

House Calendar No. __

119TH CONGRESS

1st Session

} HOUSE OF REPRESENTATIVES {

REPORT

119—__

IN THE MATTER OF ALLEGATIONS
RELATING TO REPRESENTATIVE
MIKE KELLY

R E P O R T
OF THE
COMMITTEE ON ETHICS



July 25, 2025.—Referred to the House Calendar and ordered to be
printed

U.S. GOVERNMENT PUBLISHING OFFICE

XX-XXX

WASHINGTON : 2025

ADOPTED BY THE COMMITTEE ON ETHICS ON JULY 22, 2025

**119TH CONGRESS, 1ST SESSION
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ETHICS**

**IN THE MATTER OF ALLEGATIONS RELATING TO
REPRESENTATIVE MIKE KELLY**

July 25, 2025

Mr. GUEST from the Committee on Ethics, submitted the following

REPORT

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U.S. House of Representatives
COMMITTEE ON ETHICS

Thomas A. Rust
Staff Director and Chief Counsel

Jordan Downs
Chief of Staff to the Chairman

David Arrojo
Counsel to the Ranking Member

1015 Longworth House Office Building
Washington, D.C. 20515-6328
Telephone: (202) 225-7103
<https://Ethics.House.gov>

LETTER OF TRANSMITTAL

July 25, 2025

The Honorable Kevin F. McCumber
Clerk, House of Representatives
H-154, The Capitol
Washington, DC 20515

Dear Mr. McCumber:

Pursuant to clauses 3(a)(2) and 3(b) of Rule XI of the Rules of the House of Representatives, we herewith transmit the attached report, “In the Matter of Allegations Relating to Representative Mike Kelly.”

Sincerely,

Michael Guest
Chairman

Mark DeSaulnier
Ranking Member

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JULY 25, 2025

Mr. GUEST, from the Committee on Ethics, submitted the following

R E P O R T

In accordance with House Rule XI, clauses 3(a)(2) and 3(b), the Committee on Ethics (Committee) hereby submits the following Report to the House of Representatives:

I. INTRODUCTION

On July 23, 2021, the Office of Congressional Conduct (OCC), then known as the Office of Congressional Ethics, transmitted a Report and Findings (Referral) regarding allegations that Representative Mike Kelly’s wife, Victoria Kelly, may have purchased stock based on confidential or material nonpublic information that Representative Kelly had learned during his official job duties. OCC found there was substantial reason to believe Mrs. Kelly’s stock purchase was made based on confidential information that Representative Kelly learned from his official work.¹ However, citing the lack of cooperation from Representative Kelly, his wife, and his then-chief of staff, OCC noted that it “cannot definitively say what Representative Kelly and his wife knew about these developments and when they knew them.”²

The Committee reviewed the allegations referred by OCC pursuant to Committee Rule 18(a). Representative Kelly cooperated with the Committee’s investigation and the Committee did not find evidence that he knowingly or intentionally caused his spouse to trade based on insider information. The Committee did not receive full cooperation from Mrs. Kelly and was therefore unable to determine whether her stock purchase was improper. The Committee also considered whether Representative Kelly violated conflict of interest standards and did not find a clear violation. Members nonetheless have a duty to protect the integrity of the institution, which requires them to be sensitive to even the appearance of impropriety. The Committee is particularly concerned with Representative Kelly’s actions during the Committee’s investigation—most notably the fact that his wife made an additional purchase of stock in the same company during the pendency of the investigation, Representative Kelly did not timely disclose that purchase, and he failed to respond to Committee questions regarding the purchase. As discussed further below,

¹ Report and Findings from the Office of Congressional Conduct (Review No. 21-9221) (Appendix A) at 3 (hereinafter OCC Referral).

² *Id.* at 19.

the Committee determined that Representative Kelly (and his wife) should divest of any stock in the company before Representative Kelly takes any further official actions directly related to that company. Additionally, the Committee found that Representative Kelly's failure to acknowledge the seriousness of the alleged misconduct and the Committee's investigation violated clause 1 of the Code of Official Conduct.

Accordingly, on July 22, 2025, the Committee unanimously voted to issue this Report, which will serve as a reproof of Representative Kelly's conduct.

II. PROCEDURAL HISTORY

OCC undertook a preliminary review of this matter on March 9, 2021. On April 7, 2021, OCC initiated a second-phase review of this matter. The Committee received the OCC Referral on July 23, 2021.³ Representative Kelly submitted a written response to the OCC Referral through his attorney on August 26, 2021. On September 7, 2021, the then-Chairman and Ranking Member of the Committee issued a statement announcing that they had jointly decided to extend the Committee's consideration of the OCC Referral regarding Representative Kelly for an additional 45-day period. On October 21, 2021, pursuant to House and Committee rules, the Committee publicly released the OCC Referral, along with a copy of Representative Kelly's written response.

The Committee reviewed materials provided by OCC, including its Report and Findings, along with other documentary and testimonial evidence obtained by OCC. In addition, the Committee's then-Chairman and Ranking Member requested information from Representative Kelly and Mrs. Kelly, both of whom voluntarily provided documents to the Committee.

In total, Committee staff reviewed over 25,000 pages of documents, including Representative Kelly's submissions and the other documents described above.⁴ The Committee also interviewed 5 individuals, including Representative Kelly. Mrs. Kelly refused to participate in a voluntary interview or to respond to written questions from the Committee, citing her prior cooperation with document requests as well as health concerns. After Representative Kelly reported an additional purchase of stock in the same company by his wife, the Committee sought additional information from both Representative Kelly and Mrs. Kelly, but neither cooperated with that request.

On June 17, 2025, the Committee notified Representative Kelly that it was considering the adoption of a public report that would serve as a reproof of him regarding this matter. Consistent with the Committee's longstanding practice when considering a sanction vote, Representative Kelly was provided with a draft of the report under consideration. In response, he reiterated the significance of the company's plant both to the employees in his district and to the United States'

³ OCC referred allegations that "Rep. Kelly's wife may have purchased Cleveland-Cliffs stock based upon confidential information Rep. Kelly learned in the course of his official duties" in violation of the Code of Ethics of Government Service and House Rules.

⁴ Representative Kelly and Mrs. Kelly were significantly delayed in making their productions to the Committee, and the records they did provide were largely nonresponsive.

national security; he also stated that Mrs. Kelly's purchase of the stock was "to show her support for the workers and management" of the plant.⁵

On July 22, 2025, the Committee unanimously voted to adopt this Report with respect to Representative Kelly.

III. RELEVANT LAWS, RULES, AND OTHER APPLICABLE STANDARDS OF CONDUCT

Federal laws apply to the trading of securities by Members. The Stop Trading on Congressional Knowledge Act of 2012 (STOCK Act) affirms that Members and employees are subject to the insider trading prohibitions under the securities laws, including Section 10(b) of the Securities Exchange Act of 1934 and 17 C.F.R. § 240.10b-5.⁶ This prohibition applies to information learned in both an official capacity and a personal capacity.⁷

Section 4 of the STOCK Act makes clear that Members owe a duty arising from a relationship of trust and confidence to the Congress, the United States Government, and the citizens of the United States, with respect to material, nonpublic information derived from their position as a Member of Congress.⁸ Material nonpublic information includes any information related to a company "that would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."⁹ Securities laws prohibit "undisclosed trading on inside corporate information by individuals who are under a duty of trust and confidence that prohibits them from secretly using such information for their personal advantage."¹⁰ Accordingly, if a Member chooses to trade on material nonpublic information, then the Member may have engaged in insider trading.

The prohibition on insider trading extends to the "tipping" of inside information to others.¹¹ Tipping is passing along inside information in violation of a duty of confidentiality. A tip occurs when an insider (the "tipper") discloses inside information to another person, who knows or should have known that the tipper was breaching a duty by disclosing the information and the tipper intended to personally benefit by providing the information.¹² This includes both direct and

⁵ Letter from Representative Mike Kelly to Chairman Michael Guest and Ranking Member Mark DeSaulnier, Committee on Ethics (July 7, 2025) (Appendix B).

⁶ 15 U.S.C. § 78j note.

⁷ Comm. on Ethics, *Reminder of STOCK Act Requirements, Prohibition Against Insider Trading & New Certification Requirement* (June 11, 2020) (hereinafter 2020 Pink Sheet), <https://ethics.house.gov/wp-content/uploads/2020/04/STOCK-Act-6.11.2020-Final.pdf>. See also Comm. on Ethics, *New Ethics Requirements Resulting from the STOCK Act* (April 4, 2012) (hereinafter 2012 Pink Sheet), <https://ethics.house.gov/wp-content/uploads/2012/04/Stock-Act-Pink-Sheet.pdf>; Comm. on Ethics, *Rules Regarding Personal Financial Transactions* (Nov. 29, 2011) (hereinafter 2011 Pink Sheet), <https://ethics.house.gov/wp-content/uploads/2011/11/fin-trans-pink-sheet.pdf>.

⁸ STOCK Act § 21A(g) (1934) (as amended).

⁹ *TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438 (1976). See also *U.S. v. Bachynsky*, 415 F. App'x 167 (11th Cir. 2011) ("[A] fact is material if there is a substantial likelihood a reasonable investor would consider it important in making an investment decision.").

¹⁰ *Salman v. United States*, 137 S. Ct. 420, 423 (2016).

