



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

July 19, 2018

Chairman Doc Hastings
Office of Congressional Ethics
U.S. House of Representatives
P.O. Box 895
Washington, D.C. 20515-0895

Email: oce@mail.house.gov

Re: Request to Investigate Representative Yvette Clarke

Dear Chairman Hastings and Board Members,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government. We achieve this mission by hanging a lantern over public officials who put their own interest over the interests of the public good. We write today to request the Office of Congressional Ethics investigate Representative Yvette Clarke for the misuse of taxpayer funds and, per House Ethics Rules, require her to repay the amount lost on her watch. The systematic and blatant disregard for her responsibilities as a steward of the taxpayers' dollars is unacceptable and unbecoming of a Member of the United States House of Representatives.

According to news reports, \$120,000 of taxpayer funds allocated to Rep. Clarke was unaccounted for and written off as a loss in 2016.¹ The reported facts surrounding the loss, as well as the dollar amount, indicate abuse and corruption for which Rep. Clarke must be held accountable. Rep. Clarke's staffer, Wendy Anderson, reportedly contacted Capitol Hill investigators a number of times about irregularities and suspicious facts indicating schemes to steal equipment purchased with taxpayer funds allocated to Rep. Clarke's office. The first report came after a Saturday in December 2015, when Anderson found IT staffer Abid Awan in the Congresswoman's office with various pieces of equipment, including iPods and Apple TV's.² Anderson told Awan to leave the office, and soon after alerted Capitol Hill investigators of her suspicion that Awan was colluding with another member of Clarke's staff to steal equipment purchased with taxpayers' dollars.³

¹ "A write-off is an accounting practice used to remove financial errors from the books without actually correcting the problem." Luke Rosiak, *Dem Chief of Staff Tried To Expose Suspected Theft Ring on Capitol Hill, Was Met With Resistance*, The Daily Caller, June 24, 2018, available at: <http://dailycaller.com/2018/06/24/clare-cos-exposed-awan-theft-allegations>.

² *Id.*

³ *Id.*

In early 2016, after she became Rep. Clarke’s Chief of Staff and responsible for the office finances, Anderson discovered similar orders for abnormal quantities of equipment dating back several years, of which the equipment ordered had no apparent business value and could not be accounted for.⁴ The unusual nature of the purchases was summarized by one House staffer when they challenged “What business case would they have had for iPods?”⁵ Anderson also believed past emails between Awan and Clarke’s former-Chief of Staff indicated these were fraudulent purchases.⁶ Either Rep. Clarke or her then-Chief of Staff was required to sign off all the unnecessary or fraudulent purchases.⁷

After this discovery, Anderson once again contacted House investigators to report the evidence of theft. When Anderson demanded an inventory, Awan couldn’t produce seventy-five pieces of equipment and attempted to excuse it by explaining, “Oh I don’t know, people lost it.”⁸ The missing equipment ranged from laptop computers to iPads to televisions worth roughly \$120,000—10% of Rep. Clarke’s annual budget.⁹ Anderson repeatedly urged Rep. Clarke to fire Awan, but Clarke refused and did not report the missing \$120,000 worth of equipment to House authorities.¹⁰ Rather than take these reasonable and appropriate steps in hopes of rectifying the matter, Clarke merely wrote off the \$120,000 worth of equipment as a loss in February 2016.

Despite Clarke’s inaction to protect taxpayer funds, by April 2016, the House’s Chief Administrative Officer independently uncovered several financial anomalies in the Congressional offices where Awan was employed, prompting an investigation by the Administration Committee.¹¹ The offices that employed Awan were notified the investigation would include an audit of financial records.¹² It was only then that Rep. Clarke came forward and reported the missing equipment.¹³ Months later, in September 2016, Clarke fired Awan.¹⁴ Ultimately, Awan was banned from the House IT system in early 2017, due to suspicion that Awan and his brothers, who were also Congressional IT workers, had misused Congressional servers and engaged in a theft scheme.¹⁵

