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July 11, 2014

CONFIDENTIAL

Via E-mail (@mail.house.gov)

Tom Rust
Chief Counsel and Staff Director
Committee on Ethics
U.S. House of Representatives
1015 Longworth House Office Building
Washington, DC 20515-6328

Re: OCE referral regarding Rep. Bobby Rush

Dear Mr. Rust:

This letter is in response to the June 11, 2014 letter you sent regarding the OCE referral of a matter involving Rep. Bobby Rush. OCE has recommended that the Committee on Ethics review the circumstances surrounding certain very limited use of an office space on S. King Drive in Chicago.

I. The Value of the Limited Space Usage Is Less Than OCE Claims

Rep. Rush does not deny his Ward Committeeman or State Committeeman party apparatus made some use of the space over the years. But the OCE Report and Findings seem to disregard the many relevant facts provided by Rep. Rush and others that show the value of any such usage is well below the \$365,040 amount over a 20 year period that OCE calculates.

First, any <u>ongoing</u> usage over the years relates to (A) the storage of what is almost all junk (old essentially worthless office equipment, old useless Alderman records, and a few leftover campaign signs from several campaigns), or (B) the use of window space to post signs of various Democratic Party candidates (normally not a service of marketable value). Feb. 24 Response to OCE Request for Information, Additional Response Section A (Attachment 1); May 27 Submission to OCE, p. 3 (Attachment 2). Assuming there is some fair market value for use of part of the space for storage of the quantity of junk involved, it probably would be in the \$250 per month range in South Chicago. (This is roughly comparable to what Rep. Rush's congressional campaign committee, Citizens for Rush, pays for monthly storage for its leftover furniture and campaign materials at United Storage.) That yields a total of \$60,000 over

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20 years, or about \$3,000 per year. OCE staff visited the space at S. King Drive and saw the evidence that any ongoing space usage fit the foregoing storage description; and Rep. Rush provided extensive photographic evidence (zip files sent 2/26 and 3/10 by Scott Thomas to Paul Solis at OCE) showing the storage component limited to the junk items noted above (plus a few old desks, old file cabinets, and old sets of shelves dating back 20 years). Yet OCE made no effort to evaluate the real fair market value of renting storage space sufficient for the actual, much-limited task.

- Second, any <u>sporadic</u> use of the space for meetings between ward or state party representative Bobby Rush and prospective local candidates, or as a gathering place for various campaigns' petition circulators or election-day workers, was <u>miniscule</u> over the years. Assuming this amounted to about 10 days on average for each two-year election cycle, as Rep. Rush indicated in the May 27 submission to OCE (Attachment 2 at p. 3), the reasonable way to calculate the value of this would be to determine a daily rental value for a comparable meeting room space. A quick search indicates the South Side YMCA located at 6330 S. Stony Island in Chicago, *see* http://www.ymcachicago.org/southside/pages/rentals, offers a community room for 40 guests at \$65/hr for non-members. Use of this room for eight hours per day over 10 days would amount to \$5,200 for each two-year election cycle, or \$2,600 per year. OCE made no effort to calculate the value of sporadic space usage in this manner, even though it much more closely approximates the real usage of the space at issue over the years.
- Third, any sporadic use of the space by a nonprofit (Hope and Healing) for classes back in the 2007-2008 timeframe (Rush Interview, 0040), would have amounted to perhaps two hours per week for about 60 class weeks, for a total of 120 hours. Using the same South Side YMCA rates, this would have amounted to an additional \$7,800 in 2007-2008. Assuming, arguendo, this was a value provided to Bobby Rush's ward or state committeeman operation, OCE made no effort to calculate the value of such usage in this better-tailored manner.
- Fourth, OCE seems to have disregarded evidence that the sporadic usage of the space by anyone tapered off significantly after Bobby Rush gave up his Ward Committeeman position in 2008. See May 27 submission to OCE, p. 1; Rush Interview, 0034-35. In essence, any sporadic usage of the "office" to meet with local politicians tapered off because local politics in Chicago is conducted at the Ward level. Thus, to be fair, the number of days the space was used for meetings in the last three election cycles (the normal reach of the House Ethics Committee jurisdiction) was significantly reduced, and any rental calculation

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using the South Side YMCA room rate should be even lower than the \$2,600 per year rate noted above.

- Fifth, OCE appears to have disregarded the degraded nature of the space, which OCE staff saw when they visited and which is documented in the photos provided by Rep. Rush (zip files sent 2/26 and 3/10 by Scott Thomas to Paul Solis at OCE). Further, Rep. Rush has explained: (A) the fact that the stores that used to front on the adjoining part of the shopping center were bricked up, greatly isolating the space in question; (B) the fact that the other two comparable office/retail spaces in the immediate area each have been unrentable and vacant for one or more years; and (C) the fact that there has been a rat problem and a violent crime problem on the back side of the shopping center where the space at issue is located. May 27 submission to OCE, p. 3; February 24 Response to OCE, response to question 1 and Additional Response, Part A (Attachment 1); Rush Interview, 0049, 0059. These factors suggest that the marketability of the space back in 1989 changed dramatically over the years. Note that the effort to try to put a "rent paying" tenant in the space in 2012 failed. Exhibit 4 at 0140. There is a reason. As an office space it is at best a "museum piece," and at worst a non-marketable mess.
- Sixth, because of the degraded nature of the space, the Committee should recognize the practical benefit that showing some sign of usage actually had to Lake Meadows Associates and its property manager, Draper & Kramer. By at least having the old Ward 2 signage on the door, and campaign signs from various candidates, the space at least looked like it might have some commercial value. This value provided to the property owner and manager should be seen as an offset to whatever value the Committee deems to have been provided to Bobby Rush's Ward and State Committeeman operations. Indeed, Rep. Rush believes there is a good argument that the value his party operations have been indirectly providing (showing potential value to a potential tenant as the other nearby spaces have sat vacant) in fact equals or exceeds the value of usage he has been receiving in recent years.
- Seventh, as noted in Rep. Rush's May 27 submission to OCE (Attachment 1), the 1989 lease specifically precluded Rep. Rush claiming any right to continue to occupy the space as of the lease's expiration in October 1989: "[S]hould Tenant remain in possession of the Leased Premises after any termination of this Lease, no tenancy or interest in the Leased Premises shall result therefrom." OCE Report and Findings, Exhibit 2, p. 22. Thus, whatever the landlord permitted in terms of usage thereafter certainly was not akin to the comfort and protection of a month-to-month lease, since Bobby Rush's Ward