¹¹ *Id.*

¹² 2011 Pink Sheet; see also *Salman*, 137 S. Ct. at 423.

indirect personal benefit, “such as a pecuniary gain or a reputational benefit that will translate into future earnings,” or “a gift of confidential information to a trading relative or friend.”¹³ This is because “giving a gift of trading information is the same thing as trading by the tipper followed by a gift of the proceeds.”¹⁴ A factfinder in an insider trading case “need only infer the most likely source of” the trader’s belief that “the price of a stock is going up”¹⁵ If a Member chooses to disclose material nonpublic information to another person, then the Member may incur liability for insider trading through tipping.

In general, “ethics principles prohibit a Member from using his or her congressional position for personal gain.”¹⁶ House Rule XXIII, clause 3, states that “a Member . . . may not receive compensation and may not permit compensation to accrue to the beneficial interest of such individual from any source, the receipt of which would occur by virtue of influence improperly exerted from the position of such individual in Congress.” The Code of Ethics for Government Service (Code of Ethics) states that “[a]ny person in Government should . . . [n]ever use any information coming to him confidentially in the performance of governmental duties as a means for making private profit.”¹⁷

Section 5 of the Code of Ethics states that “[a]ny person in Government services should . . . never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.” Accordingly, a *quid pro quo* is not necessary to establish a violation of Section 5: “the Committee has consistently prohibited acting on matters in which a Member has a financial interest precisely because the public would construe such action as self-dealing, whether the Member engaged in the action for that reason or not.”¹⁸ Thus, “[t]he only question is whether ‘reasonable persons’ ‘might construe’ [a Member’s interest] as influencing the performance of his government duties” or whether “the public might, and reasonably could, view [the official action] as motivated by his substantial [financial interest].”¹⁹ Section 5 of the Code of Ethics also prohibits a government official from “discriminat[ing] unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not[.]”²⁰

The *Ethics Manual* explains that a “purpose of these rules and standards is to preclude conflicts of interest,” referring to situations “in which an official’s conduct of his office conflicts

¹³ *Salman*, 137 S. Ct. at 427 (quoting *Dirks v. SEC*, 463 U.S. 646, 663-64 (1983)) (internal quotations omitted).

¹⁴ *Id.* at 428.

¹⁵ *S.E.C. v. Ginsburg*, 362 F.3d 1292, 1298-99 (11th Cir. 2004) (“The temporal proximity of a phone conversation between the trader and one with insider knowledge provides a reasonable basis for inferring that the basis of the trader’s belief was the inside information. The larger and more profitable the trades, and the closer in time the trader’s exposure to the insider, the stronger the inference that the trader was acting on the basis of inside information.”).

¹⁶ *House Ethics Manual* (2022) at 196-98 (hereinafter *Ethics Manual*).

¹⁷ Code of Ethics ¶ 8.

¹⁸ Comm. on Ethics, *In the Matter of Allegations Relating to Representative Roger Williams*, H. Rept. 115-271, 115th Cong., 1st Sess. 3 (2017) (hereinafter *Williams*); Comm. on Ethics, *In the Matter of Allegations Relating to Representative Phil Gingrey*, H. Rept. 113-664, 113th Cong., 2d Sess. 18 (2014) (hereinafter *Gingrey*). See also Comm. on Ethics, *In the Matter of Allegations Relating to Representative Shelley Berkley*, H. Rept. 112-716, 112th Cong., 2d Sess. 55 (2012) (hereinafter *Berkley*).

¹⁹ *Williams* at 3 (citing *Gingrey* at 20-21).

²⁰ *Id.*

with his private economic affairs.”²¹ The *Ethics Manual* also notes that the Committee “routinely advises Members and staff to avoid situations in which even an inference might be drawn suggesting improper conduct” that may “undermine the public’s faith in government.”²² The *Ethics Manual* further notes that certain Member actions such as sponsoring legislation or contacting an executive branch agency “entail a degree of advocacy above and beyond that involved in voting[.]”²³ Thus, a “Member’s decision on whether to take any such action on a matter that may affect his or her personal financial interest requires added circumspection.”²⁴ Members considering taking official action other than voting on a matter affecting their financial interests are advised to “first contact the [Ethics] Committee for guidance.”²⁵

Clauses 1 and 2 of the Code of Official Conduct (House Rule XXIII) provide that a Member “shall behave at all times in a manner that shall reflect creditably on the House,” and “shall adhere to the spirit and the letter of the Rules of the House.” In enforcing clause 1, the Committee has noted that “[c]lause 1 is a purposely subjective standard designed to ‘have a deterrent effect against improper conduct,’ and to provide ‘the ability to deal with any given act or accumulation of acts which, in the judgment of the [C]ommittee, are severe enough to reflect discredit on the Congress.’”²⁶ The provision serves “as a safeguard for the House as a whole.”²⁷

The Committee has also noted that the standards of conduct governing the ethical behavior of the House community are not criminal statutes to be construed strictly, but rather—under clause 2 of House Rule XXIII—must be read to prohibit violations not only of the letter of the rules, but of the spirit of the rules. The standard “provide[s] the House the means to deal with infractions that rise to trouble it without burdening it with defining specific charges that would be difficult to state with precision.”²⁸ The practical effect of clause 2 is to allow the Committee to construe the ethical rules broadly and prohibit Members from doing indirectly what they would be barred from doing directly. The *Ethics Manual* states that “a narrow technical reading of a House [R]ule should not overcome its ‘spirit’ and the intent of the House in adopting that and other rules of conduct.”²⁹ Similarly, the Committee has found that conduct that does not strictly meet each of the elements of a federal statute may nonetheless violate the Code of Official Conduct.³⁰

²¹ *Ethics Manual* at 221.

²² *Id.* at 196; Code of Ethics ¶ 8.

²³ *Ethics Manual* at 246; see also *Williams* at 3.

²⁴ *Ethics Manual* at 246.

²⁵ *Id.*

²⁶ Comm. on Ethics, *In the Matter of Allegations Relating to Representative Matt Gaetz*, H. Rept. 116-479, 116th Cong., 2d Sess. 17 (2020) (hereinafter *Gaetz*) (quoting *House Ethics Manual* (2008) at 13 (citing 114 Cong. Rec. 8778 (Apr. 3, 1968))).

²⁷ Comm. on Standards of Official Conduct, *Inquiry into the Operation of the Bank of the Sergeant-At-Arms of the House of Representatives*, H. Rept. 102-452, 102d Cong., 2d Sess. 22 (1992) (hereinafter *Sergeant-At-Arms*) (citing Comm. on Standards of Official Conduct, H. Rept. 90-1176, 90th Cong., 2d Sess. 17 (1968)).

²⁸ 114 Cong. Rec. 8778 (Apr. 3, 1968) (Statement of Representative Price).

²⁹ *Ethics Manual* at 16-17 (citing House Select Comm. On Ethics, *Advisory Opinion No. 4*, H. Rept. 95-1837, 95th Cong. 2d Sess. 62 (1979)).

³⁰ See Comm. on Ethics, *In the Matter of Allegations Relating to Representative Ruben Kihuen*, H. Rept. 115-1041, 115th Cong., 2d Sess. (2018) (noting that conduct that may not meet the technical requirements of applicable sexual harassment laws may nevertheless be a violation of the Code of Official Conduct).

IV. FACTUAL BACKGROUND

Representative Kelly has represented the 16th District of Pennsylvania since 2011.³¹ He has been married to his wife, Victoria Kelly, since 1973. Mrs. Kelly, who received a large family inheritance, has her own trading account that is managed by a brokerage; that account was worth over \$7 million in 2020.³²

As discussed in more detail below, in early 2020, Representative Kelly and his staff worked to garner support within the Department of Commerce (Commerce) and the Trump Administration for the implementation of Section 232 tariffs to protect the production of grain oriented electrical steel (GOES) in the United States. AK Steel, which was acquired by Cleveland-Cliffs in early 2020, is the only producer of GOES in the United States. GOES is exclusively produced at a plant in Butler, PA, which is located in Representative Kelly's district. In March 2020, Cleveland-Cliffs' CEO publicly indicated that, without tariff protections, the company may close the Butler plant (as well as a finishing plant in Zanesville, OH) and lay off employees.³³ On April 28, 2020, Cleveland-Cliffs opted not to close the Butler or Zanesville plants after Commerce advised the company that it would initiate a Section 232 investigation covering certain GOES-based steel products. Representative Kelly's staff was apprised of these developments by Commerce officials and Cleveland-Cliffs that same day. The next day, April 29, Mrs. Kelly purchased 5,000 shares of Cleveland-Cliffs stock for \$23,075. This purchase was disclosed in a periodic transaction report (PTR) filed by Representative Kelly on May 15, 2020.

A. Representative Kelly's Support for Section 232 Tariffs for GOES Products

On December 3, 2019, Cleveland-Cliffs announced a merger agreement with AK Steel³⁴; the acquisition was finalized in March 2020.³⁵ In January and March 2020, Cleveland-Cliffs expressed its intention to shut down both the Butler and Zanesville plants "[u]nless the U.S. government intervened and either extended existing Section 232 steel tariff protections to transformer lamination and cores . . . or instituted standalone Section 232 tariffs for GOES products used in the transformer supply chain," citing circumvention of existing tariffs through Canada and Mexico.³⁶ Representative Kelly was aware of the concerns from individuals working at the Butler

³¹ Representative Kelly was originally elected to the 3rd District of Pennsylvania in 2010, which was largely redistricted to the 16th District in 2018.

³² See Exhibit 1.

