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May 29, 2009

Hon. Zoe Lofgren, Chairwoman
Hon. Jo Bonner, Ranking Minority Member
Committee on Standards of Official Conduct
HT-2, The Capitol
Washington, DC 20515

BY HAND DELIVERY & FAX 202-225-7392 (w/o exhibits)

**RE: Request for an investigation of Representatives Charles Rangel (D-NY),
Donald Payne (D-NJ), Sheila Jackson-Lee (D-TX), Carolyn Cheeks
Kilpatrick (D-MI), Bennie Thompson (D-MS) and Donna Christensen (D-VI)**

Dear Chairwoman Lofgren and Ranking Member Bonner:

This letter is in response to a phone call made to me on Friday, May 22, 2009 by R. Blake Chisam, the Committee's Staff Director and General Counsel, and Todd Ungerecht, Counsel to the Ranking Republican Member. Messrs. Chisam and Ungerecht asked me if I would be willing to provide to the Committee information and material related to a trip to the Caribbean island of St. Maarten in November 2008 by the Members of Congress identified above.

I responded that I would be happy to do so, and inquired whether this matter was the subject of an investigation by the Committee. Messrs. Chisam and Ungerecht told me that House Rules prevented them from confirming that an investigation has commenced. The National Legal and Policy Center (NLPC) formally asks the Committee to investigate apparent violations of House Rules by these five Members.

This junket was described in a major article in the *New York Post*¹ on November 30, 2008, based on my eyewitness account, photographs and audio recordings. It was also the subject of an article in *The Hill*² on January 28, 2009.

¹ Isabel Vincent, "Shady Island 'House' Party," *New York Post*, November 30, 2008, pp. 8-9.

² Susan Crabtree, "Caribbean Trip May Have Violated House Rules," *The Hill*, January 28, 2009.

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Moreover, I discussed it on CNBC³ on January 29, 2009. Yet only now does the Committee seek information from me. NLPC requests that the Committee conduct an investigation on an expedited basis so that public confidence in the enforcement of House ethics can be restored.

I submit eighteen photographs, on CD and hard copy, taken in the room hosting the conference:

- 6802 poster on podium with corporate logos
- 6803 banner above podium with corporate logos
- 6804 screen above left of podium with corporate logos
- 6805-11, 14 screen above left of podium with individual corporate logos
- 6812 Edward Goldberg of Macy's speaking 11/7 AM
- 6813 Patrick Gaston of Verizon Foundation speaking 11/7 AM
- 6815 New York City Comptroller William Thompson speaking 11/7 AM
- 6816 Rep. Carolyn Cheeks-Kilpatrick speaking 11/7 AM
- 6817-19 ribbon cutting "elected officials and sponsors"

I also submit:

- 1) a transcript (in three parts) of the November 7, 2008 morning conference session, including remarks by Karl Rodney and Rep. Carolyn Cheeks Kilpatrick
- 2) an audio file of the November 7 morning session on a CD
- 3) a copy of the program

The purported purpose of the trip by Members of Congress was to attend an event called the Caribbean Multi-Cultural Business Conference that took place November 6-9 on the sunny Caribbean island of St. Maarten at the Sonesta Maho Bay Resort & Casino. The sponsor of the event was the Carib News Foundation.

I traveled to St. Maarten and registered for the event under my own name. I paid a registration fee. Inside, I snapped photos and openly made audio recordings. It was quickly obvious that the event was funded by corporations that employ federal lobbyists. The "lead sponsor" was Citigroup, a major recipient of bailout funds, which contributed

³ "Citigroup-Funded Congressional Junket," broadcast transcript, CNBC Reports, January 29, 2009.

\$100,000. Other sponsors included IBM, AT&T, Verizon, Pfizer, Macy's and American Airlines.

(Citigroup's funding is the subject of another Complaint, unrelated to House Rules, filed by NLPC with Neil Barofsky, Special Inspector General for the Troubled Asset Relief Program on January 28, 2009.)

My characterization of the trip as a "junket" is based on my observation that the sessions were lightly attended. Most attendees spent significant time at the beach or the pool. Members of Congress attended the sessions when they had a speaking role.

At the evening session on November 6, Rep. Payne identified each corporate sponsor by name and asked for a round of applause. According to my notes, Payne stated that the conference "can't be done without the sponsors."