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> Committeeman operation or (later) State Committeeman operation could have been booted out immediately at any time after October 1989. Indeed, Rep. Rush readily agreed to let the property manager bring through potential paying tenants when asked. Rush Interview, 0138-0140. While the landlord's representative may have assumed the 1989 lease had reverted to a month-tomonth lease (see OCE Finding 32), the clear terms of the 1989 lease dictate otherwise, for that demonstrates the landlord's true intent. See Wendy & William Spatz Charitable Found. v. 2263 N. Lincoln Corp., 998 N.E.2d 909. 922 (App. Ct. of IL 2013) (intent of landlord determines if holdover is created). It is important to note that this was a commercial lease arrangement, not a residential lease arrangement, and the tough rules of pure contract law apply. See http://www.chicagoartistsresource.org/square-feet-chicago/7-commercialand-industrial-leases (Chicago residential landlord tenant law not applicable and contract terms control). Further, any month-to-month lease that might have been implied because of payments through 1992 surely evaporated after no rent was paid at all starting in 1993. In sum, Bobby Rush's ward and state party apparatus was not receiving space usage over the years that can be neatly tied to the rental rates laid out in the lease. The fair market value of space you don't have any right to has to be deemed below the fair market value of space for which you do have rights. The OCE Report and Findings make no mention of this.

In view of the foregoing, the Committee should reject the assumption of OCE that the value of the space usage over the years was worth between \$16,788 to \$20,952 per year. The storage space component in actuality was worth about \$3,000 per year, and the sporadic use component in actuality was worth about \$2,600 per year.

II. There Were No Excessive Contribution Receipts If Proper Valuation Is Applied

The more rational valuation suggested above becomes important for purposes of whether Bobby Rush's political apparatus accepted excessive contributions. As the Committee knows, the State of Illinois did not even have contribution limits until January 1, 2011. Further, if the actual value received by Bobby Rush's State Committeeman party apparatus (Friends of Bobby Rush, the state-level political committee he has operated for years to support his Ward and State Committeeman functions) is only about \$5,600 per year, this is within the contribution limits that became effective January 1, 2011.

Under the applicable limit, a partnership may contribute \$10,500 for a primary "cycle" and \$10,500 for a general "cycle" for someone running for State Committeeman. See http://www.elections.il.gov/downloads/campaigndisclosure/pdf/contribution%20limits.pdf. Friends of Bobby Rush would have been allowed to receive: \$10,500 for the 2010 general

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"cycle" which ran through June 30, 2011; \$10,500 for the primary "cycle" related to his 2014 race which ran from July 1, 2011 through March 18, 2014; and \$10,500 for the general "cycle" related to his 2014 race which runs from March 19, 2014 through June 30, 2015. (This was confirmed with IL Board of Elections on April 4, 2014 by Dickstein Shapiro associate Aimee Ghosh.) In other words, since January 1, 2011 when Illinois put in place contribution limits, Bobby Rush's State Committeeman political committee would have been permitted to accept a total of \$31,500 in space usage from the property owner. Yet, during that time, at a \$5,600 per year rate, the committee would have received only \$19,600 in space usage (3 1/2 years' worth). Thus, if the Committee is willing to apply realistic fair market value measurements—that take into account the limited square footage devoted to ongoing storage of worthless equipment and records and the mere five-days-per-year average of sporadic meeting space usage—it will come to the conclusion that no impermissible contribution whatsoever has been received.

To the extent that OCE was under the perception that Rep. Rush's federal campaign committee, Citizens for Rush, may have received some impermissible space usage in excess of the \$2,600 per election contribution limit (current), there simply is no basis for such a claim. As Rep. Rush and his committee treasurer have made clear, Rep. Rush has not had any need to mount a significant re-election effort since his race in 2000 against Barack Obama. He has not needed a campaign office, and he has not had one since that 2000 race when he rented an office in a church (Abundant Life Ministries) many blocks away. He, his treasurer, and his chief campaign strategist conduct "office" campaign work out of their homes. While some volunteer campaign workers helping with Citizens for Rush petition circulation or election day get-out-the-vote and poll-watching may have joined at the S. King Drive space with other campaign workers helping other candidates on those few days when the space was opened for these activities, this was a truly de minimis service provided by the Bobby Rush Ward or State Committeeman party operation equally to each of the campaigns. Similarly, any isolated brief business meeting Rep. Rush had with his Citizens for Rush treasurer at this location (maybe a couple times a year), is also truly de minimis. Feb. 24 Response to OCE, question 1 response and Additional Response part A; May 27 submission to OCE, Part I.

It would an unfortunate interpretation of campaign finance law if a State Committeeman allowing volunteers from several campaigns to use such a temporary gathering in this manner creates some sort of in-kind contribution to such candidate campaigns. But, if that is the case, any value provided by Bobby Rush's political apparatus (Friends of Bobby Rush) surely would fall below the \$2,600 per election limit available. (Applying the \$2,600 per year estimate above for the value of using a South Side YMCA community room for five days out of a year, and splitting that among, say, five participating campaigns would yield a mere \$520 per year per benefitting campaign.) Alternatively, if the Committee were to view the value of such space usage as coming from Lake Meadows Associates, a limited partnership with three partners that are LLCs treated as partnerships, the \$520 per year "contribution" to Citizens for Rush for *de minimis* shared use of the S. King Drive space on a few days would be well within the \$2,600 per

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election contribution limit (or the \$2,500 per election limit applicable in the 2011-2012 election cycle).