³³ Daniel Moore, *Steel CEO to Trump administration: Tariffs 'loophole' threatens Butler plant*, PITTSBURGH POST-GAZETTE (Mar. 12, 2020) (hereinafter March 2020 Pittsburgh Post-Gazette Article), <https://www.post-gazette.com/news/politics-nation/2020/03/12/Trump-tariffs-loophole-jobs-Butler-AK-Steel-Cleveland-Cliffs-Mike-Kelly/stories/202003120072>.

³⁴ See Cleveland-Cliffs, *Cleveland-Cliffs to Acquire AK Steel* (Dec. 3, 2019), <https://www.clevelandcliffs.com/news/news-releases/detail/50/cleveland-cliffs-to-acquire-ak-steel>.

³⁵ See Cleveland-Cliffs, *Cleveland-Cliffs Completes Acquisition of AK Steel* (Mar. 13, 2020), <https://www.clevelandcliffs.com/news/news-releases/detail/35/cleveland-cliffs-completes-acquisition-of-ak-steel>.

³⁶ OCC Referral Exhibits 2, 5. Under Section 232 of the Trade Expansion Act, the President can adjust imports of goods or materials from other countries, including by tariffs, if the quantity or circumstances surrounding those imports are found to be a threat to national security. 19 U.S.C. § 1862 (as amended). See also Cong. Research Service, "Section 232 of the Trade Expansion Act of 1962" (Updated Apr. 1, 2022), available at <https://crsreports.congress.gov/product/pdf/IF/IF10667>; March 2020 Pittsburgh Post-Gazette Article ("Lourenco Goncalves, chairman and CEO of Cleveland-Cliffs Inc., said in an interview he would 'shut that plant down,'

plant beginning in early 2020.³⁷ The potential closure of the Butler plant was one of the most important constituent issues that Representative Kelly and his congressional office addressed in the early part of 2020. Representative Kelly described it as “a serious problem” that “is a matter not only of the jobs in my town and in our state but also for national security.”³⁸ Likewise, one of his staffers described the possible plant closure as a “big deal” for the congressional office.³⁹

The Chairman, President, and CEO of Cleveland-Cliffs was a witness at a hearing held by the Congressional Steel Caucus on March 5, 2020.⁴⁰ In his testimony before the Caucus members, including Representative Kelly, he discussed the importance of Section 232 protections and said “1,500 jobs in Butler, PA will be gone . . . if I don’t get help.”⁴¹ On March 6, Representatives Kelly and Troy Balderson (of the 12th District in Ohio that includes the Zanesville plant) transmitted a letter to President Donald Trump regarding the threat of GOES imports into Canada and Mexico being used to create products that are then imported into the United States.⁴² The letter indicated that this practice was a particular threat to AK Steel, and noted AK Steel was soon going to be acquired by Cleveland-Cliffs. Shortly thereafter, on March 9, the Butler County Board of Commissioners sent a letter to President Trump regarding their support for Cleveland-Cliffs’ request to “close the loophole in the ‘Section 232’ steel tariffs” and laying out the potential loss to Butler County if Commerce did not extend the tariffs.⁴³ The Board of Commissioners copied Representative Kelly on this letter.

On April 15, 2020, Members of Congress sent a letter to President Trump regarding their concerns about “the vulnerability of the electrical transformer supply chain and the fate of 1,500 jobs in Pennsylvania and Ohio.”⁴⁴ Representative Kelly was a main signatory on this letter, and copied the U.S. Trade Representative, Secretary of Commerce Wilbur Ross, and White House trade advisor Peter Navarro.

On April 22, 2020, Cleveland-Cliffs informed Representative Kelly that it intended to provide layoff notices at the Butler and Zanesville plants.⁴⁵ From around April 22 through April 27, Representative Kelly was actively engaged in seeking support for Section 232 tariffs for GOES products. As part of that effort, Representative Kelly and his staff coordinated with other Member offices and contacted Secretary Ross, the U.S. Trade Representative, and senior White House officials.⁴⁶ The matter was a “high priority” for Representative Kelly during this time.⁴⁷

doubling down on a ‘promise’ he made last week before a Congressional panel to cut those jobs should U.S. officials not act swiftly to stem the flow of [GOES] imports.”).

³⁷ 18(a) Interview of Representative Kelly.

³⁸ *Id.* (also stating that “[M]y entire staff, whether it’s here in D.C. or back home, were alert.”).

³⁹ 18(a) Interview of Congressional Staffer 2.

⁴⁰ Lourenco Goncalves, Congressional Steel Caucus Hearing Testimony (Mar. 5, 2020), <https://www.steel.org/wp-content/uploads/2020/06/Lourenco-Goncalves-Chairman-President-and-CEO-Cleveland-Cliffs-Testimony.pdf>. *See also* OCC Referral Exhibit 5.

⁴¹ OCC Referral Exhibit 5.

⁴² *See* OCC Referral Exhibit 4.

⁴³ OCC Referral Exhibit 1.

⁴⁴ OCC Referral Exhibit 11.

⁴⁵ *See* OCC Referral Exhibit 13. *See also* OCC Referral Exhibit 16 (April 22, 2020, email from Congressional Staffer 2 to Commerce official noting “things are getting dire at the Butler, PA plant.”).

⁴⁶ *See, e.g.*, OCC Referral Exhibits 12-21; Exhibit 2.

⁴⁷ *See, e.g.*, OCC Referral Exhibit 19.

B. Department of Commerce Announcement of Section 232 Investigation

On April 24, 2020, Commerce informed Cleveland-Cliffs that it would not pursue coverage of GOES derivative products under the Section 232 tariffs.⁴⁸ Representative Kelly and his staff continued to liaise with the Administration on the issue after April 24, with the discussion turning to whether Commerce would initiate an investigation under Section 232, which allows the Secretary of Commerce to self-initiate an investigation to determine whether foreign imports are a threat to national security.⁴⁹ In a phone call that took place around noon on April 28, 2020, Secretary Ross informed Cleveland-Cliffs' CEO that Commerce intended to publicly announce a self-initiated Section 232 investigation covering the GOES-based transformer laminations and cores.⁵⁰ Cleveland-Cliffs' employees informed Representative Kelly's staff of Commerce's commitment to the investigation later that same day.⁵¹ Staff from Commerce also directly informed Representative Kelly's staff that day of the decision to initiate a Section 232 investigation.⁵²

Representative Kelly did not recall the specifics of when he learned of the Section 232 investigation, but he and several of his congressional staffers testified that he would have been informed of the development right away.⁵³ Representative Kelly told the Committee that his wife was aware of the potential layoffs and the impact that would have on the Butler community, but he did not believe he discussed Commerce's actions with her.⁵⁴ Representative Kelly's counsel stated in a submission to the Committee that "Mrs. Kelly was aware that Representative Kelly was working hard to protect these jobs and keep the AK Steel Butler Works open and operational."⁵⁵ Likewise, in his interview with the Committee, Representative Kelly stated that "[e]veryone talked about the closure of the plant" and that people would come up to him and Mrs. Kelly in town to discuss their concerns.⁵⁶ Representative Kelly was also working from his home in Butler, PA during this time period, as he was recovering from COVID.⁵⁷ He told the Committee that "Mrs. Kelly would've heard any of my conversations" and that she "sits around for most of the time I'm

⁴⁸ See OCC Referral Exhibit 13.

⁴⁹ See, e.g., OCC Referral Exhibits 9, 12-27.

⁵⁰ See OCC Referral Exhibit 13.

⁵¹ See OCC Referral Exhibits 13, 28-29, 31.

⁵² See OCC Referral Exhibit 33; 18(a) Interview of Congressional Staffer 2; see also OCC Referral Exhibit 15 (text from a staffer in another congressional office to Representative Kelly's staff stating, "Wilbur Ross just called AK Steel and they are going to come up with a deal—they are not announcing the closing or announcing they are firing anyone tomorrow!!!").

⁵³ OCC Referral Exhibits 2, 30; 18(a) Interview of Congressional Staffer 1 ("I was informed by [Congressional Staffer 2], it would've gone to the Member first."); 18(a) Interview of Congressional Staffer 2; 18(a) Interview of Representative Kelly.

⁵⁴ 18(a) Interview of Representative Kelly.

⁵⁵ Letter from counsel to Representative Mike Kelly to Chairman Theodore E. Deutch and Ranking Member Jackie Walorski, Committee on Ethics (Feb. 9, 2022) (Appendix B).

⁵⁶ 18(a) Interview of Representative Kelly.

⁵⁷ See Office of Representative Mike Kelly, *Representative Kelly Tests Positive for COVID-19* (Mar. 27, 2020), <https://kelly.house.gov/media/press-releases/representative-kelly-tests-positive-covid-19>; see also Office of Representative Mike Kelly, *Kelly Defeats COVID-19, Donates Convalescent Plasma to Aid Others in the Fight* (May 12, 2020), <https://kelly.house.gov/media/press-releases/kelly-defeats-covid-19-donates-convalescent-plasma-aid-others-fight> ("U.S. Representative Mike Kelly . . . has been declared free of the virus by medical professionals. The congressman tested negative for the virus and positive for antibodies on May 6 . . .").

on the phone.”⁵⁸ Representative Kelly’s staffer informed the Committee that he would have informed Representative Kelly by at least 4:00 p.m. on April 28, 2020, that Commerce decided to initiate a Section 232 investigation;⁵⁹ the Committee was unable to determine whether Mrs. Kelly heard any such conversation.

