washington, DC 20024
Office: 202-226-1560
Cell: [REDACTED]
Fax: 202-226-0997
[REDACTED]@mail.house.gov

From: Gregg L. Harper <gharper@watkinseager.com>
Sent: Thursday, August 20, 2020 1:11 PM
② **To:** Brown, Jeffrey <[REDACTED]@mail.house.gov>
Cc: Eisner, Helen <[REDACTED]@mail.house.gov>
Subject: RE: OCE Review No. 20-2124

Jeff,

Thank you for this information under Rule 4 (F). Do you anticipate producing any additional information that is exculpatory in nature?

Also, the last page attached to the letter is too small to read. Can you provide a better/larger copy?

Thanks,

Gregg

From: Brown, Jeffrey <[REDACTED]@mail.house.gov>
Sent: Thursday, August 20, 2020 10:02 AM
① **To:** Gregg L. Harper <gharper@watkinseager.com>
Cc: Eisner, Helen <[REDACTED]@mail.house.gov>
Subject: OCE Review No. 20-2124

Gregg –

Exhibit C

Pursuant to Rule 4(F) of the OCE's Rules for the Conduct of Investigations, please see the attached.

Jeff

Jeffrey L. Brown
Investigative Counsel
Office of Congressional Ethics
U.S. House of Representatives
425 3rd St. SW, Suite 1110
Washington, DC 20024
Office: 202-226-1560
Cell: [REDACTED]
Fax: 202-226-0997
[REDACTED]@mail.house.gov

David Skaggs, Chair
Karan English
Belinda Pinckney, BG (R)
Michael Barnes

Board

Allison Hayward, Co-Chair
Jay Eagen
Lynn Westmoreland
Paul Vinovich

Omar S. Ashmawy, Staff Director & Chief Counsel

oce.house.gov
oce@mail.house.gov

Congress of the United States
House of Representatives
OFFICE OF CONGRESSIONAL ETHICS
Washington, DC 20515

Mailing Address
P.O. Box 895
Washington DC 20515-0895

Office Address
425 3rd Street SW
Suite 1110
Washington DC 20024

202-225-9739
202-226-0917 (Fax)

CONFIDENTIAL

August 20, 2020

Delivered via electronic mail to counsel

The Honorable Steven Palazzo
2349 Rayburn HOB
Washington, DC 20515

Re: Review No. 20-2124

Dear Rep. Palazzo:

The Office of Congressional Ethics is providing you with information received during the course of its review, that may not already be in your possession, and may trigger its obligations under Rule 4(F) of the OCE Rules for the Conduct of Investigations.

Interview Jessica Vera:

MR. BROWN: I think you said previously that staffers were heading to the river house.

JESSICA VERA: Yes.

MR. BROWN: Why were they going there?

How was it used? Can you elaborate?

JESSICA VERA: I know the purpose of it I was told was for campaign purposes, that that was the intent of why the river house was purchased, to use for a campaign.

MS. EISNER: And why was the [River House] being maintained? Why was furniture coming and the gas company? What was the reason for that?

JESSICA VERA: We were just told it was a campaign -- it was going to be a campaign house.

MR. BROWN: Were there any other times where you, as an official staffer, were asked to do campaign work during official work hours?

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JESSICA VERA: No. That was the only time I was part of any of that.

MR. BROWN: Did you witness other official staffers being told to do campaign events during official work hours?

JESSICA VERA: I did not.

Interview of Lela Bremen

LELA BREMEN: [H]e [Kyle Palazzo] did tell me at one point -- he emailed me -- no, he text me and said, Hey, I am taking over Bridgette, Bridgette Jones, who used to handle -- I believe she would campaign. She -- she would come and go a lot. She had been -- she had quit. She was full-time, quit, came back and then was gone again. And he said, I am taking over her email. So if you are going to email me, you can email me on that. So at that point I assumed he was, you know, working on the campaign side. But he would go to a lot of events and -- sorry.

MS. EISNER: You mentioned earlier an event at the river house. We were talking about something else but mentioned hearing about an event. What was that event?

LELA BREMEN: He had a -- dang, I can't believe I live in Mississippi and I can't think what they are called. Oh, crawfish. He had a crawfish boil at the river house.

