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1ST DISTRICT, IOWA

COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM

COMMITTEE ON SMALL BUSINESS
CHAIRMAN, SUBCOMMITTEE ON AGRICULTURE,
ENERGY, AND TRADE

Congress of the United States
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August 2, 2018

Chairwoman Susan Brooks
Ranking Member Ted Deutch
House Ethics Committee
1015 Longworth House Office Building
Washington, D.C. 20515

Dear Chairwoman Brooks and Ranking Member Deutch:

Thank you for the opportunity to provide this statement in response to the Committee's letter of July 19, 2018, and thank you for the service the Committee provides to the House. For all of the reasons below and as more fully explained in this statement, I respectfully request the Committee to: 1) dismiss the OCE referral in its entirety and resolve the issues cooperatively as a matter of compliance and in light of the low dollar amounts involved; and 2) provide, in furtherance of the foregoing, guidance on these matters as initially requested from the Committee on February 21, 2018, to assist in and ensure my full and proper compliance with House Rules.

I. Overview

I take my responsibilities to follow the letter and spirit of the Rules of the House very seriously. As set forth at greater length in my formal written self-report letter to the Committee dated March 14, 2018 ("SRL"), there are very simple and straightforward explanations to the items in the Statement of the Nature of the Review dated March 8, 2018. In brief: 1) there was a minor, unintentional oversight regarding Tin Moon Corporation ("TMC") in my 2016 financial disclosure; 2) the use of my official House photo on the TMC website and unpaid "testimonial video" by John Ferland were done and posted without my knowledge or permission; and 3) I am simply a \$700 passive investor and Board Member of TMC, and Ed Graham, my long-time business partner, runs the operations and business of TMC, including having responsibility for all website and other marketing materials.

Those matters were unknown to me. However, as soon as I became aware of them on February 21, 2018, I immediately sought guidance from Committee staff on the same day about the appropriate corrective action to take. I immediately amended my 2016 financial disclosure and demanded the TMC website be corrected. The OCE Findings acknowledge that I did. Given the simple and straightforward items at issue for a \$700 investment, the OCE Request for Information dated March 8, 2018 ("RFI"), was extremely overly broad and unduly burdensome. And it would have been very costly, time consuming, and needlessly duplicative, especially since *I had already self-reported to the Committee*--the Committee of ultimate jurisdiction and ultimate decision-maker on these matters--and awaited the next steps in that process.

I cooperated with OCE. I already submitted the SRL to the Committee which contained my explanations and guidance sought from the Committee. That was explained in an email to OCE dated April 2, 2018¹, and it also explained I was cooperating with the Committee process².

¹ COE's Director of Investigations was copied.

I provided OCE with my SRL on April 26, 2018³ (with the signed False Statements Certification). The statement of Ed Graham (with his signed False Statements Certification) was provided to OCE on the same date⁴. As stated in an email to OCE on April 27, 2018⁵, it is unclear what if any level of response to OCE RFIs would ever be construed to be "cooperation." I learned that whatever was produced to OCE likely would never be sufficient and would generate more unending requests for information. It appeared to me, no matter what or who was produced, it was inevitable that OCE was set to make a referral to the Committee for further proceedings.

II. Specific Report Recommendations

Financial Disclosure: My SRL and Statement to OCE address the TMC unintentional and *de minimis* oversights on the 2016 Financial which were immediately corrected. OCE, which is not a licensed business valuator, accountant, or appraiser, unilaterally conjured up Tin Moon's 2016 year-end "book value" and "net worth" based on (1) an ascribed value of a software license, and (2) a conversation with the software licensor (who stated in his sworn statement to OCE he knew TMC had no clients in 2016). It is critical to note *OCE did not deduct (or even take into consideration) TMC's liabilities, depreciation, and other intangible assets*. No one can arrive at a "book value" or any other net asset value of a business without doing so. The truth of the matter is TMC has four (4) clients and a 2017 stated *negative net worth* of over \$21,000 (*i.e.*, -\$21,000). And in 2016, TMC was started with \$1000 TOTAL and no revenues. Furthermore, like any other small business, TMC borrows money to fund operations and purchase assets, such as the software license noted by OCE. TMC's net worth was not increased by the value of the software license after TMC's liabilities are deducted. This is just basic accounting, but OCE seemed determined on building a narrative based not on the facts but on its own subjective conclusions. If I were in fact able to invest \$700 and in a short period of time have a company with the "value" OCE ascribed to it, that would be a stunning (and in fact completely unrealistic) rate of return. The sheer magnitude of the difference between what I invested (\$700) and the value OCE ascribes to the asset illustrates the ridiculous and unmoored in reality nature of OCE's assessment.

