

APPENDIX B

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August 26, 2021

via e-mail & UPS/Next-Day Delivery

Thomas A. Rust, Esquire
Chief Counsel and Staff Director
U.S. House of Representatives
Committee on Ethics
1015 Longworth House Office Building
Washington, D.C. 20515-6328

Re: Review No. 21-9221

Dear Mr. Rust:

I write on behalf our client, The Honorable Mike Kelly of Pennsylvania's 16th Congressional District, who is grateful to the Committee on Ethics for the opportunity to submit this response to the Report and Findings of the Office of Congressional Ethics ("OCE") (hereinafter, the "Report"). On April 20, 2021, we informed OCE that Rep. Kelly respectfully declined to participate in OCE's inquiry. While Rep. Kelly has the utmost respect for the ethics process, we were troubled by the fact that OCE initiated its review ten months after Rep. Kelly timely filed the relevant periodic transaction report, and over five months after media reports of the trade. As we expected, OCE's investigation and subsequent Report found no evidence that Rep. Kelly or his wife Victoria acted improperly.

OCE extensively investigated the allegation for three months, yet its Report is noticeably devoid of any evidence of misconduct. Instead, OCE stretched its extrapolations of circumstantial evidence beyond their breaking points; ultimately revealing that its Report is fatally flawed. For example, the Report repeatedly cites Exhibit 15 in support of its allegation that Cleveland-Cliffs "intended to provide layoff notices to its employees on April 29th."¹ That Exhibit is an April 28, 2020 text message from Rep. Balderson's then Communications Director

¹ See, e.g., *id.* ¶ 37 & n.59.

DILLON McCANDLESS KING COULTER & GRAHAM L.L.P.

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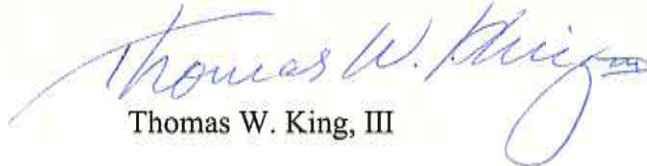
to Witness 1, Rep. Kelly's Director of Communications.² Witness 1 does not respond, so the text message offers no insight into what, if anything, Witness 1 knew about the alleged layoffs. OCE also provides no justification for its assumption that potential layoffs at, or the closing of, the Zanesville Plant in Rep. Balderson's district meant that the same would happen at the Butler Plant in Rep. Kelly's district. The Butler facility had 1,400 employees versus the 100 in Zanesville,³ thus circumstantial evidence at one is of little probative value about the other.

Tellingly, the Report does not contain a single communication where Rep. Kelly or his staff state that there would be layoffs at the Butler Plant on April 29th. The over 600 pages of exhibits include numerous communications between Rep. Kelly's staff and the Department of Commerce, the Minority Leader's Office, and the White House, and it is striking that at no point does anyone from Rep. Kelly's office mention the alleged fact that the largest employer in Rep. Kelly's district intended to lay off its employees or to close within a week. This is just one example of the numerous deficiencies contained in the Report.

In sum, we respectfully disagree with many of the assertions and characterizations in the Report, and we look forward to working with the Staff to resolve the matter quickly. We reserve the right to provide supplemental information and materials as warranted by developments, and we hope to establish a constructive dialogue with you moving forward. As I told the OCE, "[t]here has been no indication that Rep. Kelly provided Mrs. Kelly any material non-public information learned through the performance of his official duties prior to her stock purchase or, in fact, that he had any involvement whatsoever in Mrs. Kelly's decision to purchase the stock."⁴ I am confident that after a fair and objective review you will reach the same conclusion.

Very truly yours,

DILLON McCANDLESS KING COULTER & GRAHAM, LLP


Thomas W. King, III

TWK / Attachment

² Exhibit 15.

³ Report ¶ 32 & n.47.

⁴ April 20, 2021 Letter to Omar S. Ashmawy.

Declaration

I, Representative Mike Kelly, declare (certify, verify, or state) under penalty of perjury that the response and factual assertions contained in the attached letter dated 8/26, 2021, relating to my response to the July 28, 2021, Committee on Ethics letter, are true and correct.

