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January 23, 2024

U.S. House of Representatives
Committee on Ethics
Washington, DC 20515
By email: Brittney.Pescatore@mail.house.gov

RE: Review No. 23-8912

I write on behalf of my client Congressman Troy Nehls (Respondent) regarding the above-designated matter. Congressman Nehls appreciates this opportunity to respond to the Office of Congressional Ethics' (OCE) referral.

As an initial matter, Respondent takes issue with the OCE's characterization of the response of Congressman Nehls, and of the others who received "requests for information" from OCE, as a "refus[al] to cooperate." OCE Findings of Fact and Citations to Law (OCE FF) at 5. In fact, as OCE elsewhere acknowledges, undersigned counsel provided timely, written responses to OCE staff's requests for information on behalf of Respondent as well as Schroeder, Hulsey, Curto, and Datwyler. In the responses on behalf of Nehls, Datwyler, and Schroeder, counsel objected to ambiguously-worded requests, explaining that "even if respondent provided documents [he] believed to be responsive, the ambiguous and overbroad terms of the RFI allow endless discretion on the part of OCE counsel to claim that the response was incomplete and therefore 'not ... cooperation,'" allowing OCE to draw a negative inference. OCE counsel never responded to any of these letters in an attempt to clarify the scope of the requests to assuage this concern. Instead, OCE simply proceeded to allege a lack of cooperation in its referral. Respondent believes this is a mischaracterization. The claim that Msrs. Curto and Hulsey refused to cooperate is even more egregious; counsel submitted responses for both men which expressly stated that they "ha[ve] no responsive documents," because each "is a member of Congressman Nehls' official staff and has not worked on campaign matters."

Regarding the substance of the referral, OCE questions whether certain payments that Nehls for Congress reported on its campaign finance reports as rent payments to Liberty 1776 LLC are legitimate campaign expenses. Indeed, these payments were for rent for campaign use of the property at 1612 Crabb River Road, Richmond, TX 77469, which was then leased by Liberty 1776 LLC from the landlord, EBP Property Holdings Ltd. That property *used* to operate as a tavern called Z-Bar. However, the tavern had been sitting empty and unused for years after losing its liquor license. It is in a convenient location on a major road in Fort Bend County and provides an appealing atmosphere for public gatherings and campaign activities, including a large outdoor space. In 2019, Respondent and several other local candidates agreed that they should

pursue the property as a location for campaign headquarters/activities. They approached the landlord, EBP Property Holdings Ltd., who agreed that he would lease the property for these purposes. Respondent and the other candidates therefore decided that an LLC should be established to enter into the lease agreement, which would offer the typical liability protections important for such engagements. Liability protection was important because Respondent and the others who intended to use the space for their campaign needs expected to have a fairly large number of visitors in the operation of their campaigns and during campaign events.

Respondent therefore established Liberty 1776 LLC and registered it with the Texas Secretary of State. Liberty 1776 LLC then entered into an agreement to lease the space from EBP Property Holdings Ltd. This was an oral contract by which Liberty 1776 agreed to both pay rent periodically and to make certain improvements to the property and maintain it during the lease as necessary. The property was referred to by Respondent and the other candidates using it as Freedom Hall. Respondent's campaign used it as office space and for events. The various rent payments by Nehls for Congress to Liberty 1776 from 2019 through 2022 were, therefore, legitimate rent payments for campaign office use. The other local campaigns were also making payments to Liberty 1776 for rent, improvements, and maintenance. While OCE is correct to observe that the rent payments by Nehls for Congress were not in uniform intervals or amounts, this is because Liberty 1776's use of the space varied based on election/off years (less activity in 2021), and also, as stated, Liberty 1776 was periodically making improvements and paying for maintenance. Maintenance turned out to be more costly than originally expected. For example, following a serious freeze in February 2021, Liberty 1776 incurred significant outlays for tree maintenance. Liberty 1776 also put a new floor in the building, paid for regular cleanings, etc. The landlord accepted these improvements and maintenance as part of the rent due from Liberty 1776 under the lease.

While Respondent was a member of the LLC and established the entity, he took no salary and did not otherwise receive any profits from its operation. From the time it was established in December 2019 through its termination in May 2022, Liberty 1776 took in approximately \$52,872 and expended \$52,872 for the purposes related above.

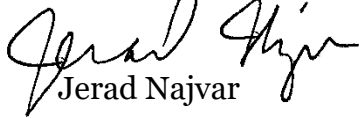
OCE's referral also refers to certain payments Nehls for Congress reported to Patriot Media LLC in September 2022. Patriot Media LLC was a campaign vendor providing political consulting and media services to the campaign. The principal of Patriot Media LLC, Daniel Gribble, was embedded with the campaign and working out of Freedom Hall. After Respondent closed Liberty 1776 in May 2022, some rent was paid to the landlord by Patriot Media with funds provided by Nehls for Congress. This is why the campaign reported that some payments to Patriot Media LLC were for rent. Respondent is consulting with counsel to determine if any further clarifications or memo entries should be included in an amended campaign report to ensure the rent payments through Patriot Media LLC reflects the ultimate payee in accordance with technical FEC reporting guidance.

Regarding the one rent payment reported to Pogie USA LLC in November 2020, this is correctly reported, but Pogie was the landlord for the campaign's Brazoria County office. Therefore, that rent payment is unrelated to Freedom Hall.

Lastly, OCE's referral points out that Respondent's affiliation with Liberty 1776 LLC should have been included as a position on Schedule E of Respondent's financial disclosure form. This was an oversight that was just brought to Respondent's attention with OCE's referral. Respondent will amend the relevant reports.

Thank you in advance for your consideration. I look forward to communicating further to address any questions that the Committee may have regarding these matters.

Very respectfully,


Jerad Najvar