III. Rep. Rush Is Willing to Facilitate Resolution of This Matter

As was indicated to OCE, Rep. Rush is perfectly willing to empty out the space today, discard the old equipment, records, and other items stored there, take down the campaign signs from the windows, and hand over whatever keys are in people's possession. May 27 submission to OCE, p. 3. This is space that his party operations only have used in a very minimal fashion over the years, and even less since his Ward 2 duties ceased in 2008. If the Committee takes the position that some impermissible receipt has resulted, and is continuing to result, Rep. Rush will relinquish any vestiges of usage immediately as part of any recommended resolution of the matter at hand.

Also, as was indicated to OCE, if it is determined that this space usage has resulted in any excessive contribution receipt (or inadequately disclosed activity), Rep. Rush is willing to take the matter to the Illinois Board of Elections and/or the Federal Election Commission immediately to seek resolution through the appropriate enforcement or ADR process. Friends of Bobby Rush already has made an entry on its campaign finance disclosure statements indicating an outstanding obligation of \$21,000 in order to demonstrate a good faith effort to acknowledge the pending issue. It also has included an entry of \$2,100 as an outstanding obligation owed to Friends of Bobby Rush on its federal campaign committee report for the same reason. Regardless of the Committee's resolution of this matter, both committees will clarify any disclosure issues with the respective campaign finance authorities.

Respectfully submitted,

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Attachments

1 - February 24, 2014 Response to Request for Information sent to OCE

2 - May27, 2014 submission to OCE

Attachment 1

1. The location of any space rented, owned, or in any way used by your congressional campaign committee, "Citizens for Rush," at any time between January 1, 2007 and the present date. This request includes, but is not limited to, any space located at 3361 S. Martin Luther King Drive, Chicago, Illinois.

Citizens for Rush has consisted of an informal association of independent contractor consultants, self-employed short term workers, and volunteers who have assisted Representative Rush with his re-election efforts, as well as Representative Rush himself in his candidate capacity. There have been many activities conducted by these persons at many locations over the time period covered by this question (for campaign appearances, fundraising events, neighborhood visits, consultant work, etc.), and thus space has been "used" in a myriad of locations far too numerous to list. It is assumed that the question is getting at any ongoing space usage arrangement that arguably might generate a usual and normal rental obligation—such as an office space or storage space.

The only space that has generated what Citizens for Rush has considered a usual and normal rental obligation relates to a storage space at United Storage, 407 E. 25th Street, Chicago, IL [the same location that Citizens for Rush has been reporting for several years, 2541 S. King Drive, Chicago, IL]. This space is used to store campaign materials like posters, yard signs, and furniture. Citizens for Rush has properly reported payments to United Storage over the period covered by the request.

Citizens for Rush has not felt the need to rent a campaign office space during the period covered by the request. Rep. Rush has been fortunate not to have to conduct a full-scale, heavily staffed campaign since the primary in 2000 against Barack Obama. It should be noted that during that 2000 campaign, a campaign office was organized, and office space was rented from Abundant Life Miniseries at 5721 West North Avenue. But, during the period covered by this request, there has been no need for an office space for Citizens for Rush or anyone working for the congressional campaigns. Consultants used their own office space, volunteers operated from various dispersed locations near their volunteer activity (such as neighborhood canvassing), and Rep. Rush and his wife Carolyn (who has an independent contractor arrangement serving as his senior campaign strategist and manager) operated from their home when conducting campaign-related office work.

As will be described in more detail hereafter, the space located at 3361 South [Martin Luther] King Drive has not been used by the Citizens for Rush consultants, self-employed workers, or volunteers, or by Representative Rush in his federal candidate capacity, except to an occasional, isolated, or sporadic extent. This space is used on an intermittent basis as the 1st District Democratic Party State Committeeman office/meeting facility. Representative Rush has served as the 1st District Democratic Party State Committeeman since 1991. (During the 1985 to 2008 period, he also served as the Ward 2 Democratic Party Committeeman.) Even as the State Committeeman office, this space has been used very little during the period covered by the question. To the extent Citizens for Rush has made any usage of this space, it has been to place a couple posters on the windows, and to have campaign workers (e.g., Mrs. Rush or a few volunteers) stop by to monitor get-out-the-vote efforts and the election day process during the

two or three days near the election. Citizens for Rush has been allowed this minor usage just like various local candidate and party organizations. It should be noted that this space is of extremely low market value, as evidenced by the fact that the comparable two spaces available in the building have been vacant for the last one or two years. Under the circumstances, Citizens for Rush has not considered the intermittent, isolated use of the 3361 King Drive space to be something that triggers a rental payment obligation.

2. The name and contact information of any property manager, property owner, or both, at the locations(s) described in Request (1).

The storage space rented over the last several years is managed by United Storage. The current contact information, obtained from an Internet search and a review of a recent statement, is 407 E. 25th Street, Chicago, IL 60616. [Citizens for Rush will use this more current address, first noted in the process of preparing this response, on its next FEC reports.] The phone numbers appear to be (312) 324-3229 or (312) 225-0116, or both.

Upon knowledge and belief, the space located at 3361 S. King Drive, Chicago, Illinois.
referenced in Request (1) is owned by Lake Meadows Associates, a limited partnership. Draper
& Kramer, which now appears to be affiliated with DKMallon, manages the space in the Lake
Meadows Shopping Center. The current contact person is Dee Wells, with DKMallon.
Elmhurst, Illinois. Ms. Wells can be reached by telephone at
e-mail at

3. The name, contact information and dates of employment of all paid employees of Citizens for Rush at any time between January 1, 2007 and the present date.