Yet Payne's spokesman would tell the *New York Post*, "It was our understanding that the trip was sponsored by the Carib News Foundation. We are unaware of any corporate sponsors." Additionally, Payne checked the "no" box on his travel form in response to a question about any corporate sponsorship.

From *The Hill*:

But when told of Flaherty's notes this month, Payne did not dispute them. He told *The Hill* he was thanking corporations for sponsoring the foundation, not the conference. When told of ethics rules against lawmakers participating in a trip where corporations have contributed money or services to a nonprofit for that trip, Payne said he did not know the 'technicalities' of the new ethics rules.

Payne also said he never saw posters bearing the corporate logos on and above the podium where he and other speakers gave remarks.

As is evident from the photographs, Payne's representation that he did not see corporate logos on the podium sign or on the banner above the podium is implausible. Corporate sponsorship was also obvious in the program and in items provided participants at registration, including a bag with the Macy's logo on its side, and a notebook embossed with the Citigroup logo.

At the morning session on November 7 session, Rep. Carolyn Cheeks Kilpatrick (D-MI) stated:

And to the sponsors, by the way, all of you all, we couldn't do this, be with you, help Karl, if you weren't here with us. We say thank you very much. You are so important. All the sponsors, thank you very much.

House Rules prohibit members of Congress from accepting travel or lodging on a multiday trip from corporations that employ or retain a registered lobbyist. In addition, House Rules prohibit members from accepting travel from third party groups, including charities, which receive money for travel from entities that employ or retain lobbyists.

According to the *New York Post*:

[Karl] Rodney, the Carib News CEO, filed a "Private Sponsor Certification Form" in October, checking the box that says, "I represent that the trip sponsor(s) has not accepted from any other source funds earmarked directly or indirectly to finance any aspect of the trip."

Yet, during the November 7 morning session, Rodney thanked Citigroup and other corporate sponsors individually by name, and recognized their executives. In remarks that followed Rodney's, Michael Flannigan of Citigroup identified the company as the "lead sponsor" of the conference.

House Rules prohibit corporations that employ or retain a federal lobbyist from involvement in planning, organizing, requesting or arranging multiple-day event trips. On page 20 of the program, Flannigan is identified as a member of the "Planning Committee."

Additional questions about sponsorship of the event are raised by Rodney's claim to the *New York Post* that Carib News Foundation is a charity. From the *Post*:

But Kevin McKeon, a spokesman for the IRS in New York, said Carib News is not listed as a charity. There are no publicly available tax filings for the group, and it is not listed with the New York Attorney General as required for charities based in New York state.

"I could find no record of a 501(c)(3) [the IRS code for a tax-exempt organization] by that name and address," McKeon said.

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The Committee also should investigate the circumstances regarding a statement made to the *New York Post* by a "spokeswoman for American Airlines." According to the *Post*:

She said that the company sent its contribution directly to the Congressional Black Caucus Foundation, which is not listed as a sponsor of the St. Maarten event.

Just before a dinner featuring Rep. Rangel on Saturday, November 8, 2008, I was detained on the Sonesta property by the Police Korps of St. Maarten. I was questioned and my driver's license was taken from me. I was asked where I was born, my occupation, my marital status, my purpose for visiting St. Maarten, my hotel room number, and many other questions. I was released after being told that "conference organizers" did not want me to attend additional events.

There are ample reasons for the possibility of animus by Rep. Rangel toward me and this organization. NLPC filed a formal Complaint on July 14, 2008 with the Federal Election Commission against Rangel regarding his use of a rent-stabilized apartment in Harlem for a campaign office.

NLPC exposed Rangel's failure to pay taxes on rental income from his Dominican Republic beach house, which resulted in extensive media attention. On September 5, 2008, NLPC asked the Justice Department and the Internal Revenue Service to investigate Rangel's failure to pay taxes.

In November 2008, NLPC exposed Rangel's improper use of the homestead exemption to reduce real estate taxes on a District of Columbia home, and we asked the Committee to expand its Rangel investigation to include this matter.

Because Rangel and these other House members are no longer shielded from scrutiny by the Police Korps of St. Maarten, I urge the Committee to fully investigate the apparent violations of House Rules related to the St. Maarten event.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Flaherty", with a stylized flourish at the end.

Peter Flaherty
President