ADOPTED BY THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT ON FEBRUARY 25, 2010

111th CONGRESS, 2nd SESSION

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

INVESTIGATION INTO OFFICIALLY CONNECTED TRAVEL OF HOUSE MEMBERS TO ATTEND THE CARIB NEWS FOUNDATION MULTI-NATIONAL BUSINESS CONFERENCES IN 2007 AND 2008.

February 25, 2010

Ms. LOFGREN, from the Committee on Standards of Official Conduct, submitted the following

REPORT

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

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Chair

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Ranking Republican Member

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Clifford C. Stoddard, Jr., *Counsel*
Sheria A. Clarke, *Counsel*
Amelia Johnson, *Investigative Clerk*

INVESTIGATIVE SUBCOMMITTEE

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CHARLES W. DENT, Pennsylvania
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BRAD MILLER, North Carolina

MICHAEL K. SIMPSON, Idaho

Clifford C. Stoddard, Jr., *Counsel*
Sheria A. Clarke, *Counsel*
Amelia Johnson, *Investigative Clerk*

I. INTRODUCTION

The Committee on Standards of Official Conduct (Standards Committee) submits this Report pursuant to House Rule XI, Clause 3(a)(2), which authorizes the Committee to investigate any alleged violation by a Member, officer, or employee of the House of Representatives, of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee.

Pursuant to Rule 18, in 2009 the Committee, on its own initiative, began investigating officially-connected travel in 2007 and 2008 that was sponsored, funded, or organized by organizations known as Carib News or the Carib News Foundation. The travel involved in the investigation concerned the Carib News Foundation Multi-National Business Conferences, which were held in Antigua and Barbuda in November 2007 and St. Maarten in November 2008. During the course of the Committee's independent investigation, the Committee received referrals naming particular Members from the Office of Congressional Ethics (OCE) regarding this matter. On June 24, 2009, in accordance with clause 3 of House Rule XI and Committee Rules 14(a)(3) and 18, the Committee voted unanimously to establish an Investigative Subcommittee to conduct an inquiry regarding allegations that have arisen regarding sponsorship of travel relating to six Members.

The Investigative Subcommittee conducted a thorough eight-month investigation. The Investigative Subcommittee authorized the issuance of six subpoenas; interviewed 29 witnesses; reviewed and analyzed over 3,000 pages of documents; and held over 19 Investigative Subcommittee meetings. The members of the Subcommittee voted unanimously to adopt the report which was presented to the Committee.

On February 25, 2010, the Standards Committee unanimously voted to adopt the Report of the Investigative Subcommittee and includes that Report herewith as part of the Standards Committee's Report to the House of Representatives on this matter. By this act, the Standards Committee adopts the findings, conclusions, and recommendations of the Investigative Subcommittee.

The Standards Committee unanimously voted to release a public Report finding that Representatives Bennie Thompson, Yvette Clarke, Donald Payne, Carolyn Cheeks Kilpatrick, and Delegate Donna Christensen did not knowingly violate any provision of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct applicable to each individual's conduct in the performance of his or her duties or the discharge of his or her responsibilities with respect to the acceptance of payment or reimbursement for travel to either or both of the Carib News Foundation Multi-National Business Conferences held in 2007 and 2008. These Members properly relied on the information provided to them by the officers and employees of Carib News and the Carib News Foundation in seeking and receiving pre-trip approval from the Committee to accept these trips.

The Investigative Subcommittee found that these Members did not violate any House rule, regulation, law, or other standard of conduct. Only after the initiation of the Subcommittee's investigation was it learned that payments were made for their travel that were impermissible. Unfortunately, because false and misleading information was provided to the Committee, the Members inadvertently received impermissible gifts of travel that require repayment for the costs of their trips.

Although the Committee had approved the Members' travel, that approval was conditional upon the information provided to the Committee being true and correct. That was not the case. Since the Members were provided false information by others, and relied upon that information in seeking approval to accept the trips, the Committee concludes that the Members committed no wrongdoing. Nevertheless, since the Members did, in fact, receive impermissible gifts of travel, they must repay the costs of their trips to the respective entities that paid for their travel. Because some portions of transportation costs were paid by Carib News out of funds the actual source of which could not be determined, the Committee will require those funds to be paid to the U.S. Treasury.

The Report further finds that Representative Charles B. Rangel violated the House gift rule by accepting payment or reimbursement for travel to the 2007 and 2008 conferences. The evidence shows that members of Representative Rangel's staff knew that corporations had

contributed funds to Carib News specifically for the 2007 and 2008 conferences. This information was not provided to the Standards Committee when he sought and received approval from the Committee to accept these trips. The Committee does not find sufficient evidence to conclude, nor does it believe that it would discover additional evidence to alter its conclusion, that Representative Rangel had actual knowledge of the memoranda written by his staff. However, the report finds that Representative Rangel was responsible for the knowledge and actions of his staff in the performance of their official duties. It is the intention of the Committee that publication of this Report will serve as a public admonishment by the Standards Committee of Representative Rangel. The Committee will also require Representative Rangel to repay the costs of the trips to the respective entities that paid for his travel. Because some portions of his transportation costs were paid by Carib News out of funds the actual source of which could not be determined, the Committee will require those funds to be paid to the U.S. Treasury.

The Report further finds that Dawn Kelly Mobley, former shared staff to the Committee who was designated counsel to the former Chair of the Standards Committee, improperly communicated confidential internal Committee information to officers and employees of Carib News, Karl Rodney and Patricia Louis, and that she improperly influenced the information provided by Karl Rodney and Patricia Louis to Standards Committee staff during the Committee's review of the 2007 Multi-National Business Conference. It is the intention of the Committee that publication of this Report will serve as a public admonishment by the Standards Committee of Ms. Mobley.

Finally, the Report finds that officers and employees of Carib News and the Carib News Foundation – Karl Rodney, Faye Rodney, and Patricia Louis – submitted false or misleading information to the Committee during its pre-travel review of the 2007 and 2008 conferences and again when providing sworn testimony to the Investigative Subcommittee. The Committee unanimously voted to refer the conduct of these officers and employees of Carib News and the Carib News Foundation to the United States Department of Justice for further action as it deems appropriate.

In accordance with clauses 3(a)(2) and 3(b) of House Rule XI, and Standards Committee Rule 10(a)(7), the Standards Committee unanimously agreed to issue the attached Report to the House. The Report follows the receipt of materials forwarded to the Standards Committee by the Office of Congressional Ethics (OCE) and addresses the findings and conclusions of the Standards Committee with regard to the conduct of Representatives Thompson, Payne, Kilpatrick, Clarke, Rangel, and Delegate Christensen. OCE's Report and Findings for each member are contained within the Standards Committee'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 G.K. Butterfield served as Chair of the Investigative Subcommittee. Representative Charles W. Dent served as Ranking Republican Member. Representatives Brad Miller and Michael K. Simpson also served on the Subcommittee. In addition, Representative J. Gresham Barrett initially served as Ranking Republican Member before resigning his position on the Standards Committee, at which time Representative Dent was selected as Ranking Republican Member. Each of these members devoted substantial time and effort to the investigation, and the Committee thanks each of them for their service.

II. STATEMENT UNDER RULE 13, CLAUSE 39(c) OF THE RULES OF THE HOUSE OF REPRESENTATIVES

The Standards Committee made no special oversight findings in this report. No budget statement is submitted. No funding is authorized by any measure in this report.

111th CONGRESS, 2nd SESSION

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

INVESTIGATION INTO OFFICIALLY CONNECTED TRAVEL OF HOUSE MEMBERS TO ATTEND THE CARIB NEWS FOUNDATION MULTI-NATIONAL BUSINESS CONFERENCES IN 2007 AND 2008.

February 25, 2010

Mr. Butterfield, from the Investigative Subcommittee, submitted the following

REPORT

To the Committee on Standards of Official Conduct

CONTENTS

EXECUTIVE SUMMARY

The Investigative Subcommittee conducted a five-month review following a preliminary review by the Committee on Standards of Official Conduct (Standards Committee). The Investigative Subcommittee has concluded that Karl Rodney and Patricia Louis, agents of the Carib News Foundation (Foundation), provided false and misleading information to Members of Congress and the Standards Committee. They falsely indicated on the Private Sponsor Travel Certification Forms (sponsor form) provided to Members who attended the 2007 and 2008 Multi-National Business Conferences that the sole sponsor of those conferences was the Foundation.

At issue was corporate sponsorship of the 2007 and 2008 conferences. Several corporations, including AT&T, Verizon, and American Airlines, donated money to the Foundation specifically to sponsor the 2007 and/or 2008 conferences. Karl Rodney solicited the donations from the corporations on behalf of the Foundation. However, he told Representatives Thompson, Clarke, Payne, Kilpatrick, and Delegate Christensen, as well as staff of the Standards Committee, that the Foundation was the sole sponsor of the conference.

New travel rules were implemented in March of 2007. The new rules limit the corporations and entities that may sponsor travel for Members. Under the new rules, an entity that employs or retains lobbyists may only sponsor a Member's travel for one-day trips, provided the entity qualifies as a sponsor.

Before a Member may accept travel expenses from a private sponsor, the Member must receive approval from the Standards Committee. The Member is required to submit information about the trip, including the sponsor(s) of the trip, to the Standards Committee. The Standards Committee will not approve a trip for longer than one day if the trip is sponsored by an entity that employs or retains lobbyists. It will not approve a trip if an entity providing a source of funds does not qualify as a sponsor.

The new rules require the private sponsor to give information about the trip, including the location, the agenda, and the sponsors of the trip, to Members invited on that trip. It also requires the sponsor to certify certain information including that there are no other sources of funding for the travel. In turn, the invited Member submits the information provided by the private sponsor to the Standards Committee on a Private Sponsor Travel: Traveler Form (traveler form). The Member also submits a form to the Standards Committee that includes the sponsors of the trip and the estimated cost. The Member obtains this information from the trip sponsor.

Standards Committee staff reviews the information submitted by the Member. The Standards Committee staff attempts to verify the information provided by the trip sponsor. The Standards Committee will deny the Member's request for travel if a number of criteria, including the sponsors of the trip, do not meet the requirements of the new rule.

Patricia Louis, at the direction of Karl Rodney, contacted the Standards Committee in 2007 after the new rules were implemented and submitted the Private Sponsor Travel Certification Form and a trip agenda for Standards Committee staff to review. Standards Committee staff was concerned that the trip was sponsored by entities other than the Foundation. The staff repeatedly asked Patricia Louis, who in turn asked Karl Rodney, if any other entity provided money or in-kind donations to the Foundation for the 2007 conference.

Karl Rodney instructed Patricia Louis to tell the Standards Committee staff that the Foundation was the only sponsor of the trip. He also told her to tell the Standards Committee staff that corporations listed on the agenda donated to the Foundation's general fund.

After Karl Rodney and Patricia Louis told the Standards Committee staff on several occasions that the Foundation was the sole sponsor of the trip, the Standards Committee approved the Members' requests to attend the conference.

In 2008, the Foundation hosted another conference. The Foundation sent sponsor forms to Members to invite them to the conference. Some of the Members submitted the forms from the Foundation and traveler forms to the Standards Committee to review.

Standards Committee staff emailed and called Karl Rodney and Patricia Louis to ask about the conference. The staff asked if any other entity provided money or in-kind donations for the conference. Karl Rodney instructed Patricia Louis to tell the staff, "no."

After Karl Rodney and Patricia Louis told the Standards Committee staff on several occasions that the Foundation was the sole sponsor of the trip, the Standards Committee approved the Members' requests to attend the conference.

The Members relied upon the information the Foundation provided. The Standards Committee attempted to verify the information the Foundation provided. The Standards Committee did not find any evidence tending to show that the Foundation was not the sole sponsor of the conferences. The Standards Committee relied upon the information the Foundation provided.

The Investigative Subcommittee concluded that Karl Rodney and Patricia Louis provided false and misleading information to the Members by sending post-travel expense totals they knew to be false to the Members. Additionally, the Investigative Subcommittee concluded that Karl Rodney and Patricia Louis provided false testimony before the Investigative Subcommittee regarding the information they provided to the Members who attended the 2007 and 2008 conferences.

The Investigative Subcommittee found that Members who attended the conferences, other than Representative Charles Rangel, did not knowingly accept an improper gift of travel. These Members include Representatives Bennie Thompson, Yvette Clarke, Donald Payne, Carolyn Cheeks Kilpatrick, and Delegate Donna Christensen. The Investigative Subcommittee found that Representative Rangel accepted an improper gift of travel.

The information provided to the Standards Committee by Karl Rodney and Patricia Louis, at Karl Rodney's direction, was false and misleading. Several corporations, including AT&T, Verizon, and American Airlines, donated to Carib News specifically for the conferences,

after being solicited to contribute by Karl Rodney. Karl Rodney provided those entities with invoices specifying that the donations from those entities were for the conferences. The Government of Antigua and Barbuda (hereinafter Government of Antigua) also paid for lodging for Members of Congress, per an agreement with Karl Rodney.

The Investigative Subcommittee reviewed Representatives Bennie Thompson, Yvette Clarke, Donald Payne, Carolyn Cheeks Kilpatrick, and Delegate Donna Christensen's conduct under House Rule XXIII, clauses 1, 2, and 4, and House Rule XXV, clause 5.

The Investigative Subcommittee also reviewed Representative Charles Rangel's conduct under House Rule XXIII, clauses 1, 2, and 4, and House Rule XXV, clause 5. Representative Rangel's staff prepared a memorandum for him in 2008 that discussed a corporation's contribution to the 2008 conference. In 2006, Representative Rangel asked the Standards Committee whether he could ask corporations to donate money to the Foundation for the conference. The Standards Committee told him that it was not permissible.

The Investigative Subcommittee also reviewed the actions taken by Dawn Kelly Mobley, then designated counsel to the former Chair of the Standards Committee, related to the 2007 conference and determined that her communications with Patricia Louis were improper. Ms. Mobley provided internal Committee communications to Patricia Louis, which assisted Karl Rodney in formulating his answers to Committee counsel Susan Olson's questions regarding the conference sponsors. Ms. Mobley also gave contradictory information to Investigative Subcommittee counsel and the Investigative Subcommittee regarding her interaction with Carib News and other Committee Staff.

Therefore, the Investigative Subcommittee finds that Karl Rodney, through Patricia Louis, provided false information to the Standards Committee when Patricia Louis sent the sponsor form to the Committee for review in 2007 and again when they provided the sponsor form to Members for the 2008 conference, which was in turn submitted for review to the Committee. Furthermore, Karl Rodney directly and through Patricia Louis, provided false information in response to questions from Ms. Olson regarding the 2007 conference. Karl

Rodney and Faye Rodney provided false or misleading information to Committee counsel Margaret Perl in response to questions regarding the 2008 conference. Additionally, Karl Rodney, through Patricia Louis, provided false information to Members of Congress to be used in the filing of their Post-Travel Disclosure Forms with the Office of the Clerk following the 2007 and 2008 conferences.

The Investigative Subcommittee also finds that Karl Rodney provided false or misleading testimony, while under oath, to the Investigative Subcommittee when he testified that the Government of Antigua did not pay for the lodging of the Members who attended the 2007 conference and that the Government of Antigua was aware at the time that its payment was not being made for such lodging.

The Investigative Subcommittee finds that Dawn Kelly Mobley improperly communicated internal confidential Committee information to Karl Rodney and Patricia Louis. The Investigative Subcommittee further finds that Dawn Kelly Mobley improperly influenced the information provided by Karl Rodney and Patricia Louis to Ms. Olson during her review of the 2007 Multi-National Business Conference.

The Investigative Subcommittee makes no finding as to Representative Rangel's actual knowledge, but finds that his staff had knowledge that must be imputed to him. The knowledge involved the fact that private corporations, other than the Carib News Foundation, contributed funds directly to be used for the 2007 and 2008 Multi-National Business Conferences. Because of this knowledge, Representative Rangel was responsible for properly reporting to the Committee the correct classification of these corporations as co-sponsors for the 2007 and 2008 conferences. The Investigative Subcommittee does not conclude that Representative Rangel knowingly submitted false information to the Committee. However, it does find that Representative Rangel did not exercise proper supervision over his staff and office to ensure such information was properly reported.

The Investigative Subcommittee further found that the Standards Committee and the House would benefit from a review of the House travel rules and the Standards Committee's

interpretation of those travel rules. While there is no doubt that the Foundation's conduct in the matter was illegal, and that Representative Rangel accepted a gift of travel he knew or should have known was improper, insufficient guidance by the Standards Committee staff during the Investigative Subcommittee's review suggests that a review of the rules and guidelines would be beneficial.

Because of the aforementioned information and findings, the Investigative Subcommittee makes the following recommendations.

1. The Investigative Subcommittee recommends that the Standards Committee refer the matters involving Karl Rodney, Faye Rodney and Patricia Louis, regarding their providing or conspiring to provide, false information to Congress, on multiple occasions, in violation of 18 U.S.C. § 1001 and 18 U.S.C. § 1505, to the U.S. Department of Justice for such action as the Department deems necessary.

2. The Investigative Subcommittee recommends that the Standards Committee authorize the release of materials in possession of the Committee and not available through any other source, to the U.S. Department of Justice, as necessary for any further action the Department of Justice pursues as a result of the referral of this matter.

3. As explained in this Report, the Investigative Subcommittee is concerned that violations of House rules and other standards of conduct may have occurred. The Investigative Subcommittee could pursue these matters only if its jurisdiction were expanded pursuant to Standards Committee rules and the resolution adopted by the Standards Committee on June 24, 2009. The Investigative Subcommittee does not find sufficient evidence to conclude, nor does it believe that it would discover additional evidence to alter its conclusion, that Representative Rangel had actual knowledge of the memoranda written by his staff. However, the Investigative

Subcommittee finds Representative Rangel is responsible for the knowledge maintained by his staff. For this reason, the Investigative Subcommittee does not recommend that its jurisdiction be expanded. Rather, the Investigative Subcommittee recommends the Standards Committee adopt this Report as the Report of the full Committee and approve its dissemination to the House and the public. It is the intention of this Investigative Subcommittee that the publication of this Report will serve as a public admonishment by the Standards Committee to Representative Rangel. The Investigative Subcommittee also intends the publication of this report will serve as an advisory for all Members, employees, and officials of the House that Members may be held responsible for the knowledge and official conduct of their staff. Furthermore, the Investigative Subcommittee recommends that the Standards Committee request Representative Rangel to repay the total cost of his trips to attend the 2007 and 2008 conferences.

4. As explained in this Report, the conduct of Dawn Kelly Mobley in this matter raises concerns that violations of House Rules and other standards of conduct may have occurred. The Investigative Subcommittee could pursue these matters only if its jurisdiction were expanded pursuant to Standards Committee rules and the resolution adopted by the full Standards Committee on June 24, 2009. However, the Investigative Subcommittee does not recommend that its jurisdiction be expanded. Rather, the Investigative Subcommittee recommends the Standards Committee adopt this Report as the Report of the full Committee and approve its dissemination to the House and the public. It is the intention of this Investigative Subcommittee that the publication of this Report will serve as a public admonishment by the Committee to Ms. Mobley.

5. Based on its investigation, the Investigative Subcommittee recommends that the Standards Committee establish written policies and procedures as to the duties and responsibilities of the designated counsels to the Chair

and Ranking Member to ensure that such counsels are performing their duties to the Committee consistent with the provisions of Committee Rule 6. The interaction of the designated counsels in the travel review process or other Standards Committee functions performed by the professional staff can result, as the Subcommittee believes happened in this case, in improperly influencing the actions and recommendations of the staff.

6. During the course of its review, the Investigative Subcommittee encountered areas that could benefit from improvement in the current House rules and Standards Committee rules regarding travel. The Investigative Subcommittee recommends that the Standards Committee conduct a review of the current House travel rules and Standards Committee rules as necessary to ensure that information submitted by a sponsor accurately reflects the source of funding for Congressional travel and any other amendments that may be necessary to ensure an effective and efficient travel review process. For example, sponsors should be required to certify to the accuracy of all information provided to invitees, including the post-travel cost information. Failure to provide certified post-travel information may result in that sponsor being ineligible to sponsor future trips. The travel regulations should also be amended to clarify the definition of a permissible source and to foster the identification and disclosure of such sources in connection with congressional travel.

7. During the course of the investigation, counsel for Karl Rodney was also engaged to represent Faye Rodney and Patricia Louis. The record indicates that information and questions asked during the Subcommittee interviews of one witness were disclosed to the other witnesses prior to their testimony or that counsel used the testimony of one witness to prepare the other witnesses for their testimony. Each witness was given a sequestration warning at the conclusion of his or her testimony. As

addressed by the investigative subcommittee in *In the Matter of Representative Earl F. Hilliard*, multiple representation by one counsel is "inimical to the fact–finding process."[1] Thus, the Investigative Subcommittee recommends that the Standards Committee adopt a rule prohibiting or limiting representation of multiple witnesses by counsel or counsels within the same firm.

8. The Investigative Subcommittee finds that Representative Bennie Thompson did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when he accepted payment or reimbursement of travel to the 2007 and 2008 conferences. Additionally, the Investigative Subcommittee finds that Representative Bennie Thompson is entitled to rely upon the opinion letter issued by the Standards Committee approving his travel to the 2007 and the 2008 conferences. Therefore, Representative Thompson may not be sanctioned for unknowingly violating provisions of the House gift rule and other applicable rules or statutes. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Thompson to repay the costs of his trips to attend the 2007 and 2008 conferences as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Thompson to the 2007 and 2008 conferences.

[1] *See* House Comm. on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. 98 (July 10, 2001) (describing multirepresentation of witnesses as "inimical to the fact-finding process"); *see also* House Comm. on Standards of Official Conduct, *Investigation of Certain Allegations Related to Voting on the Medicare Prescription Drug, Improvement, and Modernization Act of 2003*, H. Rep. 108-722, 108th Cong., 2d Sess. 13-14 & n.16 (recommending a "sequestration of witnesses" requirement be implemented in future inquires by Committee rule, policy, or resolution and noting that multirepresentation of witnesses by the same attorney "poses a substantial risk to the integrity of an investigation").

9. The Investigative Subcommittee finds that Delegate Donna Christensen did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when she accepted payment or reimbursement of travel to the 2007 and 2008 conferences. Additionally, the Investigative Subcommittee finds that Delegate Christensen is entitled to rely upon the opinion letter issued by the Standards Committee approving her travel to the 2007 and the 2008 conferences. Therefore, Delegate Christensen may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Christensen to repay the costs of her trips to attend the 2007 and 2008 conferences as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Delegate Christensen to the 2007 and 2008 conferences.

10. The Investigative Subcommittee finds that Representative Yvette Clarke did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when she accepted payment or reimbursement of travel to the 2007 conference. Additionally, the Investigative Subcommittee finds that Representative Yvette Clarke is entitled to rely upon the opinion letter issued by the Standards Committee approving her travel to the 2007 conference. Therefore, Representative Clarke may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Clarke to repay the costs of her trip to attend the 2007 conference as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further

recommends that the Standards Committee dismiss the review of officially connected travel by Representative Clarke to the 2007 conference.

11. The Investigative Subcommittee finds that Representative Donald Payne did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when he accepted payment or reimbursement of travel to the 2008 conference. Additionally, the Investigative Subcommittee finds that Representative Donald Payne is entitled to rely upon the opinion letter issued by the Standards Committee approving his travel to the 2008 conference. Therefore, Representative Payne may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Payne to repay the costs of his trip to attend the 2008 conference as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Payne to the 2008 conference.

12. The Investigative Subcommittee finds that Representative Carolyn Cheeks Kilpatrick did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when she accepted payment or reimbursement of travel to the 2008 conference. Additionally, the Investigative Subcommittee finds that Representative Carolyn Cheeks Kilpatrick is entitled to rely upon the opinion letter issued by the Standards Committee approving her travel to the 2008 conference. Therefore, Representative Kilpatrick may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Kilpatrick to repay the costs of her trip to attend the 2008 conference as determined by the Standards Committee using its

standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Kilpatrick to the 2008 conference.

13. The Investigative Subcommittee recommends that the Standards Committee transmit this Report to the House and approve its dissemination to the public.

I. INTRODUCTION

A. ESTABLISHMENT OF THE INVESTIGATIVE SUBCOMMITTEE

On June 24, 2009, the Standards Committee passed a Resolution by unanimous vote establishing an Investigative Subcommittee in response to an ongoing Standards Committee investigation into officially connected travel by Members of the House of Representatives and referrals from the Office of Congressional Ethics.[2] The travel involved in the investigation as authorized by the Resolution concerned two conferences hosted by the Carib News Foundation, Inc. (the Foundation), which were held in Antigua in November 2007, and St. Maarten in November 2008. While the Foundation has sponsored similar conferences since 1995, only the conferences held in 2007 and 2008 were included within the jurisdiction of the Investigative Subcommittee under the Resolution, because they were held after the House travel rules were amended and became effective in March 2007. The amended travel rules required that all Members, staff, and employees receive pre-travel approval from the Standards Committee before accepting any officially connected travel from a private sponsor.

In a public statement released on June 25, 2009, Representative Zoe Lofgren, Standards Committee Chair, and Representative Jo Bonner, Ranking Republican Member, announced the establishment of the Investigative Subcommittee. The announcement stated that Representative G. K. Butterfield would serve as the Chairman of the Investigative Subcommittee and Representative J. Gresham Barrett as the Ranking Republican Member.[3] Representatives Brad Miller and Michael K. Simpson would serve on the Subcommittee as Members.

On July 9, 2009, the Investigative Subcommittee held its first meeting. During the initial meeting, the Subcommittee authorized Standards Committee counsel assigned to the Subcommittee to interview Standards Committee staff involved in the pre-travel reviews for the 2007 and 2008 conferences. The Investigative Subcommittee also authorized the issuance of a

[2] *See* Exhibit 1.
[3] Representative Barrett, following his resignation from the Standards Committee, was subsequently replaced as Ranking Republican Member of the Subcommittee by Representative Charles W. Dent.

subpoena to the Foundation for all records, communications, documents and other materials related to the 2007 and 2008 conferences. The Investigative Subcommittee further authorized counsel to contact Members' offices and verify which Members attended the 2007 and 2008 conferences. During a subsequent meeting on July 30, 2009, the Subcommittee authorized counsel to begin interviewing Members' staff, notify involved Members of the investigation, and request documents and records maintained by the Members and their staff related to the two conferences.

B. INVESTIGATIVE PROCESS

The Investigative Subcommittee authorized counsel to interview Standards Committee staff that had reviewed or had knowledge of the 2007 and 2008 conference travel requests. Because of their involvement and the sequestration rule in the Resolution, counsel and staff who had worked on or discussed the two conferences were recused from any work on the investigation and discussions regarding the investigation. Counsel who had been hired after the 2008 conference were assigned to the investigation.

Pursuant to Standards Committee Rule 19(b)(5), the Subcommittee authorized – and the Standards Committee's Chair and Ranking Member subsequently issued – a subpoena to Karl Rodney, who agreed to accept service on behalf of the Foundation and Carib News, for all records related or pertaining to the 2007 and 2008 Multi-National Business conferences sponsored or funded by the Carib News Foundation. The initial returns of documents required under the subpoena did not contain any transaction records, such as the records of contributions from corporations to the Foundation for the conferences, hotel receipts and bills, or transportation records. Upon discussion with counsel to the Foundation, some of these records were subsequently provided. When questioned as to the records provided pursuant to the subpoena, Mr. Rodney indicated he had other records that he had not provided.[4] The Subcommittee asked Mr. Rodney to provide those records.[5] His attorney later notified

[4] Karl Rodney October 28, 2009, Tr. at 22. *See also* Karl Rodney December 1, 2009, Tr. at 145-146.
[5] Karl Rodney December 1, 2009, Tr. at 146.

Subcommittee counsel that the records described by Mr. Rodney during his interview did not exist.

Pursuant to Standards Committee Rule 19(b)(5), the Subcommittee authorized the issuance of a subpoena to Unique Vacations, Inc., the U.S. representative for Sandals Grande Antigua Resort and Spa, site of the 2007 conference. Unique Vacations provided records, including the contract between Unique Vacations, Inc. and the Carib News Foundation, signed on May 5, 2007, by Faye Rodney, which indicated the agreement for the costs for lodging, meals, and conference facilities to be used for the 2007 Conference.[6] The materials provided by Unique Vacations, Inc., pursuant to the subpoena, also included a memorandum from Karl Rodney to Dr. Errol Cort, Minister of Finance, for the Government of Antigua referencing an agreement that Antigua would pay for the lodging and meals for Members of Congress and other VIPs.[7]

Investigative Subcommittee counsel contacted the Sonesta Maho Beach Resort in St. Maarten, the site of the 2008 conference, and requested they provide any records in their possession related to the 2008 conference including lodging bills for the Members who attended the 2008 conference. The Sonesta Maho has not provided any requested records.[8]

The Investigative Subcommittee authorized a subpoena to Citibank Corporation for bank records for accounts owned by Carib News, Inc. (Carib News), the Carib News Foundation, Karl Rodney, and Faye Rodney. The subpoena was issued by the Standards Committee and served on Citibank on November 5, 2009. Citibank provided the records requested pursuant to the subpoena in late November and early December 2009. The records indicated that Carib News has multiple accounts with Citibank and frequently transfers money among the varying accounts. A review of these records indicated that the corporate contributions received for the 2007 and 2008 conferences were deposited in different accounts and comingled with other funds received by Carib News.

[6] *See* Exhibit 2.
[7] *See* Exhibit 3.
[8] The Sonesta Maho Beach Resort does not have a legal presence in the United States on whom a congressional subpoena could be served. Any cooperation from the Sonesta Maho would be voluntary.

Standards Committee counsel conducted staff interviews of current and former Standards Committee staff that were involved or had knowledge of the pre-travel reviews and approvals for the 2007 and 2008 conferences.[9] Standards Committee counsel also interviewed current and former staff of Representatives Charles Rangel, Bennie Thompson, Yvette Clarke, Carolyn Kilpatrick, Donald Payne, and Delegate Donna Christensen, who had knowledge of the conferences and documents submitted to the Standards Committee for approval.

The Investigative Subcommittee interviewed Delegate Christensen and Representatives Rangel, Thompson, Kilpatrick, Clarke, Payne, as well as Sheila Jackson Lee, who attended one day of the 2008 conference at her own expense. The Investigative Subcommittee also took sworn testimony from Karl Rodney, Faye Rodney, Patricia Louis, and Dawn Kelly Mobley.

1. Carib News, Inc. and the Carib News Foundation

While there is little public information about the Carib News Foundation other than its affiliation with Carib News, Inc., attorneys for the Carib News Foundation, Carib News, Inc., and Karl Rodney provided some background information in a letter sent to Leo Wise, Staff Director and Chief Counsel, Office of Congressional Ethics (OCE).[10] As explained in the letter, Mr. Rodney is a native of Jamaica and has been active in the Caribbean American community for many years. Mr. Rodney had been employed for 15 years with a life insurance company when, in 1982, he recognized the need for a media outlet for the Caribbean-American community. At that time, Mr. Rodney and his wife, Faye, founded Carib News using personal funds. Carib News is a weekly publication located in New York City that provides news and other information for the Caribbean-American community residing primarily in New York. According to records on file with the New York State Division of Corporations, Carib News, Inc.

[9] Committee counsel had interviewed some Members' staff before the Investigative Subcommittee was empanelled during its Rule 18(a) inquiry. Transcripts of those interviews were also reviewed by counsel assigned to the Investigative Subcommittee.
[10] *See* Exhibit 4.

was incorporated on June 8, 1982, in Westchester County, New York, as a domestic business corporation.[11] Karl Rodney is listed as the corporation's Chairman and Chief Executive Officer.

According to records on file with the New York State Division of Corporations, the Carib News Foundation was incorporated on May 27, 1988, as Carib News Charities, Inc., and is identified as a domestic, not-for-profit corporation. On May 15, 2001, the corporate name for Carib News Charities was changed to Carib News Foundation. Karl Rodney is listed as the process agent for the corporation.[12] There is no listing regarding officers or directors of the corporation. However, during interviews with Karl and Faye Rodney, each indicated they were both directors of the Foundation and their daughter, Michele Rodney, is the President.[13] Michele Rodney is an attorney licensed to practice in the New York metropolitan area. Her office is located at the same address as the Carib News Foundation and Carib News, Inc.[14]

According to the letter and additional information provided by Karl and Faye Rodney, the goal of the Foundation is to support the community outreach program of Carib News, Inc. The Foundation receives "modest annual contributions" unrelated to the annual conference for other activities.[15] According to the letter from his attorneys, Mr. Rodney and the Foundation have "welcomed the financial support and meaningful participation of corporations interested in marketing their services to the Caribbean-American community" in promoting the annual conference.[16]

2. The Multi-National Business Conferences

According to the conference's "mission statement," the Multi-National Business Conferences organized by Carib News have been held annually since 1995 for the following purpose:

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[11] *See* Exhibit 5.
[12] *See* Exhibit 6.
[13] Investigative Subcommittee interviews of Karl Rodney on October 28, 2009; Faye Rodney on October 27, 2009; and Patricia Louis on November 18, 2009.
[14] New York State Unified Court System, Attorney Directory, Attorney Detail – Michele Rodney, https://iapps.courts.state.ny.us/attorney/AttorneyDetails?attorneyId=5468239 (last visited November 12, 2009).
[15] *See* Exhibit 4.
[16] *Id.*

> *To bring together businesses, community, and governmental leaders interested in understanding the economic opportunities in the Caribbean marketplace, locally and in the Caribbean.*
>
> *To make a global community among Diverse Business Entities and the Caribbean.*
>
> *Linkage between the emerging markets of the U.S and the Developing Economics* [sic] *of the Caribbean.*[17]

According to the information provided on the conference's Web site,[18] the agendas[19] presented to the Standards Committee during the pre-travel approval process, and testimony from witnesses who attended the conferences,[20] the conferences consisted of three days of meetings and workshops where information about education, health, security, and business opportunities, among other topics, were discussed and explored. Each Member who attended the conferences had specific roles, such as speaking before groups or participating in round table discussions, based on their interests and congressional assignments.[21] Witnesses indicated that the value of meeting with leaders of Caribbean nations and discussing topics of interest to both the Caribbean nations and the United States could not be overestimated.[22] Representative Thompson added that the Caribbean held a special interest because the area was part of the "President's Third Border Initiative" to help strengthen security in this region.[23]

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[17] Caribbean Multinational Business Conference, About the Conference, http://www.caribnewsconference.com/abouttheconference.html (last accessed on November 4, 2009).
[18] *See* Exhibit 7.
[19] *See* Exhibit 8.
[20] Subcommittee interviews of Representatives Rangel, Thompson, Clarke, Kilpatrick, Payne and Delegate Christensen.
[21] *Id.*
[22] *Id.*
[23] "The Caribbean nations, our often overlooked 'third border,' are important partners on trade, health and education issues and regional democracy. Illegal drug trafficking, migrant smuggling and financial crime, however, threaten both United States and regional security interests. In order to better focus the U.S.-Caribbean relationship and work with our partners on a number of capacity building tasks, the Bush Administration has developed a 'Third Border Initiative.'" White House Fact Sheet on the Caribbean Border Initiative, April 21, 2001, http://georgewbush-whitehouse.archives.gov/news/releases/2001/04/20010423-5.html (last visited February 23, 2010).

II. FEDERAL LAWS AND HOUSE RULES

A. RELEVANT PROVISIONS OF TITLE 18 U.S.C. § 1001 – STATEMENTS OR ENTRIES GENERALLY

(a) Except as otherwise provided in this section, whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully –

> (1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact;
>
> (2) makes any materially false, fictitious, or fraudulent statement or representation; or
>
> (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry;

shall be fined under this title, imprisoned not more than 5 years or, if the offense involves international or domestic terrorism (as defined in section 2331), imprisoned not more than 8 years, or both. If the matter relates to an offense under chapter 109A, 109B, 110, or 117, or section 1591, then the term of imprisonment imposed under this section shall be not more than 8 years.

(b) Subsection (a) does not apply to a party to a judicial proceeding, or that party's counsel, for statements, representations, writings or documents submitted by such party or counsel to a judge or magistrate in that proceeding.

(c) With respect to any matter within the jurisdiction of the legislative branch, subsection (a) shall apply only to –

> (1) administrative matters, including a claim for payment, a matter related to the procurement of property or services, personnel or employment practices, or support services, or a document required by law, rule, or regulation to be submitted to the Congress or any office or officer within the legislative branch; or
>
> (2) any investigation or review, conducted pursuant to the authority of any committee, subcommittee, commission or office of the Congress, consistent with applicable rules of the House or Senate.

B. TITLE 18 U.S.C. § 1341 – FRAUDS AND SWINDLES

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses,

representations, or promises, or to sell, dispose of, loan, exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any counterfeit or spurious coin, obligation, security, or other article, or anything represented to be or intimated or held out to be such counterfeit or spurious article, for the purpose of executing such scheme or artifice or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, or deposits or causes to be deposited any matter or thing whatever to be sent or delivered by any private or commercial interstate carrier, or takes or receives therefrom, any such matter or thing, or knowingly causes to be delivered by mail or such carrier according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such matter or thing, shall be fined under this title or imprisoned not more than 20 years, or both. If the violation occurs in relation to, or involving any benefit authorized, transported, transmitted, transferred, disbursed, or paid in connection with, a presidentially declared major disaster or emergency (as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5122)), or affects a financial institution, such person shall be fined not more than $1,000,000 or imprisoned not more than 30 years, or both.

C. TITLE 18 U.S.C. § 1343 – FRAUD BY WIRE, RADIO OR TELEVISION

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years, or both. If the violation occurs in relation to, or involving any benefit authorized, transported, transmitted, transferred, disbursed, or paid in connection with, a presidentially declared major disaster or emergency (as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5122)), or affects a financial institution, such person shall be fined not more than $1,000,000 or imprisoned not more than 30 years, or both.

D. 18 U.S.C. § 1621 – PERJURY GENERALLY

Whoever –

> (1) having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify truly, or that any written testimony, declaration, deposition, or certificate by him subscribed, is true, willfully and contrary to such oath states or subscribes any material matter which he does not believe to be true; or
>
> (2) in any declaration, certificate, verification, or statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true;

is guilty of perjury and shall, except as otherwise expressly provided by law, be fined under this title or imprisoned not more than five years, or both. This section is applicable whether the statement or subscription is made within or without the United States.

E. RELEVANT PROVISIONS OF TITLE 5 U.S.C. § 7342, RECEIPT AND DISPOSITION OF FOREIGN GIFTS AND DECORATIONS (FGDA)

(b) An employee may not –

> (1) request or otherwise encourage the tender of a gift or decoration; or
>
> (2) accept a gift or decoration, other than in accordance with the provisions of subsections (c) and (d).

(c)

> (1) The Congress consents to –
>
> > (A) the accepting and retaining by an employee of a gift of minimal value tendered and received as a souvenir or mark of courtesy; and
> >
> > (B) the accepting by an employee of a gift of more than minimal value when such gift is in the nature of an educational scholarship or medical treatment or when it appears that to refuse the gift would likely cause offense or embarrassment or otherwise

adversely affect the foreign relations of the United States, except that

(i) a tangible gift of more than minimal value is deemed to have been accepted on behalf of the United States and, upon acceptance, shall become the property of the United States; and

(ii) an employee may accept gifts of travel or expenses for travel taking place entirely outside the United States (such as transportation, food, and lodging) of more than minimal value if such acceptance is appropriate, consistent with the interests of the United States, and permitted by the employing agency and any regulations which may be prescribed by the employing agency.

(2) Within 60 days after accepting a tangible gift of more than minimal value (other than a gift described in paragraph (1)(B)(ii)), an employee shall –

(A) deposit the gift for disposal with his or her employing agency; or

(B) subject to the approval of the employing agency, deposit the gift with that agency for official use.

Within 30 days after terminating the official use of a gift under subparagraph (B), the employing agency shall forward the gift to the Administrator of General Services in accordance with subsection (e)(1) or provide for its disposal in accordance with subsection (e)(2).

(3) When an employee deposits a gift of more than minimal value for disposal or for official use pursuant to paragraph (2), or within 30 days after accepting travel or travel expenses as provided in paragraph (1)(B)(ii) unless such travel or travel expenses are accepted in accordance with specific instructions of his or her employing agency, the employee shall file a statement with his or her employing agency or its delegate containing the information prescribed in subsection (f) for that gift.

(d) The Congress consents to the accepting, retaining, and wearing by an employee of a decoration tendered in recognition of active field service in time of combat operations or awarded for other outstanding or unusually meritorious

performance, subject to the approval of the employing agency of such employee. Without this approval, the decoration is deemed to have been accepted on behalf of the United States, shall become the property of the United States, and shall be deposited by the employee, within sixty days of acceptance, with the employing agency for official use, for forwarding to the Administrator of General Services for disposal in accordance with subsection (e)(1), or for disposal in accordance with subsection (e)(2).

. . .

(h) The Attorney General may bring a civil action in any district court of the United States against any employee who knowingly solicits or accepts a gift from a foreign government not consented to by this section or who fails to deposit or report such gift as required by this section. The court in which such action is brought may assess a penalty against such employee in any amount not to exceed the retail value of the gift improperly solicited or received plus $5,000.

F. RELEVANT PROVISIONS OF TITLE 26 U.S.C. § 4941 AND 26 U.S.C § 4946

1. Title 26 U.S.C. § 4941– Private Foundations: Taxes on Self–Dealing

(a) Initial taxes.

(1) On self–dealer. There is hereby imposed a tax on each act of self–dealing between a disqualified person and a private foundation. The rate of tax shall be equal to 10 percent of the amount involved with respect to the act of self–dealing for each year (or part thereof) in the taxable period. The tax imposed by this paragraph shall be paid by any disqualified person (other than a foundation manager acting only as such) who participates in the act of self–dealing. In the case of a government official (as defined in section 4946(c) [26 U.S.C. § 4946(c)]), a tax shall be imposed by this paragraph only if such disqualified person participates in the act of self–dealing knowing that it is such an act.

(2) On foundation manager. In any case in which a tax is imposed by paragraph (1), there is hereby imposed on the participation of any foundation manager in an act of self–dealing between a disqualified person and a private foundation, knowing that it is such an act, a tax equal to 5 percent of the amount involved with respect to the act of self–dealing for each year (or part thereof) in the taxable period, unless such

participation is not willful and is due to reasonable cause. The tax imposed by this paragraph shall be paid by any foundation manager who participated in the act of self–dealing.

(b) Additional taxes.

(1) On self–dealer. In any case in which an initial tax is imposed by subsection (a)(1) on an act of self–dealing by a disqualified person with a private foundation and the act is not corrected within the taxable period, there is hereby imposed a tax equal to 200 percent of the amount involved. The tax imposed by this paragraph shall be paid by any disqualified person (other than a foundation manager acting only as such) who participated in the act of self–dealing.

(2) On foundation manager. In any case in which an additional tax is imposed by paragraph (1), if a foundation manager refused to agree to part or all of the correction, there is hereby imposed a tax equal to 50 percent of the amount involved. The tax imposed by this paragraph shall be paid by any foundation manager who refused to agree to part or all of the correction.

(c) Special rules.

For purposes of subsections (a) and (b) –

(1) Joint and several liability. If more than one person is liable under any paragraph of subsection (a) or (b) with respect to any one act of self–dealing, all such persons shall be jointly and severally liable under such paragraph with respect to such act.

(2) $20,000 limit for management. With respect to any one act of self–dealing, the maximum amount of the tax imposed by subsection (a)(2) shall not exceed $20,000, and the maximum amount of the tax imposed by subsection (b)(2) shall not exceed $20,000.

(d) Self–dealing.

(1) In general. For purposes of this section, the term “self–dealing” means any direct or indirect –

(A) sale or exchange, or leasing, of property between a private foundation and a disqualified person;

(B) lending of money or other extension of credit between a private foundation and a disqualified person;

(C) furnishing of goods, services, or facilities between a private foundation and a disqualified person;

(D) payment of compensation (or payment or reimbursement of expenses) by a private foundation to a disqualified person;

(E) transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a private foundation; and

(F) agreement by a private foundation to make any payment of money or other property to a government official (as defined in section 4946(c) [26 U.S.C. § 4946(c)]), other than an agreement to employ such individual for any period after the termination of his government service if such individual is terminating his government service within a 90–day period.