Representative Kelly’s staff initially expected Commerce to issue a press release regarding the Section 232 investigation imminently on the afternoon of April 28, 2020.⁶⁰ In anticipation of this release, Representative Kelly’s policy director emailed senior Cleveland-Cliffs employees, “Assuming everything stays on track with [Secretary] Ross’ offer to help with AK Steel, please let [communications director] know if you need a quote from [Representative Kelly]. He’s happy to help with press!”⁶¹ On the morning of April 29, 2020, Representative Kelly’s policy director informed other staffers that she had spoken with a senior Cleveland-Cliffs employee and that an announcement was likely going to be made later in the week based on a “late night” conversation with the Secretary of Commerce’s chief of staff.⁶² As discussed further below, that same day, Representative Kelly’s wife purchased 5,000 shares of Cleveland-Cliffs stock.

On May 1, 2020, Representative Kelly and several of his staffers had a phone call with Secretary Ross, during which Secretary Ross confirmed that a Section 232 investigation announcement was forthcoming.⁶³ Commerce publicly announced its Section 232 investigation on May 4, 2020.

Following the initiation of the Section 232 investigation, Representative Kelly and his staff continued to work with Cleveland-Cliffs in an effort to secure a favorable investigation result from Commerce. Representative Kelly’s office submitted a letter to the Secretary of Commerce on July 1, 2020, in response to Commerce’s request for comments regarding the 232 investigation. The letter stated:

As the U.S. Representative of Pennsylvania’s 16th Congressional District and lifelong resident of Butler, Pennsylvania, I am writing on behalf of AK Steel, a wholly-owned subsidiary of Cleveland-Cliffs Inc. and the last producer of [GOES] in North America, to express my strong support that the Department of Commerce recommend that President Trump take the necessary steps to preserve the production of this critical material in the U.S.⁶⁴

⁵⁸ 18(a) Interview of Representative Kelly.

⁵⁹ 18(a) Interview of Congressional Staffer 2.

⁶⁰ See OCC Referral Exhibit 34.

⁶¹ OCC Referral Exhibit 47.

⁶² OCC Referral Exhibit 34.

⁶³ See OCC Referral Exhibits 35-36. Representative Kelly testified that he had no reason to believe that once Commerce had informed Cleveland-Cliffs that it would self-initiate a Section 232 investigation it would not go through with that decision. 18(a) Interview of Representative Kelly.

⁶⁴ Exhibit 3. See also U.S. Department of Commerce, *The Effect of Imports of Transformers and Transformer Components on the National Security*, Appendix D (submission from Congressman Mike Kelly) (Oct. 15, 2020) (hereinafter Commerce Report).

The letter also explained the plant's importance to the community, the essential nature of GOES for the electric grid, and the related national security implications.⁶⁵ It addressed the concern that companies circumvented the Section 232 tariff through the favored trade status of Canada and Mexico, which would cause Cleveland-Cliffs to permanently shut down the Butler plant.⁶⁶

In September and October 2020, Representative Kelly and his staff continued to have discussions with Cleveland-Cliffs personnel on the status of the Section 232 investigation.⁶⁷ Following publication of a press article critical of the Section 232 investigation, Representative Kelly's staffer emailed Cleveland-Cliffs employees noting that the congressman "was texting with your boss. He thinks it's important that we push back on the article highlighting the national security angle as the last maker of electrical steel."⁶⁸ These communications were happening within a few weeks of local press reaching out to Representative Kelly's office about Mrs. Kelly's stock purchase.⁶⁹

Commerce released its report on the findings of its Section 232 investigation on October 15, 2020.⁷⁰ On November 2, 2020, Section 232 extensions were applied to imported laminations and cores of GOES, and Cleveland-Cliffs "praised President Trump and his Administration for taking action to save 1,400 jobs" at the Butler plant.⁷¹ Prior to President Trump's speech on the Section 232 extensions, Representative Kelly's office provided talking points to the President's chief of staff and another White House official.⁷²

C. Mrs. Kelly's Cleveland-Cliffs Stock Transactions and Related Media Inquiries

On April 29, 2020, Mrs. Kelly purchased 5,000 shares of stock in Cleveland-Cliffs for \$23,075.⁷³ This purchase occurred the day after Representative Kelly's staff learned that Commerce would be opening a Section 232 investigation, but five days before this information was announced publicly. Within Mrs. Kelly's vast investment portfolio, the Cleveland-Cliffs stock was an outlier. First, unlike other holdings in her investment portfolio that were traded at PNC's discretion, the purchase of this stock had to be instructed and confirmed directly by Mrs. Kelly in order for the transaction to be completed because it was not on PNC's investment platform.⁷⁴ Second, at the time of the purchase, Mrs. Kelly's investment activity consisted primarily of funds

⁶⁵ See Exhibit 3.

⁶⁶ See *id.*

⁶⁷ See Exhibit 4.

⁶⁸ Exhibit 5. See also Wall Street Journal Editorial Board, *Trump's Steel Election Trap*, WALL STREET JOURNAL (Sept. 29, 2020), <https://www.wsj.com/articles/trumps-steel-election-trap-11601420322>.

⁶⁹ See, e.g., Exhibit 6 (September 1, 2020, email chain in which Congressional Staffer 2 notes, "I spoke to Mike about it tonight."); OCC Referral Exhibit 45. Also around that time, Cleveland-Cliffs helped plan a virtual "steel industry" fundraiser for Representative Kelly. Exhibit 7.

⁷⁰ See Commerce Report (finding that GOES is "critical to the national security.").

⁷¹ Cleveland-Cliffs, *Cleveland-Cliffs Applauds President Trump's Actions to Address Imports of Laminations and Cores from Electrical Steel* (Nov. 2, 2020), <https://www.clevelandcliffs.com/investors/news-events/press-releases/detail/10/cleveland-cliffs-applauds-president-trumps-actions-to>.

⁷² See Exhibit 8.

⁷³ See Exhibit 9.

⁷⁴ See *id.* ("Per your direction, I purchased 5,000 shares of Cleveland Cliffs (CLF), for a little more than \$20,000. Because this stock is not currently covered by our analysts, I will take all trade direction from you (future buys or sells).").

and bonds, as well as a trust that was substantially invested in “large capitalization” entities.⁷⁵ The Cleveland-Cliffs purchase was Mrs. Kelly’s first purchase of individual stock in nearly a year.⁷⁶

Representative Kelly filed a PTR for this transaction on May 15, 2020; in fact, the only transaction on that PTR was Mrs. Kelly’s Cleveland-Cliffs stock purchase. Individuals involved with filing Representative Kelly’s PTRs generally had different recollections of how that process occurred. For example, one of his staffers explained the process for filing PTRs in Representative Kelly’s office as follows:

[Witness 1] also worked with the firm [PNC] that Mrs. Kelly would do her transactions through, her stock transactions. He would work with them every month and put together the list of transactions. He would put together the report. He would email me four copies of the report. I would print them out. I would walk them into [Representative Kelly’s] office. And every month we would sign them – he would sign them.

We’d walk it down and get it date-stamped on all four. They’d [the Legislative Resource Center] keep three. I would keep them in my desk. I would keep one copy, date-stamped, in my desk.⁷⁷

In contrast, Witness 1 (who assists many other Members with their required disclosures as well) stated he would receive an email from PNC showing the prior month’s transactions, fill out the PTRs as needed, and send them directly to the Legislative Resource Center. He also stated that neither Representative Kelly nor anyone else in his congressional office would receive the PTRs. Representative Kelly stated that Witness 1 took care of the Financial Disclosure statements and PTRs; he acknowledged that he would “sign off” on every PTR filed but said that he was unaware of the actual transactions that are disclosed on the PTRs.⁷⁸

Representative Kelly initially informed the Committee, through counsel, that he “learned of [Mrs. Kelly’s] stock purchase when he was informed by a staff member who received an inquiry shortly after” the May 15, 2020, PTR was filed.⁷⁹ In his interview with the Committee, Representative Kelly first stated that he was unaware of Mrs. Kelly’s stock purchase until he was contacted by OCC in 2021.⁸⁰ Later, he said that Mrs. Kelly herself “probably told” him of the

⁷⁵ Witness 2 confirmed that Mrs. Kelly had liquidated all of her individual stocks in consultation with PNC. 18(a) Interview of Witness 2.

⁷⁶ See, e.g., Representative Kelly’s 2018 Financial Disclosure Statement (filed June 11, 2019); Representative Kelly’s 2019 Financial Disclosure Statement (filed Aug. 13, 2020).

⁷⁷ 18(a) Interview of Congressional Staffer 2.

⁷⁸ 18(a) Interview of Representative Kelly.

⁷⁹ Letter from counsel to Representative Mike Kelly to Chairman Theodore E. Deutch and Ranking Member Jackie Walorski, Committee on Ethics (Feb. 9, 2022) (Appendix B). In interviews with the Committee, no staffers recalled any press inquiries until the beginning of September 2020. 18(a) Interview of Congressional Staffer 1; 18(a) Interview of Congressional Staffer 2; OCC Referral Exhibit 2.

⁸⁰ Representative Kelly was first notified of OCC’s preliminary review of this matter on March 9, 2021. OCC Referral at 3.

