



March 26, 2020

Chairman David Skaggs  
Co-Chairwoman Allison Hayward  
Office of Congressional Ethics  
425 3<sup>rd</sup> Street, SW Suite 1110  
Washington, DC 20024

Dear Chairman Skaggs and Co-Chairwoman Hayward:

The Campaign Legal Center (“CLC”) writes to request that the Office of Congressional Ethics (“OCE”) investigate whether Representative Steven Palazzo converted campaign funds to personal use in violation of the Rules of the House of Representatives (“House rules”) and the Federal Election Campaign Act (“FECA”). Specifically, Representative Palazzo may have used campaign funds to pay himself and his spouse nearly \$200,000. House rules and FECA prohibit such conversion of campaign funds to personal use.

Elected officials betray the public’s trust when they convert campaign contributions to personal slush funds. From 2018 to 2019, Representative Palazzo used campaign contributions to pay over \$60,000 in rent to his farm. This expense is problematic because the farm, which is located more than 30 miles from his campaign’s address and his city of residence, was apparently not used for campaign purposes. In addition, since 2011, Representative Palazzo has used campaign contributions to pay \$127,933 to his spouse’s accounting firm, Palazzo & Company, LLC. The expense for accounting services is peculiar because he paid \$76,954 to another accounting firm during the same time period for apparently the same services. An OCE investigation is needed to determine whether the funds were used for personal expenses.

### **House Rules and Campaign Finance Law Prohibit Members from Converting Campaign Funds to Personal Use**

Pursuant to House rules, a Member of the House of Representatives “may not convert campaign funds to personal use in excess of an amount representing

reimbursement for legitimate and verifiable campaign expenditures.”<sup>1</sup> A Member also “may not expend funds from a campaign account . . . that are not attributable to bona fide campaign or political purposes.”<sup>2</sup>

While “Members have wide discretion in determining what constitutes a bona fide campaign or political purpose to which campaign funds and resources may be devoted . . . Members have no discretion whatsoever to convert campaign funds to personal use. Furthermore, House rules require that Members be able to verify that campaign funds have not been used for personal purposes.”<sup>3</sup> “[T]he verification requirement imposed by the House rules is separate from, and in addition to, whatever recordkeeping requirements are imposed by the Federal Election Commission on federal candidates generally.”<sup>4</sup>

Members and their family members are permitted to lease property or sell goods or services to their campaign provided “(1) there is a bona fide campaign need for the goods, services, or space, and (2) the campaign does not pay more than fair market value in the transaction.”<sup>5</sup> Prior to entering into such a transaction, the Member should seek a written advisory opinion on the transaction from the Committee on Ethics.<sup>6</sup>

“If a Member’s campaign does enter into such a transaction with the Member or a member of his or her family, the campaign’s records must include information that establishes both the campaign’s need for and actual use of the particular goods, services or space, and the efforts made to establish fair market value for the transaction.”<sup>7</sup> This careful recordkeeping of “outlays for the acquisition of goods or services from [Members] themselves or their family members” is necessary because “such outlays by their nature raise a concern of personal use.”<sup>8</sup>

FECA and Federal Election Commission (“FEC”) regulations also prohibit a candidate or officeholder from converting campaign funds to personal use.<sup>9</sup> Campaign funds cannot be used to pay for, among other things, “mortgage, rent or utility payments [f]or any part of any personal residence of the candidate or a member of the candidate’s family,” even if part of the residence is being used by the

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<sup>1</sup> RULES OF THE HOUSE OF REPRESENTATIVES OF THE U.S. 116TH CONG., H.R. DOC. NO. 115-177, at 957, Rule 23, cl. 6(b) (“House rules”), available at <https://www.govinfo.gov/content/pkg/HMAN-116/pdf/HMAN-116.pdf>.

<sup>2</sup> *Id.* at cl. 6(c).

<sup>3</sup> COMM. ON STANDARDS OF OFFICIAL CONDUCT, 110TH CONG., HOUSE ETHICS MANUAL 173 (2008), available at [https://ethics.house.gov/sites/ethics.house.gov/files/documents/2008\\_House\\_Ethics\\_Manual.pdf](https://ethics.house.gov/sites/ethics.house.gov/files/documents/2008_House_Ethics_Manual.pdf).

<sup>4</sup> *Id.* at 165.