2. TITLE 26 U.S.C. § 4946 – Definitions and special rules.

(a) Disqualified person.

(1) In general. For purposes of this subchapter [26 U.S.C. §§ 4940 et seq.], the term "disqualified person" means, with respect to a private foundation, a person who is –

(A) a substantial contributor to the foundation,

(B) a foundation manager (within the meaning of subsection (b)(1)),

(C) an owner of more than 20 percent of –

(i) the total combined voting power of a corporation,
(ii) the profits interest of a partnership, or

(iii) the beneficial interest of a trust or unincorporated enterprise, which is a substantial contributor to the foundation,

(D) a member of the family (as defined in subsection (d)) of any individual described in subparagraph (A), (B), or (C),

(E) a corporation of which persons described in subparagraph (A), (B), (C), or (D) own more than 35 percent of the total combined voting power,

(F) a partnership in which persons described in subparagraph (A), (B), (C), or (D) own more than 35 percent of the profits interest,

(G) a trust or estate in which persons described in subparagraph (A), (B), (C), or (D) hold more than 35 percent of the beneficial interest,

(H) only for purposes of section 4943 [26 U.S.C. § 4943], a private foundation –

(i) which is effectively controlled (directly or indirectly) by the same person or persons who control the private foundation in question, or

(ii) substantially all of the contributions to which were made (directly or indirectly) by the same person or persons described in subparagraph (A), (B), or (C), or members of their families (within the meaning of subsection (d)), who made (directly or indirectly) substantially all of the contributions to the private foundation in question, and

(I) only for purposes of section 4941 [26 U.S.C. § 4941], a government official (as defined in subsection (c)).

(2) Substantial contributors. For purposes of paragraph (1), the term "substantial contributor" means a person who is described in section 507(d)(2) [26 U.S.C. § 507(d)(2)].

(3) Stockholdings. For purposes of paragraphs (1)(C)(i) and (1)(E), there shall be taken into account indirect stockholdings which would be taken into account under section 267(c) [26 U.S.C. § 267(c)], except that, for purposes of this paragraph, section 267(c)(4) [26 U.S.C. § 267(c)(4)] shall be treated as providing that the members of the family of an individual are the members within the meaning of subsection (d).

(4) Partnerships; trusts. For purposes of paragraphs (1)(C)(ii) and (iii), (1)(F), and (1)(G), the ownership of profits or beneficial interests shall be determined in accordance with the rules for constructive ownership of stock provided in section 267(c) [26 U.S.C. § 267(c)] (other than paragraph (3) thereof), except that section 267(c)(4) [26 U.S.C. § 267(c)(4)] shall be treated as providing that the members of the family of an individual are the members within the meaning of subsection (d).

(b) Foundation manager. For purposes of this subchapter [26 U.S.C. §§ 4940 et seq.], the term "foundation manager" means, with respect to any private foundation –

(1) an officer, director, or trustee of a foundation (or an individual having powers or responsibilities similar to those of officers, directors, or trustees of the foundation), and

(2) with respect to any act (or failure to act), the employees of the foundation having authority or responsibility with respect to such act (or failure to act).

(c) Government official. For purposes of subsection (a)(1)(I) and section 4941 [26 U.S.C. § 4941], the term "government official" means, with respect to an act of self–dealing described in section 4941 [26 U.S.C. § 4941], an individual who, at the time of such act, holds any of the following offices or positions (other than as a "special Government employee", as defined in section 202(a) of title 18, United States Code):

(1) an elective public office in the executive or legislative branch of the Government of the United States,

(2) an office in the executive or judicial branch of the Government of the United States, appointment to which was made by the President,

(3) a position in the executive, legislative, or judicial branch of the Government of the United States –

(A) which is listed in schedule C of rule VI of the Civil Service Rules, or

(B) the compensation for which is equal to or greater than the lowest rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code,

(4) a position under the House of Representatives or the Senate of the United States held by an individual receiving gross compensation at an annual rate of $15,000 or more,

(5) an elective or appointive public office in the executive, legislative, or judicial branch of the government of a State, possession of the United States, or political subdivision or other area of any of the foregoing, or of the District of Columbia, held by an individual receiving gross compensation at an annual rate of $20,000 or more,

(6) a position as personal or executive assistant or secretary to any of the foregoing, or,

(7) a Member of the Internal Revenue Service Oversight Board.

(d) Members of family. For purposes of subsection (a)(1), the family of any individual shall include only his spouse, ancestors, children, grandchildren, great grandchildren, and the spouses of children, grandchildren, and great grandchildren.

G. RELEVANT PROVISIONS OF HOUSE RULE XXIII – CODE OF OFFICIAL CONDUCT

Clause 1. A Member, Delegate, Resident Commissioner, officer, or employee of the House shall behave at all times in a manner that shall reflect creditably on the House.

Clause 2. A Member, Delegate, Resident Commissioner, officer, or employee of the House shall adhere to the spirit and the letter of the Rules of the House and to the rules of duly constituted committees thereof.

. . .

Clause 4. A Member, Delegate, Resident Commissioner, officer, or employee of the House may not accept gifts except as provided by clause 5 of Rule XXV.

H. RELEVANT PROVISIONS OF HOUSE RULE XXV – LIMITATION ON OUTSIDE EARNED INCOME AND ACCEPTANCE OF GIFTS

Clause 5(a)(1)(A)(i). A Member, Delegate, Resident Commissioner, officer or employee of the House may not knowingly accept a gift except as provided in this clause.

Clause 5(a)(1)(A)(ii). A Member, Delegate, Resident Commissioner, officer, or employee of the House may not knowingly accept a gift from a registered lobbyist or agent of a foreign principal or from a private entity that retains or employs registered lobbyists or agents of a foreign principal except as provided in subparagraph (3) of this paragraph.

Clause 5(a)(2)(A). In this clause the term "gift" means gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. The term includes gifts of services, training, transportation, lodging, and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

Clause 5(b)(1)(A). A reimbursement (including payment in kind) to a Member, Delegate, Resident Commissioner, officer, or employee of the House for necessary transportation, lodging, and related expenses for travel to a meeting, speaking engagement, fact-finding trip, or similar event in connection with the duties of such individual as an office-holder shall be considered as a reimbursement to the House and not a gift prohibited by this clause when it is from a private source other than a registered lobbyist or agent of a foreign principal or a private entity that retains or employs registered lobbyists or agents of a foreign principal (except as provided in subdivision (C)), if the Member, Delegate, Resident Commissioner, officer or employee – (ii) discloses the expenses reimbursed or to be reimbursed . . . to the Clerk within 15 days after the travel is completed.

Clause 5(b)(1)(C). A reimbursement (including payment in kind) to a Member, delegate, resident Commissioner, officer, or employee of the House for any

purpose described in subdivision (A) also shall be considered as a reimbursement to the House and not a gift prohibited by this clause (without regard to whether the source retains or employs registered lobbyists or agents of a foreign principal) if it is, under regulations prescribed by the Committee on Standards of Official Conduct to implement this provision –

(i) directly from an institution of higher education within the meaning of section 101 of the Higher Education Act of 1965; or

(ii) provided only for attendance at or participation in a one-day event (exclusive of travel time and an overnight stay).

Clause 5(b)(3). Each disclosure made under subparagraph (1)(A) shall be signed by the Member, Delegate, Resident Commissioner, or officer (in the case of travel by that Member, Delegate, Resident Commissioners, or officer) or by the Member, Delegate, Resident Commissioner, or officer under whose direct supervision the employee works (in the case of travel by an employee) and shall include –

(A) a good faith estimate of total transportation expenses reimbursed or to be reimbursed;

(B) a good faith estimate of total lodging expenses reimbursed or to be reimbursed;

(C) a good faith estimate of total meal expenses reimbursed or to be reimbursed;

(D) a good faith estimate of the total of other expenses reimbursed or to be reimbursed;

(E) a determination that all such expenses are necessary transportation, lodging, and related expenses as defined in subparagraph (4);

(F) a description of the meetings and events attended; and

(G) in the case of a reimbursement to a Member, delegate, resident Commissioner, or officer, a determination that the travel was in

conjunction with the duties of such individual as an officeholder and would not create the appearance that the Member, Delegate, resident Commissioner, or officer is using public office for private gain.

Clause 5(b)(4). In this paragraph the term "necessary transportation, lodging, and related expenses" –

(A) includes reasonable expenses that are necessary for travel for a period not exceeding four days within the United States or seven days exclusive of travel time outside of the United States unless approved in advance by the Committee on Standards of Official Conduct;

(B) is limited to reasonable expenditures for transportation, lodging, conference fees and materials, and food and refreshments, including reimbursement for necessary transportation, whether or not such transportation occurs within the periods described in subdivision (A);

(C) does not include expenditures for recreational activities, nor does it include entertainment other than that provided to all attendees as an integral part of the event, except for activities or entertainment otherwise permissible under this clause; and

(D) may include travel expenses incurred on behalf of a relative of the Member, Delegate, Resident Commissioner, officer or employee.

Clause 5(c)(2). A Member, delegate, Resident Commissioner, officer, or employee of the House may not accept a reimbursement (including payment in kind) for transportation, lodging, or related expenses under the exception in paragraph (b)(1)(C)(ii) of this clause for a trip that is financed in whole or in part by a private entity that retains or employs registered lobbyists or agents of a foreign principal unless any involvement of a registered lobbyist or agent of a foreign principal in the planning, organization, request, or arrangement of the trip is de minimis under rules prescribed by the Committee on Standards of Official Conduct to implement paragraph (b)(1)(C) of this clause.

Clause 5(d). A Member, Delegate, Resident Commissioner, officer, or employee of the House shall, before accepting travel otherwise permissible under paragraph (b)(1) of this clause from any private source –

(1) provide to the Committee on Standards of Official Conduct before such trip a written certification signed by the source or (in the case of a corporate person) by an officer of the source –

(A) that the trip will not be financed in any part by a registered lobbyist or agent of a foreign principal;

(B) that the source either –

(i) does not retain or employ registered lobbyists or agents of a foreign principal; or

(ii) is an institution of higher education within the meaning of section 101 of the Higher Education Act of 1965; or

(iii) certifies that the trip meets the requirements specified in rules prescribed by the Committee on Standards of Official Conduct to implement paragraph (b)(1)(C)(ii) of this clause and specifically details the extent of any involvement of a registered lobbyist or agent of a foreign principal in the planning, organization, request, or arrangement of the trip considered to qualify as de minimis under such rules;

(C) that the source will not accept from another source any funds earmarked directly or indirectly for the purpose of financing any part of the trip[.]

I. RELEVANT PROVISIONS UNDER THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT TRAVEL GUIDELINES AND REGULATIONS (EFFECTIVE MARCH 1, 2007)

Section B – Reasonableness of Travel Expenses

. . .

(3) Lodging

(a) For travel to events arranged or organized *without regard* to congressional participation (for example, annual meetings of business or trade associations or other Membership organizations), Members, officer and employees may accept lodging accommodations at a pre–arranged location for event attendees commensurate with those customarily provided to or purchased by other event attendees. The quality or location of the accommodations may not be enhanced because of the official position of the Member, officer or employee. [*emphasis in original*]

. . .

Section D – Direct and Immediate relationship Between Source of Funding and an Event

Expenses may only be accepted from an entity or entities that have a significant role in organizing and conducting a trip, and that also have a clear and defined organizational interest in the purpose of the trip or location being visited. Expenses may not be accepted from a source that has merely donated monetary or in-kind support to the trip but does not have a significant role in organizing and conducting the trip.

J. RELEVANT PROVISIONS OF THE RULES OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Rule 3 – Advisory Opinions and Waivers

Clause (k). The Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion if the conduct conforms to the specific facts addressed in the opinion.[24]

III. NARRATIVE SUMMARY OF EVIDENCE

A. THE 2007 CARIB NEWS FOUNDATION MULTI-NATIONAL BUSINESS CONFERENCE

1. Attendance by Members and Staff

The Investigative Subcommittee confirmed, through interviews and the review of documents filed with the Standards Committee and the Office of the House Clerk, that the

[24] Rules of the Comm. on Standards of Official Conduct, adopted February 10, 2009.

Members and staff who received transportation and lodging to attend the 2007 Multi-National Business Conference in Antigua were:

- Representative Stephanie Tubbs Jones (now deceased), accompanied by her sister Barbara Walker;[25]
- Representative Charles Rangel;
- Representative Bennie Thompson, accompanied by his wife, Dr. London Thompson;
- Delegate Donna Christensen;
- Representative Yvette Clarke; and,
- George Dalley, former Chief of Staff to Representative Charles Rangel.[26]

2. Pre-travel Approval Process

The first contact between anyone at the Foundation and the Standards Committee regarding the 2007 conference came before Ms. Louis submitted the sponsor form to the invitees.[27] A review of email communications and interviews disclosed that Ms. Louis first contacted Ms. Mobley in September 2007.[28] At the time, Ms. Mobley was Representative Tubbs Jones' designated counsel to the Standards Committee.[29] Representative Tubbs Jones was the Chair of the Standards Committee at the time.[30] According to the testimony of Patricia Louis, Karl Rodney, and Faye Rodney, Representative Tubbs Jones advised them that Ms. Mobley would be their point of contact for the 2007 conference.[31] Ms. Louis sent an email to that effect on September 17, 2007, to George Dalley (former Chief of Staff to Representative Rangel) and Shelley Thomas (scheduler for Representative Christensen).[32]

[25] Neither the Standards Committee nor the Investigative Subcommittee has jurisdiction over Representative Tubbs Jones. Representative Tubbs Jones passed away on August 20, 2008.
[26] Neither the Standards Committee nor the Investigative Subcommittee has jurisdiction over George Dalley due to his retirement from the House of Representatives on June 30, 2009.
[27] *See* Exhibit 10.
[28] *Id.*
[29] Mobley August 11, 2009, Tr. at 4.
[30] *Id.*
[31] Investigative Subcommittee interviews of Karl Rodney on October 28, 2009; Faye Rodney on October 27, 2009; and Patricia Louis on November 18, 2009.
[32] *See* Exhibit 9.

On September 17, 2007, Ms. Louis sent an email to Ms. Mobley referencing an earlier communication between the two regarding the 2007 conference.[33] In the email, Ms. Louis mentioned that Ms. Mobley had asked for a program for the 2007 conference and Ms. Louis was still working on providing one to her.[34] Ms. Mobley forwarded the email to Bill O'Reilly, the Staff Director and Chief Counsel to the Standards Committee at the time.[35] Ms. Mobley asked Mr. O'Reilly to assign someone to review the trip.[36] Mr. O'Reilly forwarded the email from Ms. Louis to Ms. Olson and asked her to handle the trip review.[37]

Ms. Olson began communicating with Patricia Louis and Mr. and Mrs. Rodney to collect additional information and to clarify the information provided by the Foundation on the sponsor form.[38] A review of email communications between Ms. Olson and Ms. Mobley, Bill O'Reilly and Patricia Louis, revealed that Ms. Olson raised several concerns regarding sponsorship of the conference.[39] Karl Rodney and Patricia Louis did not list additional sponsors on the sponsor form for the 2007 conference.[40] However, they identified several contributors as sponsors in the 2007 conference agenda and listed some contributors in Question 12 of the sponsor form they submitted to the Standards Committee for preliminary review.[41]

(a) Information Provided By Susan Olson

Ms. Olson was interviewed by counsel assigned to the Investigative Subcommittee on July 21, 2009. Ms. Olson stated that Bill O'Reilly assigned her to review the 2007 conference.[42] She began reviewing the paperwork Ms. Louis submitted to the Standards Committee for a preliminary review and noted several problems related to the trip sponsors.[43] According to Ms. Olson, Ms. Louis identified contributors as sponsors on the agenda and on the conference Web

[33] *See* Exhibit 10.
[34] *Id.*
[35] *See* Exhibit 11.
[36] *Id.*
[37] *Id.*
[38] Investigative Subcommittee staff interview of Susan Olson on July 21, 2009.
[39] *Id.* See also Exhibit 8.
[40] *See* Exhibit 13.
[41] *Id.*
[42] Olson Tr. at 3.
[43] *Id.*

site, but did not list them as sponsors on the sponsor form.[44] Corporations were also listed in response to question 12 on the first sponsor form Ms. Louis submitted to the Standards Committee.[45] However, only the Foundation was identified as the sponsor in question 1 of the sponsor form.[46] Ms. Olson sent numerous emails to Patricia Louis regarding the corporations and Government of Antigua to ascertain their role with the conference.

Based on her understanding of the information provided by the Foundation, Ms. Olson advised Mr. O'Reilly and Ms. Mobley that, in her opinion, the corporations were co-sponsors and must be identified as such on the sponsor form.[47] Additionally, Ms. Olson advised Mr. O'Reilly and Ms. Mobley that, in her opinion, since at least one of the corporations identified on the sponsor form and in the responses from Ms. Louis retained or employed lobbyists, the trip had to be limited to a one-day event.[48]

Mr. O'Reilly instructed Ms. Olson to investigate the issue further.[49] Ms. Olson was unaware that Ms. Mobley had already been in contact with Ms. Louis.[50] Ms. Mobley told Ms. Olson and Mr. O'Reilly that she received information from Ms. Louis that the corporations were not sponsors after all.[51] Ms. Olson asked if she should get additional clarification on the roles of the corporations based on Ms. Louis' responses.[52] However, Mr. O'Reilly instructed her "no, he didn't think it was necessary."[53]

Ms. Olson explained her understanding of what an "earmark" of funds is under the rules.[54] When funds are given for the purpose of holding a conference and the entity giving the funds does not designate those funds to be used for congressional attendance at the event, the

[44] *See* Exhibits 12-13.
[45] *See* Exhibit 12.
[46] *Id.*
[47] *See* Exhibit 14.
[48] *Id.*
[49] Olson Tr. at 26.
[50] *Id*. at 24.
[51] *See* Exhibit 15.
[52] *Id.*
[53] Olson Tr. at 29.
[54] *Id*. at 9-10.

funds would not be considered earmarked under the rule, according to Ms. Olson.[55] She also explained that a sponsor must take part in planning and organizing the event.[56] If the sponsor is not participating in, planning or organizing the event and is only providing financial support, the trip could not be approved.[57]

In this case, Ms. Olson was concerned that the corporations were contributing funds directly to the conference and should either be listed as sponsors or, because they did not participate in planning and organizing the conference, the trip would not be approvable.[58] She requested further information from the Foundation to determine if the corporations were paying for any of the expenses of the Members.[59] The Foundation assured her they were not, but represented that the corporations contributed generally to the Foundation and not specifically to the conference.[60]

Ms. Olson explained that, because the corporations listed by the Foundation for the 2007 conference employed or retained lobbyists, the trip would have to be limited to a one-day event if they contributed specifically to the conference and not to the general fund of the Foundation.[61] Based on a response from Ms. Louis that the "corporations contributed to the overall expenses of the conference" and because of their identification as sponsors on the agenda and other conference related materials, Ms. Olson believed the corporations did contribute specifically to the conference and not the general fund of the Foundation.[62] Ms. Olson sent an email to Dawn Mobley and Bill O'Reilly to that effect.[63] Ms. Olson was unaware that Ms. Mobley forwarded her email to Ms. Louis.[64]

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[55] *Id.*
[56] *Id*. at 10.
[57] *Id.*
[58] *Id.* at 10, 15 and 19.
[59] *See* Exhibit 15.
[60] *Id.*
[61] Olson Tr. at 3. *See also* Olson Tr. at 7, 15 and 35.
[62] *Id*. at 15-16.
[63] *See* Exhibit 15.
[64] Olson Tr. at 52-53.

Ms. Olson related that part of her concern about the sponsors of the 2007 conference arose from the fact that, before the travel rule changes in 2007, the Foundation had always identified these same corporate entities as being co-sponsors of the previous annual conferences.[65] Ms. Olson wanted to ensure that the entities were contributing to the general fund of the Foundation and not specifically to the conference.[66] She indicated that she addressed her concerns in a series of emails to Bill O'Reilly and Dawn Mobley.[67] When asked why she sent emails to Ms. Mobley, Ms. Olson responded that she was directed to do so by Mr. O'Reilly.[68] Ms. Olson further stated that the initial assignment for her to conduct the pre-travel review actually came from Ms. Mobley through Mr. O'Reilly.[69] Ms. Olson further related that there were a series of emails between Ms. Mobley and Ms. Louis, which she found to be unusual even though Ms. Mobley worked in the office.[70] Of the hundreds of submissions received by the Committee for pre-travel approval, Ms. Olson only recalled one other occasion when Ms. Mobley was involved in a trip approval.[71] The particular trip was one that the Chair was participating in and Ms. Olson had recommended denying approval for that trip.[72]

Ms. Olson discussed the process for reviewing and approving or denying a proposed trip.[73] She explained that usually the Standards Committee would receive the pre-travel forms, agenda, and other materials from the invitee.[74] A review could not be completed until all the materials were received.[75] She explained that during the review process, the agenda and forms are reviewed to verify that the trip is officially connected to the Member's duties and that the Member's time during the trip is fully accounted for.[76] She explained that there cannot be a lot of free time on the schedule, and that the Members must either be attending or participating in

[65] *Id*. at 17.
[66] *Id*. at 15-16.
[67] *Id*.
[68] *Id*. at 19.
[69] *Id*. at 20-21.
[70] *Id*. at 20.
[71] *Id*. at 21-23.
[72] *Id*.
[73] *Id*. at 5-6.
[74] *Id*. at 32.
[75] *Id*. at 4-5.
[76] *Id*. at 36.

various sessions during most of the time they are present at a conference.[77] As part of her review of the 2007 Conference, Ms. Olson began reviewing the agenda she received from Ms. Mobley.[78] This review occurred before the Foundation submitted any signed paperwork to the invitees.[79] Ms. Olson believed that the Foundation "wanted kind of an idea of whether or not this proposed agenda would be something that we would approve."[80]

Ms. Olson also explained her process in dealing with Post-Travel Disclosure Forms.[81] She explained that she reviews the post-travel forms after they are filed with the Clerk's office to make sure all of the information is provided.[82] She also compares the post-travel information with the pre-travel forms to make sure that there are not any significant differences between the two, such as the length of stay or the Member being accompanied by a family member who was not previously identified or approved.[83]

Ms. Olson stated that during the 2007 conference, she was notified of a non-approved trip taken by some of the Members.[84] Some of the Members traveled to Montserrat, West Indies, to view damage caused by a volcano.[85] The trip involved travel to another island paid for by a foreign government that was not included in the approved agenda.[86] This was a major change to the approved travel itinerary and was not allowed under the Foreign Gifts and Declarations Act (FGDA).[87] The trip to Montserrat could not be approved because it was not permitted under the provisions in the FGDA.[88] The Members who took part in the trip were instructed to repay the costs and did so.[89]

[77] *Id*. at 36-37.
[78] *Id*. at 34-35.
[79] *Id*.
[80] *Id*. at 35-36.
[81] *Id*. at 56-57.
[82] *Id*. at 56.
[83] *Id*. at 56-57
[84] *Id*. at 57-60.
[85] *Id*.
[86] *Id*.
[87] *Id*. at 57.
[88] *Id*. at 57-60.
[89] *Id*.

Ms. Olson opined that a traveler has an obligation to report any changes to a trip that they become aware of when completing their post-travel forms.[90] Ms. Olson stated there was no published guidance regarding this issue.[91] However, because the post-travel form requires the traveler to certify the information provided is accurate, it was her opinion that this certification created an obligation to report any changes.[92]

Ms. Olson explained that prior to the 2007 conference a potential sponsor's status as a non-profit organization was not routinely examined by the Standards Committee staff.[93] Ms. Olson stated that since the 2007 conference, she began reviewing the tax filing status of private sponsors to verify their non-profit status.[94] Ms. Olson explained that she understood there were certain tax provisions that related to travel paid by private foundations.[95] Ms. Olson now routinely verifies the private sponsor's status through the Internal Revenue Service's (IRS) Web site to determine whether the sponsor is registered with the IRS as a public charity, private foundation, or for-profit corporation during her review of privately-sponsored travel.[96] Currently, there is no distinction made in the House Rules between a public charity and a private foundation.[97] According to Ms. Olson, at the time the trip was reviewed, there were no policies in place regarding private foundations.[98] As long as the trip met the requirements under House Rules, the trip could be approved, even if the Internal Revenue Code (I.R.C.) imposed tax penalties for such travel payment or reimbursement.[99] The Standards Committee has provided some advice to Members relating to the I.R.C. before 2007, but not in all cases.[100]

A review of email communications between Ms. Olson and Ms. Louis regarding the 2007 conference indicates that the Foundation initially identified several companies as co-sponsors of

[90] *Id*. at 61-63.
[91] *Id*. at 64.
[92] *Id*. at 64-65.
[93] *Id*. at 63.
[94] *Id*.
[95] *Id*. at 64.
[96] *Id*. at 65.
[97] *Id*. at 67-68.
[98] *Id*. at 68.
[99] *Id*.
[100] *Id*. at 66.

the event.[101] The unsigned sponsor form first submitted by the Foundation to the Standards Committee for its pre-review identified corporations and the reasons for their participation at the 2007 conference in the response to question 12.[102] In the response to question 12, Patricia Louis wrote: "Pfizer-Education/Health, AT&T, and IMB – provide technology to the region, MACY's – seeks new vendor source, Citibank – opportunities in the region."[103]

The instructions provided to the Foundation for completing the sponsor form gave the following instructions for answering question 12:

> Private sponsors must have a direct and immediate relationship to the purpose of the trip or location being visited. Describe the role of each sponsor in organizing and conducting the trip*: The sponsor(s) (the entity or entities paying for the trip) should be the entity primarily responsible for organizing the trip. Travel may not be accepted from an entity that merely contributes money towards the travel and is not otherwise involved in planning or conducting the trip.*[104]

Ms. Olson provided the following copies of the email exchanges between herself, Patricia Louis, Dawn Mobley, and Bill O'Reilly to the Investigative Subcommittee. The emails begin with the first email to Dawn Mobley on September 17, 2007.

> From: plouis[105]
> Sent: Monday, September 17, 2007 3:47 PM
> TO: Kelly Mobley, Dawn
> Subject: Draft Program – 2007 Business Conference
>
> Ms. Mobley:
>
> We spoke earlier re permission for Members to attend the Conference and you asked for the program. I have not gotten back to you because we have been working on getting the program together.

[101] *See* Exhibit 13.
[102] *Id.*
[103] *Id*. *See also* Louis November 18, 2009, Tr. at 25.
[104] *Id. (*Italics in original).
[105] All emails addresses throughout this report were redacted to protect the privacy of the parties involved.

> Attached is a draft for your guidance
>
> Regards and Thanks
>
> Patricia Louis
> Executive Assistant
> CARIB NEWS
> 7 West 36th Street, 8th Floor
> New York, NY 10018.[106]

Ms. Mobley responded to this email at 5:53 p.m. on the same date:

> To: plouis
> Subject: RE: Draft Program – 2007 Business Conference
>
> Nothing was attached to this email. Therefore, we have not received the proposed agenda you mention below and have nothing to preview.[107]

On September 18, 2007, Ms. Louis responded:

> Sorry for the omission. Program now attached.[108]

On September 18, 2007, Ms. Mobley forwarded the response from Ms. Louis to Bill O'Reilly:

> Would you please have someone look at this proposed travel agenda for the Chairwoman? The trip is in November but she'd like to talk with someone about it later this week. There is an entertainment component which doesn't appear to be clear yet. Let me know who will have it please? Dawn[109]

[106] *See* Exhibit 10.
[107] *See* Exhibit 16.
[108] *See* Exhibit 17.
[109] *See* Exhibit 11.

On September 19, 2007, Mr. O'Reilly forwarded the above emails to Susan Olson along with this email:

> Have you dealt with the Carib News travel before? I have a hazy memory of looking at this trip last year. Can you review this and work with Dawn or the Chairwoman to answer any questions they have?[110]

At 1:56 p.m. on September 21, 2007, Patricia Louis sent the following email to Dawn Mobley, who in turn forwarded it to Ms. Olson and Mr. O'Reilly:

> The official sponsor of the conference is the CARIB NEWS FOUNDATION, a not-for-profit 501C3 Organization that provides educational information about the Caribbean region and its relationship with the US in doing business and developing good neighborly ties with the United States, security, health, education etc.
> The CARIB NEWS FOUNDATION does not retain or employ a registered lobbyist or registered foreign agent.
> Please use me as your contact for the purposes of this Conference.
> The form will be emailed to you this afternoon.
> Regards[111]

On the same date, the draft sponsor form listing the previously identified corporations in the response to question 12 was faxed to the Standards Committee.[112]

On October 2, 2007, Ms. Mobley forwarded an email she received from Ms. Louis on October 1, 2007, with her comments:

> From: Kelly Mobley, Dawn
> Sent: Tuesday, October 2, 2007 12:05 PM
> To: Olson, Susan
> Subject: FW: Please read query below

[110] *Id.*
[111] This email not included as an Exhibit.
[112] *See* Exhibit 13.

> Susan: See CARIB News' email below in response to my voice message about sponsorship. Please speak with Patricia Lewis of CARIB News so we can start to process this travel; if possible.
>
> I have kept the Chairwoman updated on this matter and will let her know you will begin the process.
>
> I still have the information on my desk. Feel free to grab it at your convenience.
>
> Dawn[113]
>
> From: plouis
> Sent: Monday, October 01, 2007 6:40 PM
> To: Kelly Mobley, Dawn
> Subject: RE: Please read query below
>
> The conference dates are November 8-11, 2007: and opens on Thursday November 8 and ends the morning of November 11, 2007 – (3 nights).
>
> CARIB NEWS FOUNDATION is the Sponsor of the event.
>
> Item No. 12: The companies like Pfizer, AT&T are donors/contributors of grants to the Foundation
> For educational purposes and NOT the SPONSOR, consequently I assume the information contained in that item will have to be changed.
>
> Awaiting your advice.[114]

This email exchange suggests that Ms. Mobley had contacted Ms. Louis by phone and left her a message regarding the sponsorship issue. Ms. Louis then responded to clarify that the corporations she originally identified as sponsors, both on the sponsor form, and the original agenda, were not sponsors of the conference but contributors to the Foundation.[115] Subsequently, Ms. Olson continued to inquire about the status of the corporations identified in

[113] *See* Exhibit 18.
[114] *Id.*
[115] *See* Exhibit 18.

the agenda and the travel form.[116] Ms. Olson sent the following email to Ms. Louis on October 10, 2007:

> From: Olson, Susan
> Sent: Wednesday, October 10, 2007 4:01 PM
> To: plouis
> Cc: Dawn Kelly Mobley; O'Reilly, Bill
> Subject: Carib News – Pre-trip Approval Issues
>
> Dear Mrs. Louis:
>
> With regard to the pre-trip approval requests for the Carib News Foundation's (Foundation) trip to Antigua, the issues involving sponsorship are as follows:
>
> While the sponsor form that you completed indicates that the Foundation is the sole sponsor of the 2007 trip, the draft schedule, however, indicates that the following entities are "sponsoring" sessions, events, etc. during this trip"
>
> Antigua Government
> Sandals
> Royal Caribbean Bakery
> CITI
> Pfizer
> Macy's
> AT&T
> HSBC
> IBM
> Goodworks International
> Preferred Health Partners
> Antigua & Barbuda
> American Airlines
> Golden Krust
>
> Last year the Foundation provided the following information regarding these "additional sponsors" for the November 9 to 12, 2006 trip:

[116] *See* Exhibit 19.

> The Foundation, which is a 501(c)(3) nonprofit organization, will be paying for the Members' travel expenses including transportation, meals, and lodging. The background materials for the Conference also indicate that the additional trip sponsors provide a "contribution to the overall pool of expenses in contribution to the [Foundation]," which is used to "underwrite the overall expenses of the Conference," primarily for meal expenses. These materials further provide that these additional sponsors have representatives from their organization who will be attending and participating in the Conference.
>
> Accordingly, the Committee's Advisory Opinion, dated October 27, 2006, provided that all of the organizations that provided financial underwriting for the trip along with the Foundation were required to be listed as the "trip sponsors" on the participating Members' post travel disclosure form and their 2006 annual financial disclosure statements.
>
> Accordingly, you need to provide information describing the role of these "additional sponsors" as listed in the 2007 trip draft schedule for this current trip. Without such information, I cannot proceed with the review of the pre-trip approval requests for the Foundation's Antigua trip.[117]

Ms. Louis sent the following email to Dawn Mobley, Shelley Thomas and George Dalley after receiving the above email from Ms. Olson:

> From: plouis
> Sent: Wednesday, October 10, 2007 5:56 PM
> To: Kelly Mobley, Dawn; Thomas, Shelley; Dalley, George
> Subject: FW: Carib News – Pre-trip Approval Issues
>
> Please see email I received from Ms. Olson of the Committee on Standards of Official Conduct.
>
> A possible response could be: The sponsors contribute to the overall expense of the trip and the general work of the Foundation. As a courtesy, each contributor is given an opportunity to be attached to a part of the program that is being presented. They do not determine the content or the other participants in the Conference.

[117] *See* Exhibit 15.

Please advise us.[118]

From the content of this email, it is clear that Ms. Louis is asking Ms. Mobley, Ms. Thomas, and Mr. Dalley to assist her in providing a response to Ms. Olson's question about the corporations listed on the agenda and what their role was to the conference. There is no evidence that Mr. Dalley responded to this email. Ms. Thomas responded to Ms. Louis' email above that she was not aware of the new procedures.[119] Ms. Mobley responded with the following email:

> From: Kelly Mobley, Dawn
> Sent: Wednesday, October 10, 2007 6:49 PM
> To: plouis
> Subject: Re: Carib News – Pre-trip Approval issues
>
> Her question centers on whether any of these "co-sponsors" retains a lobbyist or foreign. This is the issue you and I focused on previously. It is a central problem if any do and a repaying for the events. If so, you are in the same position as last year with only one day events. Call Susan back tomorrow as early as possible. Hopefully, these co-sponsors don't retain lobbyists, but you should have their representations on this matter. At a minimum, Macy's does right? Alternatively if they are only sponsoring event tables or the like, a lobbyist will not be problematic.[120]

It should be noted that Ms. Mobley's response to Ms. Louis did not include Ms. Olson as a recipient.[121] Ms. Mobley told the Subcommittee that she did not include Ms. Olson on emails to protect the confidentiality of Ms. Olson's email address and the inner deliberations of the Standards Committee, but did share the information with Ms. Olson.[122] Ms. Mobley also told the Subcommittee that she shared this email to help "work through the kink."[123] However, the Subcommittee could find no similar email sent from Ms. Mobley to Ms. Olson or Mr. O'Reilly. Additionally, as indicated in the emails already discussed, Ms. Olson and Ms. Louis had already been sending email communication to each other so Ms. Louis would have already had Ms.

[118] *See* Exhibit 20.
[119] Ms. Thomas' email response is not included as an exhibit.
[120] *See* Exhibit 20.
[121] *Id.*
[122] Mobley December 15, 2009, Tr. at 23.
[123] *Id.* at 42.

Olson's email address.[124] Ms. Olson's emails to Ms. Louis included Ms. Mobley and Mr. O'Reilly as recipients, as indicated in the emails from Ms. Olson above.[125] Ms. Olson also told Subcommittee counsel she was unaware that Ms. Mobley continued to communicate with Ms. Louis after she began the trip review.[126] During her interview with counsel to the Subcommittee, and subsequently her sworn testimony before the Subcommittee, Ms. Louis could not explain why she sent Ms. Olson's email and her proposed response to Shelley Thomas, George Dalley and Ms. Mobley, other than to state that she had been communicating with all of them during the trip review process.[127]

On Thursday, October 11, 2007, Ms. Louis sent the following email to Ms. Olson in response to her email requesting clarification on the roles of the corporations identified on the agenda:

> From: plouis
> Sent: Thursday, October 11, 2007 10:37 AM
> To: Olson, Susan
> Subject: RE: Carib News – Pre-trip Approval issues
>
> Ms. Olson,
>
> In response to your email:
>
> The sponsors contribute to the overall expenses of the trip and the general work of the Foundation.
>
> As a courtesy, each contributor is given an opportunity to be attached to a part of the program
> that is being presented. They do not determine the content or the other participants in the Conference.
>
> Federally registered lobbyists or foreign agents will not be accompanying the Members or participating in the program.

[124] *See* Exhibits 15, 19, 21, 23, 24, 26, 28.
[125] *Id.*
[126] Olson Tr. at 24.
[127] Subcommittee staff interview of Patricia Louis on October 14, 2009. *See also* Louis Tr. at 36.

Regards[128]

Of note is that the response to Ms. Olson above contains the same proposed language that Ms. Louis sent to Ms. Mobley asking for advice and contains an additional line regarding lobbyists and "foreign agent."[129] This additional line seems to correlate directly with Ms. Mobley's response to Ms. Louis, as the actual language in the rules uses the term "agents of a foreign principal." Ms. Mobley made it clear to Ms. Louis that there would be a problem if "these 'co-sponsors' retains a lobbyists or foreign [sic]," and Ms. Louis's response added the statement regarding lobbyists and foreign agents.[130] After receiving the above response from Ms. Louis, Ms. Olson forwarded the response to Bill O'Reilly and Dawn Mobley along with the following email:

> From: Olson, Susan
> Sent: Friday, October 12, 2007 9:29 AM
> To: O'Reilly, Bill;Kelly Mobley, Dawn
> Subject: FW: Carib News – Pre-trip Approval issues
>
> Bill and Dawn,
>
> Please note the following response from Ms. Louis at Carib News. Unfortunately, it appears that if each sponsor contributes funding directly to the trip (an earmark of funds) and not simply to the general funds of Carib News, then the assumption is that all of these entities are co-sponsors of the trip for the purposes of the House travel rules. If that is the case and since it is likely that at least one of these co-sponsors hires or retains a federally registered lobbyist, the trip could only be a one-day event trip. Thus the Committee can't approve the trip as it currently exists.
> But, if you have a different interpretation of the below information from Ms. Louis, please do let me know. Thanks! Susan[131]

[128] *See* Exhibit 21.
[129] *Id.*
[130] *Id.*
[131] *See* Exhibit 14.

Mr. O'Reilly responded at 11:09 a.m. stating, "That's always been my understanding of the rules – can you also run this by others to see if anyone has any other thoughts."[132] In turn, Ms. Olson forwarded the string of emails to other staff in the office as suggested and asked them to review her analysis.[133] She sent the emails to Carol Dixon, John Sassaman, Peter Van Hartesveldt, Tonia Smith, Ken Kellner, and Morgan Kim, all of whom were Standards Committee counsels.[134]

Ms. Olson also received a response from Ms. Mobley as indicated in the following email:

> From: Kelly Mobley, Dawn
> Sent: Friday, October 12, 2007 1:49 PM
> To: Olson, Susan; O'Reilly, Bill
> Subject: RE: Carib News – Pre-trip Approval issues
>
> Did their travel form indicate that the others directly fund the trip? I had difficulty speaking with Ms. Louis. She is Carribean [sic] and simply did not understand terminology; specifically the meaning of "sponsor". Before I asked you to look into this matter, Ms. Louis said Macy's and the others were not paying for the trip or organizing. Carib News organized, funded, and arranged the travel. It is my understanding that the groups she calls "sponsors" below, will be participants at the program. As such, she uses the terms "contributors", "sponsors", and "participants" interchangeably. Ms. Louis indicated that these other organizations support the Carib News Foundation on an annual basis.
>
> Would you speak with her or the director, Mrs. Rodney, directly about this? I think it is a matter of misunderstanding and needs direct clarification.
>
> Thanks,
>
> Dawn[135]

[132] *Id.*
[133] *Id.*
[134] *Id.*.
[135] *See* Exhibit 22.

Ms. Olson subsequently sent the following email to Ms. Louis on October 12, 2007, asking for further clarification regarding the corporations:

> From: Olson, Susan
> Sent: Friday, October 12, 2007 2:41 PM
> To: plouis
> Cc: Kelly Mobley, Dawn; O'Reilly, Bill
> Subject: RE: Carib News – Pre-trip Approval issues
>
> Ms. Louis,
>
> Please explain more in detail your email message below relative to the "sponsors contribute to the overall expense of the trip." In this regard, do the following entities pay for any of the expenses of the trip for the invited House Members, including roundtrip air transportation costs, lodging costs, meal costs, cost of a particular meal or reception, etc?
>
> Antigua Government
> Sandals
> Royal Caribbean Bakery
> CITI
> Pfizer
> Macy's
> AT&T
> HSBC
> IBM
> Goodworks International
> Preferred Health Partners
> Antigua and Barbuda
> American Airlines
> Golden Krust[136]

Ms. Louis responded at 3:08 p.m. with the following email:

> From: plouis
> Sent: Friday, October 12, 2007 3:08 PM
> To: Olson, Susan

[136] *See* Exhibit 23.

Subject: RE: Carib News – Pre-trip Approval issues

Ms. Olson,

I sent you a fax indicating that the companies are not sponsors or co-sponsors of any part of the trip and play no role in the planning or content. They are participants. The program has been amended to reflect this.

I am sorry for the misunderstanding and confusion and thank you for your patience.

Regards and Thanks[137]

The facsimile Ms. Louis referred to in her email states in part:

> . . . the Conference is paid for by CARIB NEWS FOUNDATION. The Companies are participants. They are not sponsors or co-sponsors for any part of the trip and play no role in the planning or content.[138]

After receiving Ms. Louis's response and the fax, Ms. Olson sent another email to Bill O'Reilly and Dawn Mobley asking for further guidance, forwarding Ms. Louis's response:

From: Olson, Susan
Sent: Friday, October 12, 2007 4:28 PM
To: O'Reilly, Bill; Kelly Mobley, Dawn
Subject: FW: Carib News – Pre-trip Approval issues

Do you want me to ask Ms. Louis this follow–up question, as I am concerned that she doesn't specifically address the funding issue, or is this simply "beating the issue to death?"

Ms. Louis,

While you indicate that "the companies are not sponsors or co-sponsors of any part of the trip and play no role in the planning or content," I also need

[137] *See* Exhibit 24.
[138] *See* Exhibit 25.

> a specific assurance from you that the companies do not pay for any of the expenses of the trip for the invited House Members, including roundtrip air transportation costs, lodging costs, meals costs, cost of a particular meal or reception, etc.
>
> Thank you!
>
> Susan[139]

On October 12, 2007, at 6:13 p.m., Bill O'Reilly responded in an email to Ms. Olson and Ms. Mobley stating:

> I'd like an answer to that question, but am wondering if she is the right person to provide it at this point. I'm certainly not confident that those entities are not sponsors, as it looks like we said last year that they were sponsors. But if they can affirmatively and cleanly state what you've asked below I'd be inclined to accept the representation.[140]

Ms. Mobley responded to Mr. O'Reilly's email at 6:18 p.m. stating, "Their Directors are Mr. and Mrs. Rodney who could be queried at the same number."[141]

On Monday, October 15, 2007, Ms. Louis sent another email to Ms. Olson responding to her email from October 12, 2007:

> From: plouis
> Sent: Monday, October 15, 2007 10:48 AM
> To: Olson, Susan
> Subject: RE: Carib News – Pre-trip Approval issues
>
> Ms. Olson,
>
> In response to your email, the answer to your question is NO.
> Regards and Thanks for your patience[142]

[139] *See* Exhibit 26.
[140] *Id.*
[141] *See* Exhibit 27.
[142] *See* Exhibit 28.