Between January 1, 2007 and the present, Citizens for Rush has had no paid employees. Rather, over the years, the campaign committee has hired individuals as independent contractors to perform various functions for the campaign. Below please find the individuals who performed services for Citizens for Rush as independent contractors between 2007 and the present:

Independent Contractors 2013-2014

John Allen

Chicago, IL, 60637

Sheila Jackson

Chicago, IL, 60680

Natt Parks

Culpeper, VA, 22701

Carolyn Rush

Chicago, IL, 60653

Independent Contractors 2011-2012

John Allen See Address Above

Michael C. Brown

Chicago, IL, 60637

Lamoune Glover Deceased

Sheila Jackson See Address Above

Natt Parks See Address Above

Warren Parks

Herndon, VA, 20170

Dave Patterson Address Unavailable John Preston

Chicago, IL, 60653

Sonny Ross

Chicago, IL, 60621

Carolyn Rush See Address Above

Kenyatta St. Claire

Chicago, IL, 60653

Chinta Strausburg

Chicago, IL, 60615

Timothy Webster

Chicago, IL, 60637

Independent Contractors 2009-2010

John Allen See Address Above

Johnathan Brown

Chicago, IL, 60637

Michael Brown See Address Above

Lamoune Glover Deceased

Sheila Jackson See Address Above

Warren Parks See Address Above

Ziva Patterson

Chicago, IL, 60629

Louanner Peters

2007 - 2008 Independent Contractors

Robyn Alexander

Rockville, MD, 20852

John Allen See Address Above

Johnny Allen

Chicago, IL, 60615

Robert Anderson

Chicago, IL, 60649

Springfield, IL, 62703

Sonny Ross See Address Above

Carolyn Rush See Address Above

Flynn Rush

Chicago, IL, 60615

Judy Rush

Chicago, IL, 60629

John Stanley

Chicago, IL, 60643

Cynthia Streeter Address Unavailable

Michael Turner Address Unavailable

Orlando Brown

Chicago, IL, 60600

Lamoune Glover Deceased

Carl Hamilton

Chiago, IL, 60637

Denise Hall Corder

Harvey, IL, 60426

Keith Harris

Chicago, IL, 60619

Stephanie Henson-Gadlin

Chicago, IL, 60636

Sheila Jackson See Address Above

Jerome Jones

Chicago, IL, 60653

Geraldine Laury

Matteson, IL, 60443

Freddrenna Lyle

Chicago, IL, 60619

Joseph Mathews, Sr.

Chicago, IL 60619

Anita Minor Address Unavailable Warren Parks See Address Above

Perry Ridley

Chicago, IL, 60608

Carolyn Rush See Address Above

Flynn Rush See Address Above

Judy Rush See Address Above

Tammy Taylor

Chicago, IL, 60643

Angelia Roberts Watkins

Chicago, IL, 60628

Rev. Stanley Watkins

Chicago, IL, 60628

Tracey Williams

Country Club Hills, IL, 60478

Disbursements to each of these contractors were disclosed on Citizens for Rush filings with the Federal Election Commission which are publically available on the Commission website.

4. The name, contact information and dates of employment of any persons(s) responsible for recordkeeping, issuing campaign disbursements, or both, for Citizens for Rush, at any time between January 1, 2007 and the present date.

During the period in question, recordkeeping responsibilities have been primarily handled by Sheila L. Jackson, though some recordkeeping assistance has been provided by Carolyn Rush, Representative Rush's wife. Each has functioned in an independent contractor status, so neither has been an employee.

Until October of 2013, Sheila Jackson and Mrs. Rush also shared responsibility for issuing campaign disbursements, as each had signature authority for the checking account of Citizens for Rush, and two signatures were required. Because Mrs. Rush has had health issues in the last several months, this was changed so that Sheila Jackson can issue campaign disbursements with only her signature required.



Mrs. Rush is currently under health care and should not be disturbed if at all possible. It is suggested that any contact be initiated through counsel or through Representative Rush who is aware of her health status and would know whether Mrs. Rush can be contacted.

5. All files, records, notes, communications, and any other documents that concern any space described in Request (1), from January 1, 2007 to the present date. This request includes, but is not limited to, rental contracts, written lease agreements, and campaign checks reflecting disbursements, possessed by you, your congressional office, or by Citizens for Rush.

Representative Rush, Sheila Jackson (Citizens for Rush Treasurer), and counsel have made a good faith effort to obtain documents responsive to this request. Sheila Jackson has conducted a search for any original rental agreement regarding the storage space now managed by United Storage. Unfortunately, by the time this submission to the Board was promised, she had not been able to get any copies of such rental agreement or copies of invoices and checks related to that storage space. Those documents, standard storage rental space records, will be provided as soon as they are available to counsel.

No files, records, etc. have been found regarding any rental or usage of space at 3361 S. King Drive other than news stories that appear to have been the genesis of the Office of Congressional Ethics preliminary inquiry. See BR00000001-12. While Representative Rush recalls that there was a lease in place when he was using the space for his Aldermanic office (through 1992), he has not been able to locate such lease or any records related to payments on that lease. Representative Rush recalls that some files possibly relating to Citizens for Rush were retained at his home but, unfortunately, those files were affected by recent flooding in his home and they were removed by the crew repairing the damage and placed in a storage space recommended by the insurance company. Rep. Rush believes those files are all old, and they may have no relation at all to the 3361 S. King Drive space (or the Citizens for Rush donations to the Beloved Community Christian Church). Representative Rush and counsel are trying to get access to those files to determine if any responsive documents exist. Meanwhile, counsel has been in contact with Dee Wells at DKMallon (the current property manager contact for the 3361 S. King Drive space), but thus far no related documents have been obtained from her. This response will be supplemented with any documents obtained as soon as they become available.

6. A description of your relationships (e.g., Director, Agent, Reverend, Pastor, Volunteer, Lessor, Mortgagor, Signor, Co-Signor) with Beloved Community Christian Church, Beloved Community Family Wellness Center and Beloved Community Family Services, Inc. and all documents reflecting any legal status with those entities, at any point from January 1, 2007 to the present date.

Representative Rush serves as the President of the Beloved Community Christian Church, and as the Church's Pastor. Copies of the Church's Annual Reports were obtained by counsel from the State of Illinois. These reports, which reflect Representative Rush's position as a Church officer, can be found at BR00000013-26.