Signature:

A handwritten signature in blue ink, appearing to read "Mike Kelly", is written over a horizontal line.

Name:

Representative Mike Kelly

Date:

8/26, 2021

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February 9, 2022

Honorable Theodore E. Deutch, Chairman
Honorable Jackie Walorski, Ranking Member
U.S. House of Representatives
Committee on Ethics
1015 Longworth House Office Building
Washington, D.C. 20515-6328

RE: Honorable Mike Kelly

Honorable Chairman Deutch and Ranking Member Walorski:

By letter dated January 12, 2022, you notified Representative Kelly that the Committee on Ethics (hereinafter "Committee") received a referral from the Office of Congressional Ethics (hereinafter "OCE") on July 23, 2021, recommending further review of allegations related to Representative Kelly and his wife, Victoria Kelly. Specifically, it is alleged that Representative Kelly may have violated House rules or laws related to conflicts of interest in connection with a stock purchase made by his wife. On behalf of Representative Kelly, I wish to indicate to the Committee in the clearest terms possible that Representative Kelly did not at any time violate the House Ethics Rules in connection with his wife's purchase of the stock at issue.

Further, Representative Kelly will fully and completely cooperate with the Committee's investigation. Representative Kelly has provided each of the staff members, who were employed by Representative Kelly during the time period at issue, with a letter notifying the staff member that the Committee has initiated an investigation into allegation of alleged ethical misconduct by Representative Kelly; that the staff member may be contacted by the Committee and asked to cooperate with the Committee's investigation; that the staff member is expected, encouraged, and directed to fully and honestly cooperate with the Committee's request for interviews, information or any other request made by the Committee; and that the staff member's cooperation will not result in any adverse action against the staff member by Representative Kelly or anyone else. Copies of Representative Kelly's letters have been provided as part of Representative Kelly's production of documents, pages 92 through 107.

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Further, Representative Kelly was asked to submit two letters to the Chief Information Security Officer of the Office of the Chief Administrative Officer (hereinafter “CAO”). The first letter was submitted pursuant to the CAO’s Electronic Preservation and Search Policy and Process requesting the Office of Cybersecurity to preserve electronic data. A copy of Representative Kelly’s first letter has been provided as part of Representative Kelly’s production of documents, pages 113 through 117. The second letter was submitted pursuant to the CAO’s Electronic Preservation and Search Policy and Process requesting the Office of Cybersecurity to search for, investigate, or otherwise produce electronic data. A copy of Representative Kelly’s second letter has been provided as part of Representative Kelly’s production of documents, pages 108 through 112.

Finally, seven (7) specific requests were made of Representative Kelly. Each request, along with Representative Kelly’s responses are listed below.

1. Inform the Committee of: what information you received prior to May 4, 2020, regarding the Commerce Department’s actual or potential plans to launch a Section 232 investigation regarding transformer laminations and cores; (b) when you learned the information; and (c) how you learned of the information.

Response:

From the late fall of 2019 through May 4, 2020, Representative Kelly was an outspoken advocate seeking to protect steelworker jobs within his congressional district and, more specifically, his hometown of Butler, Pennsylvania. As I indicated in my letter of April 5, 2021, to Omar S. Ashmawy, Esquire, of the Office of Congressional Ethics, Rep. Kelly and his wife, Victoria Kelly (“Mrs. Kelly”), are interwoven into the fabric of Rep. Kelly’s hometown district of Butler, Pennsylvania. Mike Kelly Automotive, formerly Kelly Motors, has been in Rep. Kelly’s family since his father started the business in 1953.¹ More importantly, Rep. Kelly’s dealerships employ over 100 people from the region.² Many customers of Kelly Automotive are employees or family members of employees of AK Steel, now Cleveland Cliffs.

Prior to entering Congress, [Rep. Kelly] served on the Butler Area School Board and the Butler City Council and sat on the boards of several local and civil organizations, including the Housing Authority of Butler County, the Redevelopment Authority of Butler County, and the Moraine Trails Council of Boys Scouts of America.³ “In recognition of Mike’s extensive volunteer

¹ <https://kelly.house.gov/about-me/full-biography>.