After receipt of the above email, Ms. Olson sent another email to Mr. O'Reilly and Ms. Mobley in which she asked, "In light of the following response from Ms. Louis, shall I still pursue the funding issue with Mr. and Mrs. Rodney?"[143] Ms. Mobley responded to Ms. Olson's email stating, "If you feel the need to do so. It is my understanding that the Rodneys will be in the office this morning. If you call soon, you will probably get one of them directly."[144]

According to Ms. Olson, when she asked Mr. O'Reilly if she should ask the question he advised her that it was not necessary.[145] Mr. O'Reilly did not recall giving her this instruction.[146]

At the same time these email communications were occurring between Ms. Olson and Ms. Louis, Ms. Mobley was also in direct contact with Ms. Louis, without Ms. Olson's knowledge.[147] For example, on October 12, 2007, after Ms. Olson sent her email to Bill O'Reilly and Dawn Mobley at 9:49 a.m. discussing Ms. Louis's response, Ms. Mobley forwarded the internal Standards Committee email, in violation of Standards Committee Rules 3(j) and 7(d), to Ms. Louis attached to the following email:[148]

> From: Kelly Mobley, Dawn
> Sent: Friday, October 12, 2009 9:59 AM
> To: 'plouis'
> Subject: FW: Confidential
>
> Please read both emails below. Give Susan a call as soon as you work through the kink, let her know you are following up. Please make yourself available to work through this matter today. Thank you Patricia. (These other organizations can participate in the program but should not help pay for the trip).[149]

[143] *See* Exhibit 29.
[144] *See* Exhibit 30.
[145] Olson Tr. at 31.
[146] O'Reilly Tr. at 54.
[147] Olson Tr. at 52-53.
[148] *See* Exhibit 31.
[149] *Id.*

This was the first communication that used the word "participate" but does not call the corporations "participants."[150] However, the email from Ms. Olson indicated that if the corporations were paying for any part of the trip they would have had to been identified as co-sponsors and the trip would have had to been limited to a one day event.[151] It should also be noted that the subject line in the email sent from Ms. Mobley to Ms. Louis was changed from "Carib News – Pre-trip Approval issues" to "Confidential."[152] Ms. Mobley then sent another email to Ms. Louis at 11:55 a.m. on October 12, 2007, which read, "Have you spoken with your Director and explained the problem so you can call Olson today?"[153] Later that day, Ms. Mobley sent another email to Ms. Louis:

> From: Kelly Mobley, Dawn
> Sent: Friday, October 12, 2007 1:55 PM
> To: plouis
> Subject: RE: Confidential
>
> The fax did not come through. I will be stepping out of the office for the remainder of the day, but will be in early Monday. Please follow up again with Susan. I have explained that the organizations you labeled as co-sponsors are not. They support your foundation annually, but have not and will not pay for the Members trip. This is simply a misunderstanding of the terms "sponsor", "contributor", and "participant" as used in the Ethics rules which is why I sent you the Rules book; for preparation.
>
> Once you are able to clarify these issues and make sure your itinerary passes too, you should be fine. An Ethics Committee Staff Attorney must review and approve as well. Your Staff Attorney is Susan.[154]

It is important to note that the above email from Ms. Mobley to Ms. Louis was sent at 1:55 p.m., six minutes after Ms. Mobley sent the email to Bill O'Reilly and Susan Olson, suggesting Ms. Louis may be confused with the terminology and 73 minutes before Ms. Louis's

[150] *Id.*
[151] *See* Exhibit 14.
[152] *See* Exhibit 31.
[153] *Id.*
[154] *Id.*

response to Ms. Olson in which she states that the corporations are neither sponsors nor co-sponsors and identifies them for the first time as "participants."[155]

(b) Interviews of Dawn Kelly Mobley

On August 11, 2009, Dawn Kelly Mobley was interviewed by Subcommittee counsel regarding her involvement in the Foundation's 2007 conference. Ms. Mobley, as indicated below, initially denied having any email communication with the Foundation or Patricia Louis.[156] She stated her first and only contact was a phone call from Patricia Louis in July or August 2007.[157] Of particular note is her response as to the reasons she heard of Carib News, to which she responded that she had received a call from someone at Carib News.[158] This statement is in conflict with her subsequent sworn testimony before the Subcommittee during which she indicated that the first time she heard about Carib News was when Bill O'Reilly handed her a post–it and asked her to call them:[159]

> Q: Have you ever heard of the Carib News Foundation?
>
> A: I have.
>
> Q: When was the first time you heard or became familiar with that foundation?
>
> A: Somewhere about 2007. Maybe July or August 2007.
>
> Q: So that was the first time you ever heard of the Carib News?
>
> A: Absolutely.
>
> Q: What was the reason you heard of them?
>
> A: I received a phone call from someone from Carib News.

[155] *Id.*
[156] Mobley August 11, 2009, Tr. at 6.
[157] *Id.*
[158] *Id.*
[159] *See Infra* at p. 60 and n. 173. *See also* Mobley December 15, 2009, Tr. at 10, 15-17.

Q: Prior to that phone call, had you any meetings or calls or communications with anyone from Carib News before that?

A: No, I hadn't.
Q: Do you know who Karl Rodney is?

A: Yes. That is the owner of the Carib News.

Q: Do you know who Faye Rodney is?

A: I do not.

Q: Do you know who Patricia Louis is?

A: I spoke with Pat on the phone and – if that's the same person.

Q: From Carib News?

A: Yes.

Q: Did you have any communications or meetings personally with Karl Rodney?

A: No, I did not.

Q: You don't know who Faye Rodney is, so you won't remember whether you had any meetings with her?

A: No.

Q: Other than that one phone call you mentioned from Pat, did you ever have any other communications or meet personally with a Patricia Louis from Carib News?

A: I did not.

Q: Did you have any email communication with Patricia Louis from Carib News?

A: I did not.

Q: Do you recall an email sent from Patricia Louis received on September 17 regarding the 2007 Carib News conference?

A: I do not recall that.[160]

Ms. Mobley later recalled a communication with Ms. Louis where she identified Susan Olson as the counsel assigned to review the trip.[161] She did not recall the communication being in an email but believed it to be a phone call.[162] Ms. Mobley was shown several emails between her and Ms. Louis but indicated that she did not recall any of the emails.[163] When she was asked about further communication with Ms. Louis after Ms. Olson was assigned to review the 2007 conference, Ms. Mobley stated she did not recall any further communication with Ms. Louis.[164] She also stated that, with respect to the 2007 conference, she did not recall any discussions among staff that she was involved in about the sponsors or what the earmark would be.[165] She told Subcommittee counsel that it appeared to her that "Carib News, that Mr. Rodney was very confused about the whole process, and there was very little that [she] could provide for them other than to tell them to speak with the proper staff member who had been working on this and could hopefully help them."[166]

Ms. Mobley provided the following information in response to questions regarding Ms. Olson not being included on emails or other communications that Ms. Mobley had with Ms. Louis:

Q: Okay. Now did you tell Susan Olson anything about your conversations or your email that you were having with Ms. Louis?

[160] Mobley August 11, 2009, Tr. at 6.
[161] *Id.* at 6-7.
[162] *Id.* at 7.
[163] *Id.*
[164] *Id.* at 9.
[165] *Id.* at 12.
[166] *Id.*

A: Absolutely, I remember telling her, again, as I said, that I had concerns with this trip. I didn't know what had happened in the past, but it certainly appeared to me that they were very confused. I could not help them very much because I was still trying to understand the rules myself. Whatever questions — I asked Susan several questions because I didn't understand where the problem may lay, and Susan was a wealth of information.

Q: Would it have been helpful for you if you had included Susan on the emails?

A: Susan did receive – any of the emails that I remember, Susan would have gotten –

Q: The emails I just showed you do not list Susan as a recipient. It is strictly between you and Patricia Louis; is that right?

A: Those emails, yes.

Q: So you did not include Susan in any of those responses back to Patricia

A: Very likely I could have sent them on to Susan. That is typically what we always do.

Q: What do you mean "sent them on?"

A: Sent them on, emailed them, sent them to Susan after.

Q: So you would have sent a separate email?

A: Yes. They would have been confidential communications with the staff, and therefore, I would not have put Susan's name on any emails I sent to any of the other – the outsiders.[167]

However, Ms. Olson stated that she was unaware of these communications.[168] Later during the interview, Ms. Mobley acknowledged that she had provided the internal email from Susan Olson to Patricia Louis to aid Ms. Louis in understanding Ms. Olson's concern.[169]

[167] *Id.* at 29-30.

A review of emails disclosed that Ms. Mobley had additional contacts with Ms. Louis in September of 2007.[170] After her initial email to Ms. Louis on September 17, 2007, Ms. Mobley sent Ms. Louis the following email on September 19, 2007:

> From: Kelly Mobley, Dawn
> Sent: Wednesday, September 19, 2007 2:16 PM
> To: 'plouis'
> Subject: RE: Draft program – 2007 Business Conference (No agenda or program attached)
>
> Patricia:
>
> I understand that several organizations will take part in sponsoring food and other parts of the Antigua travel. However, I need clarification of the *official* sponsor; that organization providing travel, lodging, and organizing the trip? Am I to assume it is CARIB NEWS? The official sponsoring organization must not retain or employ a registered lobbyist or foreign agent (and the sponsor must have a direct and immediate relationship with the event or location being visited). To assist with this, I am scanning information/guidelines and emailing in just a moment. Please provide a fax number if that method of submittal will be more helpful. If there is someone handling the matter, please provide their direct contact information as I must ensure adherence to these new guidelines pre-travel.
>
> In any event, I do need to know who the official sponsor will be. I have assigned a staff attorney to review your documents and will remain in contact with you until this matter is finalized.
>
> Please respond today or tomorrow at the latest. I will be traveling for a while thereafter and must ensure that my staff attorney has all that is necessary for a safe review.[171]

---

[168] Olson Tr. at 52-53. Ms. Olson provided Subcommittee counsel with copies of all the emails she had regarding this trip review. There were no emails included that were copies of emails sent by Ms. Mobley to Patricia Louis as indicated by Ms. Mobley.
[169] *Id.* at 39.
[170] *See* Exhibits 11, 17- 18, 32.
[171] *See* Exhibit 32.

The above email warned Karl Rodney and Patricia Louis that the sponsors could not employ or retain lobbyists.[172] This email may have influenced how Karl Rodney and Patricia Louis responded to Ms. Olson's inquiries and claims that the corporations were not sponsors in subsequent communications. Contrary to statements made during her interview with staff, it appears that Ms. Mobley was in regular contact with Ms. Louis and provided Ms. Louis with advice on what information to provide to the Standards Committee during the pre-trip review process.[173] It also appears that before responding to questions asked by Ms. Olson, Ms. Louis would contact Ms. Mobley seeking advice as to how to respond.[174]

On December 15, 2009, Ms. Mobley provided sworn testimony before the Subcommittee. During this testimony, she again stated that she did not have any specific recollection of the email communications she had with Ms. Louis but did recall some communications.[175] She also restated her position that she informed Ms. Olson of all the communications she had with Ms. Louis.[176] In a letter she provided to the Subcommittee prior to her testimony, Ms. Mobley stated that she only became involved in the 2007 conference review at the request of Mr. O'Reilly.[177] Ms. Mobley denied that Representative Tubbs Jones assigned her to work on the 2007 conference.[178] Ms. Mobley testified as follows:

> Q I want to go back up to the very next email, which is also on September 18, from you to Bill O'Reilly where it says: "Would you please have someone look at this proposed travel agenda for the chairwoman. The trip is in November, but she would like to talk to someone about it later this week. There is an entertainment component which doesn't appear to be clear yet. Let me know who will have it please."
>
> A Yes.

[172] *Id.*
[173] *See* Exhibits 11, 17-18, 32.
[174] *See* Exhibits 18, 32.
[175] Mobley December 15, 2009, Tr. at 13-14.
[176] *Id.* at 22-23.
[177] *See* Exhibit 33.
[178] Mobley December 15, 2009, Tr. at 11-12.

Q And you don't recall this email. Is that correct?

A No, I don't.

Q But this email appears – and correct me if I am wrong, but it appears that you are forwarding the program that Ms. Louis attached to you to Mr. O'Reilly at this point. Is that pretty much your understanding of this email?

A It says travel agenda, so I am going to assume it's a travel agenda. I don't know if it is the itinerary, but it says agenda. And I would have shared it with Bill and asked him to let me know who is going to be reviewing this matter.

Q And then Bill O'Reilly sent a following email to Susan Olson asking her if she has ever dealt with the Carib News travel before. Is that right?

A It says: Have you – it is to Susan. Have you dealt with the Carib News travel before? I have a hazy memory of looking at this trip last year. Can you review this and work with Dawn or the chairwoman to answer any questions they have. Bill O'Reilly.

Q Now, earlier you had testified that you didn't do anything with Carib News until Mr. O'Reilly asked you to. But doesn't this email make it appear that you actually brought this trip up to Mr. O'Reilly first?

A No, it doesn't. Actually, he came by my desk with the little sticky saying he had gotten a call and he wanted me to return the phone call to Carib News. And he had talked with them.

Q Do you recall when that was?

A No, I don't recall the exact date or time.

Q Was it before these emails?

A It was before I talked with them.

> Q So it was actually before the phone call that she is referring to in the first email?
>
> A It was before I spoke with them. Yes.
>
> Q The first call where she is talking about in the very first email, it was before that?
>
> A It was before I ever spoke with them. Correct.[179]

Ms. Mobley told the Subcommittee that she had spoken with Ms. Louis on several occasions, but that she had never spoken with Karl or Faye Rodney.[180] She stated she had asked Ms. Louis several times if there was someone else she could discuss the trip with and was not put in contact with anyone else:

> Q Do you recall any conference calls that you held with Karl, Faye Rodney, and Patricia Louis, and you and Susan?
>
> A No.
>
> Mr. Butterfield. That was precisely the question. Throughout this whole process, did you ever have any contact with Karl or Faye Rodney either by email or by telephone?
>
> The Witness. No. And the reason I can say that is because I asked Ms. Louis if she would put us in contact with someone else. Ms. Louis was – for the record, I don't think we said this at all. Ms. Louis in the email says, "It's the first time I have done this. I really don't understand what I am doing." When I shared the rules with her, she had never worked on these travels herself.[181]

Ms. Olson told the Subcommittee staff that she was unaware of any communication between Ms. Mobley and Ms. Louis after the initial email, and a phone call Ms. Mobley

[179] *Id.* at 15-17.
[180] *Id.* at 51.
[181] *Id.*

referenced in an email sent to Ms. Olson and Mr. O'Reilly.[182] Ms. Olson did not know that Ms. Mobley had sent the internal email she wrote to Ms. Louis nor did she ever suggest to Ms. Louis that the corporations were "participants" and not "sponsors."[183] Ms. Olson was unaware that American Airlines provided the tickets used for the Members' transportation or that the Government of Antigua paid for the rooms.[184] Had she been aware of these two facts she would have required American Airlines and the Government of Antigua , at a minimum, to be identified as sponsors.[185] Ms. Olson added that the Government of Antigua's payment for the Members' lodging would have also raised FGDA reporting requirements.[186]

(c) Interviews of Patricia Louis

Subcommittee counsel interviewed Patricia Louis on September 22, 2009. During the interview, Ms. Louis stated that she contacted Dawn Mobley in September 2007 because Representative Tubbs Jones told the Rodneys that the travel rules had changed and Ms. Mobley would be the Foundation's point of contact at the Standards Committee to assist with the pre-approval process.[187] She explained that the Foundation sent Representative Tubbs Jones a letter informing her of the upcoming 2007 conference, and Representative Tubbs Jones replied with a letter discussing the travel rules and identifying Ms. Mobley as the point of contact.[188]

Ms. Louis is the executive assistant to both Karl and Faye Rodney at Carib News. She began working for them in 2005, after retiring from her position as a Foreign Service officer with the government of St. Lucia at its consulate in New York.[189] During her interview with Subcommittee staff, Ms. Louis explained that part of her duties is to work on projects associated with the Carib News Foundation.[190] She stated the Foundation holds workshops and other

[182] Olson Tr. at 24. *See also* Olson Tr. at 52.
[183] *Id.* at 52.
[184] Subcommittee staff interview of Susan Olson, December 2, 2009.
[185] *Id.*
[186] *Id.*
[187] Subcommittee staff interview of Patricia Louis on September 22, 2009. Ms. Louis, through her attorney, would not consent to the interview being transcribed.
[188] *Id.*
[189] *Id.*
[190] *Id.*

outreach programs each year, including a Mother–of–the–Year program.[191] She further stated that the annual Multi-National Business Conference is the Foundation's biggest event and the only event for which the Foundation seeks contributions.[192]

Ms. Louis said she does administrative work and was familiar with the solicitation letters sent by the Foundation to potential contributors to the 2007 and 2008 conferences.[193] She stated Mr. Rodney drafts the letters and she types them and mails them.[194] When asked why some solicitation letters contained a carbon copy (cc:) at the bottom with Representative Rangel's name, she stated that she was directed to send Representative Rangel a copy of those particular letters by Mr. Rodney.[195] She also said that if a name appeared as a "cc:," she would send that person a copy.[196]

Ms. Louis was unfamiliar with any bank accounts for Carib News or the Foundation, but stated that if contributions were received, she would give the contributions to Mr. Rodney.[197] She also stated that any bills received for the conferences would also be provided to Mr. Rodney.[198]

Ms. Louis stated that she filled out the initial Private Sponsor Travel Certification Form for 2007 that was sent to the Standards Committee containing the names of the corporations in question 12, as well as the subsequent form for 2007 on which only Carib News was listed in question 12.[199] Ms. Louis also acknowledged that she completed the sponsor form for the 2008 conference.[200] She related that the information she used when typing the forms came from Mr. Rodney.[201] In addition, Ms. Louis indicated that she completed the post-travel memos for the

[191] *Id.*
[192] *Id.*
[193] *Id.*
[194] *Id.*
[195] *Id.*
[196] *Id.*
[197] *Id.*
[198] *Id.*
[199] *Id.*
[200] *Id.*
[201] *Id.*

2007 and 2008 conferences that she emailed to the Members, and that the information she typed into the memos also came from Mr. Rodney.[202]

Ms. Louis did not recall why she continued to contact Ms. Mobley after she was told that Ms. Olson would be the counsel working on the trip.[203] She added that Mr. Rodney would give her the language to use on the responses she sent to Ms. Olson.[204] She told the Subcommittee staff during the interview that no one told her to send the email that stated "the answer to your question is NO."[205] After her interview, Ms. Louis' attorney sent a letter on her behalf that indicated she did not specifically recall anyone telling her how to respond, but that Ms. Louis discussed all of the emails with Mr. Rodney and that Mr. Rodney provided the language for her to use in her responses.[206]

On November 18, 2009, Ms. Louis appeared before the Subcommittee to provide sworn testimony. During her interview with the Subcommittee, Ms. Louis stated that among her responsibilities as Executive Assistant to Karl and Faye Rodney, she assists with the annual conference each year.[207] She stated that she is responsible for arranging the travel of the Members and types the letters that go to the various participants or contributors.[208] She told the Subcommittee that Mr. Rodney drafts the letters by hand and she types them:

> Q Now, when you talk about the letters, are you drafting and typing the letters?
>
> A No.
>
> Q What do you do?
>
> A I am typing.

---

[202] *Id.*
[203] *Id.*
[204] *Id.*
[205] *Id.*
[206] Letter from David Laufman, *see* Exhibit 34.
[207] Louis November 18, 2009, Tr. at 7 and 15.
[208] *Id.* at 15-17.

Q Okay. And where do you get the draft to type from?

A Mr. Rodney.

Q And does Mr. Rodney always write the draft?

A Yes, he does.

Q And does he do it by handwriting or transcription?

A Hand.[209]

Ms. Louis also told the Subcommittee that she completed the travel forms that were provided to the invitees.[210] She explained that Mr. Rodney drafted the information that he wanted and then she typed the information on the forms.[211] She also indicated that once she was told a Member or other VIP planned to attend, she helped arrange their transportation.[212]

Ms. Louis told the Subcommittee that, prior to the 2007 conference, she was informed that new rules had been established that required new forms to be completed.[213] She was told that Dawn Mobley would assist the Foundation with completing the new forms:[214]

> Q What occurred in 2007? Did anyone give you a name or instruct you that the rules have changed and you have to contact the committee?
>
> Mr. Laufman. Are you asking her how she learned that —
>
> Mr. Stoddard. No, I am asking her if anybody contacted you in any way and told you that because of the new rules that you are going to have to contact the committee to get preapproval for the 2007 conference travel.

[209] *Id.* at 16.
[210] *Id.* at 18.
[211] *Id.* at 50.
[212] *Id.* at 20.
[213] *Id.* at 21-22.
[214] *Id.*

> The Witness. We sent the letter in, and the response came saying that there are new forms that have to be – that there are new rules that have to be completed.
>
> BY MR. STODDARD:
>
> Q Do you recall any contact from Representative Tubbs Jones about the new rules and the conference?
>
> A There was a letter from her saying that she would assign somebody to work with us to —
>
> Q And do you remember who that person was that she assigned that she identified?
>
> A Kelly Mobley.
>
> Q Was it Dawn Kelly Mobley?
>
> A Yes. Dawn Kelly Mobley.[215]

Ms. Louis also verified that she had received several emails from Ms. Olson regarding the corporate sponsors and would share the emails with Mr. Rodney, who would draft a response to Ms. Olson.[216] She recalled the one email exchange in which Ms. Olson asked if any of the corporations were paying for any of the expenses of the Members.[217] Ms. Louis told the Subcommittee that she forwarded Ms. Olson's email to Ms. Mobley and requested her advice because she had been dealing with Ms. Mobley on the trip.[218] She also stated that Mr. Rodney instructed her to send the email answering Ms. Olson's questions regarding the listed entities paying for any of the costs for the Members.[219] She was aware of the agreement with the Government of Antigua to pay for the lodging and meals of the Members as well as the use of the airline tickets donated by American Airlines for the transportation of the Members.[220] She

[215] *Id.*
[216] *Id.* at 34-38.
[217] *Id.* at 27.
[218] *Id.* at 36.
[219] *Id.* at 49.
[220] *Id.* at 47-48.

agreed that based on Ms. Olson's question asking whether any of the listed entities were paying for Members' costs, the answer should have been "yes" and not "no," but she was responding based on what she and Mr. Rodney believed the definition of "sponsor" was.[221] She also stated that she did not know if the government actually paid for the rooms:[222]

> Q I asked you before we broke – again, I'm sorry for dropping that ball. Before we broke, I asked you specifically in accordance with the email response to Ms. Olson about did any other of these entities pay for anything. And the one question I asked you is did anyone pay for the lodging costs, and wasn't it true that the Antigua Government agreed to pay for those lodging costs? Did you have a chance to reflect on that issue?
>
> A I don't know if they actually paid, but I sent the letter to the minister. And in the past some governments have not paid, so I don't know if Antigua did, in fact, pay because I don't – I didn't correspond with them. Mr. Rodney was the one who dealt with the Prime Minister or the minister, spoke with them. And if the checks came in or – I don't know.
>
> Q Now, you've been there for four years; is that right?
>
> A Right.
>
> Q So you were there for the 2005, 2006, 2007, 2008 conference?
>
> A Yes.
>
> Q And this year the 2009 conference?
>
> A Yeah.
>
> Q You say in the past some countries didn't pay. Was it standard practice for the foundation to make an agreement for the host country to pay for rooms for congressional travelers?

[221] *Id.*
[222] *Id*. at 48.

A It's my understanding, because I wasn't there for the others, but –

Q Now, you were there for the 2008 conference. Did St. Maarten's government agree to pay for congressional travelers, to the best of your recollection?

A To the best of my recollection, yes.

Q Okay.

A As to if they did, I don't know.

Q Okay. But you recall that they agreed that they were going to pay part of the cost. And that was for Members of Congress and anybody else?

A VIPs.

Q And who would be the VIPs?

A I don't know. Former speakers, Dinkins, Mayor Dinkins, Harry Belafonte, the President of –

Q Would the VIP also include the representative of the contributing corporation?

A The representative of –

Q Of a corporation, such as AT&T, that they were coming to speak to –

A No, elected officials.

Q So mostly elected officials and Harry Belafonte and celebrities?

A The speakers and David Dinkins and –[223]

[223] *Id*. at 54-55.

Ms. Louis also told the Subcommittee that she participated in a couple of telephone conferences with Ms. Mobley during which Karl and Faye Rodney also participated.[224] One such conference included a discussion of the identification of the corporations as "participants:"[225]

> Q This appears to be a fax to Dawn Kelly Mobley from you on October 11th, which I will show it to you and ask you if you recognize it. But basically it says, further to our conversation this morning recalling the travel certification form, the conference has paid for the Carib News Foundation. The companies are participants, are not sponsors or cosponsoring the partnership?
>
> Can you look at that and see if you recognize that fax? Have you seen that fax?
>
> A Yes, I did.
>
> Q Have you seen that before?
>
> A Yes.
>
> Q Did you type that fax?
>
> A Yes, I did.
>
> Q Did anyone provide you with the text for you to type into that fax or provide you with a draft of what to say?
>
> A The draft, Mr. Rodney.
>
> Q And you indicate in that – in that fax that there was a conversation earlier that day. Do you recall who that conversation was with?
>
> A A conversation with Dawn Kelly Mobley.
>
> Q So you spoke to Dawn.
> You indicate in that fax that the company – that the corporations we were talking about that contributed, that were previously identified sponsors, are actually participants?

[224] *Id.* at 53.
[225] *Id*. at 58-59.

A Right.

Q That's the first time we see the use of the word "participants" in any of the communications, in that fax. Did anyone tell to you use the word "participants" or call these companies participants to your recollection?

A In the conversation, the conference call with the Rodneys, and Ms. Mobley, and Ms. Olson. And then we went over what the company – what the sponsors did, the planning of the conference by the sponsor. It was – the interpretation was that they were participating and not the sponsor, because the official sponsor was Carib News.

Q And do you recall what Mr. Rodney or you or anybody on the Carib News side of the telephone conversation told Ms. Mobley as to what their participation was, which is why they reached the conclusion they were participants, not cosponsors? Do you remember that part of the conversation at all? I realize it was two years ago and you may not recall.

A No.

Q Do you remember what caused them to come up with the fact they were called – that they should be called participants?

A [Nonverbal response.]

Q Now, are you sure that Ms. Olson was – took part in that conversation?

A I know there was a conference call, and Ms. Mobley was on it. Ms. Olson I am not sure, because this was two years ago.

Q Right.

A But I spoke with her because it says "our conversation."

Q So it's possible that it was only with Ms. Mobley; is that right?

A It was a conference call.

Q Sure. But all – Mr. and Mrs. Rodney were both present; is that right?

A Yes.[226]

Ms. Olson verified that she did not participate in any conference calls with Patricia Louis, Dawn Mobley and the Rodneys, but had spoken individually to Ms. Louis.[227]

Ms. Louis also verified that she was responsible for providing the Members who attended the trips with a memorandum containing the costs for their post-travel reports.[228] She testified that Mr. Rodney would give her the draft of the memorandum and she would type it and send it to the Members.[229] She did not know where the information on the draft came from.[230] Ms. Louis also verified that she forwarded the charitable contribution form that was signed by Mr. Rodney to Verizon, one of the entities that donated money to the 2008 conference.[231] This form indicated that the conference registration and meals (not including lodging) was $650.00 per person for the 2008 conference.[232]

Ms. Louis was asked if anyone instructed her to tell Ms. Olson that the corporations contributed to the general fund of the Foundation and not specifically to the conference.[233] She responded that Mr. Rodney gave her that instruction:[234]

> Q Now, does the Carib News conference – or, I'm sorry, the Carib News Foundation receive contributions for other events during the year?
>
> A I don't know. I'm not – the finances I'm not a part of, so I don't know.
>
> Q Can you tell us who instructed you to tell Ms. Olson that the funds contributed by these corporations for the conference were contributed to the general fund of the foundation and not specifically for the conference?

[226] *Id.* at 58-60.
[227] Subcommittee counsel follow-up question to Ms. Olson, December 2, 2009.
[228] Louis November 18, 2009, Tr. at 67.
[229] *Id.* at 67-68.
[230] *Id.* at 67.
[231] *See* Exhibit 35.
[232] *Id.*
[233] Louis Tr. at 91.
[234] *Id.*

A Mr. Rodney gave me the information.[235]

(d) Subcommittee Interviews of Karl Rodney

Karl Rodney was interviewed by the Investigative Subcommittee on October 28, 2009, and again on December 1, 2009. Mr. Rodney is the publisher and CEO of Carib News, Inc.[236] Mr. Rodney explained that at the time he began the publication he had no experience with publishing and is an economist by trade.[237] Before starting Carib News, he worked for a life insurance company.[238]

Mr. Rodney also told the Subcommittee that he and his wife started Carib News Charities in 1988.[239] The purpose of Carib News Charities was to "do what we saw as a community outreach activities [sic] that were not necessarily relevant to the publication itself; that we want to do within the community programs to encourage young people, programs to encourage mothers, programs that we thought an immigrant community would be well served by."[240] He identified the officers of the Carib News Charities to the Subcommittee.[241] Michele Rodney, their daughter, is the President and he, Mrs. Rodney, Bernice Rodney, and Karlisa Rodney, also their daughters, are Directors of the Foundation.[242] Mr. Rodney told the Subcommittee that they re–designated Carib News Charities in 2006 as the Carib News Foundation because they wanted to do more with education and the word "foundation" was more in line with current "jargon."[243] Mr. Rodney did not know whether the Foundation was a public charity or private foundation and further related he did not know the tax law regarding private foundations or the limitations on a private foundation paying for a disqualified person's travel expenses.[244]

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[235] *Id.* at 91.
[236] Karl Rodney October 28, 2009, Tr. at 11 and 34.
[237] *Id*. at 10.
[238] According to New York Department of State, Division of Corporations records, Carib News Inc. was incorporated on June 8, 1982. *See* Exhibit 5.
[239] Karl Rodney October 28, 2009, Tr. at 10.
[240] *Id*. at 13.
[241] *Id.* at 19.
[242] *Id*.
[243] *Id*. at 13. According to New York Department of State, Division of Corporations records, the Carib News Charities was renamed the Carib News Foundation in 2001. *See* Exhibit 6.
[244] Karl Rodney October 28, 2009, Tr. at 14-15.

Mr. Rodney told the Subcommittee that the Foundation does not have a budget for hosting events.[245] When asked the total cost for the hosting the 2007 conference, Mr. Rodney answered that the 2007 conference cost approximately $400,000 and the 2008 conference cost just a little over $400,000.[246] Mr. Rodney told the Subcommittee that the Foundation did not receive sufficient contributions to cover the entire cost of the conference so the balance was paid out of the Carib News newspaper's operating budget, which he indicated was approximately $1 million per year.[247] Initially, Mr. Rodney stated that he had records showing the breakdown of costs for each conference and would provide them to the Subcommittee.[248] Mr. Rodney revealed during his second interview on December 1, 2009, that he did not have the document that detailed the costs for the conferences, but that he constructed one for his attorney.[249] His counsel argued that the document would be protected by attorney–client privilege and the Subcommittee agreed not to request that document, but did demand Mr. Rodney turn over any source documents he used to construct it.[250] Mr. Rodney ultimately did not provide the records. Mr. Rodney's counsel informed the Subcommittee that he did not believe the records existed.[251] Although subpoenaed to produce them, Mr. Rodney has never turned over any records detailing the Foundation's or Carib News's costs for either the 2007 or 2008 conference that he indicated he had.[252]

Mr. Rodney was unable to tell the Subcommittee how much of the costs for the 2007 conference were recovered from contributions and conference and lodging fees paid by the attendees.[253] However, Mr. Rodney indicated that approximately $160,000 was received in contributions from corporations in 2007 and approximately $200,000 in 2008.[254]

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[245] *Id*. at 21.
[246] *Id.* at 21-22 and 35.
[247] *Id.* at 21-22.
[248] *Id.* at 22.
[249] Karl Rodney December 1, 2009, Tr. at 46-50.
[250] *Id.* at 50 and 145.
[251] Committee counsel telephone conversation with David Laufman on December 7, 2009.
[252] Karl Rodney October 28, 2009, Tr. at 22.
[253] Karl Rodney December 1, 2009, Tr. at 23.
[254] Karl Rodney October 28, 2009, Tr. at 25.

Mr. Rodney confirmed that each year he solicited contributions specifically for the conference from various corporations he had dealt with before.[255] Mr. Rodney verified that he drafted the letters to the various corporations soliciting the contributions.[256]

When asked why he had indicated a carbon copy should go to Representative Rangel and other Members of Congress on two of the letters, he indicated it was for informational purposes because he knew they had an interest in those issues, such as transportation to the Caribbean.[257] Representative Rangel's name appeared on a letter to AT&T that solicited AT&T to become a sponsor for the 2007 conference:[258]

> Q I'm going to show you what I've marked as Exhibit KR–1. It is a letter dated April 23, 2007.
> Sir, have you had a chance to review that document?
>
> A Yes.
>
> Q Do you recognize that document?
>
> A Yes.
>
> Q What is that document, sir?
>
> A It is a letter to Marie Long at AT&T Foundation soliciting support for the conference.
>
> Q For which conference was this soliciting support?
>
> A The 2007 conference.
>
> Q Can you tell the Subcommittee who sent this letter? First of all, who signed this letter?
>
> A That is my signature.

[255] *Id.* at 25-26.
[256] *Id.* at 26-27.
[257] *Id.*
[258] *See* Exhibit 36.

Q Did you review this letter prior to signing it?

A I think I did.

Q Is this the language that you approved of to go to Ms. Long?

A Yes, it appears that way.

Q Okay. And I want to put your attention to the second page of the letter at the bottom.
Do you see where it says – has a carbon copy indication there? Can you tell us whose name appears for a carbon copy?

A Congressman Charles Rangel.

Q Can you please tell the Subcommittee for what purpose does Mr. Rangel's name appear at the bottom for receiving a copy of this letter to AT&T?

A Well, Mr. Rangel through the years has been very supportive of the – (interrupted by Mr. Rodney's counsel).[259]

After a conversation with Mr. Rodney's counsel regarding the topics of the inquiry, Representative Miller also asked why Mr. Rodney sent a copy of the letter to Representative Rangel:

Mr. Miller. Why did you think Mr. Rangel would be interested?
You say you sent him this letter for his information?

The Witness. As I mentioned in my response to counsel that Mr. Rangel has always had an interest in the conference, and through the years we worked with his staff as we have gone through the planning of the conference. We sent it to him strictly for his information. He didn't instruct us to. We didn't ask him to. We sent it strictly as information.[260]

[259] Karl Rodney October 28, 2009, Tr. at 26-27.
[260] *Id.* at 29-30.

Representative Rangel's name, along with other Members of Congress who did not attend the conference, also appeared on the letter soliciting airline tickets from American Airlines for the 2007 conference.[261] Mr. Rodney was questioned regarding this letter as well:

> Q Now, I have handed you, as I have said, 2, 3 and 4, and KR–1 actually had a "cc" to Congressman Rangel. If you look at KR–2, there are additional cc's. There is Congressman Rangel, Congressman Meeks, Congresswoman Eddie Bernice Johnson, and Congresswoman McMorris. And this letter was written the same day, and it was sent to American Airlines.
>
> Can you tell the committee, if you know, why you included more than just Mr. Rangel or included the other parties on this particular letter?
>
> A On this particular letter, this addresses the issues of tourism and travel in the region. Congressman Meek has had several conferences, particularly displayed particular interest in that subject, travel and tourism, and he had his own interest in that. Congress Member Eddie Bernice Johnson, again, she was interested in transportation. So it was all information that we sent out.
>
> Q What you were sending them was a letter where you're requesting American Airlines to donate tickets for the 2007 conference?
>
> A To participate in the conference.
>
> Q Aren't you asking them on the second page to donate tickets?
>
> A As part of our sponsor, the sponsor package, we asked American Airlines to provide Carib News with X number of tickets.
>
> Q And in this case you were asking for 50 coach tickets round trip, 35 first–class round trip, 35 coach tickets for the purpose of the site and inspection and planning; is that correct?
>
> A That is correct.

[261] *See* Exhibit 37.

Q And again, I'll ask you why was it important in your mind for Carib News to notify Members of Congress who had an interest in transportation that you were asking an airline for free tickets?

A We're writing a company to participate in the conference, and the company – in a particular area of interest. American Airlines is critical to the Caribbean, and so we are writing them for their participation, which we had several years.
The Members have a particular interest in the area that American Airlines participates, travel and tourism, and it was informational. The Members didn't ask us to do it. They didn't ask us to do anything. As far as I know, they did nothing. It was strictly informational.

Q All right. Thank you, sir.
Now, on letters that you wrote that we have identified as KR–3, KR–4 and KR–5, I note for the record that no Congress Member was included as a recipient of any of these letters. Is it your impression, based on your previous testimony, that those Members were not interested in technology for the region, or why would you not include them in those letters?

A Would you repeat?

Q On letters marked KR–3, KR–4 and KR–5, again written on April 23rd and subsequently April 30th, you did not include a copy, a carbon copy, to any Member of Congress. Can you tell the Subcommittee why you left those Members off of those letters if it was just informative? And obviously there is a technology component with IBM. There are bank issues. Why did you not feel it was necessary to send copies of those letters?

A The vast majority of letters we send does not have carbon copy, and those two were two that we sent for informational purposes. We had no need or reason to send copies.[262]

The Subcommittee asked Mr. Rodney about the contract the Foundation had signed with Unique Vacations, Inc., for the 2007 conference.[263] Mr. Rodney explained that Unique

[262] Karl Rodney October 28, 2009, Tr. at 35-38.
[263] *Id.* at 38-39.

Vacations was the marketing company for Sandals Resort.[264] He acknowledged meeting with Sandals Resort officials and negotiating the terms of the contract.[265] He further acknowledged reviewing the contract before it was signed by Faye Rodney.[266] He verified that Faye Rodney's signature appeared on the contract.[267] Mr. Rodney verified the amounts for lodging on the contract were the amounts the Foundation agreed to pay.[268] Mr. Rodney acknowledged the contract with Unique Vacations was signed on May 5, 2007.[269] He did not know if the amounts were the actual amounts paid without seeing the final bill, but did not believe the amounts had changed.[270]

Mr. Rodney initially told the Subcommittee that the Foundation had its own checking account, but later discussed how contributions for the conference are deposited in the Carib News publications "projects" account, along with donations for other projects.[271] He was asked specifically about one of the checks written as a deposit to Unique Vacations:

> Mr. Dent. Is that check from the foundation, or is that a check from the news organization? Is that from the newspaper or from the foundation?
>
> The Witness. That's newspaper.
>
> Mr. Miller. What is project account?
>
> The Witness. In the running of our business, our accountant decided to, our newspaper account where you have revenue from the newspaper, and then the same company, an account that is for when we have funds for projects, so you can manage or get a better sense as to which newspaper, which project. It is the same company, same ID. It is just he felt at that time it was one way to help us to manage.
>
> Mr. Miller. And this was a separate bank account with Citibank?

[264] *Id*. at 38.
[265] *Id.* at 43-44.
[266] *Id.* at 40.
[267] *Id.* at 40-41, 43-44.
[268] *Id.* at 44.
[269] *Id.* at 56.
[270] *Id.* at 46.
[271] *Id.* at 55.

The Witness. Separate bank account with the same bank?

Mr. Miller. And what projects were run through this account?

The Witness. Projects such as a conference, any project, any nonrelated –

Mr. Miller. To publishing.

The Witness. Right?

Mr. Miller. And were all of the funds for this conference run through the project account?

The Witness. To the best of my recollection, yes.

Mr. Dent. If the foundation was sponsoring the trip, why would the foundation not write the – why would not the check be drawn from the foundation as opposed to the newspaper?

The Witness. The foundation, as I tried to indicate, the foundation was something new that we were, the funds that were coming were coming into the newspaper. At times, you have to get from cash flow funds out to cover costs. But it was not that the news foundation had funds that it wasn't used for. It was really what is our – and the advice of our accountant, if the funds come into Carib News, it is in Carib news, and you account for it in that sense. And that is how we would have done it. And it had nothing to do with any foundation.[272]

Mr. Rodney further discussed how funds were deposited and handled:

Mr. Miller. You may have answered this already, but did you have a bank account for the foundation?

The Witness. Yes.

Mr. Miller. What sorts of – what did you pay out of that account?

[272] *Id.* at 54-56.

The Witness. We payout of that account, funds that were in that account, any expenses that could be related to the conference that we were undertaking.

Mr. Miller. Say that again?

The Witness. We paid out of that account when funds were available any expense that are conference related.

Mr. Miller. Out of the foundation?

The Witness. Right.

Mr. Miller. There was another foundation account, in addition to this project account that was also a foundation account?

The Witness. That's correct. The project is the main company, the same ID, same accountant, and all that comes together as one.

Mr. Miller. And on what bank was the foundation account?

The Witness. At Citibank. All the accounts had been in one bank, Citibank.

BY MR. STODDARD:

Q Now, you indicated that if a check came in written to Carib News and it was for the conference, it would be put in the Carib News project account; is that correct?

A That is usually, yeah.

Q And what other funds were deposited into the Carib News project account?

A My recollection is that project funds were deposited in project accounts.

> Q So there were no funds other than funds that were contributed for the conference, no other funds were deposited?
>
> A Oh, no, we have other funds that are not contribution. They are project related.
>
> Q And what kind of – where would those funds come from?
>
> A They would come from individuals who contribute to a particular project that we have under our management.[273]

Mr. Rodney also confirmed that when a corporation agreed to contribute to the conference, he would send them an invoice.[274] The invoice would clearly indicate that it was for payment of the agreed upon contribution specifically for the conference and not the general fund of the foundation:

> Q And in fact, in the description of the invoice, the language appears, sponsor for the 12th annual Caribbean Multi-National Business Conference, is that correct?
>
> A That is correct.
>
> Q And do you know who typed that into the invoice?
>
> A The bookkeeper.
>
> Q And would anyone tell the bookkeeper to use that language to identify the purpose as a sponsor for the 12th annual conference?
>
> A My sense is that is the traditional way we have always done it.[275]

Mr. Rodney was asked about his communications with the Standards Committee before the 2007 conference and the new travel rules that went into effect that would change the manner

[273] *Id.* at 57-58.
[274] *Id.* at 58.
[275] *Id*.

in which the Foundation invited Members to attend.[276] He indicated that he had been in contact with the Standards Committee's former Chair, Representative Stephanie Tubbs Jones, before the conference and she indicated to him that the travel rules had changed and she assigned her designated counsel to communicate with the Foundation.[277] Representative Tubbs Jones told Mr. Rodney that Dawn Kelly Mobley would assist the Foundation with understanding the new rules and processing the trip request.[278]

Mr. Rodney verified an email sent on September 17, 2007, was sent from carib–desk@att.net, which he indicated is an email address used by both Carib News and the Foundation.[279] He reviewed the draft agenda that was attached to the email and verified it was the draft agenda for the 2007 conference.[280] He further verified the email and agenda was sent to George Dalley and Shelley Thomas.[281] Mr. Rodney was asked about the agenda and the fact that it identified sponsors for various events:

> Q I'm going to show you a – my next exhibit is KR–8, and this is in tab 8. And it is an email that was sent from carib–desk@att.net. Who, what email is Carib–desk@att.net?
>
> A That's an email address that we use.
>
> Q Is that for the newspaper or the foundation?
>
> A That is for the newspaper and foundation. We have no –
>
> Q And this is an email sent to [Shelley Thomas] and George Dalley; Subject: Draft Agenda, 2007 Conference; Program Working Copy – edited Sept 13.doc; and the signature block at the bottom says Patricia Louis. And if you could look over that.
>
> Mr. Dent. Which tab is that again? I'm sorry.
>
> Mr. Stoddard. Eight.
>
> Mr. Laufman. This is a multipage document.

[276] *Id.* at 61.
[277] *Id.*
[278] *Id.*
[279] *Id.* at 62.
[280] *Id.* at 63.
[281] *Id.*

Mr. Stoddard. That's correct. It's a cover mail, email with an attachment?

Mr. Laufman. Do you want him to look at all the documents now?

Mr. Stoddard. If you could. I expect that Mr. Rodney will recognize the documents that were attached.

The Witness. It appears to be a draft of one of our programs?

BY MR. STODDARD:

Q Of the agenda for the 2007 conference, is that correct?

A Yes.

Q And did you instruct Ms. Louis to send a draft copy to Shelley Thomas and George Dalley?

A I don't recall having done this specifically, but I would not be at all surprised if I did.

Q And do you know why you would want George Dalley and Shelley Thomas to receive a copy of a draft agenda, a working copy?

A Shelley Thomas is staff to Donna Christensen. George Dalley is staff to Mr. Rangel. As I mentioned earlier, Donna Christensen represented the Virgin Islands, and this conference has been of particular interest to her, and so we worked very closely with her from time to time. The same thing is true of Mr. Dalley. I think it was informational, to tell them where we were, and as far as I know, that was the reason.