MS. EISNER: And what -- who was that for?

FORMER STAFFER B: And I think that -- that was a campaign thing.

Interview of T.J. Moran

MR. BROWN: Did you ever hear from anybody or was there ever any chatter in the office that individuals were leaving the office to perform errands of any kind for the Congressman?

T.J. MORAN: Not that I recall.

MR. BROWN: We heard from a couple staffers that the Congressman's dry-cleaning or laundry would have to be picked up on occasion, and we were told that you were an individual that would have to pick that up on occasion. Did you ever have to pick up the Congressman's dry-cleaning?

T.J. MORAN: No.

MR. BROWN: No. Okay. Did you ever hear anything about the Congressman -- or, individuals having to get laundry or dry-cleaning to or from the Congressman's car while it was at the airport?

T.J. MORAN: Not that I recall.

T.J. MORAN: I never had him [Rep. Palazzo] ask me to go anywhere or take care of anything, to my knowledge, outside of the office. And he seemed to be very self-sufficient.

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MR. BROWN: Are you aware of whether or not the River House was used as a campaign space of any kind?

T.J. MORAN: I had heard that they had used it for some event, but I don't know when. I don't know if that was prior to him getting elected or during his time there.

MR. BROWN: Did you ever here [sic] of or witness any staffers going out to the River House?

T.J. MORAN: I didn't witness any going out there, if they did.

MR. BROWN: Did you ever hear anybody else in the office say that they had been to the River House or were going to the River House?

T.J. MORAN: Not that I can recall.

MR. BROWN: Did you ever feel like you had to go out and do campaign work?

T.J. MORAN: No.

MR. BROWN: Did you ever witness anybody in the office being -- you know, it indicated to them that they needed to do campaign work?

T.J. MORAN: Not that I can recall.

MR. BROWN: Did you ever feel pressured to do campaign work?

T.J. MORAN: No.

MR. BROWN: Did you ever see anybody else being pressured to do campaign work?

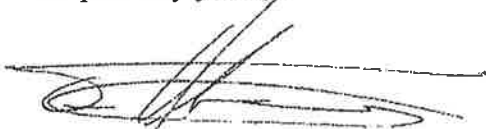
T.J. MORAN: No.

MR. BROWN: Did you ever hear about individuals feeling like they were pressured to do campaign work?

T.J. MORAN: No.

Additionally, please see the two attached documents, which may contain Rule 4(F) material.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Omar S. Ashmawy', with a horizontal line drawn through it.

Omar S. Ashmawy
Staff Director and Chief Counsel

Enclosures

Eisner, Helen

From: Charci Herrmann <[REDACTED]@gmail.com>
Sent: Monday, July 6, 2020 3:35 PM
To: Eisner, Helen
Subject: Invoices and summary

My company, CleanologyPro Cleaning Services, was recommended and referred to Congressman Steven Palazzo for private residential cleaning services in 2016 by a mutual friend Dennis Stanboro. My company would perform residential cleaning services for Mr Palazzo at his farmhouse located at 45 Hickman Tower Rd Perkinston, MS. Those services were monthly at times but usually in a seasonal basis. Mr Palazzo's parents owned the Riverhouse located at 11072 Old Hwy 67 D'Iberville, MS and my company was hired to perform a few residential services & lawn services for that address. When the house was being put on the market, my company was again hired to do a pre listing clean and lawn service. At the time Mr Palazzo decided to use the river house for his campaign headquarters, i was already a trusted and reliable company that he could call to perform a deep clean for the riverhouse to prepare it for business. With the property being vacant for quite some time, he also hired me to perform quite a bit of lawncare services needed to prepare the property. The service dates are stated on each invoice provided. My points of contact were Lisa Palazzo (Belvin) and Paul Breazeale. They were who I would receive my payments from the Palazzo for Congress account. We had discussed biweekly lawn services but did not perform those as planned. When invoicing for the lawn services that we did perform, I chose to use the biweekly option as it was already set up in my Quickbooks and aligned with the amount needing to be charged.

I hope this is helpful. Mr Palazzo was a wonderful client.