Cleveland-Cliffs stock purchase.⁸¹ He then recalled a specific conversation with Mrs. Kelly during which she informed him that she purchased Cleveland-Cliffs stock because “it was [] so cheap”⁸²:

I had a promotion at the [car] dealership one time, it was called “Take Stock in America,” and for every time somebody bought a [car], we were going to give them four shares of Armco stock.⁸³ It was \$27 a share. And she said to me, [] how much did you pay for that stock? I said, like \$27 She goes, do you have any idea what it is today? I said no, I don’t follow but I’m more concerned with the mill staying open And she said, well, I bought some of that stock [Cleveland-Cliffs]. I bought it for a lot less than you bought it for.⁸⁴

When asked whether Mrs. Kelly knew the plant was going to stay open at the time she purchased the stock, Representative Kelly responded, “I think she thought the stock was so low priced, it’d be foolish not to . . . I know that she thought she made a hell of a buy.”⁸⁵

Several months later, on August 31, 2020, a reporter from the Pittsburgh Post-Gazette reached out to Representative Kelly’s communications director about Mrs. Kelly’s stock purchase.⁸⁶ In response to the reporter’s inquiry, Representative Kelly’s office gave the following statement:

At a time when the entire Butler community is rallying to save the AK Steel plant and its 1,400 jobs, Representative Kelly’s wife made a small investment to show her support for the workers and management of this 100-year old bedrock of their hometown, where they both are life-long residents.⁸⁷

Shortly after the Pittsburgh Post-Gazette ran its story on September 20th, the Butler Eagle reached out to Representative Kelly’s office regarding the stock purchase. The same statement was also sent to the Butler Eagle.

Contemporaneous messages between Representative Kelly’s staffers about the statement show that various iterations were considered before a statement was given to these media outlets.⁸⁸ In text messages from September 1, 2020, Representative Kelly asked one of his staffers: “Let me know how we answer the [Post-Gazette’s] question about my wife’s investment in our hometown

⁸¹ 18(a) Interview of Representative Kelly (he also clarified, “I can tell you this. I would believe that she would tell me, hey, you know what, I know you’re concerned about the mill, I bought some stock in it.”)

⁸² *Id.*

⁸³ Prior to Cleveland-Cliffs and AK Steel, the plant was owned by Armco Steel from 1927 through 1999. *See, e.g.,* Lawrence Sanata, *Retired mill worker preserving history of Armco Steel Co. through book*, TRIB LIVE (Oct. 21, 2021), <https://archive.triblive.com/news/retired-mill-worker-preserving-history-of-armco-steel-co-through-book>.

⁸⁴ 18(a) Interview of Representative Kelly.

⁸⁵ *Id.*

⁸⁶ *See* OCC Referral Exhibit 44.

⁸⁷ OCC Referral Exhibit 46.

⁸⁸ *See, e.g.,* Exhibit 6; Exhibit 10; Exhibit 11.

steel mill before we release it.”⁸⁹ The staffer responded that he planned to call Representative Kelly the next morning to “go over the draft.”⁹⁰ In his interview with the Committee, Representative Kelly did not recall the statement or any discussions about the press coverage around that time.⁹¹

Despite the press statement about the stock purchase being a way for Mrs. Kelly to “show her support” for the community, the staffers involved in crafting the statement did not have discussions with Mrs. Kelly about her reason for purchasing the stock when drafting the statement.⁹² Representative Kelly’s staffer indicated Mrs. Kelly had told him the purpose was to show support to the community, but only after OCC’s investigation had concluded.⁹³ In contrast, Representative Kelly testified that Mrs. Kelly made the stock purchase because it was “cheap.”⁹⁴

None of the witnesses interviewed by OCC or the Committee provided a clear explanation for how Mrs. Kelly’s purchase of the stock served to show support for the workers and management of the Butler plant.⁹⁵ Neither Mrs. Kelly, Representative Kelly, nor the congressional office advertised Mrs. Kelly’s stock purchase at the time it was made.

In late September 2020, Cleveland-Cliffs officials informed Representative Kelly and his staff that the company would acquire ArcelorMittal USA LLC, a steel production company.⁹⁶ This was publicly announced on September 28, 2020.⁹⁷ Cleveland-Cliffs’ acquisition of ArcelorMittal USA LLC closed on December 9, 2020.⁹⁸ Following the acquisition, Cleveland-Cliffs stock increased substantially in value.⁹⁹

⁸⁹ Exhibit 12.

⁹⁰ *Id.*

⁹¹ 18(a) Interview of Representative Kelly. (“I don’t ever recall reading that statement”; “Q: Do you recall having conversations with any member of your staff about that press coverage? A: No.”).

⁹² Correspondence reviewed by the Committee suggests that the communications director was the first to articulate the purchase was intended to show Mrs. Kelly’s support of the Butler community, rather than Mrs. Kelly or Representative Kelly. *See, e.g.*, Exhibit 10.

⁹³ 18(a) Interview of Congressional Staffer 1.

⁹⁴ 18(a) Interview of Representative Kelly. (“Q: [W]e’re just wondering whether [the communications director] came up with [language about supporting the town] or whether you had talked to him or Congressional Staffer 2 and suggested that that was the reason behind Mrs. Kelly’s purchase? A: Well, Mrs. Kelly made the purchase because she thought it was a good buy. . . .”).

⁹⁵ *See* 18(a) Interview of Congressional Staffer 1; 18(a) Interview of Congressional Staffer 2; OCC Referral Exhibit 2 (testifying regarding the statement, “I don’t know [] exactly what was in [Representative Kelly’s] mind with that. I just know this is what he wanted to say.”).

⁹⁶ *See* Exhibit 5.

⁹⁷ Mark Bergen, Eddie Spence, and Joe Deaux, *Cleveland-Cliffs to Buy ArcelorMittal USA for \$1.4 Billion*, BLOOMBERG (Sept. 28, 2020), <https://www.bloomberg.com/news/articles/2020-09-28/cleveland-cliffs-to-buy-arcelormittal-usa-in-1-4-billion-deal>.

⁹⁸ *See* Cleveland Cliffs, *Cleveland-Cliffs Inc. Completes Acquisition of ArcelorMittal USA* (Dec. 9, 2020), <https://www.clevelandcliffs.com/news/news-releases/detail/8/cleveland-cliffs-inc-completes-acquisition-of>.

⁹⁹ *Cleveland-Cliffs Stock Jumps 3x in 6 Months; What’s Changed?*, FORBES (Jan. 7, 2021), <https://www.forbes.com/sites/greatspeculations/2021/01/07/cleveland-cliffs-stock-jumps-3x-in-6-months-whats-changed/?sh=5ce217302708>.

On January 11, 2021, Mrs. Kelly sold all her shares of Cleveland-Cliffs stock for \$87,551.06, representing a \$64,476.06 profit.¹⁰⁰ None of the witnesses interviewed by OCC or the Committee, including Representative Kelly, provided an explanation for why Mrs. Kelly chose to sell her stock at that time. Representative Kelly told the Committee he did not speak with Mrs. Kelly about the sale at any point. Representative Kelly filed a PTR disclosing the sale of Mrs. Kelly's Cleveland-Cliffs stock on February 12, 2021.

In general, Representative Kelly testified that he does not get involved with Mrs. Kelly's investment portfolio and his wife "doesn't discuss what she does with her stock," though she sometimes tells him about stock she purchases after the fact.¹⁰¹ Mrs. Kelly's investment advisor confirmed that Representative Kelly was not involved with her portfolio.¹⁰²

In February 2024, the Committee requested a voluntary interview of Representative Kelly. On May 8, 2024, Representative Kelly voluntarily testified before the Committee. At that time, Representative Kelly was asked about the most recent PTRs he had filed, which disclosed bond transactions by his wife; he told the Committee he had not been aware of those transactions until asked about them by the Committee.¹⁰³

On June 14, 2024, Representative Kelly filed a PTR disclosing that Mrs. Kelly had purchased between \$50,000 and \$100,000 in shares of Cleveland-Cliffs stock on March 28, 2024.¹⁰⁴ The stock generally declined in value since that purchase. At the time of Mrs. Kelly's stock purchase, Representative Kelly's congressional office was involved in another issue of concern to Cleveland-Cliffs. In January 2023, the U.S. Department of Energy (Energy) proposed a rule change that would have rendered GOES immaterial to the production of electrical distribution transformers, again potentially impacting jobs at the Butler plant. After "a years-long legislative effort to reverse the DOE proposed rule to save these jobs," Energy announced that it would maintain the use of GOES in distribution transformers on April 4, 2024—just one week after Mrs. Kelly's second purchase of Cleveland-Cliffs stock.¹⁰⁵ Mrs. Kelly declined to respond

¹⁰⁰ Letter from counsel to Mrs. Victoria Kelly to Chairman Theodore E. Deutch and Ranking Member Jackie Walorski, Committee on Ethics (Feb. 9, 2022). The stock price increased by approximately 285% from the close of April 29, 2020 (\$4.70/share) to the close of January 11, 2021 (\$18.11/share). *See also* OCC Referral at n. 121.

¹⁰¹ 18(a) Interview of Representative Kelly.

¹⁰² 18(a) Interview of Witness 2.

¹⁰³ 18(a) Interview of Representative Kelly.

¹⁰⁴ The disclosure of the March 28, 2024, stock purchase was late under the STOCK Act, which requires PTRs to be filed by the earlier of: (1) 30 days from being made aware of the transaction, or (2) 45 days from the transaction. In August 2024, the Committee sent Representative Kelly a letter informing him that he owed a \$200 late fee. The letter noted that it was Representative Kelly's fourth late PTR. A second notice of the required fee was sent in November 2024. As of the date of this Report, Representative Kelly has not paid the late filing fee or sought a waiver for the fee.