Q Were you seeking any input from them as to the agenda?

A We never do.

Q So you just felt that you needed to send those two a draft agenda?

A That's correct.

Q Now, looking at that draft agenda, if you look at the very first page, you notice at the bottom of the page, you talk about an opening reception, from 6:30 to 7:30, where the venue was, and it says, "Sponsor: AT&T," is that correct?

A Yes, sir.

Q Okay, and so, AT&T at this point was identified as a sponsor of a particular event at your conference, is that correct?

A This was September 17th, based on information we had, and I know where we are going with this in terms of issue of sponsor because I know it's key to why I'm here and –

Q Let me help you with this, now prior to 2007 conference, you would have been able to identify these companies as sponsors; is that correct?

A That is correct. And when we applied for permission from Ethics, we also in our initial application identified every one of these as sponsors. And this was, we were down to October now, when we are trying to make some kind of decision, and we had not previously had rulings as to the difference in sponsorship. So, when we get to the point of sponsors, and I know you gave me those letters, the sponsors, those letters went out May, April, we were not even in conversation with Ethics about approval.

When it came to the point that we were asked the questions, based on the form and the new requirement, we clearly pointed out; they said, based on our understanding and the old form, these were sponsors. We were then given and guided by a definition of Ethics staff that by the new definition, Carib News Foundation by definition of their rules is the sponsor. And as such, we didn't align our position as Carib News to match that definition.

It was what we were doing in general, organizing, having complete control of the program that we, they – the committee agreed, Carib News is your sponsor, and so that was when the issue of sponsors came up.

We were clearly guided by the staff. We were very diligent in seeking out this definition, and we made sure we had nothing to hide. These sponsors that you are putting out and making reference to, they were identified by us in the document that we sent to Ethics.

Q Sir, on the staff, you refer to the committee and to the committee staff as telling you the definition of sponsor, who was that person or persons who identified, who told you that those companies would not be sponsors?

A Sir, it's Dawn Kelly – Mobley Kelly. She also, in instruction, had pointed out that you must have meaningful connection, instructions on the definition, and she reinforced that. In fact, sir, we were talking to three different people on the staff; Dawn Kelly Mobley, Susan Olson, Hilary Smith. We were talking to everybody who had an input, trying to sort where we were. We made every deliberate effort to comply with their definition. They were the expert in the field. We knew this was new; the chairman said to us, she had personally said to us, these are the people who will help you. We worked with them. We relied on them. And we had absolutely, absolutely no reason not to rely on and go by what they were saying.

> So when you point to sponsors in a letter, we talk about sponsors in April and May, we hadn't even gotten close to those decisions by the counsel. When we had this draft program in December, as you point out, these are your sponsors, we had not come to the conclusion with Ethics staff the definition of sponsor and how it would guide anything we do.
>
> Q Now you just mentioned, sir, that Representative Tubbs Jones told you, these are the people you deal with, but isn't it true the only name she gave you was Dawn Kelly Mobley?
>
> A If I said "these," I correct myself. The only one she gave me. What I did say is that we were not only talking to Dawn, and I don't know how they interloop within the decision.[282]

Mr. Rodney told the Subcommittee that he relied on the guidance from the Standards Committee staff in filling out the travel forms for the 2007 conference and it was with their guidance that the Foundation did not identify the corporate contributors to the 2007 conference as sponsors.[283] He stated that he had "diligently" worked to identify the sponsors under the "old definition of sponsors:"

> The Witness. No. My position is, sir, the Chairperson directed us to expect the guidance from Dawn Kelly Mobley. We were contacted by Susan Olson. We were contacted by Hilary Smith. They were all a part of, my understanding and then based on their – they're a part of the Ethics Committee, and all were interlooped in helping or directing or guiding us to make these decisions. So we were listening to three people in Ethics at one time, trying to sort out in their minds and in providing us with guidance around some critical issue that we now have come to face.
>
> And what I can tell you is, in terms of the timing and in terms of what happened and what I know and what we participated, is we diligently disclosed the Ethics and their staff all these persons that were supposedly sponsors in the old definition of sponsors. We – it was their problem to – if, because Carib News was sponsored by their definition, then Macy's, CitiBank and those other corporations could not be sponsors because they are an entirely different definition. And so there was, how do you handle these? It went back and forth.

[282] *Id.* at 62-66.
[283] *Id.* at 67.

> I'm sure you have access to the reams of email going back and forth to try to determine, how do we come to this understanding? And you should know that we were very forthright. All the information we provided, at no point did we attempt to hide the new, who were contributors, who were sponsors, and we were clear, very clear, and very diligent as to how we provided information or we reacted to information and how we came to whatever decision and conclusions.[284]

After a recess requested by Mr. Rodney's attorney, Mr. Rodney told the Subcommittee that he recalled speaking with Susan Olson and that she reinforced the position that the Foundation would be the sponsor for the purposes of the trip and the corporate contributors would be listed as participants.[285] He testified that he had conversations with Ms. Olson, which he claimed was supported by the emails, and that Ms. Olson decided the corporations would be participants:[286]

> Q Now I asked you earlier if you had ever spoken to Susan Olson. You don't recall speaking to her?
>
> A I recall speaking with her. Yes, I do.
>
> Q Do you recall her asking you any questions about the companies, Pfizer, Macy's, AT&T, Verizon, those companies and what their role with the conference was?
>
> A Yes.
>
> Q Now, what did she tell you, or what did you tell her as far as their role?
>
> A Their roles, as far as we – the issue was, with Susan, as best I can recall, is that it was reinforced that Carib News and Carib News Foundation, based on the facts, would be considered the sponsor. What label –
>
> Q Excuse me, you are saying Susan Olson reaffirmed that with you?

[284] *Id.* at 66-67.
[285] *Id.* at 70-71.
[286] *Id*.

> A That is my recollection. The issue, and I think the emails will confirm that, the issue was, how do you now characterize those companies that we had originally listed on the form as sponsors and in the traditional pre–2007, how do you then characterize them? What is their label? And that was the issue going back and forth with Susan Olson. And the memos, the emails should – it was in those conference conversations that Susan Olson decided that the proper label for those non–sponsoring entities would be "participants." The email will confirm that Susan sent to us, these are participants, change the program so that it reflects participants, and it is fine. We changed the program that we were sending back and forth, listing those entities as participants. And that was where we left the – that was the decision that we were guided to eventually.
>
> Q And these emails that you were referring to, were they emails that were between you and someone on the committee, or the committee and Patricia Louis?
>
> A It was primarily between Patricia Louis and the Members of the committee. But we meet regularly in planning the conference.
>
> Q You say "we," who do you mean, sir.
>
> A Patricia Louis, myself, and Mrs. Rodney, to go over all aspects of the planning, and so we are made aware of these issues, and we determine responses as we go along, and on phone calls when necessary.[287]

Mr. Rodney stressed during his testimony that there was confusion as to the definition of "sponsor."[288] He stated that prior to 2007 they had always identified the corporations who contributed to the conference as sponsors.[289] In 2007, the rules had changed and he believed there was a different definition for "sponsor" that he received from Ms. Mobley and Ms. Olson.[290] He further stated that based on their guidance, Carib News Foundation would be the only sponsor because the Foundation planned and organized the trip and none of the corporations

[287] *Id.* at 70-72.
[288] Subcommittee Interview of Karl Rodney on October 28, 2009 and December 1, 2009. *See also* Karl Rodney October 28, 2009, Tr. at 64-65.
[289] Karl Rodney October 28, 2009, Tr. at 64.
[290] *Id.* at 71.

were involved in the planning or organizing.[291] He was asked to verify emails that were initially received from Ms. Mobley to Ms. Louis:[292]

> Q Does he recall any conversation or email since he was involved in conversations and emails and he is aware of them – do you recall Patricia Louis' response to Dawn Kelly Mobley as to who the sponsors were on September 18?
>
> A All right. I was aware of that.
>
> Q And so you understood that at that point you were identifying the sponsors of the trip as those individuals, is that correct?
>
> A We were identifying the sponsors of the trip in the traditional sense, which we want to be very clear on.
>
> Q Just as far as, there is nothing about traditional sense. It says, "these are my sponsors," is that correct?
>
> A These are my sponsors as I understood it –
>
> Q And that's all I'm asking.
>
> A Okay.
>
> Q Now the next email, which is right above that on the very first page, is a little broader. Can you read that to us? Put it on the record. Who is that email from?
>
> A Which is this, sir?
>
> Q It is the lot of text spot in the middle. It is right above with Patricia Louis responds with, "these are our sponsors."
>
> Mr. Laufman. What are you asking?
>
> BY MR. STODDARD:
>
> Q Read that email. Who it is from, and who is it to?
>
> A From Kelly Mobley.

[291] *Id.* at 70-71.
[292] *Id.* at 72-74.

Q And to?

A To P. Louis.

Q And what date?

A September 19th.

Q And what is the text of that email?

A I understand that several of these will take part in sponsoring food and other parts of the Antigua travel. However, I need clarification on the official sponsor, that organization providing travel, lodging, and organizing trip. Am I to assume it is Carib News? The official sponsoring organization must not retain, employ a registered lobbyist or a registered foreign agent. And the sponsor must have a direct and immediate relationship with the event or location being visited. To assist with this, I'm scanning information, guidelines, emails in just a moment. Please provide a fax number if method of submittal will be more helpful. If there is someone handling this matter, please provide me their direct contact information, as I must ensure adherence to these new guidelines for travel. In any event, I do not need to know the official sponsor will be, I will assign a staff attorney to review your documents and remain in contact with you until this matter is finalized. Please respond today or tomorrow at the latest. I will be traveling for a while thereafter and must ensure my staff attorney has all the necessary for a safe review.[293]

Mr. Rodney continued to explain that he had identified the sponsors to the 2007 conference as they had in the past, but "the Committee" told him that these corporations could not be listed as sponsors but had to be listed as participants.[294] On December 1, 2009, during the continuation of his testimony before the Subcommittee, Mr. Rodney again stressed that he reported the corporations as sponsors, but was told by "the Committee" that under the rules those corporations could not be sponsors and they would have to be changed to "participants."[295] When asked who on the Standards Committee told him this, he was unable to identify the individual.[296] He argued that this information was in the email sent from Susan Olson that

[293] *Id.* at 73-74.
[294] *Id.* at 119.
[295] Karl Rodney December 1, 2009, Tr. at 6.
[296] *Id*. at 81-82.

instructed them to change the identification from sponsor to participant.[297] The Subcommittee asked Mr. Rodney to verify he had seen the emails from Susan Olson regarding the sponsor issue, as well as the emails sent between Patricia Louis and Dawn Mobley.[298] After he indicated that he was familiar with the emails, the emails and the responses from Patricia Louis were discussed and Mr. Rodney was asked questions regarding the emails and his interpretation of what Ms. Olson was asking.[299] However, Mr. Rodney would not directly answer any of the questions regarding this issue:

> Q Okay. Now, you said that you only responded, you only listed – eliminated these corporations and the government as sponsors because you were directed to do so by someone on the committee. They were no longer sponsors. Someone here told you that. But from Ms. Olson's email she clearly didn't say that in this email. Would you agree?
>
> A What email?
>
> Q In the email you have right in front of you. There is nothing in here that says these aren't sponsors. In fact, she is asking what is their role. They were sponsors last year. Clarify their role. And this was on October 10th, right?
>
> Mr. Laufman. What is the pending question?
>
> BY MR. STODDARD:
>
> Q The pending question is, is it clear from this email that she did not say these people are not sponsors? In fact, wanted to know what their role was, because the previous year they were sponsors – from the advice of the committee. The committee said "These are sponsors, they have to be listed," the year before. She provided that.
>
> So is it clear to you on this email that she still thinks they are sponsors; and, in fact, is saying they are still sponsors, please advise as to what their role is?
>
> A I am not clear as to the internal –

[297] *Id.* at 77.
[298] *Id.* at 75-98.
[299] *Id.*

Q I am only asking you about this email and what your conclusion is from it. She is telling you in this email – she is asking what their role is, and she is saying because last year when you asked us this question, our advice said they were sponsors and should be listed because they are underwriting some of the costs.

Is it clear to you from her email here that those corporations still need to be sponsors until you clarify their further role?

A My answer is we were getting – we have three people in the Ethics Committee that we are dealing with. And I am sure you have emails to the effect from the same Susan Olson that says, Change those names from sponsors.

[Interruption by Mr. Rodney's counsel] . . .

Q I am asking you here, does that email indicate from Susan Olson that those corporations are not sponsors?

[Interruption by Mr. Rodney's counsel] . . .

A You need to be fair. And you have information in here that would suggest that Susan Olson, the same Susan Olson says to me these people have to be listed as participants. And I don't see why it is coming back here when you have email to the effect – I mean I don't.

Q We will get to that email, I guarantee you. But right now I am asking you, on October 10th, did Susan Olson indicate to you in that email that those corporations were not sponsors?

A It certainly is in conflict with everything that they have told us before that they were sponsors; which is your definition, not mine. And to my thinking, and to answer your – in my mind, we were designating the sponsors. But based on the committee's own definition, they could not be sponsors because none of these are providing a value, doing the content, determining the operation. So my understanding is that they could not be sponsors based on all we have had before.

And so to your question as to whether or not Susan Olson – for me, the definitive action is when we have gone through this and it comes back to us, they couldn't be sponsors, they need to be participants.

Q Sir, you stated over and over that Ms. Olson told you that they weren't sponsors. I am asking you specifically about this email. And you

are saying that all the advice they gave you was they weren't sponsors. Here she is actually saying that they are sponsors, please advise as to their role. Is that not what her email indicates to you?

From this email can you determine if at this point in time – we are not talking about later, at this point in time – did Ms. Olson still believe these corporations to be sponsors?

A Sir, on the private sponsors form where it says sponsors, the definition of sponsors is there. That does not fit this.

Q Can you just answer the question about that email? That is all I am asking you. In that email, she says: According to the committee's advisory opinion dated October 27th, 2006, provided that all the organizations that provided financial underwriting for the trip, along with the Foundation, were required to be listed as the trip sponsors.

That is a pretty clear definition – if they provided financial underwriting for the Foundation, along with the Foundation. At this point from her email, was Ms. Olson telling you these companies were not sponsors?

A But you would agree with me that this is in total conflict with advice I have gotten from the same committee earlier with respect to the definition of sponsors. Because I want to be clear in my head what I am being asked.

Q You are being asked, according to Susan Olson on October 10th with this email, that she still considered those companies and was telling you these companies are sponsors.

[Interruption by Mr. Rodney's counsel] . . .

Q The question is, based on this email, was it clear or did Susan Olson still not understand whether or not those corporations were sponsors? Was that your interpretation of her email, that she is asking you to provide additional information to verify what the role of these companies is?

A All right. Based on this, she is asking for additional information.

Q To verify what the role of these companies is?

A Yes.

Q And so at this point she did not say they weren't sponsors. She is asking what they were; isn't that right? At this point?

A At this point. But it just goes back to my recollection that the definition of sponsors was made, counsel, prior to this, prior to October 10th.

Q But that was not by Susan Olson, was it?

A It was a Member of the Ethics Committee that we were dealing with.

Q And who was that?

A My recollection is it might have been Dawn Mobley.

Q And the reason I am asking these questions is before you said Susan Olson told you this. And at this point she is asking you a specific question: What are the roles of these companies? I don't know what they are. We said they were sponsors last year because they helped pay. So what is the role?

In fact, she sends another email. After that response that I read earlier that they contribute to the overall function, she sent another email. And this email was sent on October 12th to Ms. Louis that says, please explain in more detail your email message below relative to the "sponsors contribute to the overall expense of the trip." In this regard, do the following entities pay for any of the expenses of the trip for the invited House Members? And she lists the Antigua Government and Sandals and Royal Caribbean Bakery, et cetera, Citibank. She lists all those companies that are on that email. And she says, do they pay for any of the expenses of the trip including round–trip air transportation? That is one of them.

Now, at that time she was asking specifically if any of those companies – American Airlines is listed – paid for any of the expenses for round–trip air transportation. Is that correct? Do you recall seeing that email?

A Yes.

Q And did in fact a corporation pay for air transportation? This is on October 12th. This is before the trip. This is what your understanding was, who was getting what. This is before even the issue with the Antigua Government came up. This is back in early October. Did any corporation,

any of those corporations listed, pay for round–trip air transportation – or were going to pay for air transportation?

A No corporation paid for any round trip.

Q Did American Airlines provide tickets?

A Not on October 12th and not for any Members.

Q Did you ask if American Airlines would provide you with tickets and they said they were providing tickets?

A You want me to answer you now as to American Airlines? American Airlines has a barter agreement with Carib News over the years where we have an agreement we barter tickets for their participation in the conference. They get – we have an arrangement, we have an agreement. There is consideration for the tickets we get from American Airlines. Allow me to – because these tickets are not earmarked for Members. They are not given to us to give to Members. We can do with them as we see fit. We can sell those tickets. This has been a tradition with American Airlines through the years.

There was no intent on our part to use – to use any tickets in violation of any rules. In fact, you should have in your documentation a memorandum from Ms. Louis to American Airlines and to Donna, to say we do not want to be in violation of any regulation. And counsel, if you allow me to –

Q No, I am not going to allow you. That is more than the question.

[Interruption by Mr. Rodney's counsel] . . .

Mr. Stoddard. I am asking, on October 12th did you have an agreement with American Airlines to provide airline tickets?

A Not for Members.

Q Can I finish the question? To Carib News.

[Interruption by Mr. Rodney's counsel] . . .

Q Did American Airlines agree to provide Carib News with 25 tickets for the 2007 conference?

A I am not even clear what date that happened. I would have to check my records.

Q And were tickets that were provided by American Airlines eventually used for congressional Members?

A Tickets were used.

Q Were tickets that were provided by American Airlines used?

A Tickets that were used at our discretion. Counsel, it comes to the heart of what you are trying to – that we had some intention of – there is no motivation for us to be using American Airlines tickets to pay for Members. We are talking about $2,000.

Counsel, go back and do your arithmetic and you will see those tickets that are used for American Airlines. Why would we jeopardize a relationship for $2,000 with American Airlines? Our relationship with American Airlines went back 12 years, and we have that agreement. It is not anything we concocted for Members or anything concocted to deceive or mislead. Counsel, we have no motivation for that. Absolutely none. And I know it is to the heart of the issue. And I want to have you understand our position, that we consider American Airlines to have a contract. We gave them value for it, tremendous value. We could do with those tickets what we feel like, and we are not using that to get around any regulations in Congress.

Q Mr. Rodney, did American Airlines provide tickets for the 2007 conference?

A Yes, sir.

Q And were any of those tickets used for any Members of Congress' travel?

A Yes.

Q Thank you. On October 12th when this email was asked, she also asked, did any of the following Members pay for lodging costs? And at this point you had an agreement with the Government of Antigua to pay for Members' lodging costs. Isn't that true? Is that true or not?

A No.

Q That is not true? Okay. Thank you. We will move on.

[Subcommittee recess and discussion]

Q But you indicate that that was after it was all worked out and Ms. Olson had said change these participants, which was later in the month. And I'll get to that email later. But on October 12th before that point on this email it seems that Ms. Olson is still trying to figure out what their role is as sponsors. So we can infer from this email, and if you disagree with me please tell me that, that at this particular point when she sent this email on October 12th, she was still trying to determine are these entities sponsors or not. She's asking are they paying for anything, is that right?

A That is right. Counsel, remember that prior to this, though, we had settled on what action what the sponsor would be.

Q In fact from that email Ms. Louis on October 15th responded. So on the 12th which was Friday at 2:41 p.m. Ms. Olson sent that email and said I'm still confused, based on your response what's their role, do they pay for any of these things, at that point you would have known that American Airlines was paying for some of the tickets, however they were going to be used, or that the Antigua Government had agreed at that point to pay for lodging, and should they have based on just this email, before you get further into the sponsor and participant issue, should the response then been, well, yeah, they could be sponsors, they are paying for that. Do you know why that was not provided or why the response – let me tell you what the response was. On October 15th – well, before I get that, did you discuss Ms. Olson's email, this October 12th email, with anyone else on the committee or with Mr. Dalley or Ms. Thomas before sending a reply on Monday the 15th?

A I don't recall having that conversation.

Q On the 15th at 10:00 in the morning there was a response sent from Ms. Louis to Ms. Olson that said in response to your email the answer to your question is no regarding this thing. In other words, the response is, no, none of these people pay for anything. But we know that they did. Should that actually have been, well, yes, they do but that's all they do?

A No, no, no, I'm very clear on that.

Q Okay.

A On that it was our understanding that once we decided to be sponsors none of these could pay, not that they would pay or should pay or might have paid, none could pay. And that's when the answer to it was if this is the definition that we are the sponsor then these sponsors,

participants, could not pay. And as we said, we were very clear in our understanding no, because the definition that we are the sponsors we are to take up the Members' costs and therefore no. Working from that we then put that into effect that these Members, these companies were participants and that we would take it on. And that was our intention.

Q Okay. So that was on October 15th. But subsequently American Airlines tickets were actually given to Members, that Carib News didn't pay for those tickets, that they were actually given those free tickets from American Airlines, isn't that right?

A You want to shorten this. We have gone through this before. We explained to you American Airlines –

Q I understand that.

A We did that.

Q Right. But what I'm saying is you just said that at this point on October 15th you knew at that point that none of these companies could pay. And so that's why the answer was no, they didn't pay for costs, lodging costs, they did not pay for meal costs?

A Or they will not be paying.

Q Fine. And I accept that. But in fact after October 15th American Airlines donated free tickets that had zero amount on them because they were donated tickets, they were promotional tickets from American Airlines, were actually given for Members. So I guess the confusion I have from your answer is that you knew that they couldn't pay, but in fact those tickets because they were given to congressional Members rather than you charging the tickets to a Carib News credit card or something, that you in fact did pay or allow American Airlines through the tickets they donated to the Carib News to pay for that transportation. Isn't that a fair assessment?

A Would you like my assessment now?

Q Yes.

A And I thought we had done this prior to the break. That we consider American Airlines to be a participant with gaining benefits. American Airlines not only has a speaking opportunity, American Airlines had the worst public relation[s] record in the Caribbean. And it was

through this conference and their participation that they rehabilitate their image and they said it over and over. So American Airlines wasn't giving us anything. American Airlines, we had an agreement with them. They were our tickets. Counsel, we could have sold those tickets and paid for the Members. It was a clear understanding that these tickets were not earmarked for Members, we did not, we were not deliberately – because again I have to take you back to the memorandum from Patricia Louis to Donna at American Airlines. It specifically said I do not want to be in violation of any rules and regulations. Why would we be saying that? Because it's clear in her mind that there is no intent, there is no motivation to be using that. And in fact American Airlines must have had the same interpretation and their counsel. We did not have counsel. We were doing the interpretation as guided by the Ethics Committee.

So in terms of American Airlines, again, let us look at the proportionality. You are talking about $2,000. Why would we as a company endanger or even try to deceive Congress or provide false information for $2,000? Counsel, there has to have some proportionality to it. I mean there is no motivation to do that because we can't afford that. I mean there is no enrichment on our part. And we tried to be as clear as we can, as honest as we can, that we were not using American Airlines tickets to deceive Members.

Mr. Laufman. Let him ask his next question.

The Witness. I'm sorry.

BY MR. STODDARD:

Q I mentioned earlier that Ms. Olson sent an email internal to this committee to Bill O'Reilly and Donna [sic] Kelly Mobley talking about your response. Bill and Dawn, please note the following response to Ms. Louis at Carib News. The portion appears that if each sponsor contributes funding directly to the trip and did not – and earmarked the funds and not simply to the general funds at Carib News, then the assumption is that all of these entities are cosponsors of the trip for purposes of the House travel rules. If that is the case it is likely that at least one of these cosponsors hired – retained a federally registered lobbyist the trip can only be a one day event trip. Thus the committee can't approve the trip as it currently exists. This was on October 12, 2007, at 9:29, on a Friday. This is before she sent the email asking for the additional clarification. She's saying basically here that if they contribute to the trip and not to the general fund

of the Carib News that they must be listed as cosponsors. That's her interpretation on October 12th.

Now, Ms. Mobley sent you this internal email. Do you recall reading it?

A What email?

Mr. Laufman. Can you show him.

BY MR. STODDARD:

Q I'll show you. It's the one at the very bottom.

A I remember seeing this memo.

Q And so Ms. Mobley sent that to you and said here's the issue Susan is raising. So that memo clearly makes the case that if they contribute to the conference they have to be cosponsors. Is there anything that you didn't understand about that issue?

A I didn't know and I don't recall the category of cosponsors in the private form. I know the category of sponsors and the responsibility of the sponsors. And this is a – again, gentlemen, we are getting three different voices from Ethics. We're really not counsel, we're not professional. We are a simple group trying to get an approval. We had no expertise in the matter. We're being followed by the guidance. As you go through emails back and forth, and I don't know what internals are, we try to go by what we have been advised. At this point in time she's raising a question. As a counsel I wouldn't know because I don't remember the cosponsors. I know what we were defined as and our responsibility. So that is my understanding that we go back and forth.

Q You indicated that you relied on the committee's definition of sponsor and what those corporations were. But that email clearly shows that Ms. Olson, the counsel who was handling the review, believed at that point that because the companies, the corporations contributed to the conference and not the general fund they would have to be listed as sponsors. Now, is that true, the corporations, that corporations did in fact contribute for the purpose of the conference, right, not to the general fund?

A This is Ms. Olson's interpretation.

Q Ms. Olson's opinion as counsel to this committee whether they should be sponsors. Did the corporations contribute to the general fund of

the Foundation or to the conference specifically? And I know we've already asked that question, but I just want to clear it up.

A These foundations – the participants contributed to the general fund of the conference.

Q Of the conference and not to the general fund of the Foundation?

A Conference, and to the extent that the Foundation is the sponsor of the Foundation also.

Q But for their contributions it was invoiced and specifically to be paid for the 2007 conference, isn't that true? You invoiced each one of those corporations for the conference, they paid you for the conference? And American Airlines gave you tickets that only could be used for the conference?

A No, that's not true.

Q Well, I will tell you, sir – I don't want you to say that's not true. But I did in fact interview American Airlines and they said that they specifically stated that you have to use it for the conference. You are right that you could use them for any purpose, but they could only be used for the conference. That was the restriction they placed on those. In fact Ms. Louis attempted to use some of the unused tickets for another event and American Airlines said no, you cannot do that. So I don't want you to say anything that's not true. I want you to say that I know that American Airlines only contributed to the conference as did the other corporations. Based on that knowledge and reading Ms. Olson's email would you not based on your reading of the email believe that at that point those companies were sponsors?

And it doesn't mean that you couldn't hold a conference. I want to make that point. It's just saying if they were sponsors then it's limited to a one day event. But based on Ms. Olson saying, hey, if they contribute only to the conference then they have to be sponsors. Isn't that your understanding of her email?

Mr. Laufman. Are you asking what his understanding is reading it now or what it meant at the time?

Mr. Stoddard. Well, now. He said he read it before and your interpretation shouldn't have changed. If you received that email back in 2007, from that email she's basically saying if they contributed to the

> conference and not the general fund of the Foundation they're sponsors. Isn't that really what she's saying?
>
> The Witness. Clearly you understand that's in conflict with what was our understanding.
>
> BY MR. STODDARD:
>
> Q I understand that. I'm just asking what's your interpretation of what she said?
>
> A That's her interpretation, one voice in the Committee of Ethics with another interpretation with another Committee of Ethics. You know, we were looking for a simple answer.[300]

At the beginning of his second interview, Mr. Rodney asked to address the issue regarding the Government of Antigua agreeing to pay for the lodging and meals used by Members during the 2007 conference.[301] Mr. Rodney explained that the Foundation always signs a basic agreement with the host country for each year's conference that required the host country to pay for lodging of Members and some VIPs.[302] During his first interview on October 28, 2009, Mr. Rodney told the Subcommittee that the Foundation paid for the rooms and did not acknowledge the agreement with the Government of Antigua until it was shown to him.[303] At that point, he stated he did not know if the Government of Antigua actually paid.[304] During his second interview, Mr. Rodney stated he had reviewed the matter and determined that once he learned from the Standards Committee that the other corporations could not be sponsors or pay for the Members' travel, he notified the Government of Antigua and advised them they would not be paying for the lodging of the Members.[305] He did not recall who he spoke to in Antigua, nor did he provide any record of this communication:[306]

> The Witness. Thanks very much.

[300] Karl Rodney December 1, 2009, Tr. at 75-98.
[301] *Id.* at 4.
[302] *Id.* at 3-5.
[303] Karl Rodney October 28, 2009, Tr. at 102-103.
[304] *Id*.
[305] Karl Rodney December 1, 2009, Tr. at 4-5.
[306] *Id.* at 39-40.

I would like to supplement my previous testimony regarding the 2007 conference in Antigua. At my deposition October 28th I said at that time I wasn't sure whether the Government of Antigua had made a payment for the conference. After reviewing the matter further, I confirmed the Government of Antigua did in fact make a payment of $31,500 to Sandals Resort in connection with a conference there. To the best of my knowledge, that payment occurred or was made on or about October 31, 2007, as shown in a November 28, 2007, statement from Unique Vacations for which we have provided this committee.

But, contrary to what is indicated in the terms of the basic agreement with the Government of Antigua, that payment did not go towards the cost of Members' lodging. After we came to the understanding from our communication with the Ethics Committee and the Ethics staff that Carib News was the official sponsor and had responsibility to pay for Members' lodging. We understood that that payment had to be made by Carib News.

Subsequently, circumstances around the Members attending further reinforced that. We got word from Members' staff in Antigua that because of a pending bill in Congress that those Members who were scheduled to come to Antigua would not be coming; the vote was going to be taken that Friday or that Saturday. Any rooms that were reserved for the Members were then released, because, as you know, we had two hotels, one was a preferred, and there were a number of people who wanted to come to the preferred hotel, so those Members' rooms were released.

Just in the middle of the conference, on the Friday, we were advised again that some Members the vote was taken on a Friday and some Members would in fact be coming in on that Saturday, and arrangements were made for the Members to then arrive on Saturday. We had to then rearrange the rooms for those Members, and we're grateful that those Members came because they were able to make a contribution, but they came at the very last day.

At the end of the conference, we settled with the hotel which Carib News issued a check for $39,000 including approximately $3,000 for Members' lodging. It is our understanding and we believe that payments applied to Members' lodging, especially since they arrived at the end of the conference and their previous rooms were cancelled, that Carib News in fact paid for the Members' lodging.

Mr. Stoddard. Does that complete your statement, sir?

The Witness. That completes my statement.

Chairman Butterfield. All right, Mr. Stoddard.

Mr. Stoddard. Thank you, Mr. Chairman.

EXAMINATION

BY MR. STODDARD:

Q Mr. Rodney, you stated that you learned – in your statement you learned that Carib News had to pay for those rooms. When did you learn that precisely?

A It's between – the best of my recollection, we were in conversation back and forth with the Ethics Committee, as you know, as to the definition of sponsors and as to the definition of participation. So we learned between October 12th and October 15th that the definition of sponsor as defined by the Ethics Committee was in fact determined. And that is [when] we determined the venue, we determined the content, we selected the country and we were responsible for all the planning and operation of the conference.

Q And so your testimony is that you actually paid for the rooms prior to the conference, or you knew you were going to pay for the rooms prior to the conference, is that correct?

A I am not clear on the question.

Q The conference was held in November, is that correct?

A That is correct.

Q And you indicated that on October 31st the Government of Antigua paid the amount that you had told them they needed to pay for the rooms for Members of Congress and VIPs, is that correct?

A In the basic agreement it was stated October 3 and October 5 – those were the numbers you showed us – that Antigua, like several other sponsors, were listed by us as sponsors. We were being very transparent. They were listed as sponsors.

The Ethics Committee then determined and advised us that Carib News was the sponsor because of the conditions that they determined. We took

that to mean we were to sponsor it back in October between the 12th and the 15th, as I mentioned. When that happened and we became the sponsor, the same companies that we listed originally in our application to say these are, in layman terms, sponsors, Ethics said they are no longer sponsors. You are. Those same companies were then determined by the same committee that there are no[t] participants.

That is our understanding, and that is how we operated from there on in. That we were the sponsor, the others were participants. This is clarified and determined in the Members going back and forth with Ethics.

Ethics then said to us, they are participants. They are not cosponsors. The determination now goes forward, you are responsible for the Members' lodging.

That is our understanding, and that's how we operated with all the ones we listed and were told that they had to be participants.

Q When the Government of Antigua paid for the rooms on October 31st, what was your understanding as to their responsibility to pay for the rooms?

A The Government of Antigua paid that amount, $31,500, for – we used the word "VIPs". October 5th and 2nd we added the word "Members". On October 31st, it was clear that we are paying for VIPs.

Gentlemen, we have 50 speakers at this conference. I said it over and over, we have something like 23 sessions, we have 50 speakers, and so then five who are Members of Congress. The Government of Antigua attempts to pick up some of the expenses of those speakers. Before October 3rd and 5th, Members were included in those. After that, they're removed from that because that was our understanding; and that's what we proceeded from there.

Q So at the time – to ask my question again, maybe I'm not making it clear – at the time that the Government of Antigua paid for rooms for lodging of Members and VIPs to the conference, under the agreement that you reached with them you had known at that point that they were no longer able to do that, is that correct?

A Counsel, I'm not clear that I understand your question.

Q I want you to for a second forget your conversation with the committee and forget the discussion you had about sponsors and

participants. I want to deal only with the Government of Antigua. You had an agreement with the Government of Antigua that they would pay for the rooms of Members of Congress and VIPs, is that not correct?

A October 5th and October 2nd the reference that you gave to us suggested at that time there was this agreement or requirement that Antigua would pay for Members and VIPs.

Q So that was the agreement you had with them prior to the conference?

A Prior to the 12th of October.

Q And they subsequently paid on the 31st of October, is that correct? According to your statement you just provided us, on October 31st the government paid for those rooms?

A That's correct.[307]

In his testimony as quoted above, Mr. Rodney stated that "Ethics" told him that the corporations and the Government of Antigua were not co-sponsors and therefore could not pay for the Members expenses.[308] He stated he informed the Government of Antigua of this decision.[309] However, Mr. Rodney could not produce emails or other records of any communication containing any language that would support this statement.[310] In fact, a review of the emails sent by Ms. Olson clearly contradicted this statement as she continued to ask what role the corporations and the Government of Antigua had in regard to the conference.[311] The only email from anyone on the Standards Committee directing the Foundation to change the title of the corporations from sponsor to participant was in relation to the advertising for the conference in late October, after the Foundation made it clear that none of the corporations were providing funding or other support to the conference.[312]

[307] *Id.* at 3-8.
[308] Karl Rodney December 1, 2009, Tr. at 6-7.
[309] *Id.* at 6.
[310] *Id.* at 39-40.
[311] *See* Exhibits 15 and 23.
[312] *See* Exhibit 38.

3. Contributors to the 2007 Conference

The Subcommittee received records from American Airlines, Pfizer, Macy's East, Verizon, HSBC Bank, and AT&T regarding their support of the 2007 and 2008 conferences. The Subcommittee also received records from the Carib News Foundation pursuant to a subpoena. The records, including the unsigned sponsor form, agenda, and Web site advertisement, indicated that before the 2007 conference, the Foundation listed several corporations as "sponsors" for the 2007 conference.[313] Among those listed were CITI, Pfizer, Macy's East, AT&T, Verizon, HSBC Bank, IBM, and American Airlines.[314]

a) Solicitations for Contributions

Beginning in April 2007, Karl Rodney sent letters to corporations soliciting financial or other support for the 2007 conference to be held in Antigua.[315] Language in each of the letters invites the corporations to "become one of the corporate sponsors for this history–making event," which refers to the "very special conference of international significance" scheduled for November 8–11, 2007, in Antigua & Barbuda.[316]

An April 23, 2007, letter to Marie Long, Vice President Constituency Relations, AT&T Foundation, stated that the Foundation will "always highlight AT&T's role and position AT&T to get the full advantage of all aspect[s] of the Conference."[317] The second page of the letter it stated, "As a Prime Sponsor, AT&T will be highlighted in conference marketing materials, advertising, brochures, invitation letters and public placement banners both in the U.S., Panama, and Other Caribbean countries."[318] In the following paragraph, it continues to discuss the benefits of becoming a sponsor, stating, "Prime Sponsors get prime access to key elected officials through [a] private reception, seating at Luncheon and Dinner, photo opportunities, etc. AT&T will be able to host special receptions, conduct workshops and chat rooms on topics that

[313] *See* Exhibits 8, 12 and 13.
[314] *Id.*
[315] *See* Exhibits 36-37, 39-47
[316] *Id.*
[317] *See* Exhibit 36.
[318] *Id.*

are strategic to your business and industry."[319] This letter contained the text "cc: Congressman Charles Rangel" at the bottom.[320]

The letters to Citibank, dated April 30, 2007; IBM Corporation, dated April 23, 2007; Macy's East, dated April 23, 2007; HSBC Bank, dated April 30, 2007; and Pfizer, dated April 30, 2007, all contained the same language quoted above.[321] The letters differed only in details related specifically to the particular recipient corporation.[322]

In the solicitation letter to American Airlines, dated April 23, 2007, the letter contained the same language on the first page as the other letters; however, the second page was significantly different.[323] In this letter, Karl Rodney told American Airlines that he expected "20 Members of Congress" to attend the 2007 conference.[324] He also stated he would position American Airlines as the "main carrier to the Caribbean transporting the elected officials and celebrities."[325] The letter also asked American Airlines to participate as a Gold Sponsor of the event and indicated that American Airlines "would be recognized as a main sponsor."[326] In return for being named a Gold Sponsor, the Foundation asked American Airlines to provide 50 roundtrip coach class tickets and 35 round trip first–class tickets to be used for the conference, and five coach and five first–class tickets to be used for site inspection and pre–conference planning.[327] The letter also contained a carbon copy annotation at the bottom with copies apparently going to Representatives Rangel, Gregory Meeks and Eddie Bernice Johnson, in addition to an individual named Dale Morris.[328]

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[319] *Id.*
[320] *Id.*
[321] *See* Exhibits 39-43.
[322] *Id.*
[323] *See* Exhibit 37.
[324] *Id.*
[325] *Id.*
[326] *Id.*
[327] *Id.*
[328] *Id*

b) Contributions by Sources that Employ or Retain Lobbyists

As indicated in the chart below, corporations that employ or retain lobbyists contributed funds to the Foundation or Carib News for the 2007 conference. As the records received from Carib News indicated, these corporations were solicited by Karl Rodney to donate funds expressly for the conference.[329] Karl Rodney sent invoices to the corporations for payment of their contributions that specified the contributions were for the 2007 conference.[330] The invoices sent by Karl Rodney to each of the corporations that pledged to donate funds clearly state "Sponsor for the Twelfth Annual Caribbean Multi-National Business Conference."[331] In addition to the funds contributed to the conference, each corporation sent representatives to participate in presentations during the conference.[332]

Based on documents provided by the Foundation pursuant to subpoena, the following corporations contributed the amounts indicated below to Carib News for the 2007 conference:

AT&T	$25,000
CITI	$50,000
IBM	$18,000
Macy's East	$17,500
HSBC Bank	$15,700
Pfizer	$25,000
Preferred Health Partners	$10,000
GWI Consulting	$10,000
Golden Krust Bakeries	$5,000
Royal Caribbean Bakeries	$5,000

Table 1 Corporate Contributions for the 2007 Conference[333]

[329] *See* Exhibits 36-37, 39-47.
[330] *See* Exhibits 48-55.
[331] *Id.*
[332] Correspondence from Karl Rodney to each of the corporate sponsors indicating which sessions they would participate in.
[333] Subcommittee review of checks from the listed corporations payable to Carib News, Inc. for the 2007 conference.

According to these documents, Carib News received contributions of $181,200 for the 2007 conference.[334] These companies were also listed on the advertising Web site for the 2007 conference and identified as "sponsors."[335] The figure does not include the value of any airline ticket received from American Airlines or lodging and meals paid for by the Government of Antigua.

c) American Airlines Donated Airline Tickets for the 2007 Conference

American Airlines, a corporation that employs or retains federally registered lobbyists, donated 25 airline tickets to Carib News specifically for the 2007 conference.[336] These tickets consisted of 5 coach class tickets for the pre-site inspection and 20 tickets – 10 first-class and 10 coach tickets – for the conference itself.[337] American Airlines did not specifically instruct Carib News to use the tickets for congressional travel, Carib News' use of the donated tickets was restricted to travel related to the 2007 conference.[338] The solicitation letter and subsequent emails between Patricia Louis and American Airlines personnel clearly indicate that many of the tickets were to be used by Members of Congress.[339] For example, the following section of an email was sent from Donna Eisenman of American Airlines to Patricia Louis on October 24, 2007:

> From: Eisenman, Donna
> Sent: Wednesday, October 24, 2007 9:12 AM
> To: 'plouis'
> Cc: Guerrero, MarieFrance
> Subject: RE: Congressional reservations
>
> Patricia,
> Recap for promotional free tickets:
>
> 10 First Class/Business
> 1.) Karl Rodney
> 2.) Faye Rodney

[334] *Id.*
[335] *See* Exhibit 12.
[336] *See* Exhibit 56.
[337] *Id.*
[338] Subcommittee counsel telephone conference with William Farah, Counsel for American Airlines in November 2009. *See also* Exhibit 64.
[339] *See* Exhibits 57-58 and 64.