Thank you,
Charci Dalimonte

https://oldfms.pseipoint.com/v2/afte+hwpsJA_www.svg.comd4-1wff+Q4e-1.0J0JkACPha7C4K+Q0HT0RzAeWTH0R0eG63JYXN0P4R+VYZp5G057eXGHCp7Bk0h3j0e7W0001_u_HJN1YA0m+q7h0d74eKK30m07g2h0h7p333vVZc0431fW3p4e-/p4-3eLRCLdneCL20Vg0S7ZKAC413)4WwAAd+*

www.cameronbellproperties.com

From: Cameron Bell

<[REDACTED]@cableone.net>

Sent: Wednesday, February 14, 2018 11:06 AM

To: 'Steven Palazzo'

<[REDACTED]@palazzoformcongress.com>

Subject: 11072 Old Highway 67 - commercial lease discussion

The closest I can come to a “comparable” lease property is \$12 per square foot. Which at 3,856 SF, would put this property in the range of \$46,272 per year, or \$3,856 per month... so very closely in line with the proposed asking residential lease rate of \$4,000 per month. The biggest issue to keep on your radar for a potential commercial lease would be the renovations or “TI,” which stands for tenant improvement. I.e., a tenant comes along and says yes, I’d like to rent this for X dollars per

month for a commercial location, but I need you as the landlord/owner, to put \$50K, or whatever, into renovating the property to make it more suitable for my intended commercial use, as it is only functional as a residence at this time.

Thank you,
Cameron

Cameron C. Bell

Realtor | Broker | Attorney

Cameron Bell Properties, Inc.

14335 Dedeaux Road

Gulfport, MS 39503

Cell



Fax (800) 520-3445

www.cameronbellproperties.com

Exhibit E

Date	Job Number	Labor	Materials	Total	Description
4/30/2018	3272	-	2,000	2,000	Remove decking, repair roof, power wash roof, repair stucco
5/4/2018	3272	2,500	-	2,500	Remove decking, repair roof, power wash roof, repair stucco
5/11/2018	3272	3,000	-	3,000	Remove decking, repair roof, power wash roof, repair stucco
5/11/2018	3272	-	500	500	Remove decking, repair roof, power wash roof, repair stucco
5/18/2018	3272	-	500	500	Remove decking, repair roof, power wash roof, repair stucco
5/18/2018	3272	3,000	-	3,000	Remove decking, repair roof, power wash roof, repair stucco
5/25/2018	3272	2,750	200	2,950	Remove decking, repair roof, power wash roof, repair stucco
5/31/2018	3272	3,500	-	3,500	Remove decking, repair roof, power wash roof, repair stucco
6/8/2018	3273	3,000	-	3,000	Power wash, paint, roll roofing and repair windows
6/15/2018	3273	2,000	1,400	3,400	Power wash, paint, roll roofing and repair windows
6/22/2018	3273	1,000	-	1,000	Power wash, paint, roll roofing and repair windows
6/22/2018	3273	1,500	-	1,500	Power wash, paint, roll roofing and repair windows
7/6/2018	3274	2,400	-	2,400	Repair Kitchen
7/10/2018	3275	1,500	-	1,500	Repair cracks in Sunroom/ Columns
				2,625	Equipment Rental
		26,150	4,600	33,375	

Exhibit E



THE ASSISTANT SECRETARY OF THE NAVY
(MANPOWER AND RESERVE AFFAIRS)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

January 9, 2019

The Honorable Steven Palazzo
Member, United States House of Representatives
2349 Rayburn House Office Building
Washington DC 20515

Dear Representative Palazzo:

Thank you for your recent inquiry regarding the upgrade of reenlistment (RE) codes.

10 U.S.C. § 1552 provides that the Secretary of the Navy, acting through the Board for Correction of Naval Records (BCNR), may "correct an error or remove an injustice" in a Naval record upon petition by the current or former service member. If your constituent believes there was an error or injustice in the assignment of his or her RE code, he or she may petition the BCNR to correct his or her record. The current or former service member may petition the BCNR directly by returning the enclosed DD Form 149, along with any supporting documentation, via email:

BCNR_Application@navy.mil or by mailing the documents to Board for Correction of Naval Records, 701 S. Courthouse Road, Suite 1001, Arlington, VA 22204-2490. BCNR also accepts applications via fax: 703-604-3437 Attn: BCNR Applications. Your constituent is welcome to visit the BCNR's website for additional information:

<http://www.secnav.navy.mil/mra/bcnr/Pages/home.aspx> 10 U.S.C. § 1552(b) also requires that any petition to the BCNR be made within three years after discovering the alleged error or injustice, but this may be waived in the interest of justice. Accordingly, if your constituent discovered, or should have been aware of, an error or injustice that occurred more than three years ago, he or she must explain why the BCNR should consider the application in Block 8(b) of the DD Form 149.