¹⁰⁵ Office of Representative Mike Kelly, *Representative Mike Kelly Statement on Department of Energy Finalized Rule on Grain Oriented Electrical Steel to Save Hometown Steel Plant* (Apr. 4, 2024), <https://kelly.house.gov/media/press-releases/rep-mike-kelly-statement-department-energy-finalized-rule-grain-oriented>. He also held a townhall about efforts to repeal the rule in order to save the Butler plant. Office of Representative Mike Kelly, *WPXI-TV recaps Rep. Mike Kelly's town hall to save 1,300 jobs at local steel plant* (Apr. 9, 2024) (sharing broadcast news coverage of an April 1, 2024, town hall), <https://www.youtube.com/watch?v=MS7k2MC-6mI>. Representative Kelly later introduced an amendment to fully repeal the rule. Office of Representative Mike Kelly, *Kelly amendment to fully repeal job-killing Dept. of Energy*

to written questions regarding this stock purchase. Representative Kelly also did not respond to written questions about the purchase.¹⁰⁶

As discussed above, Mrs. Kelly refused to testify before the Committee. In lieu of her in-person testimony, the Committee sought her responses under oath or affirmation to less than two pages of written questions, including why she purchased the stock, whether she discussed Commerce's actions relating to Cleveland-Cliffs with Representative Kelly or his staff, and why she decided to sell her stock in January 2021. She declined to respond; her counsel cited Mrs. Kelly's recent health issues and prior cooperation as a basis for not cooperating further. According to Representative Kelly, Mrs. Kelly did not want to interview with the Committee because the process was "invasive."¹⁰⁷

V. FINDINGS

A. The Committee did not find substantial evidence that Representative Kelly violated laws, rules, or other standards of conduct relating to insider trading and conflicts of interest.

1. Insider Trading

The Committee has long advised that Members and employees are prohibited from entering into personal financial transactions to take advantage of any confidential information obtained through the performance of their official governmental duties.¹⁰⁸ The STOCK Act explicitly affirmed that Members and employees are subject to the insider trading prohibitions arising under federal securities laws as to information learned both in an official capacity and a personal capacity.¹⁰⁹ This also extends to instances where a Member engaged in "tipping." Tipping is the passing along of inside information in violation of a duty of confidentiality. A tip occurs when the tipper discloses material, nonpublic information to another person, who knows or should have known that the tipper was breaching a duty by disclosing the information and the tipper intended to personally benefit by providing the information.¹¹⁰

OCC commissioned an expert report to provide an opinion on whether Mrs. Kelly's stock purchase may have violated Federal laws related to insider trading. The expert report concluded that while the fact of the Section 232 investigation was nonpublic information, and therefore

policy passes House Rules Committee, advances to full House vote (May 7, 2024), <https://kelly.house.gov/media/press-releases/kelly-amendment-fully-repeal-job-killing-dept-energy-policy-passes-house-rules>.

¹⁰⁶ Representative Kelly requested, through his then-counsel, that Committee communications be sent to him by mail at his home address. The Committee then transmitted the questions by mail and provided an additional two weeks to respond, but did not receive a response. Committee staff also notified Representative Kelly's chief of staff of the outstanding request. Representative Kelly did not provide an explanation for his refusal to correspond electronically, or his failure to respond to the request. Committee staff renewed the request for information about the second stock purchase in the current Congress; Representative Kelly declined to cooperate.

¹⁰⁷ 18(a) Interview of Representative Kelly.

¹⁰⁸ 2011 Pink Sheet.

¹⁰⁹ 2012 Pink Sheet; 2020 Pink Sheet.

¹¹⁰ 2011 Pink Sheet. A personal benefit can include either a direct profit or an indirect "gift" of information. *See Salman*, 137 S. Ct. at 428.

confidential, it was not material.¹¹¹ The expert did, however, find that “Ms. Kelly’s purchase of Cleveland-Cliffs stock on April 29, 2020 represented a sharp departure from her investment behavior, leading to the inference that this investment was due to some special event or consideration.”¹¹² On the basis of this report, OCC did not consider whether Representative Kelly engaged in insider trading.¹¹³

Nonetheless, Representative Kelly had a clear duty as a Member of Congress to refrain from using confidential information obtained through the performance of his official duties for private gain. Although his congressional office had been voicing this issue to Commerce for months, Mrs. Kelly did not make her stock purchase until the day after Representative Kelly learned of the Section 232 investigation and that the workers at the Butler plant would continue to be employed—in other words, once the matter was resolved in Cleveland-Cliffs’ favor. Further, Representative Kelly admitted Mrs. Kelly may have overheard his discussions about the matter while he was working from home recovering from COVID.¹¹⁴

While Representative Kelly learned confidential information shortly before Mrs. Kelly’s stock purchase, it is not clear whether Mrs. Kelly made the trade based on this information and no evidence was uncovered to show that Representative Kelly shared nonpublic information with his wife with the intent to personally benefit from that information. However, the timing alone of Mrs. Kelly’s purchase raises serious concerns; these concerns are amplified when coupled with the fact that it was a deviation from her typical trading activity, which principally relied on her broker to identify trades and had otherwise divested of all individual stocks. Unlike every other stock she held since at least 2017 until the Cleveland-Cliffs purchase in 2020, this purchase required her explicit instruction.¹¹⁵ The Committee did not receive convincing evidence from any individual as to why Mrs. Kelly chose to purchase Cleveland-Cliffs stock the day after Representative Kelly learned that Cleveland-Cliffs would not be closing the Butler plant as previously announced.

Likewise, the Committee was unable to find an explanation as to the intent behind Mrs. Kelly’s stock purchase. Representative Kelly’s congressional office provided a statement to the press that she was showing support for the local community. However, there is no evidence that Mrs. Kelly was involved in crafting the statement or that she informed anyone in the community of her stock purchase. Nor did she actually show public support through other actions either before or after the stock purchase. Mrs. Kelly’s refusal to cooperate left the Committee with no viable explanation as to why she purchased Cleveland-Cliffs stock when she did. Furthermore, Representative Kelly’s testimony on the subject was inconsistent. Contemporaneous messages show that his congressional staff may have first suggested the idea that the stock purchase was intended to show community support. Representative Kelly did not recall being involved in these

¹¹¹ See Exhibit 13. Specifically, OCC concluded that the information was not material to Cleveland-Cliffs investors and there was not a significant change in the price of Cleveland-Cliffs stock after the Section 232 investigation became public.

¹¹² OCC Referral at 22.

¹¹³ See OCC Referral at n. 8.

¹¹⁴ 18(a) Interview of Representative Kelly.

¹¹⁵ After Mrs. Kelly’s sale of the Cleveland-Cliffs stock, she purchased two other stocks between June and December of 2021 that required her instruction; both stocks were sold in 2023. Neither company is local to the congressman’s district.

discussions although contemporaneous records show his involvement in reviewing draft press statements. In contrast to the publicly stated reason for the stock purchase, Representative Kelly told the Committee that Mrs. Kelly purchased Cleveland-Cliffs stock “because it was cheap.”¹¹⁶ However, the stock had in fact been “cheap” for years.¹¹⁷ He further stated that “the natural follow [is], I think people buy stock because they think they’re going to make money on it.”¹¹⁸

Without Mrs. Kelly’s cooperation, the Committee was ultimately unable to confirm whether Mrs. Kelly received nonpublic information from her husband or what her intent was in purchasing the Cleveland-Cliffs stock. In light of concerns raised about Mrs. Kelly’s health, and the lack of candor in her communications to the Committee over the course of its investigation, the Committee determined not to subpoena Mrs. Kelly.¹¹⁹ Based on the record available, the Committee did not find sufficient evidence that Representative Kelly engaged in or facilitated insider trading with respect to his wife’s 2020 purchase of Cleveland-Cliffs stock.¹²⁰

As discussed below, Members must avoid even the appearance of impropriety. Accordingly, the Committee recommends the Kellys divest of all Cleveland-Cliffs stock should he continue to take official actions relating to the company.

2. Conflict of Interest

Representative Kelly continued to advocate for Section 232 tariffs for GOES products even after Mrs. Kelly held stock in Cleveland-Cliffs. As discussed above, he took several actions to specifically benefit Cleveland-Cliffs during the time his wife had a direct financial interest in the company, including: issuing a press release praising Commerce’s decision to initiate a Section 232 investigation; communicating with Commerce during the public comment period on behalf of Cleveland-Cliffs; preparing talking points for President Trump when he announced the Section 232 extensions to GOES products; corresponding with senior White House officials regarding Cleveland-Cliffs’ competitive position; and, in the case of Mrs. Kelly’s most recent Cleveland-Cliffs stock purchase, working to revise and repeal a rule change that would effectively make GOES obsolete. Representative Kelly told the Committee: “I know that plant, and I know what we make, and I know we’re the last producer of that product in the United States . . . Am I an insider? Damn right. I have been inside that mill.”¹²¹

¹¹⁶ 18(a) Interview of Representative Kelly.

¹¹⁷ AK Steel acquired Armco Inc. in 1999; from 1999-2020, the value of AK Steel stock was, on average, under \$10/share for 12 of those years, including every year since 2012. *See* Investing, *AK Steel Stock Price History*, <https://www.investing.com/equities/ak-steel-holding-corp-historical-data> (last visited Apr. 23, 2025). *See also* Macrotrends, *Cleveland-Cliffs- 41 Year Stock Price History* (last visited Apr. 23, 2025), <https://www.macrotrends.net/stocks/charts/CLF/cleveland-cliffs/stock-price-history>.