3.) Charles Rangel
4.) Eric Eve (11/3 – confirmed coach since business class sold out/11/11 return business class)
5.) Maxine Waters
6.) Sydney Williams
7.) Bennie Thompson
8.) Dr. London Thompson
9.) Stephen Rangel
10.) Eddie Bernice Johnson (10/24 – authorized per your email)[340]

The above excerpt from an email sent on October 24, 2007, confirms that both American Airlines and Patricia Louis were aware that the free promotional tickets provided by American Airlines were going to be used for at least some congressional travel at the time the Private Sponsor Travel Certification form was completed and forwarded to Members.[341] Even though some of the Members listed in the email did not actually attend the conference or utilize the tickets, it is clear that Mr. Rodney and Ms. Louis intended to use the free promotional tickets for some Members. Regardless of Karl Rodney's belief that he could use the tickets as he chose, because his intent was to use some of the tickets for Members' travel, that intent should have been reported to Ms. Olson during the review process.[342] In fact, an earlier email sent on September 21, 2007, also identified Members of Congress who were to be issued donated free tickets.[343] Even though Mr. Rodney testified before the Subcommittee that he could use the donated airline tickets any way he wanted to, it is clear that as early as September 21, 2007, he intended to use them for congressional travel.[344]

American Airlines provided the Subcommittee with copies of the tickets assigned to congressional travelers for the 2007 conference.[345] The tickets were specifically donated for the 2007 conference, although not designated for congressional travel.[346] After the 2007 conference, Ms. Louis inquired about some of the promotional tickets that were not used and whether they

[340] *See* Exhibit 58.
[341] It should be noted that several of the Members identified in the email did not travel to the conference as planned. Additional emails between Patricia Louis and American Airlines provided the final identification of the congressional Members who actually used the promotional tickets.
[342] *See* Exhibits 57-58 and 64.
[343] *See* Exhibit 58.
[344] Karl Rodney December 1, 2009, Tr. at 83.
[345] *See* Exhibits 59-63.
[346] *See* Exhibit 64.

could be used for a different event.[347] American Airlines' response indicated that the 25 tickets were donated only for the 2007 conference and could not be used for any other event.[348]

d) Lodging and Meals Paid for by the Government of Antigua

The Subcommittee received documents from Unique Vacations, Inc., the U.S. representative for Sandals Resorts, which included a contract for the lodging, meals, and conference facilities for the 2007 conference. This contract was signed by Faye Rodney on behalf of the Foundation on May 5, 2007.[349] Also included in the materials provided by Unique Vacations was a copy of a memorandum dated October 3, 2007, which was sent from Karl Rodney to the Honorable Dr. Errol Cort, Minister of Finance and the Economy, Government of Antigua.[350] The memorandum stated that the Foundation had an agreement with the Government of Antigua, which was to pay $31,500 for 25 rooms for Members of Congress and other VIPs.[351]

Unique Vacations subsequently sent an invoice for $31,500 to Dr. Cort on October 16, 2007.[352] On October 25, 2007, the Government of Antigua wire transferred $31,500 to the account belonging to Unique Vacations, Inc., as indicated in a wire transfer record provided to the Subcommittee by Unique Vacations, Inc.[353] Mr. Rodney testified that the payment made by the Government of Antigua was not used for Members' lodging and that he informed them that they could not be sponsors for the event.[354] However, the total cost paid by the Government of Antigua was not reduced after Mr. Rodney allegedly informed the Government of Antigua that it could not pay for the Members' lodging.[355] Mr. Rodney told the Subcommittee that the Government of Antigua understood that it would not be paying for the Members' lodging.[356]

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[347] *Id*.
[348] *Id*.
[349] *See* Exhibit 2.
[350] *See* Exhibit 3.
[351] *Id.*
[352] *See* Exhibit 65.
[353] *See* Exhibit 66.
[354] Karl Rodney December 1, 2009, Tr. at 4, 8 and 12.
[355] *Id.* at 8-9 and 12.
[356] *Id.*

Mr. Rodney testified that he had no records supporting his assertion that he gave such instructions to Antigua.[357]

On February 4, 2010, the Subcommittee received a letter from Deborah Mae–Lovell, Ambassador to the United States for the Government of Antigua.[358] In her letter, Ambassador Mae–Lovell referenced her consultation with Dr. Cort regarding the payments made by the Government of Antigua for the 2007 conference.[359] The letter indicated the agreement between Carib News and the Government of Antigua was for the government to be responsible for the cost of the rooms used for Members of Congress who attended the conference.[360] Carib News had informed the Government that there would be approximately 25 Members in attendance.[361] The Ambassador further indicated that it was "always the intention of the Government of Antigua and Barbuda to cover the cost of accommodation for the Members of Congress."[362] Additionally, the Ambassador stated, "The agreement with the Government and Carib News was specific to covering the cost of accommodation for the Members of Congress. They played an integral role in the Conference."[363]

4. Truthfulness of the Information Provided to Members and the Standards Committee

In addition to accurately and truthfully identifying all sponsors for privately-sponsored travel, a sponsor must also provide a good faith estimate or the actual amount of the expenses the sponsor plans to pay for each traveler on the Private Sponsor Travel Certification Form.[364] The sponsor provides this form to each Member to enable them to complete their own traveler

[357] *Id.* at 39.
[358] See Exhibit 133.
[359] *Id.*
[360] *Id*. at 1.
[361] *Id.*
[362] *Id.*
[363] *Id*. at 2.
[364] Instructions for Completing the Private Sponsor Travel Certification Form. http://ethics.house.gov/Media/PDF/Instructions_Sponsor_Certification_Form_2008.pdf (last visited February 23, 2010). *See also* House Rule XXV, Clause 5(b)(3).

forms.[365] The signatory must certify that the information provided on the forms submitted to the Members is "true, complete, and correct to the best of [his or her] knowledge."[366]

On the 2007 sponsor form submitted to Members for the 2007 conference, Karl Rodney certified to the truthfulness and completeness of the information on the form.[367] In the spaces for expenses, the block "good faith estimate" was checked and the amounts provided in the spaces were $320.00 for transportation, $330.00 for lodging, and $195.00 for meals for each person.[368] Patricia Louis forwarded the form to the Members in October 2007.[369] Staff who completed the traveler form for their respective Members all told the Subcommittee staff that they relied on the information provided by the Foundation in completing the forms and had no reason to believe the information was incorrect.[370]

A review of the documents received from the Foundation pursuant to subpoena indicated that Faye Rodney signed a contract with Unique Vacations, Inc., on May 5, 2007.[371] The contract provided the actual rates for the rooms for the conference.[372] It listed the rates as $350.00 per night per single room, $420.00 per night per double room and $420.00 per night for "comp concierge upgrade" room.[373] Since the conference was scheduled for four days and three nights, the lowest cost for lodging would have been $1,050.00 if a Member attended all three days of the conference.[374] The Subcommittee learned that some Members attended the conference for fewer than the total three nights as indicated in Table 2 below, and that Mr. Rodney knew this fact prior to the conference.[375] Despite this knowledge, Mr. Rodney still estimated the cost of lodging and meals for those Members staying fewer than three nights to be

[365] *Id.*
[366] Certification language from page 3 of the Private Sponsor Travel Certification Form.
[367] *See* Exhibit 67.
[368] *Id.* at 3.
[369] From the facsimile record on the form, it appears the form was sent to Members on October 5, 2007. *See* Exhibit 90.
[370] Murray Tr. at 15, Scott Tr. at 10, and Campbell Tr. at 11.
[371] *See* Exhibit 2.
[372] *Id.*
[373] *Id.*
[374] *Id.*
[375] *See* Subcommittee interviews of Representatives Rangel, Thompson, Clarke, and Christensen. *See also* Karl Rodney December 1, 2009, Tr. at 110.

$330.00, the same cost as those Members who planned to stay for the full three night duration.[376] In fact, the total lodging cost of $330.00 estimated by Mr. Rodney was actually lower than the actual cost of lodging for one night.[377] During his Subcommittee interview, Mr. Rodney stated that he believed the $330.00 entered on the form was for a single night's lodging and meals rather than the total cost for the entire conference.[378] However, Mr. Rodney had also entered the amount of $110.00 in response to question 19 of the sponsor form, which asks for the per night lodging cost.[379]

It is clear that Mr. Rodney would have known the actual lodging and meals rates for the Members several months before he completed the Private Sponsor Travel Certification Form, as he had reviewed the contract prior to its acceptance.[380] He also sent the October 3, 2007, memorandum to the Minister of Finance at the same time he signed the Private Sponsor Travel Certification Form.[381] In the memo, Mr. Rodney indicated the total cost per room for Members and VIPs was $1,260.00, even though he was aware that some Members would not be staying for three nights.[382] Even if he still chose to use the good faith estimate, the amount should have been $1,260.00, rather than the $330.00 he entered on the sponsor form.[383]

Mr. Rodney identified meal costs separately on the sponsor form as $195.00. Even adding this amount to the $330.00 lodging cost, the sum of $525.00 is still less than half of $1,260.00, the amount he actually agreed to pay under the terms of the contract. It is also less than the $1,260.00 per room he advised Dr. Cort that the Government of Antigua was responsible for paying. However, the actual rate on the sponsor form for lodging and meals should have been zero, because only the Foundation was identified as the sponsor. Because the Government of Antigua had agreed to pay for the rooms used by the Members before Mr. Rodney completed the sponsor form, Mr. Rodney was aware that the Foundation would not be

[376] *See* Exhibit 67.
[377] *See* Exhibit 2.
[378] Karl Rodney October 28, 2009, Tr. at 94.
[379] *Id.*
[380] Subcommittee interview of Karl Rodney on October 28, 2009.
[381] *See* Exhibits 3 and 67.
[382] *See* Exhibit 3.
[383] *See* Exhibit 67.

responsible for the lodging payment. Additionally, the amount listed on the sponsor form for transportation should also have been only $22.00, because American Airlines provided the tickets used by the Members and the family Members that accompanied them. The Foundation was only responsible for the $22.00 in taxes for each ticket.

Mr. Rodney certified that the Carib News Foundation was the sole sponsor of the event, despite his knowledge that other entities had paid for aspects of the trip, including transportation, lodging, meals and conference fees for the congressional travelers.[384] Mr. Rodney provided the Private Sponsor Travel Certification Form containing false or misleading information to the Members he invited to attend the 2007 conference. In turn, Members forwarded the form submitted to them from Mr. Rodney along with their own travel forms to the Standards Committee for review. The Members also certified the information contained in the forms submitted to the Standards Committee was true, based on the certification from Mr. Rodney. This placed the Members in an unwitting position of submitting false or incorrect information to the Standards Committee.

Mr. Rodney also failed to list the conference fees that he waived for each Member. Since he had waived this fee for the past conferences, this figure should have been anticipated and included.

Additionally, in November 2007, the Foundation provided the congressional travelers to the 2007 conference with documentation that indicated the final value of transportation, lodging and meals, per Member, for the trip.[385] This information is normally provided by private sponsors to be used by Members to complete the required Post-Travel Disclosure Forms. Staff Members testified that they relied on the information provided by the Foundation to complete the Post-Travel Disclosure Forms for their respective Members. According to the Post-Travel Disclosure Forms submitted to the Clerk's office by each Member,[386] the cost of transportation, lodging, and meals for each Member for the 2007 conference were:

[384] *See* Exhibit 67.
[385] *See* Exhibit 68.
[386] *See* Exhibits 69-72.

Member/Family Member	Transportation	Lodging	Meals
Rep. Charles Rangel	$490	$410	included
Rep. Bennie Thompson	$364.30	$410	$195
Dr. London Thompson	$364.30	$0	$195
Rep. Yvette Clarke	$370	$330	195
Del. Donna Christensen	$490	$410	included

Table 2 – Total Costs per Members for the 2007 Conference According to Karl Rodney

However, according to the records provided by the Foundation pursuant to subpoena, the actual expenses paid by the Foundation on behalf of each Member are indicated in the table below. These figures are based on the lodging (which included the meals) having been paid for by the Government of Antigua, and the use of the American Airlines tickets. Additionally, Mr. Rodney failed to report the conference fee for each Member.

Member/Family Members	Transportation[387]	Lodging[388]	Meals	Other
Rep. Charles Rangel	$22	$0 (1 night)	Included	
Rep. Bennie Thompson	$22	$0 (2 nights)	Included	
Dr. London Thompson	$22	$0	Included	
Rep. Yvette Clarke	$22	$0 (2 nights)	Included	
Del. Donna Christensen	$22	$0 (1 night)	Included	

Table 3 – Actual Costs Incurred by the Carib News Foundation per Member for the 2007 Conference

Had American Airlines been properly identified as a co-sponsor for the 2007 conference, the Foundation would have had to report the costs paid on behalf of the Members as well as the

[387] The Foundation was only responsible for paying the $22 tax per ticket for the tickets provided by American Airlines. American Airlines advised the Subcommittee that an actual value for the tickets could not be determined because of the nature of the promotional tickets. However, they subsequently provided the walk-up fare that would have been charged if the tickets were purchased the day of travel at the ticket counter. American Airlines explained that it does not claim any value for tax purposes. *See* Exhibits 26-31.

[388] The lodging costs were paid by the Government of Antigua and should have been reported at the rate paid and the Government of Antigua should have been identified as the source.

amounts indicated in the chart below.[389] The transportation costs as indicated in the table below should have been reported to the Members by American Airlines at the fair market value pursuant to the gift rule because the tickets had no actual face value.[390] The lodging rates identified in the table below should have been reported as paid by the Government of Antigua:

Member/Family Member	Transportation[391]	Lodging[392]	Meals	Other
Rep. Charles Rangel	$ 2,018	$420 (1 night)	Included	
Rep. Bennie Thompson	$ 2,165	$840 (2 nights)	Included	
Dr. London Thompson	$ 2,165	$0	Included	
Rep. Yvette Clarke	$ 1,358	$840 (2 nights)	Included	
Rep. Donna Christensen	$ 1,358	$420 (1 night)	Included	

Table 4 – Lodging Costs incurred by the Government of Antigua per Member for the 2007 Conference

Based on the amounts for lodging in the contract, the payment made by the Government of Antigua, and the actual number of nights each Member stayed in Antigua, Mr. Rodney and Ms. Louis provided incorrect information regarding the actual expenses in the post-travel memo.[393] This placed the Members in the unwitting position of filing false or incorrect information with the House Clerk's Office.[394]

[389] These figures are based on correspondence between Subcommittee counsel and William Farrah, Counsel for American Airlines on February 2, 2010.
[390] House Rule 25, clause 5(a)(1)(B)(ii).
[391] These figures were provided in correspondence from William Farrah, counsel for American Airlines. To the Investigative Subcommittee on February 2, 2010.
[392] Even though the Government of Antigua paid for rooms based on the full stay, these figures represent the cost of meals and lodging for each Member based on the actual number of nights each Member stayed.
[393] *See* Exhibits 86, 89, 91, and 92.
[394] *See* Exhibits 69-72.

B. THE 2008 CARIB NEWS FOUNDATION MULTI-NATIONAL BUSINESS CONFERENCE

1. Attendance by Members and Staff

The 13th Annual Carib News Foundation Multi-National Business Conference was held in St. Maarten, N.A., during November 2008.[395] The Investigative Subcommittee confirmed through interviews and a review of documents filed with the Standards Committee and the Office of the Clerk of the House that Members and staff who received reimbursement for privately sponsored travel to attend the 2008 Carib News Foundation conference were:

- Representative Charles Rangel;
- Representative Bennie Thompson, accompanied by his wife, Dr. London Thompson;
- Delegate Donna Christensen;
- Representative Carolyn Kilpatrick; and
- Representative Donald Payne.[396]

The Subcommittee also interviewed Representative Sheila Jackson Lee regarding her attendance at the 2008 conference.[397] Representative Jackson Lee did not accept reimbursement for travel expenses from the Carib News Foundation for her travel.[398] She attended the 2008 conference but did not attend the 2007 conference, although she had attended four to five conferences prior to 2007.[399] Representative Jackson Lee stated that she normally attends only one day of the multi-day conferences.[400] She said she ordinarily makes a presentation during that day and attends the round table, closed-door session with the ministers and heads of state from the Caribbean nations.[401] As was her custom, Representative Jackson Lee only attended one day at the 2008 conference.[402]

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[395] *See* Exhibit 74.
[396] *See* Exhibits 97-98, 105, 108, and 113.
[397] Subcommittee interview of Representative Jackson Lee on October 8, 2009.
[398] Jackson Lee Tr. at 6-8.
[399] *Id.*
[400] *Id.*
[401] *Id.* at 6.
[402] *Id.* at 9.

Prior to 2007, the Rules allowed Members to accept travel without prior approval, and Representative Jackson Lee had accepted travel to the conference from the Foundation.[403] In 2008, she thought the same rules applied and did not submit a pre-travel request to the Standards Committee.[404] As a result, she did not receive approval for the trip so she paid for the trip herself.[405] Representative Jackson Lee indicated that she used campaign funds to pay for the airfare and personal funds to pay for the lodging.[406] She spent one night at the resort and the room was initially paid for as part of the Foundation's package, so she requested an invoice from the Foundation and paid them directly for the room.[407] Representative Jackson Lee told the Subcommittee that she paid the Foundation $310.00 for one night's lodging, which included meals.[408] This amount was actually more than the amount the Foundation contracted for with the Sonesta Maho Resort.[409] The highest rate she should have paid for meals and lodging for the one night stay would have been $196.00.[410]

2. Pre-travel Approval Process

On August 20, 2008, Patricia Louis sent a facsimile to Dawn Kelly Mobley regarding the 2008 Multi-National Business Conference.[411] The facsimile indicated it included a completed form and several attachments regarding travel for Members of Congress to the 2008 conference.[412] On August 22, 2008, Standards Committee staff assistant Hilary Smith responded to the facsimile by email to Karl Rodney.[413] In her email response to Mr. Rodney, Ms. Smith informed him that under new travel rules, the Standards Committee no longer approved trips in general for privately sponsored travel.[414] Ms. Smith explained that each congressional invitee must obtain individual permission to attend the trip by submitting the Private Sponsor Travel

[403] *Id.* at 7.
[404] *Id.*
[405] *Id.* at 6-7.
[406] *Id.* at 6-8.
[407] *Id.* at 14.
[408] *Id.*
[409] *See* Exhibit 91.
[410] *Id.*
[411] *See* Exhibit 73.
[412] *See* Exhibit 74.
[413] *See* Exhibit 75.
[414] *Id.*

Certification Form.[415] She further explained that the sponsor completes this form and submits it to each invitee, along with a detailed agenda for the invitee.[416] The invitee must forward the sponsor form along with the agenda and a traveler form completed by the invitee to the Standards Committee for review.[417] Ms. Smith further informed Mr. Rodney in the email that the Standards Committee would review the trip paperwork and if everything was in order the invitee would receive a letter from the Standards Committee approving the trip.[418]

(a) *Information Provided by Margaret Perl*

On September 24, 2008, Margaret Perl, counsel to the Standards Committee, sent an email to carib-desk@att.net regarding the 2008 conference.[419] Ms. Perl indicated in her email that she had received the sponsor form for the 2008 conference and needed to speak with someone at the Foundation because she had several questions.[420] Ms. Perl stated during her interview with Subcommittee counsel that she had concerns about the conference based on problems encountered the year before.[421] Ms. Perl stated that after she had been assigned to review the trip, she looked up the sponsor in the Standards Committee's database and saw that the Carib News Foundation had sponsored similar trips in previous years.[422] She spoke to Susan Olson, who had reviewed the 2007 trip.[423] Since Ms. Perl had only been with the Standards Committee a short period of time, she explained that it was her normal practice to speak with whomever reviewed prior trips from the requesting sponsor.[424] Ms. Perl stated that she performed this process to see if there were any problems that she should be aware of regarding the sponsor or trip.[425] Ms. Perl further stated that the Carib News "folk" were difficult to contact.[426] As a result, she had to send several emails or make numerous phone calls to obtain

[415] *Id.*
[416] *Id.*
[417] *Id.*
[418] *See* Exhibit 75.
[419] *See* Exhibit 76.
[420] *Id.*
[421] Perl Tr. at 6.
[422] *Id.* at 5.
[423] *Id.*
[424] *Id.* at 4-5.
[425] *Id.*
[426] *Id.* at 7.

the information she needed to review the trip.[427] She stated that she had to "kind of pull" information out of them.[428]

Ms. Perl stated that the majority of the conversations she had with Ms. Olson dealt with the agenda and not the possibility of corporate sponsors.[429] The agenda caused concerns because of the trip to Montserrat, West Indies, during the 2007 conference that was not approved in advance.[430] Ms. Perl indicated one of the issues she wanted to speak with the Foundation about involved the location of the conference events and whether local transportation would be used.[431]

Ms. Perl indicated that when she first received the assignment to work on the Carib News Foundation conference for 2008, she reviewed the packets submitted by a few of the Members as they came in to verify the information provided in the packets was complete.[432] This was her customary practice.[433] She explained the required information included: the traveler form – filled out by the Member's office; the sponsor form – filled out by the sponsor; the agenda for the event – that would describe the agenda for the particular Member submitting it; and an invitee list that would identify all House Members or staff who have been invited by the sponsor.[434] Ms. Perl stated that it was her normal procedure to contact the submitting invitee if the packets are not complete and advise them as to what information they are missing.[435] Ms. Perl did not recall if there was any information missing from the initial packets she reviewed in 2008.[436]

Ms. Perl explained the next step in her review included a substantive review of the information contained on the forms.[437] She explained that this review included ensuring that the information on the Member's travel form was filled out correctly, verifying that the dates

[427] *Id.* at 6.
[428] *Id.* at 7.
[429] *Id.* at 7.
[430] *Id.* at 9.
[431] *Id.*
[432] *Id.* at 10.
[433] *Id.*
[434] *Id.*
[435] *Id.* at 10-11.
[436] *Id.*
[437] *Id.* at 11.

corresponded with the event, and determining if the Member planned to take any additional days at his or her own expense.[438] Ms. Perl then reviewed the forms to determine if the Member was taking a spouse or family Member.[439] She also looked to see if all the dates matched up throughout the forms and if there was any contradictory information on the forms.[440]

Ms. Perl stated her next step in the review process was to review the private sponsor certification form and ensure all of the questions on the form were answered and there was internal consistency in the answers.[441] This step included checking the total cost for lodging against the daily rate to make sure they were consistent.[442] Then, Ms. Perl routinely reviewed the agenda to ensure it included information showing that the Members' activities constituted officially connected travel.[443] She explained that there cannot be excessive free time.[444] The agenda should have demonstrated substantial sessions or that Members were speaking at certain times.[445] She would also look to see if all of the events that Members participated in had locations and times associated with them.[446]

Ms. Perl indicated that the Foundation had provided each invitee with a three–page private sponsor form as well as a two-page attachment used to answer two of the questions on the form regarding the sponsor.[447] She said that this was not unusual because many sponsors want to use the "regular blurb" they use on press releases.[448]

During her review, Ms. Perl routinely made notes on the forms for issues that required follow-up.[449] Ms. Perl contacted the person responsible for the particular form to get additional

[438] *Id.*
[439] *Id.*
[440] *Id.* at 11-12.
[441] *Id.* at 12.
[442] *Id.*
[443] *Id.*
[444] *Id.*
[445] *Id.*
[446] *Id.*
[447] *Id.* at 13.
[448] *Id.*
[449] *Id.* at 14.

information from them or clarify the information already provided.[450] In addition, she would use the invitee list to verify that anyone submitting a request to attend the trip is included as an invitee by the sponsor and are not just adding themselves to the trip.[451]

Ms. Perl clarified that the entire packet is submitted by Members [or travelers] although she has learned that Members are not necessarily familiar with the information contained in their packet, as it is normally completed by a member of their staff.[452] Therefore, if she notices a problem with the sponsor form during her review, she usually contacts the sponsor directly.[453]

Ms. Perl indicated that whenever she has questions about information provided on the Member's form, she usually contacts the Member's staff person identified on that form.[454] If the Member signs the form himself or herself and does not identify a staff person, she would call the Member's office and ask to speak with a staff person who is familiar with the trip.[455] She has very rarely contacted a Member directly about a trip.[456] In connection with the 2008 Carib News trip, Ms. Perl did not recall talking directly with any Member.[457]

After reviewing the forms, Ms. Perl also checks two public Web sites.[458] Ms. Perl checks the sponsor's Web site to see how they describe themselves and what information is listed about the event.[459] Ms. Perl also checks the IRS' Web site for the tax status of the sponsor.[460] Thus, if the sponsor identifies itself as a non-profit entity or organization (exempt from paying federal taxes), Ms. Perl checks the IRS Web site to verify that status.[461] Ms. Perl recalled checking both sites in her review of the Foundation's 2008 conference.[462] In doing so, she discovered that the Foundation did not have a public Web site, and any search for the Foundation linked to the Carib

[450] *Id.*
[451] *Id.*
[452] *Id.* at 15.
[453] *Id.*
[454] *Id.*
[455] *Id.*
[456] *Id.* at 16.
[457] *Id.*
[458] *Id.*
[459] *Id.* at 16-17.
[460] *Id.*
[461] *Id.*
[462] *Id.*

News, Inc., Web site.[463] Ms. Perl believed that Carib News, Inc., was a for-profit newspaper.[464] On its Web site, she found information related to the conference and knew it to be the Foundation's premier event.[465] The Web site included information about the Foundation and the Rodneys.[466]

Ms. Perl verified that the Carib News Foundation was listed as a § 501(c)(3) entity on the IRS' Web site.[467] Since the Foundation was listed as a non-profit, she did not do any further research.[468] Ms. Perl stated that after the trip she learned additional information about section 501(c)(3) entities that she did not know previously: there are two types of section 501(c)(3) organizations; one is a private foundation and the other a public charity.[469] Because tax status as either a private foundation or a public charity did not affect the travel rules, she did not look at this information before approval of the 2008 trip.[470] However, subsequent to the trip, Ms. Perl learned that there are certain tax rules that may be implicated when a private foundation (versus a public charity) provides international travel to government officials.[471] Ms. Perl learned that when a private foundation (versus a public charity) provides international travel to government officials, tax penalties may be assessed against the traveler, as well as the foundation.[472]

Ms. Perl stated that when she reviewed the conference Web site, she noted there was a page that indicated corporate sponsors were involved in the trip.[473] She saw a list with logos of several corporations that were identified as sponsors.[474] Based on seeing the corporate logos on the Web site and understanding that there were corporate sponsors listed for the 2006 conference, Ms. Perl asked Karl and Faye Rodney directly if corporations were to be involved in

[463] *Id.* at 17.
[464] *Id.*
[465] *Id.*
[466] *Id.* at 18.
[467] *Id.* at 18-19.
[468] *Id.* at 19-20.
[469] *Id.* at 19-20.
[470] *Id.* at 21.
[471] *Id.* at 21-22.
[472] *Id.* at 21.
[473] *Id.* at 22.
[474] *Id.*

the 2008 conference as they were in the past.[475] She stated that this occurred during a phone conversation with both Karl and Faye Rodney during which Mrs. Rodney did 90% of the talking.[476] Ms. Perl recalled that Mrs. Rodney told her that the information on the Web site was outdated and still listed corporate sponsors for the 2008 conference but stated that there were no corporate sponsors for the 2008 conference. According to Ms. Perl, Mrs. Rodney explained that the Foundation received funds from corporations and individuals who made donations for the Foundation's work all year long.[477]

Ms. Perl stated her understanding that the House travel rules do not prohibit a corporation from paying for a particular event at a conference.[478] The issue is whether the corporate donations are used to pay for congressional travel expenses.[479] The fact that there were corporate sponsors only requires that further questions be asked and information verified about what the corporate donations are being used for.[480]

Ms. Perl also explained that her understanding of the term "earmark" is when a corporation donates funds to a conference intending or resulting in those funds being used for travel expenses of Members or House staff.[481] She further explained that if the corporation contributes to a foundation generally, and the contribution is comingled with other contributions, even if it is used later in the year for congressional travel, it would not be an earmark under the House travel rules.[482]

Ms. Perl explained that her understanding of the term "trip" is impacted by the different House rules.[483] The first rule for attendance at a conference falls under the gift rule.[484] Generally, mere attendance at conferences is allowed and does not require Standards Committee

[475] *Id.* at 23-25.
[476] *Id.* at 24.
[477] *Id.*
[478] *Id.* at 26-27.
[479] *Id.*
[480] *Id.* at 25.
[481] *Id.* at 26. Ms. Perl used the term "staffer" generically for Members, officers, and employees.
[482] *Id.* at 26-27.
[483] *Id.* at 27.
[484] *Id.* at 28.

pre-approval under the "widely attended event" exception in the gift rule.[485] Standards Committee pre-approval for attendance at a conference is "triggered" when the sponsor also offers to pay the transportation and lodging costs for the Member or House staffer to attend the conference.[486] Based on the two rules, Ms. Perl opined that a "trip" only includes the transportation and lodging, as those are the two components that require pre-approval.[487]

She further added that once the conference falls under the pre-approval requirements of the travel rules, the Standards Committee forms and regulations require that all the information about the transportation, lodging, conference fees, and meals be disclosed and included in the pre-approval package.[488]

On September 30, 2008, Ms. Perl spoke with Karl and Faye Rodney over the telephone to discuss the Private Sponsor Travel Certification Form and agenda for the 2008 conference.[489] She asked them specifically about contributions made to the Foundation for the conference.[490] In a memorandum she wrote after the conversation, Ms. Perl memorialized Mr. and Mrs. Rodney's responses to her questions.[491] She wrote that the Rodneys explained that corporations which retain lobbyists donate funds generally to the Foundation throughout the year.[492] These contributions, according to Mr. and Mrs. Rodney, were placed into a general fund and then used for multiple program activities.[493] Mr. and Mrs. Rodney told Ms. Perl that there was no designation or earmarking of the funds for the conference and no requests to the sponsors to pay for congressional travel.[494] Mr. and Mrs. Rodney told her that there were no parts of the conference sponsored by any corporation and that any information contained on the Web site suggesting otherwise was incorrect.[495]

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[485] *Id.* at 27-28.
[486] *Id.* at 28.
[487] *Id.* at 28-29.
[488] *Id.* at 29.
[489] *Id.* at 9.
[490] *Id.* at 36-37.
[491] *See* Exhibit 77.
[492] *Id.*
[493] *Id.* at 24.
[494] *Id.* at 25.
[495] *Id.* at 25-26.

During the conversation with Mr. and Mrs. Rodney, the two told Ms. Perl that they had negotiated a room rate of around $110.00 per night for the most basic room and commercial flights were approximately $410 per Member.[496] Meals were included in the room rate except for special event dinners, which would have cost an additional $145.00 for the entire conference.[497] Ms. Perl asked Mr. and Mrs. Rodney about whether there were any expenses that had not been identified on the sponsor form.[498] In response, she was assured that the Foundation was paying for everything out of funds that had been contributed to the Foundation's general fund throughout the year.[499] Mr. and Mrs. Rodney also told Ms. Perl that the host country cultural program was an event at the hotel paid for by Carib News.[500]

Ms. Perl stated that she read each item on the conference agenda provided by the Foundation so that Mr. and Mrs. Rodney could verify the location of each event.[501] Mr. and Mrs. Rodney assured Ms. Perl that each of the events would be held at the resort and that no ground transportation would be used.[502] Thereafter, Ms. Perl instructed Mr. and Mrs. Rodney to resubmit an agenda with the locations for each of the events listed.[503]

Ms. Perl asked the Rodneys to verify that no corporate sponsors would be sponsoring an event at the conference.[504] Mrs. Rodney responded that the logos on the Web site were a mistake and that they would not be having sponsors "this year."[505] Ms. Perl believed that Ms. Rodney's response indicated there had been corporate sponsors at past conferences.[506]

Ms. Perl did not explain to the Rodneys the different scenarios about when a corporation should be listed as a sponsor because the Rodneys made "broad representations" that they

[496] Perl Interview of Karl and Faye Rodney, September 24, 2008.
[497] *Id.*
[498] Perl Tr. at 35-36.
[499] *Id. See also* Perl Interview of Karl and Faye Rodney, September 24, 2008 at 42-45.
[500] Perl Interview of Karl and Faye Rodney, September 24, 2008.
[501] Perl Tr. at 23-25.
[502] *Id.* at 25.
[503] *Id.*
[504] *Id.* at 24.
[505] *Id.*
[506] *Id.* at 25.

weren't going to have any conference sponsors for the 2008 conference.[507] They told Ms. Perl that because of what they learned from past conferences, they were going to do things differently for the 2008 conference and made the representation both on the phone and in writing that there would not be any corporate sponsors for the event itself, only corporations that contributed to the Foundation's general fund throughout the year.[508]

Ms. Perl explained to Subcommittee counsel that the definition of "sponsor" is an entity that is actually organizing, sponsoring, "putting together the logistics" of an event, not an entity that is merely providing financial support.[509] If an entity is solely donating funds to an event but does not have a role in organizing it, then the traveler cannot accept the trip.[510] However, Ms. Perl stated that any entity that is providing financial support and organizing a trip must be listed as a sponsor.[511]

Ms. Perl stated that based on her conversation with the Rodneys and the repeated assurances they provided, she was reasonably confident that the Foundation was not using sources of funding solicited specifically for the conference but that they were using general funds they received throughout the year.[512] When asked why she was confident of this fact, she replied it was because Mr. and Mrs. Rodney were "pretty strong" about this issue on the phone and had written it on the form.[513] Ms. Perl also did not see anything that suggested or indicated sponsorship opportunities for the conference.[514] She stated that her questions about the sponsorship could not be misinterpreted and the Rodneys were clear in their responses.[515] After receiving the assurances from Mr. and Mrs. Rodney that no other sponsors were involved in the 2008 conference, Ms. Perl recommended the travel for Members be approved.[516]

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[507] *Id.*
[508] *Id.*
[509] *Id.* at 51.
[510] *Id.* at 51-52.
[511] *Id.* at 52-53.
[512] *Id.* at 73.
[513] *Id.*
[514] *Id.*
[515] *Id.* at 73-74.
[516] *Id.* at 74.

Ms. Perl stated that she became aware of information after the conference that made her believe that Mr. and Mrs. Rodney were not truthful in their responses to her questions.[517] She read news articles that indicated events, such as travel offsite to attend a luau, occurred at the conference that were not included in the agenda.[518] She also discovered that the Foundation was not a public charity and based on the tax filing she questioned whether it wsa a legitimate company.[519] She obtained and reviewed the IRS Form 990PF filed by Karl Rodney for 2005 that listed zero expenses and zero contributions for the Foundation during that tax year.[520] Because she was aware that the Foundation held a conference in 2005, it was not possible that the Foundation would not have received any contributions or not have had any expenses in 2005.[521]

Ms. Perl explained that the sponsor would send the final expenses paid on behalf of each Member to the Member after the trip because the Members do not receive the actual bills or invoices.[522] The sponsor provided the Members the only information that was required to complete their post-travel forms.[523] She explained the amounts should be different for the Members because each Member would have different flight itineraries and varying lengths of stay.[524]

3. Corporate Contributors to the 2008 Conference

As with the 2007 conference, Mr. Rodney began soliciting donations specifically for the 2008 conference from several corporations. Mr. Rodney sent a letter to American Airlines on June 6, 2008, soliciting sponsorship of the 2008 conference.[525] The letter mentioned that elected officials from the U.S. and Caribbean would be present.[526] The letter stated, "We are open to our customary barter of tickets for sponsorship levels, and have enclosed a proposed arrangement

[517] *Id.* at 74-75.
[518] *Id.*
[519] *Id.* at 76.
[520] *See* Exhibit 78.
[521] Perl Tr. at 76-77.
[522] *Id.* at 85.
[523] *Id.*
[524] *Id.*
[525] *See* Exhibit 79.
[526] *See* Exhibit 79.

guide similar to last year."[527] Mr. Rodney did not provide the proposed arrangement guide, which was enclosed in the letter to American Airlines, with his subpoena return.

Mr. Rodney sent a letter to AT&T on April 4, 2008, soliciting its sponsorship for the 2008 conference.[528] The letter states, "We can assure you that all the key stakeholders, Members of Congress, Heads and Ministers of Government, elected Officials, Community and Business Leaders are all aware and appreciative of yours [sic] and AT&T's participation in this very important mission."[529] On September 10, 2008, Carib News, Inc. sent AT&T Foundation an invoice for $25,000 and included "Multi-National Business Conference" in the description.[530]

Mr. Rodney sent a letter to Citigroup, Inc. on April 4, 2008, soliciting its sponsorship for the 2008 conference.[531] The letter contained the same language regarding Members of Congress, etc., as did the letter to AT&T and the other corporations.[532] Mr. Rodney sent an invoice on behalf of Carib News, Inc. to Citigroup on May 22, 2008, for $75,000 and included "Sponsor for the Thirteenth Annual Caribbean Multi-National Business Conference" in the description.[533]

From records provided to the Subcommittee by Representative Rangel's counsel, it appears that HSBC Bank was also solicited to contribute to the 2008 conference and had initially agreed to do so.[534] Subsequently, HSBC apparently informed Faye Rodney that they were withdrawing their support as a result of an article in the New York Post regarding the 2007 conference.[535] On September 25, 2008, Faye Rodney contacted Representative Rangel's district office regarding HSBC Bank's withdrawal of support from the 2008 conference.[536] Mrs. Rodney's communication with Representative Rangel's district office was reported to

[527] *See* Exhibit 79.
[528] *See* Exhibit 80.
[529] *See* Exhibit 80.
[530] *See* Exhibit 81.
[531] *See* Exhibit 82.
[532] *Id.*
[533] *See* Exhibit 83.
[534] *See* Exhibit 84. Ms. Sherwood is described as Counsel to Representative Rangel at his New York District office. She advised Subcommittee staff that she does have a J.D. degree, but is not a member of a bar and is not licensed to practice law.
[535] *See* Exhibit 84.
[536] *Id.*

Representative Rangel in a memorandum from Ms. Sherwood, counsel to Representative Rangel.[537] The memorandum stated that Faye Rodney called to "express her distress, displeasure, and great concern that executives from HSBC Bank informed her that they intend to pull their financial support from the 2008 Carib News Foundation Conference."[538] According to the memo, Mrs. Rodney spoke with Ms. Sherwood, Jim Capel and Elbert Garcia (all staffers of Representative Rangel) regarding HSBC Bank's decision and informed them that the Foundation's "other major sponsor ATT [sic] is holding strong, but the revelation that HSBC is pulling out might well rattle other sponsors and put the future of the Conference in jeopardy."[539]

The memorandum suggested possible solutions to prevent HSBC's withdrawal of sponsorship.[540] It stated, "After conferring with George and Emile, we determined that there are several options we might explore to preserve HSBC's commitment to the Conference."[541] Ms. Sherwood suggested that Bill Thompson (then Comptroller of the City of New York) be asked to contact HSBC.[542] The memo stated that Mr. Thompson was previously recognized at a luncheon sponsored by Carib News and was praised by HSBC Bank executives.[543] It also noted that Mr. Thompson "has consistently indicated" that he would "do whatever is necessary" to support Representative Rangel.[544] According to the memorandum, Ms. Sherwood suggested that Mr. Thompson be asked to reach out to HSBC to see if "reconsideration is an option."[545] Ms. Sherwood also suggested that Mr. Thompson might go through "back channels" with Mayor Bloomberg or the "Council Speaker" to see if HSBC would reconsider its withdrawal of support.[546] The memorandum to Representative Rangel concludes, "Please advise how you wish to proceed."

[537] *Id.*
[538] *Id.*
[539] *Id.*
[540] *Id.*
[541] *Id.*
[542] *Id.*
[543] *Id.*
[544] *Id.*
[545] *Id.*
[546] *Id.*

Despite evidence indicating HSBC's withdrawal of support, documents provided to the Investigative Subcommittee by HSBC indicated that it provided a check payable to Carib News, Inc., dated October 14, 2008, in the amount of $25,000.[547] This amount was $10,000 more than the amount HSBC provided to Carib News, Inc. for the 2007 conference.[548] A copy of the 2007 check was included in the materials provided by the Foundation to the Subcommittee pursuant to the subpoena.[549] During a telephone conference with Subcommittee staff, HSBC officials stated that they chose to pay for advertising in the conference materials.[550] The officials stated they were never contacted by anyone from Representative Rangel's office, Mr. Thompson, or Mayor Bloomberg.[551]

Based on a review of the documents provided by the Foundation pursuant to subpoena, it appears the following corporations contributed the listed amounts to the Foundation for the 2008 conference:

AT&T	$25,000
CITI	$75,000
IBM	$20,000
Macy's East	$20,000
Pfizer	$25,000
Verizon	$35,000
Turner Construction Co.	$5,000
HSBC Bank	$25,000
TOTAL	$230,000

Table 4 – Corporate Contributions to the 2008 Carib News Foundation Multi-National Business Conference[552]

According to the records obtained by Subcommittee counsel, including the HSBC contribution**,** Carib News, Inc. received contributions of $230,000 for the 2008 conference as

[547] *See* Exhibit 85.
[548] Copy of check from HSBC to Carib News provided by Karl Rodney. *See* Exhibit 85.
[549] *Id.*
[550] Subcommittee counsel telephone interview of HSBC employee, Javier Evans, on October 22, 2009.
[551] *Id.*
[552] Copies of checks from the companies listed for the 2008 conference provided by Karl Rodney.

indicated in Table 4, above.[553] The amount does not include the value of any airline tickets received or payments made by the Government of St. Maarten, pursuant to the standard agreement with Carib News, Inc.[554] American Airlines indicated it provided ten promotional tickets to Carib News, Inc. for the 2008 conference.[555] None of these tickets were used for congressional travel.[556]

A copy of an invoice from the Sonesta Maho Beach Resort & Casino, dated November 4, 2008, indicates the total cost for the 2008 conference, including conference facilities and lodging, came to $111,001.40.[557] This amount included $86,272.00 for lodging, which consisted of an all–inclusive package including meals.[558] It also included $23,229.40 for a welcome reception, private event fee, and coffee break for 196 persons.[559] Also included was an estimated fee of $1,500.00 for audiovisual support.[560]

It is clear that Karl Rodney paid for the 2008 conference with corporate donations even though he told Ms. Perl that no corporate funds would be used.[561] According to Ms. Perl, Karl and Faye Rodney were "pretty strong" in their statements to Ms. Perl about not having corporate sponsors and certified that no corporate funding would be used for the conference.[562] However, contrary to the Rodneys' assertions to Ms. Perl, the record clearly indicates that corporations were solicited and received invoices for payments from Mr. Rodney specifically to support the 2008 conference, as opposed to contributing generally to the Foundation.[563] In addition, the record indicates that the contributions from the corporations were actually made to Carib News, Inc. and not to the Foundation.[564] In light of this information, the contributing corporations,

[553] *Id.*
[554] *See* Exhibit 86-87.
[555] *See* Exhibit 88.
[556] *Id.*
[557] *See* Exhibit 89.
[558] *Id.*
[559] *Id.*
[560] *Id.*
[561] *See* Exhibits 35, 81, 83, 85.
[562] Perl Tr. at 73.
[563] *See* Exhibits 79-83.
[564] Copies of checks for the 2008 conference payable to Carib News and deposited in Carib News, Inc. corporate bank accounts provided by Karl Rodney. These checks are not included as Exhibits to protect the account information.

including Carib News, Inc. should have been identified as sponsors of the 2008 conference.[565] It is also clear that Mr. and Mrs. Rodney provided false information to Ms. Perl and their assertions to the contrary were patently false.[566]

4. Truthfulness of the Information Provided to Members and the Standards Committee

As noted above, in addition to accurately and truthfully identifying all sponsors for privately-sponsored travel, the sponsor must also provide a good faith estimate or the actual amounts paid for each traveler on the Private Sponsor Travel Certification Form.[567] The sponsor provides this information to each Member to enable the Member to complete his or her own travel form.[568] The sponsor must certify that the information provided on the form they submit to the Member is "true, complete, and correct to the best of [their] knowledge."

(a) Information Provided on the Private Sponsor Travel Certification Form

On the 2008 Private Sponsor Travel Certification Form submitted to Members for the 2008 conference, Karl Rodney certified to the truthfulness of the information on that form.[569] In his response to question 19 on the Private Sponsor Travel Certification Form, which related to the cost per night for lodging, the amount entered was $110.00.[570] In the space for expenses, the following amounts were entered: $410.00 for transportation; $260.00 for lodging; $145.00 for meals; $150.00 for "other" – conference registration; and $25.00 for "other" – transportation.[571] This form was submitted by facsimile to the Members in late October 2008.[572] House staffers who completed the 2008 Traveler forms on behalf of their Member or themselves all stated that

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[565] *Id.*
[566] Perl Tr. at 73.
[567] Instructions for Completing the Private Sponsor Travel Certification Form, http://ethics.house.gov/Media/PDF/Instructions_Sponsor_Certification_Form_2008.pdf (last visited February 23, 2010). *See also* House Rule XXV, clause 5(b)(3).
[568] *Id.*
[569] *See* Exhibit 90.
[570] *Id.*
[571] *Id.*
[572] *Id.*

they relied on the information provided by the Foundation in completing the forms and had no reason to believe the information was incorrect because Karl Rodney signed the certification statement on the form.[573]

(b) Contracted Cost of Lodging and Meals

A review of the documents received from the Foundation pursuant to subpoena indicates that Mr. Rodney signed a contract with Sonesta Maho Beach Resort and Casino on June 12, 2008.[574] The contract provided the agreed–upon rates for the rooms for the conference.[575] These rates included meals. The contract listed the rates for lodging as $196.00 per night per single room, $135.00 per person per night, $145.00 per person per night for a junior suite and $155.00 per person per night for a suite, based on double occupancy.[576] Mr. Rodney reserved 130 rooms for the conference, which included 125 standard rooms and five junior suites.[577]

Since the conference was scheduled for four days and three nights, the lowest cost for lodging would have been $588.00 per person for a single room and between $810.00 and $930.00 for the double rooms and suites; not the $260.00 entered on the travel forms.[578] Since Mr. Rodney had agreed to these contracted amounts several months before he completed the Private Sponsor Travel Certification Form, he should have provided the actual amount.[579] At a minimum, his estimate could have been more accurate. Mr. Rodney identified meals separately, indicating the total as $145.00 per person.[580] Even adding this amount to the room rate he claimed on the form, since meals were included in the contract rate, the rate of $405.00 was still less than half of what he actually agreed to pay in the contract.[581]

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[573] *See* Exhibit 91.
[574] *Id.*
[575] *Id.*
[576] *Id.*
[577] *Id.*
[578] *See* Exhibit 90.
[579] *See* Exhibit 91.
[580] *See* Exhibit 90.
[581] *Id.*

(c) Post-Travel Cost Information

In November 2008, Patricia Louis provided the Members who attended the conference with the final cost per Member for the 2008 conference.[582] Ms. Louis told the Subcommittee that she received the information from Mr. Rodney.[583] House staffers who filled out the Post-Travel Disclosure Forms for Members who attended the 2008 conference told Subcommittee staff that they relied on the information provided by Ms. Louis to complete the Post-Travel Disclosure Forms.[584] The memorandum Ms. Louis emailed to each of the Members indicated the same rates for each Member even though Mr. Rodney knew the Members stayed for differing numbers of days and traveled from different locations.[585] The rates listed in the memorandum were: Airfare – $410.00; Hotel – $405.00; and Registration/Transportation – $175.00.[586] The memorandum indicated a total cost of $990.00.[587] According to the Post-Travel Disclosure Forms submitted to the Clerk's office for each Member, the transportation, lodging, meals, and other costs each Member listed for the 2008 conference were:

Member/Family Member	Transportation	Lodging	Meals	Other
Rep. Charles Rangel	$410	$260	$145	$175
Rep. Bennie Thompson	$410	$405	Included	$175
Dr. London Thompson	$410	Included	Included	n/a
Rep. Carolyn Cheeks Kilpatrick	$410	$405	Included	$175
Marsha Cheeks	$410	$405	Included	$175
Rep. Donald Payne	$410	$405	Included	$175
Del. Donna Christensen	$410	$270	Included	$175

Table 5 Total Costs per Member as Reported to the House Clerk[588]

[582] *See* Exhibit 92.
[583] Louis Tr. at 69 and 78.
[584] Dalley Tr. at 58, Murray Tr. at 23-24, Scott Tr. at 20, Campbell Tr. at 17-18, Thomas Tr. at 17-18.
[585] Karl Rodney October 28, 2009, Tr. at 95-96.
[586] *See* Exhibit 92.
[587] *Id.*
[588] *See* Exhibits 97, 98, 105, 108, 113.