Representative Rush has had no official relationship with Beloved Community Family Wellness Center or Beloved Community Family Services, Inc. in the 2007-present timeframe. Copies of the Annual Reports for these organizations were also obtained by counsel from the State of Illinois. These reports, which demonstrate that Representative is not an officer or member of the board of either organization, can be found at BR00000027-72.

Rep. Rush was involved in helping all three of the foregoing organizations at the formation stage, and he has volunteered time for his role as Pastor of the Church.

7. All state and federal tax documents issued to you by Beloved Community Christian Church, Beloved Community Family Wellness Center or Beloved Community Family Services, Inc. recording any income you received at any point from January 1, 2007 to the present date. This request includes, but is not limited to, copies of W-2 forms, W-4 forms, or 1099 forms.

While Representative Rush has served during this period as the President and Pastor of the Beloved Community Christian Church, these positions are unpaid. He has not been an employee of the Church, Beloved Community Family Wellness Center, or Beloved Community Family Services, Inc.; nor has he received any compensation for his services in an independent contractor status. As such, Representative Rush has received no state or federal tax documents from any of these entities.

8. The name and contact information of any member of your family employed by Beloved Community Christian Church, Beloved Community Family Wellness Center or Beloved Community Family Services, Inc., from January 1, 2007 to the present date.

In May of 2013, Representative Rush's son, Jeffrey M. Rush, became an employee of Beloved Community Christian Church due to the passing of the former occupant of that job. Jeffrey Rush was hired by the Church to help with logistics, set-up, support, and break-downs of the many Church-sponsored events that take place, and to perform ongoing maintenance and repair duties for the Church. In 2013, Jeffrey Rush was paid \$6,100 for his services. A copy of the tax document that supports this response can be found at BR00000073-74. Jeffrey Rush can be contacted at:

Chicago, IL 60629;

Further, Representative Rush along with his niece, Angelique Chatman, serve as officers of the Church but receive no payment for these efforts. Copies of Church's Annual Reports which reflect Rep. Rush's and Ms. Chatman's status as officers can be found at BR00000013-26. Upon knowledge and belief, aside from Mr. Jeffrey Rush, no other member of Representative Rush's family has been employed by the Church since January 1, 2007.

Additionally, upon knowledge and belief, no member of Representative Rush's family has been employed by Beloved Community Family Wellness Center or Beloved Community Family Services, Inc. in the 2007-present timeframe. Representative Rush's wife, Carolyn Rush, sits on the Board of Beloved Community Family Services, and his daughter, Kacy Rush, sits on the Board of Beloved Community Family Wellness Center, but neither received any compensation for these services. At one point, Representative Rush's sister, Geraldine Laury, sat on the Board of Beloved Community Family Services, Inc., but she received no compensation for this service. Copies of recent Form 990s for both organizations were obtained by counsel from publically available sources. These documents, which reflect the unpaid nature of Carolyn Rush's and Kacy Rush's service as board members, can be found at BR00000075-308.

ADDITIONAL RESPONSE TO OFFICE OF CONGRESSIONAL ETHICS REQUESTS FOR INFORMATION

Based on the scope of the preliminary review and Requests for Information issued by the Office of Congressional Ethics, it appears that the Office of Congressional Ethics is looking at whether Representative Rush's congressional campaign committee, Citizens for Rush, failed to disclose an in-kind contribution and whether it made improper expenditures to the Beloved Community Christian Church. The opportunity to expand upon these issues is greatly appreciated.

A. Information Regarding Space Located at 3361 S. Martin Luther King Drive, Chicago, Illinois.

Representative Rush recalls that in 1983, the office space located at 3361 S. Martin Luther King Drive, within the Lake Meadows Shopping Center, was leased for usage as Mr. Rush's Aldermanic office. This space was used for the Aldermanic Office between 1983 and early 1993 (Rep. Rush began serving in Congress in early 1993.) During his Aldermanic tenure, Rep. Rush was elected as the Democratic Party Ward 2 Committeeman (in 1984) and served in this capacity until 2008. He also was elected in 1990 as the Democratic Party State Committeeman for the 1st District. Both of these party positions carry responsibilities to foster candidates and promote successful policies by working with officials and organizations in the area.

When Rep. Rush left his position as Alderman in early 1993, he continued making incidental use of the space for his local political functions as Ward Committeeman and 1st District State Committeeman. Over the years, this entailed providing use of the space for occasional meetings of local political groups like local candidates in the 1st District State Committeeman area, and for occasional meetings of nonprofit groups like Harmony Hope and Healing and a school group rehearsing a play. The space has been used also to store records of Rep. Rush's Aldermanic tenure, records and used office equipment of a now-defunct nonprofit (Rebirth of Englewood Community Development), and leftover campaign yard signs of various local candidates and of a joint Obama/Rush effort (fewer than 10 signs). The windows of the space have contained posters of various candidates associated with the 1st District State Committeeman geographical area. The news story that apparently generated the Office of Congressional Ethics preliminary inquiry contained a photo demonstrating this, showing posters in the window for Christian Mitchell, Napoleon Harris, and, jointly, Obama/Biden and Bobby Rush. See BR00000001-09.

Representative Rush's congressional campaign has not made use of the space during the 2007-present period to hold meetings or conduct congressional campaign activities, except for a few isolated occasions, such as gathering with others near election day to monitor get-out-the-vote and the voting process. Because Representative Rush's campaigns have typically involved

attending community meetings and using neighborhood volunteers, an ongoing campaign office has not been needed. In the 2007- present timeframe, there has been virtually no activity in the space by anyone acting on behalf of Representative Rush's congressional campaign effort. Nor has Representative Rush's congressional campaign made use of the space to store any records, equipment, or campaign signs. Indeed, Representative Rush's congressional campaign has rented a separate commercial storage space (United Storage) for such purposes. Disbursements for this storage space have been reported on Citizens for Rush filings to the Federal Election Committee.