¹¹⁸ 18(a) Interview of Representative Kelly.

¹¹⁹ Representative Kelly informed the Committee that Mrs. Kelly did not want to interview with the Committee because the process was “invasive.” *Id.*

¹²⁰ On this basis, the Committee also did not reach a finding regarding whether the confidential information—that Commerce would initiate a Section 232 investigation and the Butler plant would not be closing—was material.

¹²¹ 18(a) Interview of Representative Kelly. *See also* Letter from Representative Mike Kelly to Chairman Michael Guest and Ranking Member Mark DeSaulnier, Committee on Ethics (July 7, 2025) (Appendix B) (“I’ve been inside the mill, I’ve spoken with the workers, and they appreciate the hard work we have done to fight for those jobs and fight for Butler.”).

The Committee has noted that “[t]he rules governing conflicts of interest require a fact-specific analysis, and Members are encouraged to conduct that analysis with the guidance of the Committee’s non-partisan, professional staff.”¹²² Not every financial interest triggers a requirement of recusal; as the Committee has noted, Members who happen to be farmers may still represent their constituents in matters relating to farm policy. Similarly, “[n]o statute or rule requires the divestiture of private assets or holdings by Members . . . upon entering their official position.”¹²³ The Committee “views conflicts of interest differently based on the nature of the personal financial interest relative to the scope of the action.”¹²⁴ Members are generally only expected to recuse themselves from a vote when they have “a direct personal or pecuniary interest” that would be affected by the legislation.¹²⁵ A Member is not restricted from voting on legislation that affects a class of companies or assets, as opposed to legislation affecting a specific company or asset in which the Member holds a financial interest.¹²⁶ The Committee has noted, however, that certain actions, such as contacting Executive Branch agencies, “entail a degree of advocacy above and beyond that involved in voting,” and Members are held to a higher standard with respect to such activity.¹²⁷

In assessing whether Representative Kelly had an actual conflict of interest with respect to his official actions to the benefit of Cleveland-Cliffs, House Rule XXIII, clause 3 provides a framework for reviewing the matter. A violation of clause 3 occurs when a Member “(1) receives or accrues compensation; and (2) that compensation resulted from the ‘improper’ exercise of [the Member’s] influence.”¹²⁸ Regarding the first factor, the Committee has historically “defined ‘compensation’ to include the service of a Member’s own ‘narrow, financial interests as distinct from those of their constituents.’”¹²⁹ With respect to the second factor, the Committee has articulated that it is improper to “take actions which are intended to assist a specific entity in which the Member has a financial interest, and in a manner that could affect that interest.”¹³⁰ In this instance, the Committee recognizes that Representative Kelly’s interests were aligned with his constituents, and there is evidence that Representative Kelly took actions to the benefit of Cleveland-Cliffs both before and after his wife purchased stock in the company. Accordingly, the Committee did not determine that Representative Kelly had an actual conflict of interest.

Even if Representative Kelly did not have an *actual* conflict of interest, his conduct may still be in violation of Section 5 of the Code of Ethics if he had an *apparent* conflict of interest. The Committee has long cautioned Members to “avoid situations in which even an inference might be drawn” that a Member took an official action to benefit their own financial interests.¹³¹ In determining whether a Member’s conduct is in violation of Section 5, the Committee asks

¹²² Comm. on Ethics, *In the Matter of Allegations Relating to Representative Tom Petri*, H. Rept. 113-666, 113th Cong., 2d Sess. 6 (2014) (hereinafter *Petri*).

¹²³ 2011 Pink Sheet.

¹²⁴ *Gingrey* at 11.

¹²⁵ Members are also expected to recuse themselves when they have even an appearance of a conflict of interest arising out of a negotiation or agreement for future employment. House Rule XXVII, cl. 4.

¹²⁶ *Williams* at 9-10.

¹²⁷ *Ethics Manual* at 246.

¹²⁸ *Berkley* at 47.

¹²⁹ *Id.* (quoting *House Ethics Manual* (2008) at 314).

¹³⁰ Comm. on Ethics, *In the Matter of Representative Maxine Waters*, H. Rept. 112-690, 112th Cong., 2d Sess. 14 (2012); see also *Berkley* at 48.

¹³¹ *Ethics Manual* at 196, 261.

“whether a reasonable person might conclude that a Member took an official action for personal financial gain.”¹³² To determine the answer to this question, the Committee typically considers “the totality of the circumstances in each case.”¹³³ In *Williams*, a matter which presented similar allegations of a conflict of interest related to the sponsorship of legislation, the Committee outlined a number of factors for consideration, centering around (a) the nature of the Member’s financial interest, and (b) the nature of the Member’s official action.¹³⁴

The Committee has generally considered the following factors with respect to the nature of the Member’s financial interest including: the dollar value of the financial interest; the relative value of the investment compared to the entire investment portfolio; whether the investment is public or private; whether the financial interest is direct or imputed; and whether the interest is aligned with the interest of constituents.

Here, Mrs. Kelly purchased 5,000 shares of Cleveland-Cliffs stock for \$23,075, and later sold them for \$87,551.06, accruing a \$64,476.06 profit. The relative value of this stock compared to the value of Mrs. Kelly’s entire investment portfolio was minimal, as the portfolio contained more than 7 million dollars’ worth of assets at the time. Additionally, the stock purchase was in a publicly traded company. With respect to whether any financial interest was direct or imputed, Representative Kelly himself appears to have had little or no direct financial interest in the Cleveland-Cliffs stock purchased by Mrs. Kelly. Her portfolio is in her name and, according to Representative Kelly, he has no legal right to any of Mrs. Kelly’s invested funds.¹³⁵ However, he could have had an imputed interest in the increased value of the stock between when Mrs. Kelly purchased it in April 2020 and sold it in January 2021. Representative Kelly has not attempted to claim the spousal exemption and while Representative Kelly does not have direct access to the investment account, the funds within the account can be used by Mrs. Kelly to address matters relevant to their joint personal financial dealings.

When asked whether he had any concerns about the potential conflict of interest in working on matters related to Cleveland-Cliffs while his wife owned stock, Representative Kelly responded, “My concern was more for the people I represent and the fact that there’s a lot of jobs that were at risk. I don’t think my wife buying a small amount of stock is going to drive any decision that I would’ve had.”¹³⁶ The Committee did not find any evidence to the contrary; Representative Kelly consistently emphasized that his primary concern was for his constituents, and the broader policy and security issues he associated with his support for domestic GOES production.

In considering the nature of the Member’s official action, the relevant factors include: whether the action was consistent with the treatment of others who requested similar assistance; whether other Members of Congress participated; whether public oversight was applied; the potential effect the proposed activity would have on the official’s financial interest; and whether

¹³² *Williams* at 12.

¹³³ *Id.*

¹³⁴ *Id.* at 13-16.

¹³⁵ 18(a) Interview of Representative Kelly.

¹³⁶ *Id.*

the proposed activity affects a sector or large class of entities or narrowly affects a single or smaller group of entities in which the Member retains a financial interest.

In this matter, Representative Kelly and his staff testified that the potential closure of the Butler plant was a very important issue for the constituents in Representative Kelly's district and that Representative Kelly was directly involved in the work. According to the congressional staff, it was unusual for him to be involved in casework affecting the district, although constituents would come to Representative Kelly with concerns that he would pass along to district staff.¹³⁷ In the case of Cleveland-Cliffs, this matter was high-profile in the district because of its potential to affect a large number of jobs in the community. Likewise, another Member, Representative Balderson, was also concerned about the potential closure of a Cleveland-Cliffs plant in his district in Ohio. Representatives Kelly and Balderson jointly signed many of the letters to Commerce, and their staff appears to have been in contact frequently in the weeks leading up to the Section 232 investigation announcement. The decision to undertake a Section 232 investigation by Commerce had no public oversight and impacted only two plants in Butler, PA and Zanesville, OH.¹³⁸ However, while the decision had large implications for Representative Kelly's district, the decision did not appear to have a significant impact on Cleveland-Cliffs' stock price.

Given the totality of the circumstances in this case, the Committee did not conclude that Representative Kelly had a clear actual or apparent conflict of interest, as a reasonable person would not conclude that Representative Kelly undertook the work related to the Section 232 investigation by Commerce to benefit himself rather than his constituents. However, the *Ethics Manual* advises Members to use "added circumspection" when sponsoring legislation or contacting the Executive Branch on matters that may affect their financial interest and urges Members to contact the Committee for guidance in deciding how to address potential conflicts. Representative Kelly did not seek the Committee's guidance. In a prior matter, the Committee considered whether a Member's investments violated conflict of interest standards and ultimately concluded that no rules or other laws were violated based in large part on the fact that the Member repeatedly sought advice from the Committee on the official actions taken related to the company in which he invested, and the Member substantially complied with that advice.¹³⁹ While it is not a violation of the rules to not seek advice from the Committee, had Representative Kelly done so, he would have been better able to appreciate the potential appearance of impropriety created by his wife's stock purchase.