² *Id.*

³ *Id.*

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and charitable work, Catholic Charities awarded him its Mary DeMucci Award.”⁴ The Mayor of Butler designated October 26, 2001, as “Mike Kelly Day” for his commitment to his hometown.”⁵

Mrs. Kelly’s family is also an integral part of Butler’s history. “The development of the oil field of Butler County and the oil business generally in western Pennsylvania owes more to Hon. Thomas W. Phillips than any other man living or dead, since the beginning of oil operations in 1859.”⁶ Thomas W. Phillips (“T.W. Phillips” or “Mr. Phillips”), Mrs. Kelly’s great-great-grandfather, was president of The T.W. Phillips Gas & Oil Company. “Mr. Phillips came into public life prominently in 1880, during the Garfield campaign.”⁷ “His work in [the] campaign brought him into prominence in Pennsylvania, and in the subsequent contest in the legislature for United States Senator, he repeatedly received votes in the open convention of both Houses.”⁸ Mr. Phillips “received the party nomination in for Congress 1892 and was elected by the largest majority ever given in the Twenty-fifth District, which was then composed of Beaver, Butler, Lawrence and Mercer Counties.”⁹ “Mr. Phillips was reelected in 1894.”¹⁰

Mrs. Kelly’s great-grandfather, Thomas W. Phillips, Jr., was also an elected member of Congress from 1923-1927. He also sought the nomination for Governor of Pennsylvania in 1926, 1930, and 1934, albeit unsuccessfully.

Also interwoven into the fabric of Rep. Kelly’s district is the tangential subject of your investigation, Cleveland-Cliffs, formerly known as “AK Steel” and affectionately known in Butler as “Armco,” an acronym for “American Rolling Mill Company.” To date, Armco is still synonymous with the people of Butler County and can be seen for miles alongside Route 8 North on the drive into the City of Butler from Pittsburgh. “Faith in men, corporation and honesty” was the mantra of Armco’s founder George M. Verity.¹¹ It is also the mantra of the Kellys.

Historically, “Armco enjoyed a niche in the vibrant steel industry in Southwest Pennsylvania” during the 20th century.¹² At the time, “[o]nly two steel mills in the world had the continuous operations of raw material to steel.”¹³ “The interdependent parts of Armco, its workers

⁴ *Id.*

⁵ *Id.*

⁶ McKee, James A. *20th Century History of Butler and Butler County, Pa., and Representative Citizens*. Richmond-Arnold Pub. Co., 1909, p. 219.

⁷ McKee, James A. *20th Century History of Butler and Butler County, Pa., and Representative Citizens*. Richmond-Arnold Pub. Co., 1909, p. 219.

⁸ *Id.*

⁹ *Id.* at pp. 219-220.

¹⁰ *Id.* at 220.

¹¹ <https://butlerhistorical.org/items/show/42>

¹² *Id.*

¹³ *Id.*

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and Butler built a well-respected company, self-sufficient individuals and families, and a thriving small town.”¹⁴ “Armco may be gone, but all it stood for in the 20th century is not forgotten.”¹⁵

The importance of Armco, which is now Cleveland-Cliffs, is so deeply engrained within the Kellys that there is an unquestionable understanding that it is, for all intents and purposes, the very heartbeat of the community. Indeed, Rep. Kelly has passionately advocated for its plants to remain to prevent the loss of thousands of jobs in Butler.¹⁶ Simply stated, without Armco, there would be no Butler.

Based upon Representative Kelly’s best recollection, concerns regarding foreign steel imports were first brought to his attention by long-time Butler residents who are steelworkers at the AK Steel Butler Works, located in Butler, Pennsylvania. Once again, these conversations took place in the late fall of 2019 through May 4, 2020. These conversations were informal in nature and usually occurred while Representative Kelly was having breakfast in a local Butler restaurant after church on Sundays. These conversations helped to educate Representative Kelly regarding the significance of grain oriented electric steel (hereinafter “GOES”); its production at the AK Steel Butler Works; and its importance as a national security issue. Representative Kelly does not have a specific recollection or to his knowledge specific records, of the specific dates, times, or locations of these conversation, other than, his recollection that some of the conversations occurred during his and his wife’s breakfast after church on Sundays.