With respect to the dissolved business Salto de Fede and the asset "Residential Property in Asbury, Iowa," I was only first made aware of OCE's review and questions about both of those on my 2014 and 2015 financial disclosure in the final Report. I do not recall receiving any prior OCE RFI or notice regarding either of those items. The inclusion of Salto de Fede (a limited liability company that ceased operations in 2015 and later dissolved) was the result of a fishing expedition on the part of OCE. If reporting concerns or errors exist with either of those, I look forward to Committee guidance and assistance in correcting them as quickly and cooperatively as possible.

Tin Moon Website: My SRL and Statement to OCE explain that I am a passive investor of \$700 in TMC (just as I also am passively invested in over 55 other stocks). Holding me responsible for the daily operations of TMC is analogous to holding me responsible for an oil spill by Exxon Mobil whose stock I own also. I entrusted my long-time business partner to run the daily business operations, including the website and marketing materials. In my business

² OCE's response was to add yet *an additional* RFI from OCE asking for all the materials and communications I had with the Committee.

³ COE Staff Director/Chief Counsel and Director of Investigations were copied.

⁴ COE Staff Director/Chief Counsel and Director of Investigations were copied.

⁵ COE Staff Director/Chief Counsel and Director of Investigations were copied.

partner's sworn Statement to OCE, he explained he decided to, and did, place my photo and upload the unpaid "testimonial" video on the TMC website, and that it was done without my direction or authorization. I was unaware either happened. Both were removed immediately after I found out and demanded they be removed.

Regarding any alleged legal problems with the TMC website, I am a \$700 passive investor and an uncompensated Board Member of TMC. I am not involved in such marketing details and rely on my business partner to do those tasks and make those decisions. The sworn statements of the various individuals in the OCE Report support that conclusion. I can be no more responsible for TMC's practices than any other company I am invested in and have nothing to do with the operations. It is audacious for OCE to wade into Federal Trade Commission and related law as an academic exercise to conjure up this allegation. OCE has neither the jurisdiction, nor, again, the expertise to level such allegation. It does a serious disservice to the Committee, the institution of the House, and the credibility of OCE.

Please bear in mind this already has cost me significant time and expense to date on matters for which there are simple explanations and corrections for any oversights. And to be frank with you, I feel that the continuance of this matter in such fashion and the extreme OCE overreach is politically motivated as I am a top target of the Democrats.

I look forward to cooperating with the Committee and bringing this matter to a quick resolution.

Sincerely,

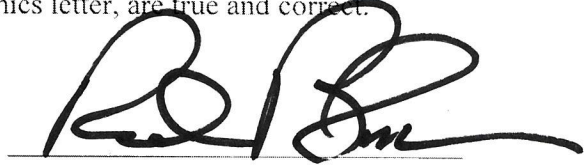
A handwritten signature in black ink, appearing to read "Rod Blum", written in a cursive style. The signature is positioned to the right of the typed name.

Rod Blum
Member of Congress

Declaration

I, Representative Rod Blum, declare (certify, verify, or state) under penalty of perjury that the response and factual assertions contained in the attached letter dated _____, 2018, relating to my response to the July 19, 2018, Committee on Ethics letter, are true and correct.

Signature:



Name:

Representative Rod Blum

Date:

Aug 2, 2018