The primary user of the space, if one is to be identified, has been Mr. Rush's State Committeeman office (and Mr. Rush functioning in that capacity), and even that use has been very isolated and sporadic. The even more isolated and sporadic use of the space by Mr. Rush's congressional campaign representatives reflects an informal allowance by Mr. Rush's State Committeeman office and Friends of Bobby Rush, the committee that supports State Mr. Rush's Committeeman election efforts and ongoing State Committeeman office functions. And this informal allowance is consistent with the informal and sporadic use permitted for local candidates, party representatives, and nonprofit groups.

In 1983, when the space in the Lake Meadows shopping center was originally leased to the Aldermanic office, the shopping center and surrounding area were relatively vibrant, and surrounding storefronts and office spaces were marketable and valuable. Over the years, however, the space has significantly degraded. It has not been renovated since 1983. Before the period in question, the main stores that fronted near the space were bricked up so that very little foot traffic and security are present. In recent years, the property owner has been considering plans to renovate the entire shopping center, and this potential disruption has further devalued the space in question. In fact, based on information and belief, of the four office spaces in the strip where the space at issue is located, only two have been rented for monetary payment during the 2007 to present timeframe, and both of those have been vacant for the last year or two. The only two spaces used with regularity in the 2007 to present timeframe have been (1) the space used in a minor way for Rep. Rush's State Committeeman office functions, and (2) the space next door used by the rental property manager for most, but not all, of the period in question. During the 2007-present time period, the space has been essentially unmarketable and is virtually without value.

Apparently due to the devaluation of the property, the property manager has been willing to forego litigation threats or threats of eviction in order to obtain financial payments from Representative Rush's State Committeeman committee (the successor tenant *de facto*). This almost certainly is because, in fact, it is valuable to the owner to have a tenant using the space periodically and posting signs on windows to indicate activity, thereby increasing the opportunity for the owner to rent the two vacant spaces in the same strip.

After Representative Rush left his Alderman position, he recalls no effort by the landlord of the space to execute a new lease with Representative Rush's State Committeeman committee

(or Rep. Rush's congressional committee, or Rep. Rush in his congressional capacity). From Representative Rush's perspective, the use for functions related to his State Committeeman position was *de minimis*, and eventually, with the deteriorating value of the space, he assumed he was providing more than adequate compensation for the space usage by making it seem occupied and thereby helping the landlord try to rent the other similar spaces in the shopping center. A representative of the property manager (Dee Wells) indicated to counsel that about a year ago notice had been given to Rep. Rush about potential renovation of the Lake Meadows Shopping Center such that the State Committeeman office usage might have to cease.

When recent stories surfaced questioning the lack of reported payments or obligations on the part of Representative Rush's political organizations, it was decided that his State Committeeman committee (Friends of Bobby Rush) would disclose an outstanding obligation of \$21,000 (the amount noted in the news story as the yearly rental value), and his federal committee (Citizens for Rush), would disclose 1/10th of that amount as an outstanding obligation to Friends of Bobby Rush. This was done to demonstrate good faith effort to resolve this in a manner that allows a proper analysis of whether any debt reporting and future payments are warranted. If it is determined that some value should be placed on the State Committeeman committee's minor use of the space, and on Citizens for Rush's even more minor "sub-usage," the two committees will take appropriate corrective action. Representative Rush and counsel are planning to contact Illinois and Federal Election Commission staff to seek guidance on how to proceed.

As the Office of Congressional Investigation knows, there is some question of what Illinois and Federal Election Commission officials will consider to be the proper valuation of the space in question. Arguably, no debt reporting or payment obligation has arisen during the 2007-present period. Also, there is a specific allowance in Federal Election Commission regulations for use of a meeting room by a political group if the room is made available to civic or community organizations on similar terms. 11 C.F.R. § 114.10. Rep. Rush is hopeful that guidance can be quickly obtained so that the proper remedial steps can be taken if necessary.

B. Information Regarding Expenditures to Beloved Community Christian Church

The Beloved Community Christian Church was founded by Rep. Rush and supporters in 2002. It is a nonprofit religious organization. The Church's membership is large and it is considered a religious, spiritual, and social institution in Chicago. In addition to its religious functions, the Church hosts a variety of events for its membership and the surrounding community, including picnics, fundraisers, and dinners. *See* BR00000309-315. Because the Church is a vibrant, popular organization in Representative Rush's congressional district, whose membership tends to support Representative Rush in his political capacity, his congressional campaign makes contributions to bolster the activities of the Church. The contributions to the Church have been disclosed on the Citizens for Rush filings to the Federal Election Commission.

Under the House of Representatives Ethics Rules, "campaign funds and resources may be used to establish or support a bona fide charitable or community service project in the Member's district." See House Ethics Manual (2008), at 155. This rule applies to "activities that are not overtly political in nature," so long as, in the Member's "wide discretion" the funds will benefit a campaign or political purpose. See House Ethics Manual (2008), and 154. Given that the Church is a popular institution in Representative Rush's district, and Representative Rush is well respected within the Church community, the positive political effects of contributions to the Church are clear.

Further, neither Representative Rush, nor any member of his family, has inappropriately benefitted financially from contributions to the Church. As such, these contributions in no way violate the House Ethics Rules or Federal Election Commission rules related to "personal use" of campaign funds. See House Rule 23, clause 6(b); 2 U.S.C. § 439a(b)(1). As described above, Representative Rush serves as the President and Pastor of the Church in an unpaid capacity. See BR00000013-26. Only one member of Representative Rush's family, Jeffrey Rush, is employed by the Church. Jeffrey Rush was hired by the Church in mid-2013 and was paid \$6,100.77 in 2013 as compensation for maintaining the Church building and providing preparation and clean up services for numerous Church-sponsored events. He was brought in because of the passing of the gentleman who had performed such functions. He fully earns the compensation he is receiving. While the Church is not overflowing with income, it has had enough income separately to pay Jeffrey Rush's modest salary every two weeks.