According to the records provided by Carib News, Inc. and the Foundation pursuant to subpoena, the actual expenses that should have been reported were:

Member/Family Member	Transportation	Lodging	Meals	Other
Rep. Charles Rangel	$752.15	$290 (2 nights)	Included	$175
Rep. Bennie Thompson	$800.15	$870	Included	$175
Dr. London Thompson	$800.15	n/a	Included	n/a
Rep. Carolyn Cheeks Kilpatrick	$626.15	$870	Included	$175
Marsha Cheeks	$626.15	n/a	Included	$175
Rep. Donald Payne	$412.15	$465	Included	$175
Del. Donna Christensen	$585.35	$465	Included	$175

Table 6 – Actual Expenses for Members Attending the 2008 Conference[589]

Based on the amounts for lodging listed in the contract, Mr. Rodney and Ms. Louis incorrectly reported the transportation and lodging expenses to the Members.[590] This false information may have placed the Members at risk of submitting inaccurate information to the Clerk's office. Karl Rodney also overcharged Representative Jackson Lee for her one–night stay by charging her $310.00, when the actual cost, as indicated in the contract, would have been no more than $196.00 for a single night's stay.[591]

Additionally, if the Government of St. Maarten paid for the rooms used by the Members, as was the standard agreement with Carib News, Inc., the costs reported to the Members should have been zero for lodging.[592] The Subcommittee has been unable to obtain information directly from either the Sonesta Maho Resort or the Government of St. Maarten regarding this possible payment.[593]

[589] Air transportation and lodging information obtained from records provided by Karl Rodney.
[590] *See* Exhibit 92.
[591] *See* Exhibit 91.
[592] *See* Exhibit 86.
[593] Subcommittee counsel contacted the Sonesta Maho Hotel and the Government of St. Maarten and requested information regarding the 2008 conference. Neither entity has responded to the Subcommittee's request.

C. INTERVIEWS OF MEMBERS WHO ATTENDED THE 2007 OR 2008 CONFERENCES

In addition to Representative Jackson Lee, the Subcommittee interviewed Representatives Bennie Thompson, Carolyn Cheeks Kilpatrick, Donald Payne, Yvette Clarke, Charles Rangel, and Delegate Donna Christensen regarding their attendance at the 2007 and/or 2008 conferences.

1. Representative Bennie Thompson

Representative Bennie G. Thompson was interviewed under oath by the Investigative Subcommittee on October 7, 2009.[594] Representative Thompson verified that he attended both the 2007 and 2008 Carib News Foundation conferences.[595] He also told the Subcommittee that he had attended four to five conferences prior to 2007.[596] He knew both Karl and Faye Rodney because of the conferences, but had no interaction with either of them outside the conferences.[597] He stated that he learned of each year's conference when he received an invitation.[598] He normally reviews all of the invitations he receives weekly but only attends a few events because of other commitments.[599] He told the Subcommittee that he is invited to the conference each year because of his Chairmanship of the Homeland Security Committee and the issues he deals with involving the Caribbean such as drug trafficking, travel, and visas.[600]

Representative Thompson stated that the Carib News Foundation paid for his and his wife's expenses for both conferences.[601] He was shown a copy of the Private Sponsor Travel Certification forms and the Private-Sponsor Travel: Traveler Forms for each year.[602] He told the Subcommittee that his scheduler normally fills out the forms and submits them to the Standards

[594] Thompson Tr. at 3.
[595] *Id.* at 7.
[596] *Id.* at 7-8.
[597] *Id.* at 6 and 23.
[598] *Id.* at 8-9.
[599] *Id.*
[600] *Id.* at 6-7.
[601] *Id.* at 18-19.
[602] *See* Exhibit 93-94.

Committee once he decides to accept an invitation.[603] He had not seen any of the forms provided by the sponsor before seeing them in the OCE referral material provided to him by the Standards Committee.[604] He acknowledged reviewing and signing the traveler forms prior to their submission to the Standards Committee.[605]

Representative Thompson was shown a copy of the Standards Committee's letter approving his travel to and attendance at the 2007 conference.[606] He stated he had seen the letter before and understood it to be the approval from the Standards Committee for him to attend the 2007 conference.[607] Representative Thompson told the Subcommittee that he believed that, because the information was submitted to the Standards Committee and the Standards Committee approved both trips, he did not violate any rules.[608]

Representative Thompson was not aware that the airline tickets provided to him for the 2007 conference were actually provided by American Airlines and not paid for by the Foundation.[609] He told the Subcommittee that officials at Carib News told him they had paid for the airfare.[610] Representative Thompson discussed the value of the conferences for Members and especially for him as Chairman of the Homeland Security Committee.[611] He stated that he spent most of the time at the conference meeting on Homeland Security issues.[612] Representative Thompson said that he noticed corporate logos on banners and signs but did not pay much attention to them.[613] He did not recall corporate sponsors being mentioned during any opening remarks or at other events.[614]

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[603] Thompson Tr. at 15, 25-27.
[604] *Id.* at 11.
[605] *Id.* at 11-12, 15.
[606] *See* Exhibit 95.
[607] Thompson Tr. at 12.
[608] *Id.* at 19-20.
[609] *Id.* at 19.
[610] *Id.*
[611] *Id.* at 6-7.
[612] *Id.*
[613] *Id.* at 18 and 20.
[614] *Id.* at 21.

Representative Thompson also reviewed the Post-Travel Disclosure Forms filed with the Clerk's office after the two conferences.[615] He stated he reviewed and signed the forms.[616] He told the Subcommittee that he checked to see if the amounts were on the forms because he would not have signed the forms without the amounts.[617] He also stated that he had no reason to doubt the accuracy of the amounts provided to him by the Foundation.[618]

Representative Thompson was not aware of the tax penalties for accepting travel from a private foundation until he read about them in OCE's report.[619] He also did not know that the Carib News Foundation was a private foundation, or even what the difference was between a private foundation and a public charity.[620]

2. Representative Carolyn Cheeks Kilpatrick

Representative Carolyn Cheeks Kilpatrick was interviewed under oath by the Investigative Subcommittee on October 6, 2009.[621] Representative Kilpatrick verified she attended the 2008 conference but did not attend the 2007 conference.[622] She also indicated she had attended a few conferences prior to 2007.[623] During her interview, Representative Kilpatrick also discussed the value of the conference.[624] Representative Kilpatrick made some remarks at the conference about the support of various "sponsors" to the event but did not know that any entity other than Carib News Foundation paid for any part of the conference.[625] She explained her use of the word "sponsor" referred to the participation of the various businesses in working with issues in the Caribbean.[626] Representative Kilpatrick described her lodging as a one

[615] *See* Exhibit 96-97.
[616] Thompson Tr. at 22-23.
[617] *Id.*
[618] *Id.*
[619] *Id.* at 23-24.
[620] *Id.* at 23.
[621] Kilpatrick Tr. at 4.
[622] *Id.* at 7.
[623] *Id.*
[624] *Id.* at 9.
[625] *Id.* at 22-23.
[626] *Id.* at 22.

bedroom suite.[627] Representative Kilpatrick verified that her sister, Marcia Cheeks, attended the conference, and that she believed her sister's expenses were paid for by the Carib News Foundation.[628] She also stated that her daughter and granddaughter attended the conference and that their expenses were paid using personal funds.[629] Representative Kilpatrick said she knew the Rodneys from the conferences but had no other affiliation with them.[630] In fact, she referred to the Rodneys as Karl and Faye "Ramsey."[631] She noted the presence of the corporate logos on banners and other materials but saw nothing that would indicate they sponsored any part of the travel.[632] Representative Kilpatrick indicated there were approximately 200–300 attendees at the conference.[633]

Representative Kilpatrick did not recall seeing the Private Sponsor Travel Certification Form[634] prior to its submission to the Standards Committee.[635] She believed that the sponsor submitted it directly to the Standards Committee.[636] However, Representative Kilpatrick reviewed the Post-Travel Disclosure Form[637] and signed it prior to its submission to the Clerk's office.[638] Representative Kilpatrick stated that the information inserted on the Post-Travel Disclosure Form was provided by the Foundation and she had no reason to question the amounts.[639] Representative Kilpatrick did not review her airline ticket receipt to verify the amount listed for transportation by the Foundation was the same as indicated on the ticket.[640] When Subcommittee staff explained that the amounts were different, Representative Kilpatrick stated she would review the information more carefully in the future.[641]

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[627] *Id.* at 24.
[628] *Id*. at 25.
[629] *Id*. at 24-25.
[630] *Id*. at 8.
[631] *Id*. at 7.
[632] *Id*. at 21.
[633] *Id*. at 26.
[634] *See* Exhibit 90.
[635] Kilpatrick Tr. at 14.
[636] *Id*.
[637] *See* Exhibit 98.
[638] Kilpatrick Tr. at 19-20.
[639] *Id*.
[640] *Id*.
[641] *Id*.

3. Representative Yvette Clarke

Representative Yvette Clarke was interviewed under oath by the Investigative Subcommittee on October 21, 2009.[642] Representative Clarke confirmed that she attended the Carib News Foundation conference held in 2007, and that she did not attend the conference held in 2008.[643] She related that she did not recall the exact number of conferences she had attended, but believed she has attended more than four similar conferences before 2007.[644] Representative Clarke told the Subcommittee that she is familiar with the Carib News Foundation.[645] She explained that the Foundation is an organization that was established to create opportunities for elected officials and business leaders to meet with heads of government and business leaders of the Caribbean.[646]

Representative Clarke told the Subcommittee that she knew Karl Rodney because of his leadership in the Caribbean community in New York, his ownership of the Carib News publication and that he was also a family friend.[647] She explained she has known Mr. Rodney for most of her life because he attended high school with her father in Jamaica.[648] She also told the Subcommittee that she knows Faye Rodney, whom she explained was Karl Rodney's wife.[649] She was also familiar with the Rodney's executive assistant, Patricia Louis, whom she understood coordinated and scheduled meetings of Carib News, Inc. and the conference.[650]

Representative Clarke explained to the Subcommittee that the Carib News publication and the Carib News Foundation are two different entities run by the Rodneys.[651] She further

[642] Clarke Tr. at 4.
[643] *Id*. at 7.
[644] *Id*. at 12.
[645] *Id*. at 7.
[646] *Id*.
[647] *Id*. at 8.
[648] *Id*.
[649] *Id*. at 9.
[650] *Id*. at 9-10.
[651] *Id*. at 10-11.

explained the Foundation was established so they could do more nonprofit–type work to raise the issues of Caribbean nationals in the United States.[652]

Representative Clarke awaits the invitation to the conference each year because of its importance to her community.[653] She was not aware of when she received the invitation to the 2007 conference, but indicated that an announcement about the conference is also published in the Carib News publication, which she receives.[654] She recalled that at the time of the 2007 conference, new travel rules were in effect.[655] Representative Clarke also recalled a number of briefings for Members to learn about the new travel rules.[656] Based on those briefings, she knew that she needed to receive prior approval from the Standards Committee for the 2007 conference travel.[657]

Representative Clarke told the Subcommittee that the information on the sponsor form[658] came from Karl Rodney.[659] She stated the sponsor would have to provide the information on the sponsor form in order to complete the traveler form.[660] She verified that the traveler form[661] was filled out by her then Chief of Staff, Ian Campbell.[662] Representative Clarke also verified that she authorized Mr. Campbell to sign her name on the traveler form.[663]

Representative Clarke told the Subcommittee that she was aware of corporations that had sponsored the conferences before 2007.[664] She did not recall noticing any of the corporations present at the 2007 conference; but she stated that, if they were there, she did not interact with

[652] *Id*. at 11.
[653] *Id*. at 14-15.
[654] *Id*.
[655] *Id*. at 15.
[656] *Id*. at 15.
[657] *Id*.
[658] *See* Exhibit 67.
[659] Clarke Tr. at 16-17.
[660] *Id*.
[661] *See* Exhibit 99.
[662] Clarke Tr. at 17.
[663] Clarke Tr. at 18.
[664] *Id*. at 18-19.

them.[665] The following exchange occurred between Representative Clarke and counsel to the Subcommittee:

> Q: On the forms, can you go to the first question on Exhibit 1 [Private Sponsor Travel Certification Form submitted to the Standards Committee]? The first question asked who the sponsor is, and what is written there?
>
> A: Carib News Foundation.
>
> Q: If you go to question 12 on the second page, there is a question that deals with sponsors. Could you read that question for us?
>
> A: "Private sponsors must have a direct and immediate relationship to the purpose of the trip or location being visited."
>
> Q: Who does it list as a private sponsor?
>
> A: Carib News Foundation.
>
> Q: Now, if you were aware that companies such as Macy's, Pfizer, [and] Verizon were present and actually paid for the conference, would that alert you that maybe other names should be listed there as well?
>
> A: Not necessarily.
>
> Q: Why is that?
>
> A: Because I'm assuming – and maybe I should not – that those donations are made directly to the Carib News Foundation perhaps in some sort of general fund to be able to make sure that the conference goes off well.
>
> Q: If you learned that those contributions were made directly for the payment of the conference, would that change your understanding?
>
> A: Most likely.[666]

Representative Clarke reviewed the post-travel form[667] and verified it was the form completed by her Chief of Staff.[668] She believed he obtained the information regarding the

[665] *Id*. at 19.
[666] *Id*. at 19-20.
[667] *See* Exhibit 100
[668] Clarke Tr. at 23.

expenses from the Rodneys.[669] Representative Clarke also verified that she only spent one day at the conference and had two travel days for the 2007 conference. She believed she spent two nights at the conference.[670]

Representative Clarke indicated she did not review the ticket[671] provided to her for her travel by the Foundation.[672] She stated she was not aware that American Airlines provided the ticket for her travel.[673]

4. Delegate Donna Christensen

Delegate Donna Christensen was interviewed under oath by the Subcommittee on October 22, 2009.[674] Delegate Christensen verified that she attended both the 2007 and 2008 Carib News Foundation conferences.[675] She was aware that the Carib News Foundation is located in New York and that its main activity is the annual Multi-National Business conference.[676] She also was aware that Carib News Foundation holds smaller events in New York. She has never attended any of those events.[677] Delegate Christensen also stated that she met Karl and Faye Rodney in 1997 when she began attending the conferences. She said she had little contact with them outside of the conferences.[678] She did recall having the Rodneys as guests at her table at a prayer breakfast and that they also attended some of the Congressional Black Caucus (CBC) legislative conferences.[679]

Delegate Christensen told the Subcommittee that she arrived at the 2007 conference Thursday afternoon and left Friday, midday.[680] She did not recall any other Members of

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669 *Id*.
670 *Id*. at 24.
671 *See* Exhibit 101.
672 Clarke Tr. at 25.
673 *Id*.
674 Christensen Tr. at 4.
675 *Id*. at 7.
676 *Id*. at 6.
677 *Id*.
678 *Id*.
679 *Id*.
680 *Id*. at 7.

Congress at the conference at that time.[681] However, she knew that other Members came after she left.[682]

Delegate Christensen stated that when she receives invitations to events, her scheduler, Shelley Thomas, reviews them and works with her to set up travel.[683] She verified the sponsor forms for the 2007 and 2008 conferences[684] and believed they were completed by Karl Rodney.[685] She also reviewed the traveler forms submitted to the Standards Committee for the 2007 and 2008 conferences[686] and stated they were filled in and signed by Shelley Thomas.[687]

Delegate Christensen was aware that corporations were present at the conferences but believed they contributed to the Foundation and not specifically to the conference.[688] She noticed signs that contained logos of corporations that were present at the conferences.[689] Delegate Christensen stated there were always such signs present at the conferences.[690] She did not recall any public statements thanking any corporate sponsor.[691]

Delegate Christensen told the Subcommittee that there was a reception held in a downtown hotel hosted by the Government of St. Maarten during the 2008 conference.[692] She stated that the reception was open to all participants and the ones that attended the reception were transported by bus from the Sonesta Maho Resort.[693] She stated it took approximately 20 minutes to travel to the reception by bus.[694]

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[681] *Id*.
[682] *Id*.
[683] *Id*. at 8.
[684] *See* Exhibits 67 and 90.
[685] Christensen Tr. at 9-10.
[686] *See* Exhibits 102 – 103.
[687] Christensen Tr. at 10.
[688] *Id*. at 11.
[689] *Id*. at 12.
[690] *Id*.
[691] *Id*.
[692] *Id*. at 13.
[693] *Id*.
[694] *Id*.

Delegate Christensen verified that she signed the post-travel forms for the 2007 and 2008 conferences.[695] She believed she filled out the forms herself.[696] She also told the Subcommittee that the Foundation would send a form each year to the congressional travelers indicating the cost for the Members' room and travel.[697] She used that information to complete the post-travel form.[698] She did not realize that the form for the 2007 conference was sent to all the Members, and she believed that the amount on the form was for her one-night lodging.[699]

Delegate Christensen was not aware of the tax status of the Foundation or the tax rules regarding private foundations at the time of the two conferences.[700] She stated that she now had a better understanding of the tax issue after meeting with her attorneys when the issue was raised in the OCE referral.[701]

Delegate Christensen told the Subcommittee that it was her practice to remind other Members about upcoming Carib News conferences during CBC meetings and that she would give them information about the upcoming conferences.[702] She stated that she considered her office a point of contact for the conference.[703] Shelley Thomas would have forms for Members who decided to attend the conference.[704]

Delegate Christensen stated that she used the information provided by the Foundation in filling out her forms and had no reason to question the information the Foundation provided.[705] She assumed that the corporations present at the conferences donated to the Foundation generally and not specifically to the conference.[706]

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[695] *See* Exhibits 104-105.
[696] Christensen Tr. at 15.
[697] *Id*.
[698] *Id*.
[699] *Id*. at 16.
[700] *Id*. at 17-18.
[701] *Id*.
[702] *Id*. at 20-21.
[703] *Id*. at 21 and 25.
[704] *Id*. at 25.
[705] *Id*. at 27-28.
[706] *Id*. at 23-24.

5. Representative Donald Payne

Representative Donald Payne was interviewed under oath by the Investigative Subcommittee on October 21, 2009.[707] Representative Payne confirmed that he did not attend the Carib News Foundation conference held in 2007, but did attend conferences in 2008 and prior to 2007.[708] He stated he has attended a total of seven to nine conferences.[709]

Representative Payne stated that he knew Karl Rodney as the editor or owner of the Carib News newspaper and assumed the Carib News Foundation was a foundation that was related to the newspaper.[710] He also said that he was told the conference was sponsored by the Carib News Foundation.[711] Representative Payne stated he did not know the Foundation's tax exempt status.[712] Representative Payne told the Subcommittee that he had no contact or social relationship with either Karl or Faye Rodney outside the annual conferences.[713] He sees them at the conferences and knows who they are.[714]

Representative Payne told the Subcommittee that he attends the conferences because, as co–chair of the Caribbean Caucus and Member of the Western Hemisphere Subcommittee, he deals with issues related to the Caribbean and believes it is important to attend the conferences and discuss issues affecting those countries.[715]

Representative Payne stayed for all three days of the 2008 conference and stayed an extra two days, which he paid for personally, an arrangement that was pre–approved by the Standards Committee.[716] He stated he did not notice who else attended the conference but was aware that Representatives Thompson, Rangel, and Kilpatrick, and Delegate Christensen were there

[707] Payne Tr. at 4.
[708] *Id*. at 8.
[709] *Id*. at 9.
[710] *Id*.
[711] *Id*. at 9-10.
[712] *Id*. at 10.
[713] *Id*. at 10-11.
[714] *Id*.
[715] *Id*. at 12-13.
[716] *Id*. at 14.

because of his review of the OCE report.[717] He said 300 to 500 people attended the conference.[718]

Representative Payne reviewed and verified the sponsor form[719] for the 2008 Carib News Foundation conference.[720] He did not recall reviewing the specific form filled out by Karl Rodney.[721] Representative Payne verified that Karl Rodney signed the certification on the third page of the form and stated that he would have relied on the information being correct because of the certification language.[722]

Representative Payne next verified the traveler form[723] submitted to the Standards Committee for the 2008 conference and explained that his signature on the form was probably made by his scheduler, Darlene Murray.[724] Ms. Murray has his authorization to sign his name.[725] Representative Payne also verified the approval letter[726] sent by the Standards Committee for the 2008 conference.[727]

Representative Payne stated that he assumed that companies contributed to the Foundation, but believed the Foundation was sponsoring the conferences.[728] He had no reason to question the information provided by Carib News regarding the trip.[729] Representative Payne did not recall thanking any corporation for sponsoring the trip.[730] He stated he thanked the people who support the Foundation.[731] He did not hear anyone identifying themselves as prime sponsors of the conference because he was not paying attention to their remarks.[732]

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[717] *Id*. at 13.
[718] *Id*. at 14.
[719] *See* Exhibit 90.
[720] Payne Tr. at 17-18.
[721] *Id*. at 18.
[722] *Id*.
[723] *See* Exhibit 106.
[724] Payne Tr. at 20.
[725] *Id*.
[726] *See* Exhibit 107.
[727] Payne Tr. at 21-22.
[728] *Id*. at 22.
[729] *Id*. at 18.
[730] *Id*. at 23-24.
[731] *Id*. at 24.
[732] *Id*. at 25.

Representative Payne reviewed and verified the Post-Travel Disclosure Form[733] that was completed on his behalf by Ms. Murray.[734] He recalled reviewing the form before its submission to the Clerk's office but did not know where the listed amounts for transportation, lodging, and meals came from.[735]

Representative Payne did not know the differences between different types of non-profit organizations, did not know that the Carib News Foundation was a private foundation, and did not know that there was a tax provision that specifically dealt with private foundations.[736]

Representative Payne said there was no difference between the 2008 conference and the previous conferences that he attended.[737] All of the conferences were run in the same manner and had the same types of corporate logos and banners posted.[738]

Representative Payne told the Subcommittee that he had submitted a letter and other materials to OCE and had requested to make a presentation before OCE's Board before OCE made its referral to the Standards Committee.[739] OCE informed him that his only opportunity to make a presentation to the Board was over the Memorial Day recess.[740] Representative Payne asked to reschedule the meeting for a time when Congress would be in session and when he would be in town.[741] However Representative Payne said that Leo Wise, OCE's Staff Director and Chief Counsel, denied Representative Payne's request, and told Representative Payne that the meetings were scheduled to accommodate OCE's Board and not Members of Congress.[742]

[733] *See* Exhibit 108.
[734] Payne Tr. at 27.
[735] *Id*. at 27-28.
[736] *Id*. at 29.
[737] *Id*. at 23.
[738] *Id*.
[739] *Id*. at 34.
[740] *Id*.
[741] *Id*. at 34-35.
[742] *Id*.

Representative Payne also stated that OCE's report and findings did not mention or reference the letter he submitted to OCE documenting his request.[743]

6. Representative Charles Rangel

Representative Charles Rangel was interviewed under oath by the Investigative Subcommittee on November 4, 2009.[744] Representative Rangel told the Subcommittee that he has known Karl and Faye Rodney for over twenty years.[745] He stated that he did not know them intimately and but came in contact with them once or twice per year.[746] Representative Rangel stated that, outside of the annual conferences, he may have seen them at events in New York.[747] He said he has not met with them officially.[748] He knows the Rodneys have contacted his New York district office on occasion.[749] He knows of their daughter, Michele Rodney, but has never met her.[750]

Representative Rangel told the Subcommittee that he had not seen the sponsor form[751] for the 2007 conference before the investigation.[752] He also stated that he did not see the traveler form[753] for the 2007 conference.[754] Representative Rangel told the Subcommittee that he did not sign the form but that a member of his staff signed it on his behalf.[755] He also stated that he did not authorize anyone to sign his name specifically, but George Dalley, Representative Rangel's former Chief of Staff, had permission to sign his name to documents on his behalf.[756] Representative Rangel further stated he did not see the Post-Travel Disclosure Form[757] filed for

[743] *Id*.
[744] Rangel Tr. at 4.
[745] *Id*. at 6.
[746] *Id*.
[747] *Id*.
[748] *Id*.
[749] *Id*. at 7.
[750] *Id*.
[751] *See* Exhibit 67.
[752] Rangel Tr. at 11-12.
[753] *See* Exhibit 109.
[754] Rangel Tr. at 13.
[755] *Id*. 13-14.
[756] *Id*. at 14-15.
[757] *See* Exhibit 110.

the 2007 conference but that Mr. Dalley would have filled it in and signed his name to it.[758] Representative Rangel knew it was Mr. Dalley who had filled out the form because he had been with Representative Rangel for about thirty years and Representative Rangel recognized his handwriting.[759]

Representative Rangel did not recall having a meeting with Karl and Faye Rodney regarding holding an event for visiting Caribbean ministers in New York.[760] He was shown a memorandum[761] written by Karl Rodney and forwarded to Mr. Dalley to memorialize the meeting, but still did not recall ever having had such a meeting.[762] He stated he had spoken to the Rodneys about some of the issues in the memorandum, but that other information in the memorandum was new to him.[763]

Representative Rangel stated there were several derogatory news articles written about him and his association with the Foundation, and that caused him some concern before the 2008 conference.[764] He initially decided not to attend the 2008 conference.[765] He further told the Subcommittee that he did not recall a memorandum written by Michelle Sherwood[766] – who he identified as a lawyer in his New York office – that discussed the conference and the New York Post article.[767] Representative Rangel stated he decided to attend the conference without staff because of his position in Congress.[768]

Representative Rangel was asked if he was aware of any corporate sponsor of the conferences and he stated he was not.[769] He also told the Subcommittee that he did not read

[758] Rangel Tr. at 15.
[759] *Id*.
[760] *Id*. at 15-16.
[761] *See* Exhibit 111.
[762] Rangel Tr. at 15-16.
[763] *Id*.
[764] *Id*. at 18-19.
[765] *Id*. at 19.
[766] *See* Exhibit 112.
[767] Rangel Tr. at 19-22.
[768] *Id*. at 19.
[769] *Id*. at 20.

another memorandum[770] written by Michelle Sherwood that discussed Faye Rodney and her contact with Representative Rangel's New York district office.[771] In that memorandum, which is addressed to Representative Rangel, Ms. Sherwood wrote that Faye Rodney called Representative Rangel's district office and was agitated that HSBC Bank had decided to withdraw its support to the 2008 conference.[772] The memorandum states that HSBC's decision to withdraw support was the result of the negative press about the conference and that Mrs. Rodney was concerned that other sponsors might withdraw their support as well.[773] In the memorandum, Ms. Sherwood mentions that AT&T was continuing its support.[774] Representative Rangel stated he did not see the memorandum and opined that George Dalley may have received it.[775] He also stated that he did not know what HSBC Bank was.[776] Representative Rangel denied discussing the matter with any Member or his staff.[777] He further denied recommending any of the actions suggested by Ms. Sherwood in the memo.[778]

Representative Rangel reviewed the Post-Travel Disclosure Form[779] for the 2008 conference and acknowledged that he signed and dated the form prior to its submission to the Clerk's office.[780] He stated that it was his opinion that the information for the expenses on the form came from the Foundation.[781] He did not know who typed the information onto the form.[782]

Representative Rangel was also shown solicitation letters[783] from the Carib News Foundation that indicated a carbon copy had been sent to him.[784] He stated that he had never seen those letters before and did not know why his name would appear on them.[785]

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[770] *See* Exhibit 84.
[771] Rangel Tr. at 21-22.
[772] *See* Exhibit 84.
[773] *Id.*
[774] *Id.*
[775] Rangel Tr. at 21.
[776] *Id*.
[777] *Id*. at 21.
[778] *Id*. at 22.
[779] *See* Exhibit 113.
[780] Rangel Tr. at 26-27.
[781] *Id*. at 27.
[782] *Id*. at 28.
[783] *See* Exhibits 36-37.

IV. FINDINGS

A. COMMITTEE APPROVAL OF THE 2007 AND 2008 CARIB NEWS FOUNDATION MULTI-NATIONAL BUSINESS CONFERENCES

1. Travel Regulations

A House Member or employee may accept reimbursement "for necessary transportation, lodging, and related expenses for travel to a meeting, speaking engagement, factfinding trip, or similar event in connection with the duties of such individual as an officeholder" when the payment (including payment in kind) "is from a private source other than a registered lobbyist or agent of a foreign principal or a private entity that retains or employs registered lobbyists or agents of a foreign principal," except in certain, limited circumstances, if such individual: a) in the case of an employee, receives advance authorization from the employee's employing authority, and b) discloses the expenses reimbursed or to be reimbursed, along with the travel authorization, to the Office of the Clerk within 15 days after the travel is completed.[786] All House invitees must obtain "prior approval" from the Standards Committee before accepting reimbursement for officially–connected travel expenses from a private source.[787]

No registered lobbyist or agent of a foreign principal may be a private source for the payment of travel expenses.[788] Any other "private source" may sponsor a trip, except that private sources, other than institutions of higher education, that retain or employ registered lobbyists or agents of a foreign principal may only be sponsors for one-day events.[789]

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[784] Rangel Tr. at 30.
[785] *Id*. at 30-31.
[786] H. Rule XXV, cl. 5(b)(1).
[787] H. Rule XXV, cl. 5(d)(2). House rules deem reimbursement of travel expenses to a Member or employee to be "a reimbursement to the House and not a gift prohibited" by the gift rule when a reimbursement or a payment for travel expenses is received in accordance with the House's travel rule and the Standards Committee's travel regulations. H. Rule XXV, cl. 5(b)(1).
[788] H. Rule XXV, cls. 5(a)(1)(A)(ii) and (b)(1)(A). The term "registered lobbyist" may include individuals required to register as lobbyists. Select Committee on Ethics, *Final Report*, H. Rpt. No. 95-1837, 74 (Jan. 3, 1979) (finding that the House adopted language relating to registered lobbyists based upon a recommendation relating to those required to register).
[789] H. Rule XXV, cl. 5(b)(1)(C).

To be permissible, a private source[790] must "both organize and conduct the trip, rather than merely pay for a trip that is in fact organized and conducted by someone else."[791] A private source (i.e., sponsor) must have a "direct and immediate relationship with the event or location being visited."[792]

The Standards Committee's policy on permissible private sources served as a basis for the new travel rule. The policy pre–dated the adoption of the new travel rules in the 110th Congress.[793] The language used in the new House rule closely tracked the language used in the Standards Committee policy.

The Standards Committee's long established policy regarding permissible private sources for reimbursement of travel expenses is as follows:

> The rule is concerned with the organization(s) or individual(s) that actually pay for travel. Thus, for example, where a non-profit organization pays for travel with donations that were earmarked, either formally or informally, for the trip, each such donor is deemed a "private source" for the trip and (1) must be publicly disclosed as a trip sponsor on the applicable travel disclosure forms and (2) may itself be required to satisfy the above standards [requiring "a direct and immediate relationship

[790] Under the House travel rules, the test is whether private sources are funding any expenses, directly or indirectly, for travel connected to a Member's or employee's official duties. Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000). The term sponsor is not used in the travel rule itself. Popularly, many use the term "sponsor" to identify private sources. However, the term "sponsor," in the context of the House travel rule and the Standards Committee's travel regulations, is properly used to distinguish permissible private sources from impermissible private sources. Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000). As such, the term "sponsor" will be used herein to mean a permissible private source for travel expense reimbursement.

[791] Comm. on Standards of Official Conduct, "New Travel Rules for Officially-Connected Travel Paid for by a Private Source" (Mar. 14, 2007), *reprinted in* Comm. on Standards of Official Conduct, "Summary of Activities One Hundredth Tenth Congress," H. Rpt. No. 110-938, 48 (Jan. 3, 2009) (citing Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 76 (Apr. 2000)); *see also* Comm. on Standards of Official Conduct, *House Ethics Manual* at 97-98 (2008).

[792] Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000) (citing Comm. on Standards of Official Conduct, *Investigation of Financial Transactions participated in and Gifts of Transportation Accepted by Representative Fernand J. St Germain*, H. Rpt. No. 100-46, 5-6 (Apr. 9, 1987)); *see also* Comm. on Standards of Official Conduct, *House Ethics Manual* at 97 (2008) (same).

[793] *See Id.*

with the event or location being visited"] on proper sources of travel expenses.[794]

"In addition, the concept of the rule is that a private entity that pays for officially connected travel will both organize and conduct the trip, rather than merely pay for a trip that is in fact organized and conducted by someone else."[795]

The Standards Committee has determined that "a major donor to a non-profit organization" must have "a significant role in organizing or conducting a trip to which the non-profit issues invitations."[796] "The rule requires that a private entity (or entities) that pays for officially–connected travel will organize and conduct the trip, rather than merely pay for a trip that is in fact organized and conducted by another entity."[797]

The House travel rule requires each private source (i.e., sponsor) to certify, before a House invitee accepts travel, that the "source will not accept from another source any funds earmarked directly or indirectly for the purpose of financing any aspect of the trip."[798] "Members and staff must provide the Standards Committee with written certification from the private source" that "no earmarked funds from another source for any aspect of the trip were accepted."[799] "Expenses may not be accepted from a source that has merely donated monetary or in–kind support to the trip but does not have a significant role in organizing and conducting the trip."[800]

Each private source must provide its written certification in item 3 of the Private Sponsor Travel Certification Form.[801] Item 3 asks the sponsor to "represent that the trip sponsor(s) has

[794] Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000).
[795] *Id*. at 76.
[796] *Id*. at 75, n. 89.
[797] Comm. on Standards of Official Conduct, *House Ethics Manual* at 98 (2008).
[798] H. Rule XXV, cl. 5(d)(1)(C).
[799] Comm. on Standards of Official Conduct, "New Travel Rules for Officially-Connected Travel Paid for by a Private Source," (Mar. 14, 2007), *reprinted in* Comm. on Standards of Official Conduct, "Summary of Activities One Hundred Tenth Congress," H. Rpt. 110-938, 110th Cong., 2d Sess., 44, 47 (Jan. 3, 2009).
[800] Comm. on Standards of Official Conduct, "Travel Guidelines and Regulations" (Feb. 20, 2007), *reprinted in* Comm. on Standards of Official Conduct, "Summary of Activities One Hundred Tenth Congress," H. Rpt. 110-938, 110th Cong., 2d Sess., 34, 36 (Jan. 3, 2009).
[801] *See* Exhibits 68 and 90. *See* House Rule XXV(5)(d)(1)(C) which requires the Member, Delegate, resident

not accepted from any other source funds earmarked directly or indirectly to finance any aspect of the trip."[802] The instructions for item 3 indicate:

> 3. *I represent that the trip sponsor(s) has not accepted from any other source funds earmarked directly or indirectly to finance any aspect of the trip:* All financial contributors to the trip must qualify as sponsors and should be listed as a sponsor in response to Question 1 [requiring identification of "Sponsor(s) (who will be paying for the trip)"]. Check the box to indicate that no such outside funding has been accepted.[803]

The Standards Committee has long held that "a major donor to a non-profit [sic] organization" may be considered a private source.[804] Where it "has a significant role in organizing or conducting a trip to which the non-profit [sic] issues invitations," a donor to a nonprofit entity would need to be listed as a sponsor of a trip.[805] In such case, a donor may be considered to have "earmarked" funds "directly or indirectly for the purpose of financing any aspect of the trip."[806]

A donor who has earmarked funds "directly or indirectly for the purpose of financing any aspect" of a trip who does not also have "a direct and immediate relationship with the event or location being visited" and "a significant role in organizing or conducting a trip to which the non-profit [sic] issues invitations," is an impermissible source.[807] In such a case, no other private

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Commissioner, officer, or employee of the House to provide the Standards Committee a written certification signed by the source or an officer of the source that the "source will not accept from any other source any funds earmarked directly or indirectly for the purpose of financing and aspect of the trip," before accepting the trip. This requirement has been incorporated into the Private Sponsor Travel Certification Form developed by the Standards Committee and provided to potential sources.

[802] *Id.*

[803] *Id.*

[804] Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75, n. 89 (Apr. 2000); Comm. on Standards of Official Conduct, *House Ethics Manual* at 98, n. 16 (2008).

[805] H. Rule XXV, cl. 5(d)(1)(C); *see* Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000); Comm. on Standards of Official Conduct, *House Ethics Manual* at 97-98 (2008).

[806] H. Rule XXV, cl. 5(d)(1)(C); *see* Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000); Comm. on Standards of Official Conduct, *House Ethics Manual* at 97-98 (2008).

[807] H. Rule XXV, cl. 5(d)(1)(C).

source for the trip will be able to make the required certification for the trip.[808] The Standards Committee would be unable to approve the trip.[809]

Thus, where there is evidence that a donor has provided funds (including in–kind donations) to a private source seeking to sponsor congressional travel, the Standards Committee must address the following issues:

1. Whether the donor is a private source for the trip, which may include the event to which the trip is intended to travel. That is, did or will the donor earmark funds directly or indirectly for the purpose of financing any aspect of the trip, including the event to which the travel is destined.[810]

2. If so, whether the donor is a permissible source (i.e., sponsor) for the trip, which may include the event to which the trip is destined. That is, does the donor have: a) "a direct and immediate relationship with the event or location being visited;" and b) "a significant role in organizing or conducting a trip to which the non-profit issues invitations."[811]

3. If the donor is a permissible source, whether it would be able to certify that it will not accept, or has not accepted, funds earmarked directly or indirectly for the purpose of financing any aspect of the trip.[812]

Should a donor qualify as a permissible private source and be able to make the certification required of a trip sponsor, the Standards Committee would be able to approve the trip, assuming that all other factors permitting approval have been established.[813]

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[808] *Id.*
[809] H. Rule XXV, cl. 5(d) (requiring House invitees to submit a written certification signed by the private source(s) as a precondition to approval of travel).
[810] Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75, n. 89 (Apr. 2000); Comm. on Standards of Official Conduct, *Recent Gift Rule Amendments*, (April 11, 2003).
[811] Comm. on Standards of Official Conduct, *House Ethics Manual* at 97-98 (2008).
[812] H. Rule XXV, cl. 5(d)(1)(C).
[813] H. Rule XXV, cl. 5(d).

As noted above, each private source must certify, among other things, "that the source will not accept from another source any funds earmarked directly or indirectly for the purpose of financing any aspect of the trip," before a House Member or employee may accept reimbursement or payment of otherwise permissible travel expenses from the private source.[814] The private source must provide the certification to the invitee.[815] If the source is a corporate person, the certification must be signed by an officer of the source.[816]

A "trip" encompasses all necessary aspects of travel by congressional participants.[817] It includes transportation, meals, lodging, and the event or events to which the congressional participants are destined.[818]

The phrase, "the source will not accept from another source any funds earmarked directly or indirectly for the purpose of financing any aspect of the trip," has never been defined in either the House rules or the Standards Committee's published regulations or guidance. This has led to inconsistent interpretations of the phrase and confusion as to its meaning.[819]

As indicated above, significant elements of the phrase derive from the Standards Committee's longstanding guidance in place at the time the 110th Congress adopted the travel rules.[820] Therefore, one may look to the Standards Committee's previous guidance to aid in the interpretation of the phrase. To the extent the House selected different words, one may presume that the choice of different language was intentional.[821]

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[814] H. Rule XXV, cl. 5(d)(1)(C).
[815] H. Rule XXV, cl. 5(d).
[816] *Id*.
[817] H. Rule XXV, cls. 5(b)(1)(A) (permitting acceptance of reimbursement for travel expenses for "travel to a meeting, speaking engagement, factfinding trip, or similar event") and 5(b)(4) (defining necessary travel expenses).
[818] *Id.*
[819] Dixon Tr. at 26 (an earmark is a donation of money from a secondary entity to a primary entity to pay for congressional travel or help underwrite the costs of the event that Members are going to). Perl Tr. at 26 (the term "earmark" is not specifically defined but it is when money is given specifically for congressional travel). Olson Tr. at 9 (funds that are contributed for a specific purpose and not to the general fund of the sponsor).
[820] *See* Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr. 2000).
[821] *See United States* v. *Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972) "[Where] Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.")

Before the adoption of the travel rules in the 110th Congress, the Standards Committee's previous guidance prohibited "donations that were earmarked, either *formally or informally*," for payment of expenses of congressional participants.[822] The term "earmark" applies to funds[823] given under an oral or written agreement that the funds will be used for specific purposes.[824] Although never expressly stated, the plain import of the words "formal or informal" appears to prohibit donations where the donor and the donee have an explicit or tacit agreement that funds will be used for a trip.

The new travel rules adopted in the 110th Congress used the words "directly or indirectly," rather than "formally or informally" to modify the term "earmarked."[825] This phraseology appears to broaden the scope of agreements that may be considered earmarks.[826]

In addition, the new travel rules also broadened the scope of the purposes for which an earmark may be made.[827] The rule now applies to agreements to finance "any aspect" of a trip.[828]

The definition of a direct earmark is straightforward. Under its ordinary meaning, a direct earmark would exist where there is an oral or written agreement to use a donation or contribution for a specific, named purpose.[829] Under Standards Committee precedent in place at the time the House adopted the new travel rules, an agreement could be considered an earmark if it was made "formally or informally."[830]

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[822] Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75, n. 89 (Apr. 2000); Comm. on Standards of Official Conduct, *Recent Gift Rule Amendments*, (April 11, 2003). (emphasis added)
[823] The term "funds" includes any funds used to reimburse a House traveler or finance any part or aspect of a trip, including in-kind contributions. *See* Comm. on Standards of Official Conduct, *House Ethics Manual* at 98.
[824] *See, e.g.*, "Earmarked grants to individuals, http://www.irs.gov/charities/foundations/article/0,,id=137407,00.html (last visited February 5, 2009).
[825] H. Rule XXV, cl. 5(d)(1)(C).
[826] *Id.*
[827] *Id.*
[828] *Id.*
[829] Internal Revenue Service, *Grants to Intermediaries,* http://www.irs.gov/charities/foundations/article/0,,id=160666,00.html (last visited February 16, 2010).
[830] Comm. on Standards of Official Conduct, *Rules of the House of Representatives on Gifts and Travel* at 75 (Apr.

The definition of an indirect earmark is far less clear and appears, in the absence of formal guidance, to have been interpreted inconsistently.[831] The natural import of the phrase "earmarked … indirectly" prohibits a donor from providing funds that the donor understands are to be applied by the recipient to finance any aspect or part of a trip.[832]

The Subcommittee finds that the donations by the corporations to Carib News, Inc. were funds directly earmarked for congressional travel. Mr. Rodney solicited contributions specifically for each conference in 2007 and 2008. The corporations that contributed specifically intended their contributions to be used for the 2007 and 2008 conferences. Thus, each donor had to independently qualify as a permissible source (i.e., sponsor) of the Members' travel. In addition, the Government of Antigua made it clear that it was paying the Members' cost of lodging for the 2007 conference. Such payment would have been impermissible under the FGDA.