Based on the foregoing, the Committee did not find that Representative Kelly clearly violated conflict of interest laws or standards. His ongoing financial interest in Cleveland-Cliffs nonetheless creates an appearance of impropriety, as discussed further below. In light of the significance of the Butler plant to his official work, it would be unreasonable to expect Representative Kelly to refrain from taking actions to benefit Cleveland-Cliffs. To best serve his constituents without creating any appearance of acting for personal gain, neither Representative Kelly nor his spouse should maintain a financial interest in Cleveland-Cliffs.

¹³⁷ 18(a) Interview of Congressional Staffer 1; 18(a) Interview of Congressional Staffer 2.

¹³⁸ Once the Section 232 investigation was initiated, there was a public comment period. See Commerce Report.

¹³⁹ *Petri*.

B. The Committee found substantial evidence that Representative Kelly violated the Code of Official Conduct.

House Rule XXIII, clause 1, states that “[a] Member . . . shall behave at all times in a manner that shall reflect creditably on the House” and clause 2 states that “[a] Member . . . shall adhere to the spirit and the letter of the Rules of the House” In enforcing clause 1, the Committee has noted that “Clause 1 is a purposely subjective standard designed to ‘have a deterrent effect against improper conduct,’ and provide ‘the ability to deal with any given act or accumulation of acts which, in the judgment of the [C]ommittee, are severe enough to reflect discredit on the Congress.’”¹⁴⁰ The provision serves “as a safeguard for the House as a whole.”¹⁴¹

The *Ethics Manual* also warns Members against actions that “may create an appearance of impropriety that may undermine the public’s faith in government.”¹⁴² The Committee has repeatedly cautioned that Members should avoid even the appearance of impropriety, which undermines the public’s confidence in the integrity of government officials.¹⁴³ The Committee explained its approach to such matters in a recent case, and it has followed this approach in many matters, over many years: “[T]here is no evidence that [the Member] . . . purposefully violated the rules . . . But there are a range of mindsets between completely innocent and unforgivably corrupt. Somewhere along that span sit Members who fail to exercise care that a reasonable Member would exercise in similar circumstances to ensure compliance with the Code of Conduct.”¹⁴⁴

Representative Kelly’s conduct with respect to Cleveland-Cliffs and his wife’s stock purchase raised significant concerns for the Committee, even if it did not rise to the level of insider trading or clearly violate conflict of interest rules. Regardless of his motivations when taking actions on behalf of Cleveland-Cliffs, those actions have been taken against the backdrop of his family’s financial interest in the company. The questions raised about the 2020 stock purchase are not unreasonable; the financial benefit of a nearly \$65,000 profit risks creating an appearance of self-dealing. However, the significance of this profit was dismissed by Representative Kelly, who stated to the Committee multiple times that “no one cares” about his wife’s stock purchase. The conflict of interest standards and federal laws prohibiting insider trading exist because people *do* care whether he, in his role as a Member of Congress, obtained confidential information and gave

¹⁴⁰ Gaetz.

¹⁴¹ *Sergeant-At-Arms* at 22.

¹⁴² *Id.* at 24.

¹⁴³ See, e.g., Comm. on Ethics, *In the Matter of Allegations Relating to Representative Cathy McMorris Rodgers*, H. Rept. 116-359, 116th Cong., 1st Sess. 52 (2019) (“Nonetheless, the Committee cautions Representative Rodgers and the whole House community to avoid even the appearance of a conflict of interest when entering into relationships with contractors on behalf of the House.”); Comm. on Ethics, *In the Matter of Allegations Relating to Representative Thomas Garrett*, Staff Rept., 115th Cong., 2d Sess. 38 (2019) (“However, Members have a duty to avoid even the appearance of impropriety. When Members accept gifts from their employees, it can lead to an appearance that the Member lacks impartiality and create an environment in which staff attempt to win a Member’s favor not based on their work product or effort, but by offering to perform unofficial favors for or providing gifts to the Member.”); Comm. on Ethics, *In the Matter of Allegations Relating to Representative Luis V. Gutiérrez*, H. Rept. 115-617, 115th Cong., 2d Sess. 31 (2018) (“The Committee has also long cautioned Members that when taking official actions, they must ‘avoid situations in which even an inference might be drawn suggesting improper action.’”).

¹⁴⁴ Comm. on Ethics, *In the Matter of Allegations Relating to Representative Bobby L. Rush*, H. Rept. 115-618, 115th Cong., 2d Sess. 24 (2018).

that information to his wife while advocating for policies that would benefit his family, resulting in thousands of dollars in financial gain. Mrs. Kelly's subsequent purchase of Cleveland-Cliffs stock despite the ongoing investigation, and Representative Kelly's failure to timely disclose that purchase and answer questions relating to it, are yet more examples of his failure to recognize the gravity of the allegations in this case and indicate a lack of respect for the Committee's role and processes. Representative Kelly has not demonstrated sufficient appreciation for the harm to the institution caused by the appearance of impropriety.

Members have a duty of candor and diligence when under investigation by the Committee.¹⁴⁵ During his interview with the Committee, some of Representative Kelly's answers to key questions were inconsistent both during his testimony and with his prior written responses to Committee requests for information. In addition, Representative Kelly's production of documents was largely unresponsive. Most concerning, when asked to respond to a limited set of written questions about the second purchase of Cleveland-Cliffs stock, both Representative Kelly and Mrs. Kelly refused to cooperate altogether.

The Committee has previously found Members to be in violation of clause 1 of the Code of Official Conduct when they have acted in a manner that impeded the Committee's investigation.¹⁴⁶ Many of those matters have resulted in a sanction being imposed on the Member. In one matter, the Committee noted that a Member's efforts "to delay and impede [an investigative subcommittee's] investigation were not only highly detrimental to the Committee's work and the reputation of the House, they were themselves sanctionable misconduct."¹⁴⁷ In another matter, the Committee reprimanded a Member for interfering with its investigation, noting that "the Committee cannot perform its essential functions, which are critical to upholding the public's trust in the institution of the House, without the full cooperation of the House Members and staff."¹⁴⁸

The Committee found that Representative Kelly violated clause 1 of the Code of Official Conduct by failing to meet his duty of candor. The Committee further determined that this Report shall serve as a reproof of Representative Kelly's conduct.¹⁴⁹

VI. CONCLUSION

¹⁴⁵ Comm. on Ethics, *In the Matter of Allegations Relating to Representative George Santos*, H. Rept. 118-274, 118th Cong., 1st Sess. 55 (2023); Comm. on Ethics, *In the Matter of Allegations Relating to Delegate Michael F. Q. San Nicolas*, H. Rept. 117-387, 117th Cong., 2d Sess. 5 (2022); Comm. on Ethics, *In the Matter of Allegations Relating to Representative David Schweikert*, H. Rept. 116-465, 116th Cong., 2d Sess. 6 (2020) (hereinafter *Schweikert*).

¹⁴⁶ See, e.g., *Schweikert*; Comm. on Ethics, *In the Matter of Allegations Relating to Representative Judy Chu*, H. Rept. 113-665, 113th Cong., 2d Sess. 15 (2014) (hereinafter *Chu*); Comm. on Ethics, *In the Matter of Allegations Relating to Representative Laura Richardson*, H. Rept. 112-642, 112th Cong., 2d Sess. 32 (2012) (finding that "Respondent's conduct, including her conduct after receiving notice of the Committee's investigation, evidences a pattern of indifference or disregard for the laws, rules or regulations of the United States House of Representatives.").

¹⁴⁷ *Schweikert* at 6.

¹⁴⁸ *Chu* at 14-15.

¹⁴⁹ Representative Kelly is also directed to pay his outstanding \$200 late filing fee within 30 days of the date of this Report.

The Committee reminds all Members to uphold their responsibility to maintain the privacy of confidential information and to avoid even the appearance of impropriety when carrying out their governmental duties. This is particularly important when Members may be viewed by the public as having a personal, financial motive for their official actions and often occurs in the context of stock transactions. The Committee has long advised “added circumspection” when Members take actions above and beyond voting that may affect their personal financial interests. Representative Kelly did not show sufficient circumspection.

It is rare for the Committee to recommend divestment of stocks where there is a potential appearance of a conflict of interest. As Representative Kelly himself noted, however, he is an “insider” when it comes to Cleveland-Cliffs, by virtue of his position as the representative for his district. Representative Kelly has also repeatedly emphasized that the official actions he has taken with respect to GOES tariffs uniquely benefit the Cleveland-Cliffs plant, the *only* facility in the country currently producing GOES. Even where a company is a major employer in a Member’s district, it is not necessarily an impermissible conflict for the Member to own stock in that company and take official actions that benefit that company. Here, however, where there is evidence that the Member had confidential information at the time his spouse was actively trading on the company’s stock, while the Member took official actions directly affecting the specific company, there is a unique and heightened ethical concern.

In order to avoid any continued appearance of impropriety, the Committee’s position is that Representative Kelly should ensure that he and Mrs. Kelly divest of all shares of Cleveland-Cliffs before taking any further official action relating to the company.¹⁵⁰

Members are entitled to defend themselves when under investigation by the Committee, but they have a duty to diligently address allegations that impact the integrity of the institution. Representative Kelly acted in a manner that did not reflect creditably upon the House by failing to meet his duty of candor to the Committee. The Committee has thus determined to reprove Representative Kelly for his violations of the Code of Official Conduct.

VII. STATEMENT UNDER HOUSE RULE XIII CLAUSE 3(c)

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

¹⁵⁰ To the extent divestment results in any profits, the Committee recommends donating the profits to an appropriate charitable organization. An appropriate charitable organization is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of the Code.