To the extent the Office of Congressional Ethics is wondering if funds donated to the Church somehow are being routed to Beloved Community Family Services Wellness Center or Beloved Community Family Services, Inc. to then personally enrich Representative Rush or his family, the attached Form 990 filings (see BR00000075-308) clearly demonstrate that Representative Rush and any of his family members are not receiving any compensation as directors, officers, or key employees of those organizations. Moreover, Representative Rush can verify that neither he nor any family member has received any compensation as an employee of any kind or as an independent contractor from these organizations.

C. General Considerations

Rep. Rush understands the Office of Congressional Ethics has the responsibility to examine credible claims. In the circumstances at hand, the question of whether any debt reporting or payment obligations arose from anyone's use of space at 3361 King Drive can be resolved perhaps with a joint effort involving the Illinois and Federal Election Commission campaign finance authorities. Representative Rush is willing to facilitate that process if appropriate.

Regarding any claim that Representative Rush has somehow been using campaign funds to compensate himself or family members inappropriately for services rendered, the information provided herein should put any inquiry to a stop.

Scott Thomas and Aimee Ghosh of the law firm Dickstein Shapiro LLP assisted in the preparation of this response. Mr. Thomas and Ms. Ghosh can be contacted as follows:

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Attachment 2

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May 27, 2014

CONFIDENTIAL

Via E-mail (Paul.Solis@mail.house.gov)

Office of Congressional Ethics United States House of Representatives 425 3rd Street, SW, Suite 1110 Washington, DC 20024 ATTN: Paul Solis, Investigative Attorney

Re: Review No. 14-8751 -- Rep. Bobby Rush

Dear Mr. Solis:

This submission is made in accordance with the May 15, 2014 letter to Rep. Rush from Omar S. Ashmawy, Staff Director and Chief Counsel. The undersigned counsel, in conjunction with Rep. Rush, has prepared the following information to assist the Board in its deliberations. Rep. Rush also requests an opportunity to appear before the Board on May 29, 2014 to make additional brief remarks.

The information below is designed to address what Rep. Rush, and his counsel, perceive to be the areas of interest on the part of the Board and on the part of the investigators who have interviewed Rep. Rush and several other witnesses. The information is presented in summary fashion and without extensive legal citation or argumentation. Both the undersigned and Rep. Rush submit this information based on our information and belief and pursuant to the provisions of 18 U.S.C. § 1001.

I. The Space at S. King Drive

The S. King space was used as an Alderman (city council) office from some time after Bobby Rush became Alderman of Ward 2 in 1983, and through 1992 when he was elected to the U.S. Congress. From 1993 through 2008, the space was used intermittently for Bobby Rush's Ward or State Committeeman party functions. (He was elected to the Ward slot in 1984 and to the State slot in 1990.) Since Bobby Rush gave up the Ward Committeeman functions in 2008, there has been very, very little use of the space at all because more of the activity in Chicago party politics is at the Ward Committeeman level than at the State Committeeman level.

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Counsel obtained a copy of the lease for the S. King space that was shown to Rep. Rush at his interview by OCE investigators. This copy was provided by counsel for Draper & Kramer, the firm that manages the space.

- The lease is dated August 4, 1989, though Rep. Rush recalls using the space for an Alderman office from an earlier date.
- It also indicates that the lease "shall expire on the last day of October, 1989, unless sooner terminated as provided herein."
- This 1989 lease indicates clearly that the space was leased for use as an Alderman office. Rep. Rush recalls that while he was Alderman, the rent for this space was paid by the City of Chicago.
- Though, in theory, the Landlord might have been able to claim a month to month lease after the expiration of the lease in 1989, the language of the lease itself suggests otherwise (see next paragraph). Also, Rep. Rush is not aware of any demand from the Landlord for rent.
- The lease contains a holdover provision: "Except as Landlord shall otherwise expressly elect in writing, should Tenant remain in possession of the Leased Premises after any termination of this Lease, no tenancy or interest in the Leased Premises shall result therefrom but such holding over shall be an unlawful detainer and all such premises shall be subject to immediate eviction and removal, and Tenant shall upon demand pay to Landlord, as liquidated damages, a sum equal to twice the Fixed Minimum Rent as provided in this Lease to be paid by Tenant to Landlord for all the time Tenant shall so retain possession of the Leased Premises or any part thereof, plus any additional payments provided for in this Lease; provided, however, that exercise of Landlord's rights under this clause shall not be interpreted as a grant of permission to Tenant to continue in possession."
- Rep. Rush is not aware of the Landlord ever deeming him or his Committeeman organization (Friends of Bobby Rush) to be in default, and hence recalls no notice of default or demand for possession of the space. It appears to Rep. Rush that everyone involved just "let things slide" because it was understood that the original usage of the space (a full-time Alderman office) had ceased and there was no expectation of any usage of the space that would warrant a rental payment.

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Bobby Rush's Committeeman operation made occasional, sporadic use of the space for election workers of various local campaigns around petitioning time or election day, for a rare meeting with a potential local candidate, and for a rare short meeting with someone like Sheila Jackson to handle Friends of Bobby Rush or Citizens for Rush business because of the central location. Rep. Rush believes all of the foregoing usage would have amounted to at most about 10 days over a 2-year election cycle, and even fewer days since 2008. Also, the space has been used to store a few leftover yard signs or posters of candidates in the surrounding jurisdictions. These posters are now essentially trash. Further, several years ago, without any objection from the Landlord, Bobby Rush's Committeeman operation arranged for a nonprofit to hold occasional classes there, and has allowed the storage of a defunct nonprofit's old copy machines and other old Aldermanic and Committeeman records.

There is no indication that after the Shopping Center which the space is located within declined, there was any realistic market value for the space. The nearby storefronts for anchor stores have been bricked up. The other office/store spaces went vacant and unused for several years. The safety in the surrounding areas decreased. The level of trash around the space increased. Though there have been rumors of an effort to renovate the shopping center, that has not occurred since its opening in the late '70s. The intermittent use of the space at the behest of Bobby Rush's Committeeman operation has tapered off dramatically since he gave up his Ward 2 Committeeman post in 2008. Though Sheila Jackson stated that Citizens for Rush expended some funds once to repair and activate the heating system so that some petition workers could use the space in the dead of Winter in the 2010 timeframe, this only reinforces the argument that the space was in poor condition and rarely used.