During this same general period of time, Cleveland Cliffs announced that it would merge with AK Steel. In addition, Cleveland Cliffs subsequently announced that approximately 1,400 jobs at the Butler Works could be lost due to the importation of foreign GOES through Mexico and Canada. In response, Representative Kelly became an outspoken advocate of action, including action by the U.S. Department of Commerce, to protect the jobs within his Congressional District and to address what he believes to be a national security issue. As part of his advocacy efforts, Representative Kelly, directly or through his staff, communicated with numerous individuals and/or their respective staff regarding these issues, including, but not limited to, communications with Patrick Bloom, Director of Government Relations for Cleveland-Cliffs; Lourenco Goncalves, Chairman, President, and CEO of Cleveland-Cliffs; Wilbur Ross, Secretary of Commerce; Representative Balderson; U.S. Trade Ambassador Robert Lighthizer; Senator Portman; Senator Brown; and others. Representative Kelly does not have a specific recollection or to the best of his knowledge, limited records, of the specific dates, times, and/or locations of these communications. Representative Kelly does not personally communicate via email so his direct communications would have occurred via text-message, telephone or cellphone call, or through his staff.

With respect to what information Representative Kelly received prior to May 4, 2020, regarding the Commerce Department’s actual or potential plans to launch a Section 232

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ See Rep. Kelly’s letter to Donald J. Trump dated March 6, 2020.

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investigation regarding transformer lamination and cores, Representative Kelly was not aware of the Commerce Department's actual or potential plan to launch a Section 232 investigation until he was notified by his staff on or about April 29, 2020. Obviously, Representative Kelly was an outspoken advocate for such action, but until he was notified by his staff that the Commerce Department was going to announce its intent to initiate a Section 232 investigation, he was not aware of whether the Commerce Department had any actual or potential plans to initiate such an investigation. With respect to when and how Representative Kelly learned that the Commerce Department was going to announce its intent to initiate a Section 232 investigation, he believes his staff would have informed him on or about April 29, 2020. Representative Kelly does not have a specific recollection, or to the best of his knowledge, records of the individual staff member or staff members who informed him, or the specific date and time he was informed that the Commerce Department was going to announce its intent to initiate a Section 232 investigation.

2. Inform the Committee of: (a) what information you received prior to May 4, 2020, regarding Cleveland-Cliffs, Inc.'s actual or potential plans to lay off employees at its Butler Works plant; (b) when you learned the information; and (c) how you learned the information.

Response:

See response to Question 1, herein. The response contained in Question 1 is equally applicable to the information relative to potential plans to lay off Cleveland-Cliffs, Inc. employees. Further, Mike Kelly had numerous informal verbal conversations with employees at Cleveland Cliffs from the fall of 2019 through May 4, 2020. During these conversations, layoffs from the plant, and potential closure of the plant, were discussed. Mr. Kelly does not recall the specific dates of said conversations.

3. Inform the Committee whether you had any communications with your spouse, Victoria Kelly, regarding (i) the Commerce Department's intent to launch the Section 232 investigation or (ii) Cleveland-Cliffs, Inc.'s plans regarding closure of the Butler Works plant or employee layoffs at the plant. Please identify when and how (e.g., in-person, phone, email, etc. the communication occurred).

Response:

Representative Kelly did not have any communications with his wife, Victoria Kelly, regarding the Commerce Department's intent to launch the Section 232 investigation. With respect to Cleveland-Cliff, Inc.'s actual or potential plans to lay off employees of the Butler Works plant or employee layoffs at the plant, Representative Kelly and Mrs. Kelly would have generally discussed the need to protect these jobs and the tremendous impact that the loss of these jobs would have on the Butler community. Further, Mrs. Kelly was aware that Representative Kelly was working hard to protect these jobs and to keep the AK Steel Butler Works open and operational.