<sup>5</sup> *Id.* at 170.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 167.

<sup>9</sup> 52 U.S.C. § 30114(b)(1) and 11 C.F.R. § 113.2(e).

campaign.<sup>10</sup> Campaign funds are permitted to be used for rental payments for non-residence real property owned by the candidate only if the property is used for bona-fide campaign purposes and the rental payments are no more than fair market value.<sup>11</sup>

## I. Rental Payments

### **Representative Palazzo's Campaign Committee Paid \$60,000 in Rent to Representative Palazzo's Own Farm**

According to FEC reports,<sup>12</sup> Representative Palazzo's campaign committee, Palazzo for Congress, has paid a total of \$60,000 to Greene Acres, LLC ("Greene Acres") at 45 Hickman Tower Road in Perkinston, Mississippi for "rent."<sup>13</sup> The payments were made in near monthly payments of \$3,000 that started in May 2018 and ended August 2019.<sup>14</sup>

In 2013, Representative Palazzo first reported Greene Acres as an asset located in "Perkinston/Stone [County], MS" in his personal financial disclosure report filed with the House of Representatives;<sup>15</sup> he has continued to disclose his 100% interest in the LLC through his most recent personal financial disclosure.<sup>16</sup> His financial

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<sup>10</sup> 11 C.F.R. § 113.1(g)(1)(i)(E).

<sup>11</sup> *See id.*

<sup>12</sup> As of the date of this complaint, the most recent available data covers activity through Feb. 19, 2020.

<sup>13</sup> Palazzo for Congress Disbursements (Rent), FEC.GOV,

[https://www.fec.gov/data/disbursements/?data\\_type=processed&committee\\_id=C00477323&recipient\\_name=green+acres&recipient\\_name=greene+acres](https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00477323&recipient_name=green+acres&recipient_name=greene+acres) (last visited Mar. 19, 2020). This is the address listed on the FEC filing. It seems unlikely that Greene Acres LLC holds any other rental properties. If it did, that information would have been disclosed in Representative Palazzo's financial disclosure report. "To disclose an ownership interest in a privately-held company that was formed for the purpose of holding investments, you must disclose each asset held by the company in which your interest (or that of your spouse or dependent child) had a period-end value of more than \$1,000 or generated more than \$200 in income during the reporting period. Limited partnerships and limited liability companies are frequently formed for the purpose of holding real estate. If, for example, you are a partner in a limited partnership that owns five rental properties, you must separately disclose each property in which your interest exceeded \$1,000 or your rental income derived from that property exceeded \$200." COMM. ON ETHICS, 115TH CONG., CY 2018 INSTRUCTION GUIDE FOR FINANCIAL DISCLOSURE STATEMENTS AND PERIODIC TRANSACTION REPORTS 21, <https://ethics.house.gov/sites/ethics.house.gov/files/CY%202018%20Instruction%20Guide%20for%20Financial%20Disclosure%20Statements%20and%20PTRs.pdf>.

<sup>14</sup> *Id.* \$12,000 of those rental payments were disbursed to "Green Acres, LLC," but the mailing address is identical to that of Greene Acres, LLC; this is likely a reporting error.

<sup>15</sup> Rep. Steven Palazzo's 2013 Amended Financial Disclosure Report (Apr. 9, 2015), [http://clerk.house.gov/public\\_disc/financial-pdfs/2013/10005057.pdf](http://clerk.house.gov/public_disc/financial-pdfs/2013/10005057.pdf).

<sup>16</sup> *See, e.g.*, Rep. Steven Palazzo's 2018 Financial Disclosure Report (May 13, 2019), [http://clerk.house.gov/public\\_disc/financial-pdfs/2018/10027490.pdf](http://clerk.house.gov/public_disc/financial-pdfs/2018/10027490.pdf).

disclosures have consistently described Greene Acres as a “Farm” located in Perkinston, Mississippi.<sup>17</sup>

According to records on file with the Mississippi Secretary of State, an LLC named “Greene Acres of MS, LLC” incorporated in the state of Mississippi on June 24, 2009.<sup>18</sup> The LLC’s certificate of formation designated Steven Palazzo as the registered agent and additionally specified that “Steven Palazzo is the managing member and **only member** of this company.”<sup>19</sup> The LLC’s most recent filing in Mississippi, its 2019 annual report, similarly displayed Steven Palazzo as its sole member.<sup>20</sup>