2. Tax Prohibitions on Private Foundations

The Internal Revenue Code provides a tax penalty under the self–dealing provisions of § 4941 for payments made by private foundations to elected officials for travel.[833] The statute also provides a tax penalty on the traveler if the traveler knew that the sponsor was a private foundation under the I.R.C. and knew that there was such a penalty provision.[834] Prior to February 2009, it had not been the consistent practice of the Standards Committee to review the tax filing status of private sponsors. This issue was not one that the Standards Committee considered during its review of either the 2007 and 2008 conferences, nor is it an issue that is contemplated in the current House travel regulations.[835] The Subcommittee understands that in 2009, the Standards Committee began reviewing privately sponsored travel by private

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2000).

[831] Dixon Tr. at 26 (an earmark is a donation of money from a secondary entity to a primary entity to pay for congressional travel or help underwrite the costs of the event that Members are going to). Perl Tr. at 26 (the term "earmark" is not specifically defined but it is when money is given specifically for congressional travel). Olson Tr. at 9 (funds that are contributed for a specific purpose and not to the general fund of the sponsor).

[832] *Cf.* 26 C.F.R. 53.4941(d)-1, (b)(2) (2009) (indirect self-dealing does not include grants made to intermediary organizations that the grantor knows or should know will be used for the benefit of government officials).

foundations after it was raised during the review of an unrelated matter. Since February 2009, the Standards Committee now verifies the tax status of private sponsors during its travel review process.[836]

The Subcommittee considered this issue in the instant matter. The Carib News Foundation is a private foundation as defined by the I.R.C.[837] The Carib News Foundation was the only sponsor identified on the travel forms for the 2007 and 2008 conferences. However, the Subcommittee finds that it does not have to make a determination as to a potential violation of the I.R.C. in this matter based on the overwhelming evidence that the Foundation did not actually pay for or reimburse the travel costs of the Members who attended the 2007 and 2008 conferences. The evidence is clear that corporations contributed funds directly to each conference and not to the general fund of the Foundation. The evidence is also clear that once the corporations agreed to provide financial support, the invoices sent to the corporate contributors came from Carib News Inc., the publishing company.[838] Additionally, the checks sent for the financial contributions, with the exception of the Verizon payment for the 2008 conference,[839] were payable to Carib News, Inc., and not the Carib News Foundation.[840] The Verizon check was payable to Carib News Charities. Finally, the checks submitted to the resorts for payment of the conference fees, lodging and meals, with only two exceptions, came from the Carib News bank accounts, and not the Foundation's bank account.[841] Karl Rodney also testified that the funds received from corporations for each conference were deposited in the Carib News "project account" and only a few were deposited into the Foundation's account.[842]

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[833] 26 U.S.C. § 4941(a). *See* Exhibit 78.
[834] *Id.* at (a)(1).
[835] Olson Tr. at 65, Perl Tr. at 21-22; *see also*, H. Rule XXV, cl. 5.
[836] Olson Tr. at 65, Perl Tr. at 21-22.
[837] 26 US.C. § 509.
[838] *See* Exhibits 48-55, 81, and 83.
[839] *See* Exhibit 131.
[840] *See* Exhibit 132.
[841] *Id.*
[842] Karl Rodney October 28, 2009, Tr. at 55.

3. Contributions from Corporations that Retained or Employed Federally Registered Lobbyists

The Subcommittee finds that the two conferences were sponsored by corporations that employed or retained federally registered lobbyists. Regardless of the position taken by the Rodneys and Ms. Louis, these corporate entities funded both conferences and should have been identified to the Standards Committee as co-sponsors for these two events. The Foundation solicited and Carib News received donations from these corporations specifically for the purpose of holding these two conferences. As previously indicated in tables 1 and 4, these corporations contributed enough funds to pay the full costs for each conference. Carib News, Inc., sent invoices to the corporations for their contributions that specifically indicated the contributions were going to be used for the conferences and not the general fund of the Foundation.[843]

Because these corporations retained or employed federally registered lobbyists, the rules implemented in March 2007 limited attendance of the Members to a one-day event, with allowances for travel time to and from the conference, provided each entity qualified individually as a sponsor.[844] However, even though Standards Committee staff asked specific questions of the Rodneys, the Rodneys withheld the true nature of the corporate contributions from the Standards Committee during its review of the proposed travel. Had the Foundation disclosed the nature of these contributions during questioning by Standards Committee counsel, neither trip would have been authorized. Unfortunately, because the Standards Committee must rely on assertions and certifications made by potential sponsors, it is difficult to ascertain the true nature of funding for offers of travel by private sponsors.

4. Payments for Lodging from the Governments of Antigua and St. Maarten

Based on the agreement the Foundation had with the Government of Antigua, the government paid for the lodging of Members of Congress and other VIPs at the 2007 conference. The agreement was in effect at the time Ms. Louis submitted the sponsor forms to the Standards

[843] *See* Exhibits 81 and 83.
[844] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).

Committee and during the time Ms. Olson was inquiring about the trip sponsors. A foreign government may only pay for the travel of Members under Standards Committee Rules and the Foreign Gifts and Decorations Act (FGDA) if the trip takes place "entirely" outside the United States.[845] Because the 2007 trip included travel from the United States, lodging in Antigua, and return travel to the United States, it would not have been authorized under Standards Committee Rules or the FGDA.[846] Therefore, the 2007 conference would not have been approvable based on the agreement and subsequent payment by the Government of Antigua.

Because the lodging was paid for by a foreign government, the lodging should have also been reported in accordance with the FGDA to the Standards Committee.[847] The FGDA, codified at 5 U.S.C. § 7342(c)(1)(B)(ii), allows for the acceptance of transportation, lodging and meals as provided for by the House of Representatives (for House Members and employees). The House allows receipt of travel expenses under regulations established by the Standards Committee. Section 6(e) of the Regulations for the Acceptance of Decorations and Gifts from Foreign Governments provides that:

> A Member, officer or employee of the House may accept gifts of travel or expenses for travel taking place entirely outside of the United States offered by a foreign government when such travel or expenses for travel relate directly to the official duties of the Member, officer or employee. Gifts of travel or expenses for travel include food, lodging, transportation and entertainment relating to the official duties of the Member, officer or employee. This provision allows a Member, officer or employee to take advantage of opportunities such as for on–site inspection or fact–finding while in a foreign country.[848]

A spouse or dependent of a Member, officer, or employee of the House may accept such travel or expenses when accompanying the Member, officer, or employee of the House.[849] Such

[845] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[846] *Id.*
[847] *Id.*
[848] *Id.*
[849] *Id.*

travel or expenses for travel may not be accepted merely for the personal benefit, pleasure, enjoyment, or financial enrichment of the individual or individuals involved.[850] The acceptance of any such travel or expenses for travel shall be reported within 30 days after acceptance to the Standards Committee, providing information required in section 7(b) of the regulations.[851] For the purposes of the regulations, travel or expenses for travel are deemed accepted upon departure from the donor country.

The payment by the Government of Antigua for the lodging expenses of the congressional travelers was impermissible under this regulation pursuant to the FGDA.[852] The lodging costs were part of the trip, which began when the Members departed the United States, and continued until they returned to the United States.[853] Since the lodging was part of the planning and organization of the conference, it cannot be severed from the trip.[854] The regulation allows payment for travel, lodging, meals, etc., for travel that takes place "entirely" outside the United States.[855] Since the lodging was part of the trip, as evidenced by the lodging being reserved as part of the conference by the Foundation, the Government of Antigua could not pay for the costs for the congressional travelers under any provision of this regulation.[856]

The Subcommittee finds that the payment by the Government of Antigua for the Members' lodging and meals would not have been permissible even if properly reported. However, because neither Mr. Rodney nor Ms. Louis notified the Members that their lodging was paid for by the Government of Antigua, the Members were not aware of the payment. Each Member told the Subcommittee that he or she believed the Foundation paid for their transportation and lodging as it was reported to them, and no one indicated he or she had reason to disbelieve or doubt the information provided to them by the Foundation.

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[850] *Id.*
[851] *Id.*
[852] *Id.* *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[853] *See* H. Rule XXV, cls. 5(b)(4) (defining aspects of a trip).
[854] 5 U.S.C. § 7432(c)(1)(B)(ii).
[855] *Id.*
[856] *See* Exhibits 86, 89; *see also* 5 U.S.C. § 7432(c)(1)(B)(ii).

The FGDA allows for "civil prosecution" of a government employee who "knowingly" fails to report a gift as required under section (h) of the Act.[857] However, there is no evidence that the Members who attended the 2007 conference knew or should have known that their lodging was paid for by the Government of Antigua.[858] Even so, because the payment by the Government of Antigua would have been impermissible under any circumstances, the Members would not have been allowed to accept these expenditures even if properly reported.[859]

Additionally, the Subcommittee understands from both Karl Rodney's and Patricia Louis' testimony that the same agreement was in effect for the 2008 conference, although there is no evidence that the Government of St. Maarten actually paid for the lodging used by Members in 2008.[860] However, an email sent on September 28, 2008, from Helen Bayne, Sonesta Maho Beach and Resort General Manager, to Ms. Louis states that the Government of St. Maarten indicated it would be paying for a "select number of VIP rooms… ."[861] There is also a June 25, 2008, memorandum from Karl Rodney to Commissioner Sara Wescot–Williams that indicates the "local host committee" should use the "basic requirement as the basis for their planning."[862] The basic requirement requires the host government to pay for 25 rooms for "VIPs and members of Congress."[863] Had this agreement been disclosed during the 2008 travel review process, the trip requests would have been denied based on this potential FGDA violation alone.[864]

B. TRAVEL TO AND ATTENDANCE AT THE 2007 AND 2008 MULTI-NATIONAL BUSINESS CONFERENCES BY REPRESENTATIVE BENNIE G. THOMPSON

Representative Thompson traveled to and attended both the 2007 conference in Antigua and 2008 conference in St. Maarten. His wife, Dr. London Thompson, accompanied him to both

[857] 5 U.S.C. § 7342 (h).
[858] *See* Thompson Tr. at 19-20; Clarke Tr. at 19-20; Christensen Tr. at 11.
[859] Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[860] Karl Rodney December 1, 2009, Tr. at 121, and Louis Tr. at 55.
[861] *See* Exhibit 114.
[862] *See* Exhibit 115.
[863] *See* Exhibit 87.
[864] Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).

conferences. Representative Thompson believed that the Foundation paid for his and his wife's transportation, lodging, meals, and conference fees to attend both conferences. The information on the travel forms for each conference submitted by his office to the Standards Committee was based on information provided to his office by Karl Rodney and the Carib News Foundation. Representative Thompson provided sworn testimony to the Investigative Subcommittee regarding his attendance at both conferences.

On October 9, 2007, Representative Thompson's former scheduler, Megan Pittman, completed the traveler form on his behalf and submitted it to the Standards Committee for review prior to the 2007 conference.[865] The sponsor form signed by Karl Rodney was attached to the traveler form.[866] Both forms indicated that the Carib News Foundation was the only sponsor of the 2007 conference.

On October 16, 2007, the Standards Committee sent Representative Thompson a letter approving his travel to attend the conference sponsored by the Foundation based on the information provided to the Standards Committee by the Foundation.[867] The Standards Committee also approved Representative Thompson's wife to accompany him.

On November 29, 2007, Representative Thompson properly filed his Post-Travel Disclosure Form with the Office of the Clerk.[868] According to his Post-Travel Disclosure Form, Representative Thompson traveled to attend the 2007 conference from November 10 through November 12, 2007, with his wife, Dr. London Thompson. The information entered on the form was provided to him by the Foundation. Representative Thompson testified that he reviewed and signed the form prior to its submission to the Clerk's office.

On October 16, 2008, Representative Thompson's former scheduler, Jennifer Jimerson, completed and signed the traveler form[869] and submitted it to the Standards Committee along

[865] *See* Exhibit 93.
[866] *See* Exhibit 67.
[867] *See* Exhibit 95.
[868] *See* Exhibit 96.
[869] *See* Exhibit 94.

with the sponsor form[870] signed by Karl Rodney for review for the 2008 conference.[871] The sponsor form indicated that the Foundation was the only sponsor for the 2008 conference.[872] The traveler form indicated that Representative Thompson's wife would accompany him to the conference.[873]

On October 20, 2008, the Standards Committee sent Representative Thompson a letter approving travel to St. Maarten to attend the conference sponsored by the Foundation for both him and his wife.[874] The approval was based on information provided to both Representative Thompson and the Standards Committee regarding the sponsor to the 2008 conference. Representative Thompson filed his post-travel form[875] with the House Clerk's office on December 5, 2008. According to the post-travel form, Representative Thompson traveled from November 6 through November 9, 2008, with his wife, to attend the 2008 conference.[876]

Mr. Thompson testified that he was not aware of any corporation contributing to either the 2007 or the 2008 conferences, and if he had noticed any banners with corporate logos, it would not have raised any flags.

The Investigative Subcommittee conducted an extensive and thorough investigation, which included interviews of witnesses and review of documents and records provided by Representative Thompson, the Carib News Foundation, corporations identified as contributors to the conferences in 2007 and 2008, and Unique Vacations. The Subcommittee found no evidence that Representative Bennie G. Thompson knew that any entity other than the Carib News Foundation sponsored any part of Representative Thompson's travel to attend either the 2007 or 2008 conference.

[870] *See* Exhibit 90.
[871] Avant Tr. at 7-8.
[872] *See* Exhibit 90.
[873] *See* Exhibit 94.
[874] *See* Exhibit 116.
[875] *See* Exhibit 97.
[876] *See* Exhibit 97.

From the documents submitted and reviewed by the Standards Committee for both the 2007 and 2008 conferences, the Subcommittee finds that Representative Thompson followed the procedures in place at the time for pre-travel approval and did, in fact, receive approval from the Standards Committee to attend both the 2007 and 2008 conferences. He was therefore entitled to rely upon the Standards Committee's approval of his trip under Standards Committee Rule 3(k), which provides, "The Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion if the conduct conforms to the specific facts addressed in the opinion."[877] The Standards Committee's opinion regarding Representative Thompson's travel was based on facts believed to be true by both Representative Thompson and the Standards Committee at the time of the opinion. Reliance upon a Standards Committee advisory opinion, including travel advisory opinions, shields the Member or House staffer from the Standards Committee taking any adverse action against him or her in regard to conduct undertaken by that person in good faith reliance upon the advisory opinion.[878] However, the Member or House staffer is only shielded so long as he or she has presented a complete and accurate statement of all material facts relied upon in the advisory opinion, and the proposed conduct in practice conforms with the information provided, as addressed in the opinion.[879]

Even though Representative Thompson properly followed procedures and received approvals from the Standards Committee to attend both conferences, the payments for travel expenses made on his and his wife's behalf were impermissible. Payments for lodging by a foreign government would have been impermissible under the FGDA and Standards Committee Rules.[880] Additionally, because corporations that retained or employed lobbyists contributed funds specifically in support of the conference, but did not participate in the planning or organization of the trip as required under House travel regulations, the trip would have been impermissible on that basis as well.[881] Under any of these scenarios, Representative Thompson

[877] Committee Rule 3(k).
[878] Committee Rule 3(k).
[879] Committee Rule 3(k).
[880] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[881] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96-97 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).

unknowingly received impermissible payments for travel and lodging to attend the 2007 and 2008 conferences.

Because Representative Thompson did not have any knowledge of the true source of funding for these two trips, the Subcommittee does not find that he violated any law, House Rule, regulation, or any other standard of conduct. However, because he received impermissible gifts proscribed by House Rules, other remedies are necessary. Representative Thompson should return or pay for any gifts or benefits he received that were impermissible. These would include the airline tickets donated by American Airlines for the 2007 conference, transportation costs paid by the Foundation, conference fees, and lodging and meals paid for by the governments of Antigua and St. Maarten or the Foundation.

C. TRAVEL TO AND ATTENDANCE AT THE 2007 AND 2008 MULTI-NATIONAL BUSINESS CONFERENCES BY DELEGATE DONNA CHRISTENSEN

Delegate Christensen traveled to and attended both the 2007 conference in Antigua and the 2008 conference in St. Maarten. The information on the travel forms submitted in both years by her office to the Standards Committee was based on the information received from Karl Rodney and the Carib News Foundation. Delegate Christensen provided sworn testimony to the Investigative Subcommittee regarding her attendance at both conferences.

On October 5, 2007, Delegate Christensen's scheduler, Shelley Thomas, completed and signed the traveler form[882] on Delegate Christensen's behalf and submitted it to the Standards Committee for review for the 2007 conference.[883] Attached to the traveler form was the sponsor form signed by Karl Rodney.[884] Both forms identified the Carib News Foundation as the only sponsor for the 2007 conference held in Antigua. Ms. Thomas told the Subcommittee staff that she relied on the information provided on the sponsor form in completing the traveler form.[885]

[882] *See* Exhibit 102.
[883] Thomas Tr. at 9.
[884] *See* Exhibit 67.
[885] Thomas Tr. at 9.

On October 16, 2007, the Standards Committee sent a letter to Delegate Christensen approving her travel to attend the 2007 conference sponsored by the Carib News Foundation.[886] Her child, Christian, was also approved to attend as requested on her traveler form.

On December 6, 2007, Delegate Christensen filed her Post-Travel Disclosure Form with the House Clerk's office.[887] Her form indicated that she traveled from November 8 through November 9, 2007, to attend the 2007 conference and that she was unaccompanied.[888] Delegate Christensen testified that although she had obtained approval to bring her son, she traveled alone to the 2007 conference.[889] She also testified that she completed and signed the form prior to its submission to the Clerk.[890]

On September 19, 2008, Delegate Christensen's scheduler, Shelley Thomas, completed and signed the traveler form[891] on Delegate Christensen's behalf and submitted it to the Standards Committee for review for the 2008 conference.[892] Attached to the traveler form was the sponsor form signed by Karl Rodney.[893] Both forms indicated that the Carib News Foundation was the only sponsor of the 2008 conference held in St. Maarten. Ms. Thomas told Subcommittee staff that she relied on the information provided on the sponsor form to complete the traveler form.[894]

On October 16, 2008, the Standards Committee sent a letter to Delegate Christensen approving her travel to attend the 2008 conference in St. Maarten accompanied by her spouse.[895] On December 22, 2008, Delegate Christensen submitted her Post-Travel Disclosure Form for the travel to the House Clerk's office.[896] Her post-travel form indicates Delegate Christensen

[886] *See* Exhibit 117.
[887] *See* Exhibit 104.
[888] *See* Exhibit 104.
[889] Christensen Tr. at 10.
[890] *Id.* at 14.
[891] *See* Exhibit 103.
[892] Christensen Tr. at 18.
[893] *See* Exhibit 90.
[894] Thomas Tr. at 9-10.
[895] *See* Exhibit 118.
[896] *See* Exhibit 105.

traveled from November 6 through November 8, 2008, to attend the 2008 conference and was unaccompanied.[897]

Delegate Christensen testified that she did not know if any specific corporation contributed to the conference.[898] She believed that corporations may have donated to the Foundation generally.[899]

From the documents submitted and reviewed by the Standards Committee for both the 2007 and 2008 conferences, the Subcommittee finds that Delegate Christensen followed the procedures in place at the time for pre-travel approval and did, in fact, receive approval from the Standards Committee to attend both the 2007 and 2008 conferences. She was therefore entitled to rely upon the Standards Committee's approval of her trip under Standards Committee Rule 3(k), which provides, "The Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion if the conduct conforms to the specific facts addressed in the opinion."[900] The Standards Committee's opinion regarding Delegate Christensen was based on facts believed to be true by both Delegate Christensen and the Standards Committee at the time of the opinion. Reliance upon a Standards Committee advisory opinion, including travel advisory opinions, shields the Member or House staffer from the Standards Committee taking any adverse action against him or her in regard to conduct undertaken by that person in good faith reliance upon the advisory opinion.[901] However, the Member or House staffer is only shielded so long as he or she has presented a complete and accurate statement of all material facts relied upon in the advisory opinion, and the proposed conduct in practice conforms to the information provided, as addressed in the opinion.[902]

However, even though Delegate Christensen properly followed procedures and received approvals from the Standards Committee to attend both conferences, the payments made on her

[897] *See* Exhibit 105.
[898] Christensen Tr. at 21.
[899] *Id.*
[900] Committee Rule 3(k).
[901] Committee Rule 3(k).
[902] Committee Rule 3(k).

behalf were impermissible. Payments for lodging by a foreign government would have been impermissible under the FGDA and Standards Committee Rules.[903] Additionally, because corporations that retained or employed lobbyists contributed funds specifically for the conference, but did not participate in the planning or organization of the trip as required under House travel regulations, the trip would have been impermissible.[904] Under any of these scenarios, Delegate Christensen unknowingly received impermissible payments for travel and lodging to attend the 2007 and 2008 conferences.

Because Delegate Christensen did not have any knowledge of the true source of funding for these two trips, the Subcommittee finds that she did not violate any law, House Rule, regulation, or any other standard of conduct. However, because she received impermissible gifts proscribed by House Rules, other remedies are necessary. Delegate Christensen should return or pay for any gifts or benefits she received that were impermissible. These would include the airline tickets donated by American Airlines for the 2007 conference, transportation costs paid by the Foundation, conference fees, and lodging and meals paid for by the governments of Antigua and St. Maarten or the Foundation.

D. TRAVEL TO AND ATTENDANCE AT THE 2007 MULTI-NATIONAL BUSINESS CONFERENCE BY REPRESENTATIVE YVETTE CLARKE

Representative Clarke traveled to and attended the 2007 conference in Antigua. The information on the travel forms submitted by her office to the Standards Committee was based on the information received from Karl Rodney and the Carib News Foundation. Representative Clarke provided sworn testimony to the Investigative Subcommittee regarding her attendance at the 2007 conference in Antigua.

[903] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[904] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96-97 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).

On October 4, 2007, Representative Clarke's then Chief of Staff, Ian Campbell, completed and signed the traveler form[905] on her behalf and submitted it to the Standards Committee for review for the 2007 conference.[906] Attached to the traveler form was the sponsor form signed by Karl Rodney.[907] Both forms identified the Carib News Foundation as the only sponsor for the 2007 conference held in Antigua. Mr. Campbell told Subcommittee staff that he relied on the information provided on the sponsor form in completing the traveler form.[908] He further stated that the Foundation had held the conference for several years and they were the only sponsor of the event.[909]

On October 16, 2007, the Standards Committee sent a letter to Representative Clarke approving her travel to attend the 2007 conference sponsored by the Carib News Foundation.[910]

On November 19, 2007, Representative Clarke filed her Post-Travel Disclosure Form with the House Clerk's office.[911] Representative Clarke verified she spent only two nights and one full day at the conference.[912] On her post-travel form, Representative Clarke indicated she traveled to the 2007 conference from November 10 through November 12, 2007. She also testified that her staff completed and signed the form on her behalf prior to its submission to the Clerk.[913] She stated that she reviewed and discussed the form prior to its submission. Representative Clarke testified that she did not know if any corporations donated to the conference.[914]

From the documents submitted and reviewed by the Standards Committee for the 2007 conference, the Subcommittee finds that Representative Clarke followed the procedures in place at the time for pre-travel approval and did, in fact, receive approval from the Standards

[905] *See* Exhibit 99.
[906] Campbell Tr. at 6.
[907] *See* Exhibit 67.
[908] Campbell Tr. at 11.
[909] Campbell Tr. at 8.
[910] *See* Exhibit 119.
[911] *See* Exhibit 100.
[912] *Id. See also* Clarke Tr. at 23.
[913] Clarke Tr. at 23.
[914] Clarke Tr. at 18-19.

Committee to attend the 2007 conference. She was therefore entitled to rely upon the Standards Committee's approval of her trip under Standards Committee Rule 3(k), which provides, "The Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion if the conduct conforms to the specific facts addressed in the opinion."[915] The Standards Committee's opinion regarding Representative Clarke was based on facts believed to be true by both Representative Clarke and the Standards Committee at the time of the opinion. Reliance upon a Standards Committee advisory opinion, including travel advisory opinions, shields the Member or House staffer from the Standards Committee taking any adverse action against him or her in regard to conduct undertaken by that person in good faith reliance upon the advisory opinion.[916] However, the Member or House staffer is only shielded so long as he or she has presented a complete and accurate statement of all material facts relied upon in the advisory opinion, and the proposed conduct in practice conforms with the information provided, as addressed in the opinion.[917]

Even though Representative Clarke properly followed procedures and received approvals from the Standards Committee to attend both conferences, the payments made on her behalf were impermissible. Payments for lodging by a foreign government would have been impermissible under the FGDA and Standards Committee Rules.[918] Additionally, because corporations that retained or employed lobbyists contributed funds specifically in support of the conference, but did not participate in the planning or organization of the trip as required under House travel regulations, the trip would have been impermissible.[919] Under any of these scenarios, Representative Clarke unknowingly received an impermissible payment for travel and lodging to attend the 2007 conference.

Because Representative Clarke did not have any knowledge of the true source of funding for this trip, the Subcommittee does not find that she violated any law, House Rule, regulation, or

[915] Committee Rule 3(k).
[916] Committee Rule 3(k).
[917] Committee Rule 3(k).
[918] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[919] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96-97 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).

any other standard of conduct. However, because she received impermissible gifts proscribed by House Rules, other remedies are necessary. Representative Clarke should return or pay for any gifts or benefits she received that were impermissible. These gifts or benefits would include the airline tickets donated by American Airlines for the 2007 conference, transportation costs paid by the Foundation, conference fees, and lodging and meals paid for by the governments of Antigua or the Foundation.

E. TRAVEL TO AND ATTENDANCE AT THE 2008 MULTI-NATIONAL BUSINESS CONFERENCE BY REPRESENTATIVE DONALD PAYNE

Representative Payne traveled to and attended the 2008 conference in St. Maarten. The information on the travel forms submitted by his office to the Standards Committee was based on the information received from Karl Rodney and the Carib News Foundation. Representative Payne provided sworn testimony to the Investigative Subcommittee regarding his attendance at the 2008 conference in St. Maarten.

On October 15, 2008, Representative Payne's scheduler, Darlene Murray, completed and signed the traveler form[920] on Representative Payne's behalf and faxed it to the Standards Committee for review for the 2008 conference.[921] Attached to the traveler form was the sponsor form signed by Karl Rodney.[922] Both forms identified the Carib News Foundation as the only sponsor for the 2008 conference held in St. Maarten. Ms. Murray told Subcommittee staff that she relied on the sponsor form in completing the traveler form.[923]

On October 16, 2008, the Standards Committee sent a letter to Representative Payne approving his travel to attend the 2008 conference sponsored by the Carib News Foundation with an additional two days after the conference that Representative Payne was paying for out of personal funds.[924]

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[920] *See* Exhibit 106.
[921] Murray Tr. at 14.
[922] *See* Exhibit 90.
[923] Murray Tr. at 15.
[924] *See* Exhibit 107.

On November 19, 2008, Representative Payne filed his Post-Travel Disclosure Form with the House Clerk's office.[925] Representative Payne verified he spent a total of five days in St. Maarten, two of which he paid for out of personal funds.[926] His post-travel form indicates he traveled from November 6 through November 11, 2008, and his stay from November 10 to November 11, 2008, was at his personal expense. He testified that Ms. Murray completed and likely signed the post-travel form on his behalf prior to its submission to the clerk.[927] He stated that he reviewed the form prior to its submission.[928] Representative Payne testified that he did not know if any corporations donated to the conference.[929]

Representative Payne did not recall any remarks "thanking" the sponsors at the conference but thought that corporate sponsors contributed to the Foundation generally and not to the conference specifically.[930]

From the documents submitted and reviewed by the Standards Committee for the 2008 conference, the Subcommittee finds that Representative Payne followed the procedures in place at the time for pre-travel approval and did, in fact, receive approval from the Standards Committee to attend the 2008 conference. He was therefore entitled to rely upon the Standards Committee's approval of his trip under Standards Committee Rule 3(k), which provides, "The Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion if the conduct conforms to the specific facts addressed in the opinion."[931] The Standards Committee's opinion regarding Representative Payne was based on facts believed to be true by both Representative Payne and the Standards Committee at the time of the opinion. Reliance upon a Standards Committee advisory opinion, including travel advisory opinions, shields the Member or House staffer from the Standards Committee taking any adverse action against him or her in regard to conduct undertaken by that person in good

[925] *See* Exhibit 108.
[926] Payne Tr. at 14.
[927] Payne Tr. at 26.
[928] *Id.*
[929] Payne Tr. at 21-22.
[930] *Id.*
[931] Committee Rule 3(k).

faith reliance upon the advisory opinion.[932] However, the Member or House staffer is only shielded so long as he or she has presented a complete and accurate statement of all material facts relied upon in the advisory opinion, and the proposed conduct in practice conforms with the information provided, as addressed in the opinion.[933]

However, even though Representative Payne properly followed procedures and received approvals from the Standards Committee to attend the 2008 conference, the payments made on his behalf were impermissible. Payments for lodging by a foreign government would have been impermissible under the FGDA and Standards Committee Rules.[934] Additionally, because corporations that retained or employed lobbyists contributed funds specifically in support of the conference, but did not participate in the planning or organization of the trip as required under House travel regulations, the trip would have been impermissible.[935] Under any of these scenarios, Representative Payne unknowingly received an impermissible payment for travel and lodging to attend the 2008 conference.

Because Representative Payne did not have any knowledge of the true source of funding for this trip, the Subcommittee does not find that he violated any law, House Rule, regulation, or any other standard of conduct. However, because he received impermissible gifts proscribed by House Rules, other remedies are necessary. Representative Payne should return or pay for any gifts or benefits he received that were impermissible. These gifts or benefits would include transportation costs, conference fees, lodging, meals and any other costs paid on his behalf by the Foundation, or lodging and meals paid for by the Government of St. Maarten.

F. TRAVEL TO AND ATTENDANCE AT THE 2008 MULTI-NATIONAL BUSINESS CONFERENCE BY REPRESENTATIVE CAROLYN CHEEKS KILPATRICK

[932] Committee Rule 3(k).
[933] Committee Rule 3(k).
[934] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[935] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96-97 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).

Representative Kilpatrick traveled to and attended the 2008 conference in St. Maarten. The information on the travel forms submitted by her office to the Standards Committee on October 3, 2008, was based on the information received from Karl Rodney and the Carib News Foundation. Representative Kilpatrick provided sworn testimony to the Investigative Subcommittee regarding her attendance at the 2008 conference in St. Maarten.

On October 15, 2008, Representative Kilpatrick's scheduler, Roxanne Scott, completed the traveler form[936] and faxed it to the Standards Committee for review for the 2008 conference.[937] Representative Kilpatrick told the Subcommittee that she reviewed and signed the form before its submission.[938] Attached to the traveler form was the sponsor form signed by Karl Rodney.[939] Both forms identified the Carib News Foundation as the only sponsor for the 2008 conference held in St. Maarten. Ms. Scott told Subcommittee counsel that she relied on the information provided on the sponsor form in completing the traveler form.[940]

On October 16, 2008, the Standards Committee sent a letter to Representative Kilpatrick approving her travel to attend the 2008 conference sponsored by the Carib News Foundation.[941] Representative Kilpatrick subsequently notified the Standards Committee that she would be accompanied by her sister, Marsha Cheeks, by submitting a revised traveler form.[942] The Standards Committee sent a letter on October 21, 2008, approving both her and her sister's travel to attend the 2008 conference.[943]

On November 20, 2008, Representative Kilpatrick filed her Post-Travel Disclosure Form with the House Clerk's office.[944] Representative Kilpatrick verified she spent a total of three days in St. Maarten, traveling from November 6, 2008, through November 9, 2008. She indicated on the post-travel form that she was accompanied by her sister, Marsha Cheeks, whose

[936] *See* Exhibit 126.
[937] Scott Tr. at 8.
[938] Kilpatrick Tr. at 18.
[939] *See* Exhibit 90.
[940] Scott Tr. at 9.
[941] *See* Exhibit 128.
[942] *See* Exhibit 127.
[943] *See* Exhibit 121.
[944] *See* Exhibit 98.

expenses were also paid for by the Foundation.[945] During her testimony before the Subcommittee, she also noted that her daughter and infant granddaughter were also present at the conference, but she had paid for their expenses out of personal funds.[946] She testified that Ms. Scott completed the form, which Representative Kilpatrick reviewed and signed prior to its submission to the Clerk.[947] Representative Kilpatrick testified that she did not know if any corporations contributed to the conference and even though she noted corporate logos on banners and materials, she believed they contributed to the Foundation generally and not specifically to the conference or for travel.[948] She also stated that when she thanked "sponsors" she was referring to the support they provided to the "caucus" and not the conference.[949]

> Q Were they at any time identified as sponsors for the event?
>
> A You've got my quote as Chair of the Caucus, bringing greetings. I think of them as sponsors. Again, in my mind, partners, as supporters of the – which I think is a synonym for sponsors – are supporters. I wasn't thinking like our Ethics rules now say someone who gives it or helps plan it and all that.
>
> I was thinking more of representing our caucus, thanking them for working with us to get to know one another. Heads of states are there. You know, it is really a good conference for us in the work that we do here in the Congress. That is how I look at it.
>
> If you said I used the wording – and I did – I meant more as supporters of Carib as well as supporters of us, not knowing at all what they did for that particular conference.
>
> Q So when you used the term "sponsors," it wasn't meant that you knew they had funded the conference or anything?
>
> A I had no idea, no.

[945] *See* Exhibit 98.
[946] Kilpatrick Tr. at 22.
[947] Kilpatrick Tr. at 17-18.
[948] Kilpatrick Tr. at 27.
[949] Kilpatrick Tr. at 20.

From the documents submitted and reviewed by the Standards Committee for the 2008 conference, the Subcommittee finds that Representative Kilpatrick followed the procedures in place at the time for pre-travel approval and did, in fact, receive approval from the Standards Committee to attend the 2008 conference. However, even though Representative Kilpatrick properly followed procedures and received approvals from the Standards Committee to attend both conferences, the payments made on her behalf were impermissible. Payments for lodging by a foreign government would have been impermissible under the FGDA and Standards Committee Rules.[950] Additionally, because corporations that retained or employed lobbyists contributed funds specifically in support of the conference, but did not participate in the planning or organization of the trip as required under House travel regulations, the trip would have been impermissible.[951] Under any of these scenarios, Representative Kilpatrick unknowingly received an impermissible payment for travel and lodging to attend the 2008 conference.

Because Representative Kilpatrick did not have any knowledge of the true source of funding for this trip, the Subcommittee does not find that she violated any law, House Rule, regulation, or any other standard of conduct. She was therefore entitled to rely upon the Standards Committee's approval of her trip under Standards Committee Rule 3(k), which provides, "The Committee may take no adverse action in regard to any conduct that has been undertaken in reliance on a written opinion if the conduct conforms to the specific facts addressed in the opinion."[952] The Standards Committee's opinion regarding Representative Kilpatrick was based on facts believed to be true by both Representative Kilpatrick and the Standards Committee at the time of the opinion. Reliance upon a Standards Committee advisory opinion, including travel advisory opinions, shields the Member or House staffer from the Standards Committee taking any adverse action against him or her in regard to conduct undertaken by that person in good faith reliance upon the advisory opinion.[953] However, the Member or House staffer is only shielded so long as he or she has presented a complete and

[950] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).
[951] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96-97 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).
[952] Committee Rule 3(k).
[953] Committee Rule 3(k).

accurate statement of all material facts relied upon in the advisory opinion, and the proposed conduct in practice conforms to the information provided, as addressed in the opinion.[954]

However, because she received impermissible gifts proscribed by House Rules, other remedies are necessary. Representative Kilpatrick should return or pay for any gifts or benefits she received that were impermissible. These gifts or benefits would include transportation costs, conference fees, lodging, meals and any other costs paid on his behalf by the Foundation, or lodging and meals paid for by the Government of St. Maarten.

G. TRAVEL TO THE 2007 AND 2008 MULTI-NATIONAL BUSINESS CONFERENCES BY REPRESENTATIVE CHARLES RANGEL

Representative Rangel attended both the 2007 conference in Antigua and the 2008 conference in St. Maarten. The Foundation paid for the transportation, lodging, meals, and conference fees for him to attend each conference. The information on the travel forms for each conference submitted by his office to the Standards Committee was based on information provided to his office by Karl Rodney and the Carib News Foundation. Representative Rangel provided sworn testimony to the Investigative Subcommittee regarding his attendance at both conferences.

On October 5, 2007, Representative Rangel's former Chief of Staff, George Dalley, completed and signed the traveler form[955] on Representative Rangel's behalf and submitted it to the Standards Committee for review prior to the 2007 conference.[956] The form signed by Karl Rodney was attached to the traveler form.[957] Both forms indicated that the Carib News Foundation was the only sponsor of the 2007 conference.

On October 16, 2007, the Standards Committee sent Representative Rangel a letter approving his travel to attend the conference sponsored by the Foundation based on the

[954] Committee Rule 3(k).
[955] *See* Exhibit 109.
[956] Dalley Tr. at 13-14.
[957] *See* Exhibit 67.

information provided to the Standards Committee by the Foundation.[958] The Standards Committee also approved Representative Rangel's son, Steven Rangel, to accompany him. However, his son did not travel to the conference.

On September 30, 2008, Representative Rangel filed his Post-Travel Disclosure Form for the 2007 conference with the Office of the Clerk.[959] This form was not submitted as required within 15 days after travel. Mr. Dalley explained that they forgot to file it and once notified of that fact they then filed the form.[960] Representative Rangel's post-travel form indicated he traveled from November 10, 2007, through November 11, 2007, to attend the 2007 conference. The information provided on the form was provided to Mr. Dalley by the Foundation.[961] Representative Rangel indicated that he had not seen the form prior to it being included in the OCE referral materials provided to him by the Standards Committee.[962] Representative Rangel testified that he only stayed one or two days at the 2007 conference.[963] According to his post-travel disclosure, he stayed two days in 2007.[964]

In October 2008, Mr. Dalley completed and signed the travel form[965] and submitted it to the Standards Committee along with the form signed by Karl Rodney for review for the 2008 conference.[966] The sponsor form indicated that the Foundation was the only sponsor for the 2008 conference.

On October 23, 2008, the Standards Committee sent Representative Rangel a letter approving his travel to St. Maarten to attend the conference sponsored by the Foundation.[967] The approval was based on information provided to both Representative Rangel and the Standards Committee regarding the sponsor to the 2008 conference. On November 23, 2008, Mr. Dalley

[958] *See* Exhibit 122.
[959] *See* Exhibit 69.
[960] Dalley Tr. at 19.
[961] Dalley Tr. at 19-20.
[962] Rangel Tr. at 13.
[963] Rangel Tr. at 17-18.
[964] *See* Exhibit 109.
[965] *See* Exhibit 124.
[966] Dalley Tr. at 51-52.
[967] *See* Exhibit 123.

completed the Post-Travel Disclosure Form[968] and signed Mr. Rangel's name.[969] The form was then filed with the House Clerk's office.

Mr. Rangel testified that he was not aware of any corporations contributing to either of the conferences.[970] Mr. Rangel also stated he did not notice any corporate logos or banners at either conference.[971] However, documents provided to the Standards Committee by Representative Rangel included a memorandum written on September 25, 2008, by Michelle Sherwood – Representative Rangel's counsel in his New York district office – discussed corporate sponsors for the 2008 conference.[972] The memorandum was addressed to Representative Rangel, requested direction from him, and discussed a telephone conversation between Ms. Sherwood and Faye Rodney. The memorandum indicated that Mrs. Rodney was very upset that HSBC Bank, one of the contributors to the 2008 conference, was withdrawing its support due to a negative *New York Post* article regarding the 2007 conference.[973] The memorandum indicated that Ms. Sherwood discussed the issue with George Dalley and other Members of Representative Rangel's New York staff.[974] The memorandum also discussed that other sponsors such as AT&T were "holding strong" but Ms. Rodney was concerned that AT&T may also withdraw its financial support to the conference because of the negative press regarding the 2007 conference.[975] Ms. Sherwood provided some suggested actions to regain HSBC Bank's support and asked for Representative Rangel's guidance.[976] HSBC Bank subsequently provided support to the 2008 conference.[977]

Representative Rangel told the Subcommittee he did not recall the memorandum and did not know what HSBC Bank was.[978] He also stated he never provided any guidance for dealing

[968] *See* Exhibit 113.
[969] Dalley Tr. at 53.
[970] Rangel Tr. at 20.
[971] *Id.*
[972] *See* Exhibit 84.
[973] *Id.*
[974] *Id.*
[975] *Id.*
[976] *Id.*
[977] *See* Exhibit 85.
[978] Rangel Tr. at 21.

with the issue.[979] Mr. Rangel was also shown the Foundation's letter to American Airlines regarding tickets for the 2007 conference which contained a line indicating a copy was sent to Representative Rangel.[980] Representative Rangel testified that he had never seen the letter and did not know why he would have been copied.[981]

It is clear from the memorandum written by Ms. Sherwood that both she and Mr. Dalley were aware of AT&T's and HSBC Bank's sponsorship of the 2008 conference. Additionally, Mr. Dalley completed and signed the travel forms on behalf of Representative Rangel for the 2008 conference. The forms indicated that the Carib News Foundation was the only sponsor of the 2008 conference. Mr. Dalley knew that the information on the travel forms was incorrect and should have listed the other sponsors. Mr. Dalley's knowledge that HSBC Bank and AT&T were sponsors to the 2008 conference should have been shared with Representative Rangel. It is unproven whether Representative Rangel in fact received the memorandum written by Ms. Sherwood regarding Mrs. Rodney's concerns about HSBC Bank. However, the Investigative Subcommittee also cannot prove that Representative Rangel did not receive this memorandum.

Ms. Sherwood had also prepared a memorandum on October 23, 2008, addressed to Representative Rangel discussing an article in the *New York Post* critical of the 2007 conference.[982] In this memorandum, she discussed the allegations in the *Post* article regarding corporate sponsorship of the 2007 conference.[983] Representative Rangel told the Subcommittee that he initially was not going to attend the 2008 conference because of the negative press surrounding the conference, but subsequently decided to attend.[984] It is likewise unproven that Representative Rangel received this memorandum. However, the Investigative Subcommittee likewise cannot prove that Representative Rangel did not receive this memorandum.

[979] Rangel Tr. at 21-22.
[980] *See* Exhibit 36.
[981] Rangel Tr. at 30.
[982] *See* Exhibit 112.
[983] *Id.*
[984] Rangel Tr. at 19.

Based on previous decisions by the Standards Committee, it is unnecessary to determine whether Representative Rangel received the memoranda and therefore had actual knowledge that the conferences were being sponsored by or had multiple sources of funding.[985] It is clear that his staff knew that the conferences were supported by corporate donations.[986]

Members are responsible for the knowledge and acts acquired or committed by their staff within the course and scope of their employment.[987] In *Gingrich*, the Standards Committee held Representative Gingrich responsible for letters mailed by his staff in violation of the Franking Privilege despite his lack of personal knowledge.[988] Furthermore, in *Shuster*, the Standards Committee stated, "Members of the House are ultimately responsible for ensuring their offices function in accordance with applicable standards. In this regard, Members must not only ensure that their offices comply with appropriate standards, but also take account in the manner in which their actions may be perceived."[989] Representative Shuster's former Chief of Staff, after she left his employment, continued to provide advisory and scheduling services to the House office. Representative Shuster condoned her conduct through his inaction.[990]

Representative Murphy's response to the allegations that he allowed a law firm to use House supplies and property was that he did not know or did not approve of the use.[991] Counsel to the Select Committee argued that "a Member must bear responsibility for the actions which are under his ultimate authority and should not escape liability by attempting to blame his staff."[992] The Committee agreed with this position and held that Representative Murphy was

[985] Comm. On Standards of Official Conduct, *In the Matter of Representative Austin J. Murphy (hereinafter Murphy)*, Report 100-485, 100th Congress, 1st Sess. (1987); Comm. On Standards of Official Conduct, *Statement of the Standards Committee on Standards of Official Conduct Regarding Complaints Against Representative Newt Gingrich (hereinafter Gingrich 1990)*, 101st Congress (March 8, 1990); Comm. On Standards of Official Conduct, *In the Matter of Representative E.G. "Bud" Shuster (hereinafter Shuster)*, Report 106-979, 106th Congress, 2nd Sess. (2000).
[986] *See* Exhibits 84 and 112.
[987] *Murphy* at 8 and 85.
[988] *Gingrich* at 57, 60, and 78.
[989] *Shuster* at 49.
[990] *Id.* at 3F-3G.
[991] *Murphy* at 4.
[992] *Id.* at 85.