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Representative Kelly does not have a specific recollection, or to the best of his knowledge, any records of the conversations that he had with Mrs. Kelly regarding these issues. Their communications would have occurred in-person or via cellphones.

4. Inform the Committee whether you were aware of or otherwise involved in Mrs. Kelly's April 29, 2020, purchase of stock in Cleveland-Cliffs, Inc., and if so, describe the nature of your awareness and/or involvement.

Response:

At the time Mrs. Kelly purchased the stock, Representative Kelly was not aware of, nor involved with, her purchase in Cleveland-Cliffs, Inc. stock. To the best of Representative Kelly's recollection, he learned of the purchase when he was informed by a staff member who received an inquiry shortly after the filing of their May 2020 Financial Disclosure Report. Representative Kelly does not have a specific recollection of the purchase when he reviewed and signed the May 2020 Financial Disclosure Report.

5. Provide all documents that form the basis of your responses to requests 1 through 4 above.

Response:

Representative Kelly has submitted Pages 1 through 123 as part of this response.

6. Provide all documents related to Mrs. Kelly's April 29, 2020, stock purchase in Cleveland-Cliffs, Inc.

Response:

Representative Kelly did not have any records responsive to this request, but he has confirmed that Mrs. Kelly, via her legal counsel, has submitted the requested documentation.

7. Describe the efforts you made to identify documents responsive to these requests. To the extent that you have withheld responsive documents on the basis of any privilege or other grounds, please provide a log of the documents withheld consistent with the Committee's Data Delivery Standards.

Response:

Representative Kelly's cell phone, along with his wife's cell phone and iPad were supplied to bit-x-bit, a recognized forensic data retrieval company, to comply with the Committee's requests. A Declaration and Letter Report from bit-x-bit has been submitted as part of Representative Kelly's response. Both documents detail the efforts made by bit-x-bit to

DILLON McCANDLESS KING COULTER & GRAHAM L.L.P.

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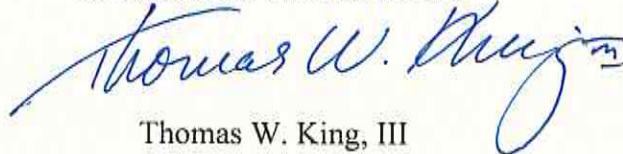
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identify, retrieve, and produce records responsive to the Committee's request for information. In addition, Representative Kelly has searched his own records, as has his Chief of Staff, for relevant information. However, as he was never involved in the decision to purchase the stock, made solely by his wife from her own independent trust funds, he has no such records or information to provide. It is Representative Kelly's understanding that his Staff fully cooperated with the OCE's preliminary review of this matter.

We have attached to this letter Representative Kelly's signed Declaration as to the facts contained herein. Said Declaration is attached as page 124.

Very truly yours,

DILLON McCANDLESS KING
COULTER & GRAHAM LLP

A handwritten signature in blue ink, reading "Thomas W. King, III", with a stylized flourish at the end.

Thomas W. King, III

cc: Honorable Mike Kelly



Congress of the United States
House of Representatives
Washington, DC 20515

July 7, 2025

I have called Butler, Pennsylvania home nearly my entire life. I have watched generations of workers punch a clock and work in the Cleveland-Cliffs Butler Works plant, dating back to when it was known as Armco and AK Steel. First, it was my friends' parents, then my friends, and now their children. The plant is a mile from my family's business and just two miles from my home. It's an iconic piece of Butler.

At a time when the entire Butler community rallied to save 1,400 jobs that were on the line, my wife made a small investment to show her support for the workers and management of this 100-year old bedrock of our hometown. Today, I continue to drive by that mill knowing Butler's economy would be jeopardized without it. Not just the Butler community, but the United States would be without its last domestic producer of grain-oriented electrical steel, a key component of our nation's electrical grid.

Any accusation that I'm an "insider" is purely political. I'll tell you this – 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.

Sincerely

Mike Kelly
Member of Congress