In September 2016, the House Inspector General substantiated Anderson’s suspicions. Two types of abuse and fraud had occurred with respect to equipment purchases with taxpayer funds: (1) falsifying equipment purchase price so that it would not be included on House offices’ inventory; and (2) purchasing equipment that was included on House offices’ inventory that disappeared.¹⁶ First, there had been thirty-four purchases where the purchase price of equipment was falsified to circumvent the requirement that equipment with a value of \$500 or more be included on House offices’ inventory. For example, an iPad was listed as a \$499 cost with an Apple Care cost of \$350,

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ House Office of Inspector General, presentations on Sept. 20, 2016. *See also id.*

when the actual purchase price of the iPad was \$799 and Apple Care was \$88. Most of this equipment was not listed on House offices' inventory. Second, nearly \$120,000 of equipment was purchased, arrived in the House office,¹⁷ and was inventoried. This equipment disappeared and was written off. Additionally, there was also evidence of House IT security violations. In April 2018, during testimony about shared employee procedures, the House Chief Administrative Officer again testified invoices had been fraudulently structured to avoid the House's \$500 equipment accountability threshold, and the House Inspector General discovered "evidence of procurement fraud and irregularities, numerous violations of House security policies, and violation of the Committee's *Shared Employee Manual*."¹⁸

Under the House Ethics Rules, Rep. Clarke is responsible for the \$120,000 loss. House Ethics Rules state that a Member's Representational Allowance (MRA) is given to each Member in order to "support the conduct of official and representational duties to the district from which [they are] elected."¹⁹ The Rules further state the MRA may only be used for official and representational expenses and "Members may be personally liable for misspent funds." "A Member must be held responsible to the House for assuring that resources provided in support of [her] official duties are applied to the proper purposes."²⁰ Thus, a Member has an affirmative duty to ensure taxpayer funds allocated to her office are not abused. Additionally, if there is abuse or criminal activity, the Member must act to stop it, which at a minimum would require reporting and supporting an investigation and possible recovery of funds.

The illicit activities conducted in Rep. Clarke's office and her failure to protect taxpayer dollars is unacceptable. Rep. Clarke and her staff misused roughly 10% of her total allowance funded by the taxpayers for equipment unrelated to the official duties of her office in violation of House Ethics Rules. Further, once the loss was discovered, Clarke did nothing—she did not take any action to discover what caused the loss, to recover the equipment, or to hold anyone accountable for the loss. The loss was either caused by Clarke's negligent oversight of her office, or her negligent inaction in dealing with misconduct. Cases such as this contribute to the erosion of public trust in Congress and sends the message that elected officials and their employees have a different set of rules and standards than the public.

The Office of Congressional Ethics is responsible for ensuring each Representative fulfills the public trust inherent to the office and complies with the House's ethical standards. Therefore, we urge the Board to immediately investigate and take appropriate action in response to this apparent violation of the House of Representatives Ethics Rules. Should the Office of Congressional Ethics refer this case to the House Ethics Committee, we request the OCE recommend that in addition to Rep. Clarke, the other House Members who employed Awan and his brothers recuse themselves

¹⁷ The presentation included information that because of the procedures in place, the missing equipment had to arrive in the House office in order to be included on the inventory. *Id.*

¹⁸ Statement of The Honorable Philip G. Kiko Chief Administrative Officer United States House of Representatives Before the Committee on House Administration, Apr. 12, 2018, available at: <https://docs.house.gov/meetings/HA/HA00/20180412/108051/HHRG-115-HA00-Wstate-KikoP-20180412.pdf>.

¹⁹ House Ethics Manual, Comm. on Standards of Official Conduct, at 323 (2008 ed.).

²⁰ House Comm. on Standards of Official Conduct, *In the Matter of Representative Austin J. Murphy*, H. Rep. 100-485, 100th Cong., 1st Sess. 4 (1987), available at: <https://ethics.house.gov/sites/ethics.house.gov/files/Hrpt100-485.pdf>.

from considering this case. Those Members have a clear conflict of interest and may also have information relevant to the case.

To the best of my knowledge and ability, all evidence submitted was not obtained in violation of any law, rule, or regulation. Further, I am aware that the False Statements Act, 18 U.S.C. § 1001, applies to information submitted to the Office of Congressional Ethics.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Karnold". The signature is written in a cursive, slightly slanted style.

Kendra Arnold
Executive Director, Foundation for Accountability & Civic Trust

Enclosure