Naval Discharge Review Board (NDRB) is also authorized to change a former service member's RE code but in far more limited circumstances. NDRB may change an RE code only if the RE code change is related to an accompanying change in discharge characterization or narrative. For example, if a former Sailor or Marine has applied to NDRB for an upgrade from a General (under Honorable conditions) characterization of service to an Honorable characterization of service, and if the characterization of service upgrade warrants a change in the correlating RE code, NDRB may upgrade the RE code. However, NDRB may only change an RE code so long as the RE code relates to an accompanying change in discharge characterization or narrative. NDRB's authority to change an RE code is strictly limited to those cases where an applicant's narrative reason or characterization of discharge is changed, and that change warrants revision of the

previously issued reenlistment code. Your constituent may petition the NDRB directly by returning the enclosed DD Form 293, along with any supporting documentation, via email: ndrb@navy.mil or by mailing the documents to Secretary of the Navy, Council of Review Boards, ATTN: Naval Discharge Review Board, 720 Kennan Ave SE Suite 309, Washington Navy Yard, DC 20374-5023. NDRB also accepts applications via fax: 202-685-6577. Your constituent is welcome to visit NDRB's website for additional information: <http://www.secnav.navy.mil/mra/CORB/pages/ndrb/default.aspx>

If neither BCNR or NDRB provide the requested relief, the former Sailor or Marine may still seek to reenlist with an RE code of 4 and the prospective Service may or may not grant the waiver.

If you require further assistance in this matter, please contact Commander Amanda Myers, Special Assistant for Military Law, Office of the Assistant Secretary of the Navy (Manpower and Reserve Affairs), at [REDACTED] or via email at [REDACTED]@navy.mil.

Sincerely,



Gregory J. Slavonic

Subject: Re: KP RE Code

Date: Wednesday, January 23, 2019 at 8:28:38 PM Central Standard Time

From: Z112 Palazzo, Steven

To: Bremen, Lela

Thank you.

Sent from my iPhone

On Jan 23, 2019, at 2:10 PM, Bremen, Lela <[REDACTED]@mail.house.gov> wrote:

Navy wouldn't require a request for RE code. Just a request for waiver. I sent that language to KP a few weeks ago. I have been doing research on the regulation as to the type of discharge that he received. Based on the email from Sec. of Navy it seems they would not just raise the RE code. I am reading the Navy regulation to see if we can prove that the type of discharge was "unjust." I have asked a few JAG lawyers if they have any insight, without names just generic scenario. More to follow.

Sent from my iPhone

On Jan 23, 2019, at 12:13 PM, Z112 Palazzo, Steven <[REDACTED]@mail.house.gov> wrote:

What were your thoughts on the letter for the US of the Navy for Manpower?
Which route do you believe you will take?

SMP

Subject: Re: KP RE Code

Date: Wednesday, January 23, 2019 at 7:42:20 PM Central Standard Time

From: Bremen, Lela

To: Z112 Palazzo, Steven

DD149 is the best route to go. I was researching to see if we could argue that he should have been separated under an Entry level separation rather than the erroneous. Even though he was under 160 days of service he did not meet all the elements for an entry level discharge. I've been encouraging KP to gather documents for several months and so far I have nothing to work with. I can help fill out the DD149. KP said he will provide me an update by end of the week of where we are on gathering the evidence needed to submit with the request. Are you planning on writing a personal letter as well to add to the packet?

Sent from my iPhone

On Jan 23, 2019, at 12:13 PM, Z112 Palazzo, Steven <[REDACTED]@mail.house.gov> wrote:

What were your thoughts on the letter for the US of the Navy for Manpower? Which route do you believe you will take?

SMP