For the last six years at least, the value provided to the Landlord by having a few posters on the windows and providing the appearance of some activity almost certainly has been worth more to the Landlord than the space has been worth to Bobby Rush's remaining State Committeeman operation. Also, for the record, Bobby Rush sees no value in keeping the old Aldermanic or Committeeman records, sees no value in the old copy machines stored there, and is perfectly willing to clear out the space, and hand over the keys immediately because the space really has no practical value to his Committeeman operation.

II. The Donations From Citizens for Rush (CFR) to Beloved Community Christian Church (BCCC)

Rep. Rush is aware of no evidence that any of the donations from CFR to BCCC were utilized to provide compensation to himself or any family member. Indeed, he has received no compensation as Pastor and President of BCCC. While his son Jeffrey Rush began receiving compensation from BCCC in May of 2013 for services rendered, the last preceding donation from CFR to BCCC was provided in August of 2012, and it was for only \$1,000.

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The July 2013 \$2,100 check from CFR that initially was thought to be for BCCC, was actually paid to Beloved Community Family Services, not BCCC. Thus, there is no reason to think any CFR funds have been used to pay Jeffrey Rush's salary at BCCC. The record established shows that Beloved Community Family Services does not provide any compensation at all to Rep. Rush or any of his family members.

The situation regarding Angelique Chatman involves, essentially, an arrangement for the last four years or so by a longtime supporter of BCCC whereby she is employed by that supporter's company from the Chicago area (a food distribution company), and that company voluntarily allows her to spend her work hours assisting the BCCC. As far as Rep. Rush knows, the company in question does not have any interest in matters that have come before Rep. Rush's congressional committees. While Rep. Rush vaguely recalls the owner of the company at one point asking for assistance on a matter of local regulation of minority businesses, Rep. Rush recalls absolutely no linkage, direct or indirect, express or implied, with the compensation arrangement involving Angelique. Rep. Rush recalls that the above-noted request for assistance predated the arrangement with Angelique by many years, and notes that the individual involved has been a longtime supporter of BCCC and a personal friend of Rep. Rush and his family going back many years before the arrangement with Angelique.

III. Possible OCE Interest in Rep. Rush's Solicitations

The interview of Rep. Rush by OCE investigators addressed his solicitations on behalf of BCCC. His solicitation of funds for BCCC may have been to a company here or there that had some interests before Congress, but he always wore his Pastor hat not his Congressman hat during those encounters, and he always steered clear of using congressional resources. Further, the functions and activities of BCCC are religious in nature—not related to his congressional duties. Rep. Rush does not recall any specific solicitations from an interested company, and his perception is that this is unlikely because companies generally refrain from contributing to religious organizations.

To the extent that he was soliciting funds to an organization in which he had some official role (as Pastor and President and one of the "core group"), he only has effective "control" regarding spiritual matters at BCCC, not typical management matters like how significant funds are spent. The latter matters are subject to the "core group" which functions as the *de facto* officer and board component of BCCC. Further, his solicitation efforts from any interested company have not generated any personal financial benefit for him or his family. Rep. Rush does not recall soliciting any company that has business before his committees just before or during the time that his son Jeffrey has been taking a salary from BCCC. In any event, Jeffrey clearly is providing comparable services to warrant the salary he is paid, and there is no indication that BCCC doesn't otherwise have enough funds to pay Jeffrey. Thus, there is no plausible argument that Rep. Rush is using his congressional position to personally enrich himself or his family.

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Further, if Rep. Rush, as Pastor of BCCC is now forbidden to raise any funds from any entity that has business before any of his congressional committees (because his son is making about \$1,200 per month to handle multiple tasks at the church), it would be good to have clear notice of that interpretation so that he can assure his practices stay compliant.

As for questions about potentially raising funds from some organization to help pay off a particular ConEd bill owed by BCCC, Rep. Rush did not recall at his interview the name of the alleged solicitee organization, but the foregoing analysis would apply. There has been no use of congressional resources or position to generate personal gain for Rep. Rush or his family. Also, this particular solicitation (if it took place) presumably took place fairly long ago, well before Jeffrey began getting any compensation from BCCC. Finally, any such donated funds would have been for the use of a church—a purpose unrelated to Rep. Rush's congressional duties.

Rep. Rush acknowledges that the House Ethics Manual at p. 348 indicates that a Member should get advance written guidance if soliciting for a 501(c)(3) "established or controlled" by the Member. This does not seem to apply if the Member has a limited role and there have been many other individuals involved in the establishment and control of the organization. Nonetheless, as Rep. Rush indicated in his interview, he has a recollection of getting some form of guidance from House Ethics about his desire to solicit funds for BCCC several years ago. Unfortunately, Rep. Rush can find no evidence of that process. He does have the vague recollection that he was given the go ahead for solicitations as long as the conditions for not using his official position, not using official resources, and not using any of the proceeds for personal gain were followed. At a minimum, he is hopeful that the OCE Board will give him some credit for having sought such guidance.

Conclusion

In view of the foregoing, the undersigned counsel and Rep. Rush respectfully request the OCE Board to take no further action in this matter. If there is an opportunity to discuss any resolution of this matter that stops short of a referral to House Ethics with recommended further action, this would be welcome, and OCE could expect full cooperation.

Respectfully submitted,

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The foregoing is true and complete to the best of my knowledge and belief as of the date of this submission.

Rep. Bobby L, Rush

Declaration

I, Representative the response and	Bobby	L. Rush,	declare (certify,	verify, o	r state)	under	penalty	of perj	ury that
the response and	factual a	assertions	containe	d in the	attached	letter c	lated	JUNE	. [1]	_, 2014,
relating to my res	ponse to	the June	11, 2014	, Comn	nittee on	Ethics I	etter,	are true	and corr	ect.

Signature:

Name:

Representative Bobby L. Rush

Date:

, 2014