"responsible to the House for assuring that resources provided in support of his official duties are applied to the proper purposes," regardless of his claim that he had no knowledge of their use.[993]

The Committee's long–standing precedent has support in decisions of the courts, as well. In federal criminal pattern jury instructions, the various circuits provide instructions related to the criminal liability of corporations that arise out of the conduct of their agents. For example, the Eighth Circuit's Criminal Pattern Jury Instruction 5.04 provides,

> A corporation may be found guilty of a criminal offense.
>
> A corporation can act only through its agents – that is, its directors, officers, employees, and other persons authorized to act for it.
>
> To find a corporate defendant guilty you must find beyond a reasonable doubt that:
>
> *One*, each element of the crime charged against the corporation was committed by one or more of its agents; and
>
> *Two*, in committing those acts the agent[s] intended, at least in part, to benefit the corporation; and
>
> *Three*, each act was within the scope of employment of the agent who committed it.
>
> For an act to be within the scope of an agent's employment it must relate directly to the performance of the agent's general duties for the corporation. It is not necessary that the act itself have been authorized by the corporation.
>
> If an agent was acting within the scope of his employment, the fact that the agent's act was illegal, contrary to his employer's instructions or against the corporation's policies will not relieve the corporation of responsibility for it.[994]
>
> . . .

[993] *Murphy* at 5, 8.
[994] Jud. Comm. On Model Jury Instructions for the Eighth Circuit, Manual of Model Criminal Jury Instructions, http://www.juryinstructions.ca8.uscourts.gov/criminal_instructions.htm (last visited February 4, 2010)

Additionally, the U.S. Court of Appeals for the First Circuit discussed the issue regarding a corporation's liability based on the collective knowledge of its employees in its decision in *U.S. v. Bank of New England,* holding that a corporation cannot:

> plead innocence by asserting that the information obtained by several employees was not acquired by any one individual who then would have to comprehend its full import. Rather, the corporation is considered to have acquired the collective knowledge of its employees and is held responsible for their failure to act accordingly.[995]

The First Circuit also found that the trial judge properly instructed the jury that it could infer knowledge if the "defendant consciously avoided learning about the reporting requirements."[996] In this case, the Bank of New England was prosecuted for criminal violations of the Bank Records and Foreign Transactions Act (BRFTA) for failing to report certain transactions. Bank employees were prosecuted for structuring deposits in a manner to avoid triggering the currency reporting requirements under BRFTA.[997] The trial judge gave the following instruction to the jury regarding collective knowledge:

> In addition, however, you have to look at the bank as an institution. As such, its knowledge is the sum of the knowledge of all of the employees. That is, the bank's knowledge is the totality of what all of the employees know within the scope of their employment. So, if Employee A knows one facet of the currency reporting requirement, B knows another facet of it, and C a third facet of it, the bank knows them all. So if you find that an employee within the scope of his employment knew that CTRs had to be filed, even if multiple checks are used, the bank is deemed to know it. The bank is also deemed to know it if each of several employees knew a part of that requirement and the sum of what the separate employees knew amounted to knowledge that such a requirement existed.[998]

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[995] 821 F. 2d 844 (1st Cir. 1987). *See also, e.g., Spurr v. United States*, 174 U.S. 728 (1899) (approving a jury instruction that wilful ignorance of a fact satisfies a mens rea of knowledge when there is a specific statutory duty to ascertain the fact); *People v. Brown*, 16 P. 1 (Cal. 1887) (using wilful ignorance to infer actual knowledge); *Bosley v. Davies*, 1 Q.B.D. 84 (1875) (holding that wilful ignorance satisfies the mens rea of "suffering" illegal activity).
[996] 821 F.2d 844, 855.
[997] *Id.* at 847.
[998] *Id.*

The trial judge also gave the jury instructions on the issue of specific intent and how it could be applied to the bank through the conduct of the bank's employees. The trial judge instructed the jury:

> There is a similar double business with respect to the concept of willfulness with respect to the bank. In deciding whether the bank acted willfully, again you have to look first at the conduct of all employees and officers, and, second, at what the bank did or did not do as an institution. The bank is deemed to have acted willfully if one of its employees in the scope of his employment acted willfully. So, if you find that an employee willfully failed to do what was necessary to file these reports, then that is deemed to be the act of the bank, and the bank is deemed to have willfully failed to file.
>
> Alternatively, the bank as an institution has certain responsibilities; as an organization, it has certain responsibilities. And you will have to determine whether the bank as an organization consciously avoided learning about and observing CTR requirements. The Government to prove the bank guilty on this theory, has to show that its failure to file was the result of some flagrant organizational indifference. In this connection, you should look at the evidence as to the bank's effort, if any, to inform its employees of the law; its effort to check on their compliance; its response to various bits of information that it got in August and September of '84 and February of '85; its policies, and how it carried out its stated policies. . . . .
> If you find that the Government has proven with respect to any transaction either that an employee within the scope of his employment willfully failed to file a required report or that the bank was flagrantly indifferent to its obligations, then you may find that the bank has willfully failed to file the required reports.[999]

The First Circuit found that the collective knowledge instruction was "entirely appropriate" and that the "knowledge obtained by corporate employees acting within the scope of their employment is imputed to the corporation."[1000]

[999] *Id*. at 855.
[1000] *Id.*

Additionally, according to the Restatement of Agency regarding actual or constructive knowledge of an agent:[1001]

> The rule charging the principal with an agent's knowledge is not necessarily restricted to matters of which the agent has actual knowledge, and according to some courts, the principal is charged with the knowledge of that which the agent, by ordinary care, could have known,[1002] especially where the agent has received sufficient information to awaken inquiry.[1003] According to other courts, however, the principal is not affected by knowledge which the agent should have acquired in the performance of his or her duties unless the principal has a duty to others that care will be exercised in obtaining information.[1004] Also, in this regard, the Restatement Second of Agency provides that the principal is not affected by the knowledge which an agent should have acquired in the performance of the agent's duties to the principal or to others, except where the principal or master has a duty to others that care shall be exercised in obtaining information.[1005]
>
> The law imputes the agent's knowledge to the principal, even if the principal does not actually know what the agent knows.[1006]

Therefore, based upon the Standards Committee's longstanding precedent regarding the responsibilities Members have for the conduct and actions of their staff, the Subcommittee finds that it would not well serve the House as an institution to allow its Members to escape responsibility by delegating authority to their staff to take actions and hide behind their lack of knowledge of the facts surrounding those actions. Members choose their own staff and should expect their staff to provide them with all the information necessary to carry out their responsibilities, as well as to stay within the boundaries established by law, regulations, and

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[1001] 3 Am Jur 2d Agency § 277.
[1002] *Fleming v. U. S*., 648 F.2d 1122, 61 A.L.R. Fed. 307 (7th Cir. 1981); *Neal v. Pender-Hyman Hardware Co*., 122 N.C. 104, 29 S.E. 96 (1898).
[1003] *Wittenbrock v. Parker*, 102 Cal. 93, 36 P. 374 (1894).
[1004] *State v. One (1) Certain 1969 Ford Van, V. I. N.-E15AHD98177*, 191 N.W.2d 662 (Iowa 1971); *Linwood State Bank v. Lientz*, 413 S.W.2d 248 (Mo. 1967).
[1005] Restatement of Agency § 277.
[1006] *AutoXchange.com, Inc. v. Dreyer and Reinbold, Inc.*, 816 N.E.2d 40 (Ind. Ct. App. 2004), as amended, (Nov. 19, 2004).

standards of conduct. Many times Members act through the actions of their staff and, therefore, should be held liable for those actions in certain circumstances. In this case, Representative Rangel acted when he attended the conference through Mr. Dalley's actions of completing and signing the forms necessary for the approval to attend the conference. Representative Rangel authorized his Chief of Staff, Mr. Dalley, to complete and sign the traveler forms on his behalf. Representative Rangel, therefore, can and should be held responsible for the knowledge Mr. Dalley and Ms. Sherwood had regarding the corporate sponsors.

As a result of these precedents, Representative Rangel must be held responsible for the knowledge of his employees acting within the scope of their employment. Because of this imputed knowledge, the Investigative Subcommittee finds that Representative Rangel knowingly accepted an impermissible gift of travel and that he failed to comply with the House travel regulation's requirement that he indicate these additional sponsors on his post-travel disclosures.

Therefore, after an extensive and thorough investigation, including interviews of witnesses and the review of records and documents provided by Representative Rangel, Carib News, Inc., and the Carib News Foundation, various corporations and other entities that participated in the 2007 and 2008 conferences, the Investigative Subcommittee finds that Representative Charles Rangel should have ensured that the sponsor form and the traveler form had, at a minimum, properly identified HSBC Bank and AT&T as corporate sponsors for the 2008 Carib News Multi-National Business Conference prior to their submission to the Standards Committee. The Subcommittee believes that, because Mr. Dalley was aware of the corporate sponsorship for the 2008 conference, and the fact that the *New York Post* article had caused Representative Rangel to consider not attending the 2008 conference, both Mr. Dalley and Representative Rangel had a duty to inquire further into the funding of the 2008 conference before submitting the traveler form to the Standards Committee.

In addition to the memorandum written by Michelle Sherwood before the 2008 conference, which indicated knowledge of corporate sponsorship for the 2008 conference, the Subcommittee also found evidence that indicated Representative Rangel was aware of corporate sponsorships to previous conferences when it was not prohibited under House rules preceding

the 2007 rule changes. On June 5, 2006, Mr. Dalley submitted a request on behalf of Representative Rangel seeking the Standards Committee's advice. The request contained a draft letter that Representative Rangel wanted to send to potential corporate sponsors. Representative Rangel asked for the Standards Committee's advice regarding his being able to solicit "private sector support and sponsorship" for the 2006 Multi-National Business Conference. Based on the request from Mr. Dalley, on behalf of Representative Rangel, it is clear that Mr. Dalley was aware of corporate sponsorship for the conferences as early as 2006. This knowledge should have been considered when Mr. Dalley prepared the travel request for the 2007 conference on behalf of Representative Rangel.[1007]

Therefore, the Subcommittee finds that Mr. Dalley's submission to the Standards Committee was false or misleading in both 2007 and 2008. Mr. Dalley submitted these forms in the performance of his official duties as Representative Rangel's Chief of Staff, and with full authorization from Representative Rangel.

If the true information regarding the corporate sponsorship of the 2007 and 2008 conferences had been disclosed to the Standards Committee, the trips would likely not have been approved. Therefore, Representative Rangel knowingly received impermissible gifts of travel to attend the 2007 and 2008 conferences in violation of House Rule XXIII, Clause 4 and House Rule XXV. Additionally, Representative Rangel did not adhere to the spirit and letter of the rules by knowingly allowing the incorrect or misleading information regarding the trip sponsors to be submitted to the Standards Committee in violation of House Rule XXIII, clause 2.

Additionally, payments for lodging by a foreign government would have been impermissible under the FGDA and Standards Committee Rules.[1008] Finally, because corporations that retained or employed lobbyists contributed funds specifically in support of the conference, but did not participate in the planning or organization of the trip as required under

[1007] Most of the sponsors of the 2006 conference also contributed to the 2007 and 2008 conferences.
[1008] 5 U.S.C. § 7432(c)(1)(B)(ii). *See also* Comm. on Standards of Official Conduct, Regulations for the Acceptance of Decorations and Gifts § 6(e).

House travel regulations, the trip would have been impermissible.[1009] Under any of these scenarios, Representative Rangel received impermissible payments for travel and lodging to attend the 2007 and 2008 conferences.

H. COMMUNICATION BETWEEN DAWN KELLY MOBLEY AND THE CARIB NEWS FOUNDATION REGARDING THE 2007 CONFERENCE

Beginning in March 2007, Dawn Kelley Mobley was employed by the late Representative Stephanie Tubbs Jones and served as her designated counsel (shared staff) to the Standards Committee. House Rule X, clause 9(a)(2)(A) allows for the use of "shared staff" on committees. As defined in the Rule, shared staff are those staff members who are not paid exclusively by the committee. Pursuant to House Rule XI, clause 3(g)(4), the Chair and Ranking Member of the Standards Committee "may appoint one individual from their personal staff to perform service for the committee." The designated counsel positions came about as a result of revisions to the House and Standards Committee rules by the Ethics Reform Task Force in June 1997. One suggested revision required all Standards Committee staff to be non-partisan. However, the designated counsels are not required to be non-partisan, except in the performance of their duties for the Standards Committee.[1010]

Traditionally, the role of the designated counsels has been to review letters, subpoenas, reports, travel approval letters, advisory opinions, and other documents prepared by Standards Committee staff before they are submitted to the Chair and Ranking Member for signature.[1011] Their interaction with Standards Committee staff usually involves asking and answering questions on behalf of the Chair and/or Ranking Member or providing information to the Chair and Ranking Member regarding issues of interest.[1012] They have normally not intervened or communicated with private sponsors for congressional travel or other events that needed prior Standards Committee review. Historically, all such communications were the responsibility of the Standards Committee's professional staff who was assigned to work on the particular issue.

[1009] Comm. on Standards of Official Conduct, *House Ethics Manual* at 96-97 (2008). *See also* Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 4 (Feb. 20, 2007).
[1010] Standards Committee Rule 7(c).
[1011] O'Reilly Tr. at 21-22.
[1012] O'Reilly Tr. at 21-22.

Until a few years ago, the designated counsels did not reside in Standards Committee space, but worked from their respective Members' offices. Eventually the designated counsels were given temporary desk space to use while they were at the Standards Committee, but most of their time was spent outside Standards Committee space. The use of temporary desks evolved into more permanent desk space by the time Ms. Mobley was hired as the Chair's designee, to correspond with the increased workload of the Standards Committee as a result of the new travel rules requiring the Standards Committee to approve privately-sponsored travel in advance. Ms. Mobley worked from Standards Committee space more than previous designees, but it was still on a part-time basis.

Currently, the designees work full-time in Standards Committee space and have their own offices. This is reflective of an ever–increasing workload as a result of both Standards Committee initiated reviews of matters, as well as referred matters from the newly established Office of Congressional Ethics. Designated counsels have day-to-day interaction with the professional staff as a result of the increased workload from pre-travel reviews, training requirements for House staff, and reviews of conduct related issues. As with Ms. Mobley's influence over the Standards Committee staff's review of the Carib News conference in 2007, the potential for involvement in the professional staff's work is even greater with such a permanent placement of the designees in the Standards Committee space, alongside the professional staff.

House rules require that shared staff receive a portion of their salaries from the Standard Committees to which they are assigned and the rest from their Member's representation allowance. They are required to work in each location based on the percentage of the salary they receive. Currently, the shared staff received over 95% of their salary from Standards Committee funds, meaning that 95% of their work must be related to Standards Committee business. At this ratio, the designees are almost full-time employees of the Standards Committee.

The utilization of the designated counsels to conduct Standards Committee business changed with the introduction of Ms. Mobley as the Chair's designee and the changes made to the travel rules in 2007. Karl Rodney, Faye Rodney, and Patricia Louis each stated that

Representative Tubbs Jones told them that because of the new rules regarding privately sponsored travel, which took effect in March 2007, she had assigned Dawn Kelly Mobley to be their point of contact to help them understand and follow the new rules and procedures for the 2007 conference.[1013] Ms. Mobley told the Subcommittee that she was unaware of that communication.[1014] In a letter she sent to the Subcommittee, Ms. Mobley stated that she only became involved in the 2007 conference at the request of Mr. O'Reilly.[1015]

The Subcommittee reviewed numerous emails that indicated Ms. Mobley was in initial contact with the Foundation and remained in communication, even after Susan Olson was assigned to review the travel request. Ms. Mobley received and sent several emails that were not addressed to Ms. Olson, and did not make Ms. Olson aware of those emails or the continuing communications with Carib News.[1016] In some emails, Ms. Louis solicited Ms. Mobley's advice about how to respond to Ms. Olson's queries.[1017] Ms. Mobley provided guidance to Ms. Louis about the definition of sponsors that contradicted the definition given by Ms. Olson.[1018] In some emails, Ms. Mobley referenced telephone conversations she had with the Foundation. When asked by Subcommittee counsel of these conversations, Ms. Mobley did not recall many of these communications.[1019]

Additionally, Ms. Mobley provided Patricia Louis with internal Standards Committee communications without proper authority from the Standards Committee. Ms. Mobley acknowledged that she sent a copy of an internal email sent by Ms. Olson to her and Mr. O'Reilly that was sent to Ms. Louis.[1020] This email contained Ms. Olson's analysis and concerns regarding Ms. Louis' response regarding the 2007 corporate sponsors. This was an internal Standards Committee communication covered under Standards Committee Rule 7(d), which states in part, "Members and staff of the Committee shall not disclose to any person or

[1013] Karl Rodney October 28, 2009, Tr. at 7-8, Louis Tr. at 22, Faye Rodney Tr. at 45-46.
[1014] Mobley December 15, 2009, Tr. at 11-12.
[1015] *See* Exhibit 33 .
[1016] *See* Exhibits 10, 16-17, 20, 31-32.
[1017] *See* Exhibit 20.
[1018] *See* Exhibits 31-32.
[1019] Mobley August 11, 2009, Tr. at 9.
[1020] Mobley August 11, 2009, Tr. at 29-30.

organization outside the Committee, unless authorized by the Committee, any information regarding the Committee's or a subcommittee's investigative, adjudicatory or other proceedings. . . ."[1021] Ms. Mobley explained that she provided this email to Ms. Louis to assist her in understanding Ms. Olson's concerns.[1022] However, Ms. Mobley never received authorization from the Standards Committee to release this email as required.

After a thorough review of the communications between Ms. Mobley and the Foundation, and interviews of witnesses including Ms. Mobley, the Subcommittee finds that Dawn Kelley Mobley's communication with the Foundation improperly influenced the Foundation's submissions and responses to Ms. Olson and the Standards Committee before the 2007 conference.[1023] The Subcommittee also finds that Ms. Mobley released internal Standards Committee communications and staff work product without proper authorization in violation of Standards Committee Rule 7(d).

I. THE CARIB NEWS FOUNDATION

Officers and agents of the Carib News Foundation provided false and misleading information to the Standards Committee regarding the true sponsors of the 2007 and 2008 conferences when they submitted the sponsor forms for approval before the conferences, responded to queries from Standards Committee staff, and testified before the Subcommittee regarding the two conferences. Patricia Louis acknowledged that she forwarded the forms and conducted almost all of the communications between the Foundation and the Standards Committee staff for both conferences.[1024] However, Ms. Louis testified that she only provided the information that Mr. Rodney formulated or drafted and instructed her to provide.[1025] Mr. Rodney confirmed that he reviewed all of the communications between Ms. Louis and the Standards Committee and formulated the responses.[1026] Mr. Rodney additionally withheld

[1021] Rule 7(d), Rules of the Committee on Standards of Official Conduct, Amended June 9, 2009, 111th Congress.
[1022] Mobley December 15, 2009 Tr. at 40-41.
[1023] Ms. Mobley was not involved in the review or approval of the 2008 conference.
[1024] Subcommittee interview of Patricia Louis on November 18, 2009.
[1025] *Id.* at 38.
[1026] Subcommittee Interview of Karl Rodney on December 1, 2009.

records and other documentation from the Investigative Subcommittee that he was properly subpoenaed to provide. Mr. Rodney provided some materials after the Subcommittee disclosed that it had already received copies of the subpoenaed documents from other sources. Mr. Rodney also acknowledged to the Subcommittee that he had not provided other records and promised to provide them, which he subsequently failed to do.[1027] Mr. Rodney's withholding of documents and delay in providing other documents obstructed the Subcommittee's investigation of this matter.

The Carib News Foundation is a 501(c)(3) non-profit private foundation as defined by the I.R.C. and as such was prohibited from paying for or reimbursing the travel costs of Members of Congress to attend the 2007 and 2008 Multi-National Business Conferences under the I.R.C.'s self–dealing provisions.[1028] However, the Subcommittee does not find any evidence to support the proposition that the Foundation paid for any of the travel for the Members to attend the 2007 or 2008 conferences.

Mr. Rodney claimed that the Carib News paid for the entire travel costs for the Members to attend both the 2007 and 2008 conferences. If true, the payments would not be prohibited under the I.R.C. Copies of the checks used to pay the lodging, meals and conference costs for each conference were written on Carib News, and not the Foundation's, accounts.[1029] However, only the Foundation was identified as the sponsor of the travel forms submitted by Mr. Rodney to the Standards Committee for both the 2007 and 2008 conferences, implicating the I.R.C. self–dealing provisions.[1030] Based on the evidence, the Subcommittee does not find Mr. Rodney to be credible concerning payments for the Members' travel to attend the 2007 conference. In addition to the checks used to pay Unique Vacations and Sonesta Maho Resorts for the conferences and lodging, American Airlines provided the airline tickets that were used by Members to travel to the 2007 conference. Other records indicate the Government of Antigua paid for the lodging and meals used by Members at the 2007 conference. Additional evidence indicates that the Government of St. Maarten paid for the lodging and meals used by Members during the 2008

[1027] Karl Rodney December 1, 2009, Tr. at 143-146.
[1028] Internal Revenue Code § 4941(a).
[1029] *See* Exhibit 130.
[1030] *See* Exhibits 67 and 90.

conference, although the Subcommittee cannot confirm this fact. Mr. Rodney has failed to provide any evidence that contradicts this evidence. While the Foundation solicited the corporate contributions for the conferences, the contributions were deposited into the Carib News bank accounts and the contributions were made specifically for the conferences and not to the general fund of the Foundation.

The Subcommittee finds that the contributed airline tickets, which were provided specifically for the conferences, were "earmarks" under the travel rules. Earmarked funds are those contributed with a specific intent or purpose. Because these tickets were not given to the Foundation to be used for any other purpose of the Foundation, but specifically for the 2007 conference, the Subcommittee finds the tickets were "earmarked." Therefore, American Airlines should have been identified as a sponsor for the 2007 conference. However, even if American Airlines was identified as a sponsor, approval for Members to attend the conference trip would have been denied because American Airlines took no part in the planning or organization of the trip. House travel regulations require that a sponsor must have a significant role in planning or organizing the trip or an interest in the trip location.[1031]

The Subcommittee also found evidence that the Foundation had an agreement with the Government of Antigua, the 2007 conference host country, to pay for the lodging and meals of the Members of Congress who attended the conference.[1032] During his initial interview before the Subcommittee, Mr. Rodney claimed that he had paid for Members' lodging and meals. However, when confronted with a memorandum that he had written to the Government of Antigua Minister of Finance in October 2007, which informed the Minister of the amount the Government of Antigua was to pay to Unique Vacations for Members and VIPs, Mr. Rodney appeared shocked and claimed he did not know if the Government of Antigua made the payment.[1033] The memorandum was provided to the Subcommittee by Unique Vacations and was not included in any of the materials received from the Foundation or Carib News, Inc. pursuant to the Standards Committee subpoena served on Mr. Rodney. This document was

[1031] Comm. on Standards of Official Conduct, Travel Guidelines and Regulations, at 3 (Feb. 20, 2007).
[1032] *See* Exhibit 3.
[1033] *Id.*

responsive to the subpoena, which asked for any and all records relating to the travel of any member, delegate, officer or employee of the House including invoices and the indicia of payments and other documents relating to travel. The original agreement between the Foundation and A the Government of Antigua required the Government of Antigua to pay for a fixed number of rooms for VIPs and Members.[1034]

After his initial interview with the Subcommittee, Mr. Rodney, through counsel, produced additional documents regarding the 2007 and 2008 conferences that, although not previously provided pursuant to the subpoena authorized by the Subcommittee, were responsive to the Subpoena and within the Foundation's possession and control. Among these documents was a copy of the memorandum to the Minister of Finance of the Government of Antigua.[1035]

Mr. Rodney asserted, during his second interview before the Subcommittee, that he recalled the agreement with the Government of Antigua and that he notified the Antiguan government they would not be responsible for the lodging of the Members after he learned from the "committee" that the Government of Antigua could not be sponsors.[1036] Mr. Rodney could not specifically identify anyone from the Standards Committee whom he purportedly had this conversation with.[1037] Mr. Rodney also could not provide any memorandum or email communication with the government that supported his claim.[1038] In fact, when he was asked about this issue during his first interview before the Subcommittee, he did not mention that he informed the Government of Antigua they could not pay for the Members' lodging.[1039] Additionally, the Government of Antigua still paid the agreed upon $31,500, which was not reduced to reflect the alleged non–payment of the Members' lodging.[1040] Mr. Rodney attempted to explain the unreduced payment by the Government of Antigua. Mr. Rodney stated that he paid for the Members' lodging and the Government of Antigua's payment covered the lodging

[1034] *Id.*
[1035] *See* Exhibit 3.
[1036] Karl Rodney December 1, 2009, Tr. at 8.
[1037] Karl Rodney December 1, 2009, Tr. at 14.
[1038] Karl Rodney December 1, 2009, Tr. at 38-40.
[1039] Karl Rodney October 28, 2009, Tr. at 101-103.
[1040] *See* Exhibit 66.

for additional VIPs.[1041] However, there is no evidence that Mr. Rodney amended the agreement in this manner. The Subcommittee does not find Mr. Rodney to be credible on this issue.

The Subcommittee believes that Mr. Rodney intentionally withheld subpoenaed documents until he realized that the Subcommittee had obtained them from another source. The memorandum to Dr. Cort was not provided by Mr. Rodney until after he had been shown the same memorandum that the Subcommittee received from Unique Vacations. During the brief period between interviews, while Mr. Rodney was allegedly extremely busy with the 2009 conference, he was able to "find" the memorandum along with additional records that he had not previously provided, but that had already been provided to the Standards Committee by other sources. Because no evidence indicated that Mr. Rodney modified the agreement with the Government of Antigua, and the evidence showed that the Government of Antigua did in fact pay the agreed upon amount which included the Members' lodging, the Subcommittee finds that the Government of Antigua paid for the lodging and meals of the Members who attended the 2007 conference.

The Subcommittee found no evidence that the Members were aware of the agreement between the Foundation and the Government of Antigua. Because the Members believed their lodging and meals were paid for by the Foundation, based on the assertions and certifications of Karl Rodney, it was only logical to identify the Carib News Foundation as the source for the payment of their travel expenses. Had the Members known of the payment by the Government of Antigua, they would have been required to report it to the Standards Committee under the House travel rules related to the FGDA. Once the Standards Committee learned of the payment by the Government of Antigua, it would have notified the Members that the payment was improper, similar to the notification about the trip to Montserrat, and required the Members to reimburse the Government of Montserrat for their lodging out of other funds.

The same agreement was in place with the Government of St. Maarten for the 2008 conference to pay for the Members' lodging.[1042] The agreement document provided by Mr.

[1041] Karl Rodney December 1, 2009, Tr. at 40-42.

Rodney for the 2008 conference is the same as the previous agreement with the Government of Antigua .[1043] A memorandum from Mr. Rodney to the Government of St. Maarten omits the word "Members."[1044] The fact that the word "Members" was no longer in the memorandum, even though the rest of the wording was the same as the 2007 memorandum, and was an issue raised by Mr. Rodney without prompting during his testimony[1045] before the Subcommittee, causes the Subcommittee to believe that Mr. Rodney created the document in preparation for his testimony.

The Subcommittee does not find Mr. Rodney to be credible regarding the payments made by the governments of Antigua or St. Maarten for the lodging of Members who attended the 2007 or 2008 conferences.

The Subcommittee does not find Mr. Rodney to be credible regarding his communications with the Standards Committee staff during the pre-travel review of the 2007 and 2008 conferences. Mr. Rodney testified over and over again that he identified the Foundation as the sole sponsor of the 2007 and 2008 conferences only because the Standards Committee's staff instructed him to do so.[1046] The facts show otherwise. Before he communicated with Dawn Mobley or Susan Olson in 2007, he listed only the Carib News Foundation as the sponsor.[1047] Mr. Rodney listed the other corporations initially, but only in response to a question eliciting information about the relationship of sponsors to the 2007 conference.[1048] While he stated he was directed to list them as participants and not sponsors, he also stated many times during his testimony that the corporations could not be sponsors.[1049] The emails from Susan Olson to Patricia Louis clearly indicated that she continued to inquire about the nature of the corporations and whether the corporations and foreign government were paying for any part of the travel or

[1042] *See* Exhibits 86-87.
[1043] *See* Exhibit 87.
[1044] *See* Exhibit 86.
[1045] Karl Rodney December 1, 2009, Tr. at 16.
[1046] Investigative Subcommittee interview of Karl Rodney on December 1, 2009.
[1047] *See* Exhibit 13.
[1048] *See* Exhibit 13.
[1049] Investigative Subcommittee interview of Karl Rodney on December 1, 2009.

conference.[1050] Patricia Louis' responses, which Mr. Rodney formulated, continued to state that the Foundation was the only sponsor and that the corporations merely contributed to the general fund of the Foundation.[1051] At best, these statements were misleading. Mr. Rodney specifically solicited the corporations to provide funding for the conferences, not the Foundation generally.[1052] Ms. Louis also verified that the corporations were solicited only to support the conferences and not any other event the Foundation held.[1053]

The Subcommittee finds that the evidence is overwhelming that corporations provided donations specifically to support the 2007 and 2008 conferences and those corporate funds were co–mingled with other funds in the Carib News corporate bank accounts. These funds were used to pay the costs of the conferences. Mr. Rodney claimed that the conferences cost over $400,000 each year. He further claimed that contributions amounted to approximately $200,000, and that Carib News paid the balance for the conferences. However, the records provided by the two resorts and the Foundation indicate that lodging, meals and costs for conference facilities were between $90,000 and $112,000.[1054] While Mr. Rodney assured the Subcommittee he had and would provide a breakout of costs for each conference, he did not do so.[1055]

In addition to the corporate donations, the Foundation also received fees for lodging, meals, and conference costs from most attendees. Based on the total costs of the conferences indicated by the invoice from the two resorts, the fees the Foundation received would have paid for a significant portion of the lodging and meal costs for the conferences.

Mr. Rodney testified that he believed that the corporations he solicited could not be sponsors of the annual conferences under the new rules and that only the Foundation could sponsor the conference starting in 2007.[1056] He also believed the Foundation was required to pay

[1050] *See* Exhibits 19, 23.
[1051] *See* Exhibits 21, 24, 28.
[1052] *See* Exhibits 36-37, 39-47, 79-80.
[1053] Subcommittee interview of Patricia Louis on November 18, 2009.
[1054] See Exhibits 89 and 129.
[1055] Karl Rodney December 1, 2009, Tr. at 141-145. *See also* Karl Rodney October 28, 2009, Tr. at 22.
[1056] Subcommittee interviews of Karl Rodney on October 28 and December 1, 2009.

for the Members' expenses.[1057] However, in preparation for the 2008 conference, Mr. Rodney continued to solicit corporations to become "sponsors" for the upcoming conference.[1058] He also indicated Members of Congress would be present at the 2008 conference, and solicited American Airlines to again provide airline tickets for the Members to attend the 2008 conference.[1059]

The Subcommittee finds that Mr. Rodney submitted false information to the Standards Committee and to the Members invited to attend the 2007 and 2008 conferences on multiple occasions. Karl Rodney knowingly and willfully instructed Patricia Louis to enter information known to him to be false or misleading. Karl Rodney subsequently certified the truth of the false or misleading information on forms that were submitted to the Standards Committee.[1060] Mr. Rodney, through Patricia Louis, knowingly and willfully provided false information to Standards Committee staff during their inquiries into the nature of the corporations and requests regarding any outside sponsors of the corporations. Mr. Rodney, through Patricia Louis, knowingly and willfully provided false information to Members of Congress when they submitted the post-travel cost information relied upon by Members to file their Post-Travel Disclosure Forms.[1061] Additionally, Mr. Rodney knowingly and willfully provided false testimony, under oath, to the Subcommittee and withheld subpoenaed documents and other materials.

The Subcommittee finds that officers and agents of the Foundation, Karl Rodney, and Patricia Louis at Karl Rodney's direction, submitted false statements to the Standards Committee when they completed and forwarded the Private Sponsor Travel Certification Form to the Standards Committee without identifying the Government of Antigua as a sponsor to the 2007 conference, in violation of 18 U.S.C. § 1001. Karl Rodney, and Patricia Louis at Karl Rodney's direction, provided additional false statements to the Standards Committee when they were specifically asked about payments for lodging and did not disclose the agreement with the Government of Antigua at that time in violation of 18 U.S.C. § 1001. The Subcommittee further finds that Karl Rodney falsely testified before the Subcommittee, under oath, when he stated that

[1057] *Id.*
[1058] *See* Exhibits 79-80.
[1059] *See* Exhibits 79-80.
[1060] *See* Exhibits 67, 90.
[1061] *See* Exhibits 68, 92.

he informed the Government of Antigua they would not be paying for the lodging used by the Members' and that Carib News paid for the Members lodging in violation of 18 U.S.C. § 1512(c).

The Subcommittee also finds that Karl Rodney, through Patricia Louis, submitted a false statement to the Standards Committee by certifying that the Foundation was the sole sponsor of the conference when they submitted the Private Sponsor Travel Certification Form for the 2007 Multi-National Business Conference. Ms. Olson inquired of Ms. Louis, who testified she passed along the email to Mr. Rodney, as to the role of the various corporations and the Government of Antigua . Mr. Rodney testified that he formulated all of the responses to Ms. Olson.[1062] There is no evidence that Ms. Olson directed Mr. Rodney or Patricia Louis to identify the corporations as participants and not sponsors as claimed. The email communications show Ms. Olson asked the Foundation to provide direct answers regarding any payments by the corporations listed in the emails to support the 2007 conference. The responses formulated by Mr. Rodney and sent by Ms. Louis falsely denied the role of the contributors to the 2007 conference.

The Subcommittee further finds that Karl Rodney, and Patricia Louis at Karl Rodney's direction, submitted false statements to the Members of Congress who attended the 2007 conference in the submission of the post–conference memorandum indicating the total amounts paid for each Member. This information provided, which was relied on by the Members when they filed their Post-Travel Disclosure Forms, was known by both Patricia Louis and Karl Rodney to be inaccurate. Mr. Rodney and Ms. Louis were both aware that American Airlines provided the airline tickets used by the Members and therefore Carib News Foundation paid only $22.00 each for taxes. Mr. Rodney and Ms. Louis also knew that the Government of Antigua paid $31,500 for the rooms used by Members and VIPs, as agreed. Additionally, Mr. Rodney and Ms. Louis were both aware that the room rates agreed to under the contract between the Foundation and Unique Vacations provided different rates than those claimed in the post-travel memorandum submitted to the Members.

[1062] Karl Rodney December 1, 2009, Tr. at 67.

The Subcommittee finds that Karl Rodney, and Patricia Louis at Karl Rodney's direction, submitted false statements to Congress when they submitted the Private Sponsor Travel Certification Form to invited Members and employees of Congress in relation to the 2008 Multi-National Business Conference, identifying only the Carib News Foundation as the sole sponsor.[1063]

The Subcommittee also finds that Karl Rodney and Faye Rodney provided false statements to Margaret Perl, Standards Committee counsel, when they denied, during her interview of them regarding the 2008 conference, that any entity other than the Foundation paid for any part of the 2008 conference.[1064] Karl Rodney claimed during the interview with Ms. Perl that the corporations provided financial support to the general fund of the Foundation and not to the conference specifically.[1065] However, the letters, invoices, and other communication he had with the corporations clearly indicate the corporations provided financial support specifically to the 2008 conference.

The Subcommittee further finds that Karl Rodney, and Patricia Louis at Karl Rodney's direction, submitted false statements to Congress when they prepared and forwarded a memorandum to Members after the 2008 conference detailing the expenses paid on behalf of the Members.[1066] The amounts claimed as paid by the Foundation were contradicted by the actual payments made on Mr. Rodney's credit card for airline transportation as well as the agreed upon room rate with the Sonesta Maho Resort in St. Maarten.

V. RECOMMENDATIONS

Pursuant to Committee Rule 19(g), the Investigative Subcommittee makes the following recommendations:

[1063] *See* Exhibit 90.
[1064] Perl Tr. at 36.
[1065] *Id.*
[1066] *See* Exhibit 92.

1. The Investigative Subcommittee recommends that the Standards Committee refer the matters involving Karl Rodney, Faye Rodney and Patricia Louis, regarding their providing or conspiring to provide, false information to Congress, on multiple occasions, in violation of 18 U.S.C. § 1001 and 18 U.S.C. § 1505, to the U.S. Department of Justice for such action as the Department deems necessary.

2. The Investigative Subcommittee recommends that the Standards Committee authorize the release of materials in possession of the Committee and not available through any other source, to the U.S. Department of Justice, as necessary for any further action the Department of Justice pursues as a result of the referral of this matter.

3. As explained in this Report, the Investigative Subcommittee is concerned that violations of House rules and other standards of conduct may have occurred. The Investigative Subcommittee could pursue these matters only if its jurisdiction were expanded pursuant to Standards Committee rules and the resolution adopted by the Standards Committee on June 24, 2009. The Investigative Subcommittee does not find sufficient evidence to conclude, nor does it believe that it would discover additional evidence to alter its conclusion, that Representative Rangel had actual knowledge of the memoranda written by his staff. However, the Investigative Subcommittee finds Representative Rangel is responsible for the knowledge maintained by his staff. For this reason, the Investigative Subcommittee does not recommend that its jurisdiction be expanded. Rather, the Investigative Subcommittee recommends the Standards Committee adopt this Report as the Report of the full Committee and approve its dissemination to the House and the public. It is the intention of this Investigative Subcommittee that the publication of this Report will serve as a public admonishment by the Standards Committee to Representative Rangel. The Investigative Subcommittee also intends the

publication of this report will serve as an advisory for all Members, employees, and officials of the House that Members may be held responsible for the knowledge and official conduct of their staff. Furthermore, the Investigative Subcommittee recommends that the Standards Committee request Representative Rangel to repay the total cost of his trips to attend the 2007 and 2008 conferences.

4. As explained in this Report, the conduct of Dawn Kelly Mobley in this matter raises concerns that violations of House Rules and other standards of conduct may have occurred. The Investigative Subcommittee could pursue these matters only if its jurisdiction were expanded pursuant to Standards Committee rules and the resolution adopted by the full Standards Committee on June 24, 2009. However, the Investigative Subcommittee does not recommend that its jurisdiction be expanded. Rather, the Investigative Subcommittee recommends the Standards Committee adopt this Report as the Report of the full Committee and approve its dissemination to the House and the public. It is the intention of this Investigative Subcommittee that the publication of this Report will serve as a public admonishment by the Committee to Ms. Mobley.

5. Based on its investigation, the Investigative Subcommittee recommends that the Standards Committee establish written policies and procedures as to the duties and responsibilities of the designated counsels to the Chair and Ranking Member to ensure that such counsels are performing their duties to the Committee consistent with the provisions of Committee Rule 6. The interaction of the designated counsels in the travel review process or other Standards Committee functions performed by the professional staff can result, as the Subcommittee believes happened in this case, in improperly influencing the actions and recommendations of the staff.

6. During the course of its review, the Investigative Subcommittee encountered areas that could benefit from improvement in the current

House rules and Standards Committee rules regarding travel. The Investigative Subcommittee recommends that the Standards Committee conduct a review of the current House travel rules and Standards Committee rules as necessary to ensure that information submitted by a sponsor accurately reflects the source of funding for Congressional travel and any other amendments that may be necessary to ensure an effective and efficient travel review process. For example, sponsors should be required to certify to the accuracy of all information provided to invitees, including the post-travel cost information. Failure to provide certified post-travel information may result in that sponsor being ineligible to sponsor future trips. The travel regulations should also be amended to clarify the definition of a permissible source and to foster the identification and disclosure of such sources in connection with congressional travel.

7. During the course of the investigation, counsel for Karl Rodney was also engaged to represent Faye Rodney and Patricia Louis. The record indicates that information and questions asked during the Subcommittee interviews of one witness were disclosed to the other witnesses prior to their testimony or that counsel used the testimony of one witness to prepare the other witnesses for their testimony. Each witness was given a sequestration warning at the conclusion of his or her testimony. As addressed by the investigative subcommittee in *In the Matter of Representative Earl F. Hilliard*, multiple representation by one counsel is "inimical to the fact–finding process."[1067] Thus, the Investigative Subcommittee recommends that the Standards Committee adopt a rule

[1067] *See* House Comm. on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. 98 (July 10, 2001) (describing multirepresentation of witnesses as "inimical to the fact-finding process"); *see also* House Comm. on Standards of Official Conduct, *Investigation of Certain Allegations Related to Voting on the Medicare Prescription Drug, Improvement, and Modernization Act of 2003*, H. Rep. 108-722, 108th Cong., 2d Sess. 13-14 & n.16 (recommending a "sequestration of witnesses" requirement be implemented in future inquires by Committee rule, policy, or resolution and noting that multirepresentation of witnesses by the same attorney "poses a substantial risk to the integrity of an investigation").

prohibiting or limiting representation of multiple witnesses by counsel or counsels within the same firm.

8. The Investigative Subcommittee finds that Representative Bennie Thompson did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when he accepted payment or reimbursement of travel to the 2007 and 2008 conferences. Additionally, the Investigative Subcommittee finds that Representative Bennie Thompson is entitled to rely upon the opinion letter issued by the Standards Committee approving his travel to the 2007 and the 2008 conferences. Therefore, Representative Thompson may not be sanctioned for unknowingly violating provisions of the House gift rule and other applicable rules or statutes. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Thompson to repay the costs of his trips to attend the 2007 and 2008 conferences as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Thompson to the 2007 and 2008 conferences.

9. The Investigative Subcommittee finds that Delegate Donna Christensen did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when she accepted payment or reimbursement of travel to the 2007 and 2008 conferences. Additionally, the Investigative Subcommittee finds that Delegate Christensen is entitled to rely upon the opinion letter issued by the Standards Committee approving her travel to the 2007 and the 2008 conferences. Therefore, Delegate Christensen may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative

Christensen to repay the costs of her trips to attend the 2007 and 2008 conferences as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Delegate Christensen to the 2007 and 2008 conferences.

10. The Investigative Subcommittee finds that Representative Yvette Clarke did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when she accepted payment or reimbursement of travel to the 2007 conference. Additionally, the Investigative Subcommittee finds that Representative Yvette Clarke is entitled to rely upon the opinion letter issued by the Standards Committee approving her travel to the 2007 conference. Therefore, Representative Clarke may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Clarke to repay the costs of her trip to attend the 2007 conference as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Clarke to the 2007 conference.

11. The Investigative Subcommittee finds that Representative Donald Payne did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when he accepted payment or reimbursement of travel to the 2008 conference. Additionally, the Investigative Subcommittee finds that Representative Donald Payne is entitled to rely upon the opinion letter issued by the Standards Committee approving his travel to the 2008 conference. Therefore, Representative Payne may not be sanctioned for unknowingly violating provisions of the House gift rule.

Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Payne to repay the costs of his trip to attend the 2008 conference as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Payne to the 2008 conference.

12. The Investigative Subcommittee finds that Representative Carolyn Cheeks Kilpatrick did not knowingly violate any provision of the House gift rule or other applicable rules of conduct when she accepted payment or reimbursement of travel to the 2008 conference. Additionally, the Investigative Subcommittee finds that Representative Carolyn Cheeks Kilpatrick is entitled to rely upon the opinion letter issued by the Standards Committee approving her travel to the 2008 conference. Therefore, Representative Kilpatrick may not be sanctioned for unknowingly violating provisions of the House gift rule. Nevertheless, the Investigative Subcommittee recommends that the Standards Committee request Representative Kilpatrick to repay the costs of her trip to attend the 2008 conference as determined by the Standards Committee using its standard practices relating to the reimbursement of trips determined to be invalid. The Investigative Subcommittee further recommends that the Standards Committee dismiss the review of officially connected travel by Representative Kilpatrick to the 2008 conference.

13. The Investigative Subcommittee recommends that the Standards Committee transmit this Report to the House and approve its dissemination to the public.