### **The Rent Payments to Representative Palazzo’s Farm May Not Be Legitimate Campaign Expenditures for Bona Fide Campaign Purposes**

Representative Palazzo’s use of campaign funds to pay rent to his own farm is only permitted if the property is used for campaign purposes. Under House rules, when a Member’s own property is rented for campaign purposes, (1) there must be a bona fide campaign need for the space; and (2) payments must not exceed fair market value.<sup>21</sup>

*First*, it appears that there was no bona fide campaign purpose for renting Representative Palazzo’s farm for more than a year. The public record provides no evidence that the farm was used as a campaign office or similar space requiring monthly rent. The campaign’s official address is in Gulfport, Mississippi.<sup>22</sup> Moreover, the Greene Acres farm would be an unusual choice for Representative Palazzo’s campaign office given its remote location.<sup>23</sup> The Greene Acres farm is located in an extraordinarily rural part of Mississippi that is at least 30 miles from

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<sup>17</sup> See *id.*; 2013 Amended Financial Disclosure Report, *supra* note 15.

<sup>18</sup> See Business Search for “Greene Acres,” Mississippi Office of the Secretary of State, <https://corp.sos.ms.gov/corp/portal/c/page/corpBusinessIdSearch/portal.aspx?#clear=1> (last visited Mar. 18, 2020). Mississippi records show no other active corporation registered under the name “Greene Acres.” *Id.*

<sup>19</sup> Greene Acres of MS, LLC, Certificate of Formation, Mississippi Office of the Secretary of State 1 (filed June 24, 2009), <https://corp.sos.ms.gov/corpcnv/portal/c/ExecuteWorkflow.aspx?workflowid=g12dbd558-fa5d-49a1-a869-ad8b9db198db&FilingId=9fa97658-62ee-4b2b-9394-b2a30616240f> (emphasis added).

<sup>20</sup> Greene Acres of MS, LLC, 2019 LLC Annual Report, Mississippi Office of the Secretary of State 1 (filed Apr. 9, 2019), <https://corp.sos.ms.gov/corpcnv/portal/c/ExecuteWorkflow.aspx?workflowid=g12dbd558-fa5d-49a1-a869-ad8b9db198db&FilingId=d99c9bae-972b-4b22-bcb7-c73f7b5fc2d1>.

<sup>21</sup> HOUSE ETHICS MANUAL, *supra* note 3, at 170.

<sup>22</sup> Palazzo for Congress, “Contact Us,” <https://palazzoformcongress.com/contact> (last visited Mar. 25, 2020).

<sup>23</sup> See Location of the Greene Acres, LLC farm, GOOGLE MAPS, <https://www.google.com/maps/place/45+Hickman+Tower+Rd,+Perkinston,+MS+39573/data=!4m2!3m1!1s0x889c457b4a5c699d:0x3bc4d27ed2e1a6ae?sa=X&ved=2ahUKEwi5lOaQsafoAhXxg3lEHYlnAnlQ8gEwAHoECAwQAQ> (last visited Mar. 25, 2020).

any of the densely populated areas within Representative Palazzo's district, such as the Gulfport, Biloxi, Hattiesburg, and Pascagoula metropolitan areas.<sup>24</sup>

Additionally, the public record establishes that Representative Palazzo did not use the property for the 2020 primary campaign even though FEC reports beginning in December 2018 described the rent as for "2020 primary" use.<sup>25</sup> Palazzo for Congress's FEC reports disclose that the campaign stopped paying rent for Greene Acres in 2019, from September 2019 to March 2020, the months leading up to the Mississippi primary.<sup>26</sup> The farm was apparently sold in August 2019.<sup>27</sup> The lack of any publicly available information about the campaign using the farm as an office, the sale of the property prior to the primary campaign, and its remote location all suggest that the farm was completely for personal use and that it did not have any campaign purpose justifying \$60,000 in rent.

*Second*, even if there were a bona fide campaign purpose for the rental of Greene Acres, Palazzo for Congress is not permitted to pay, and Representative Palazzo is not permitted to charge, more than fair market value for the transaction. Palazzo for Congress's payments to Representative Palazzo's farm exceeded fair market value. The rental amount of \$3,000 per month is unusually high for campaign office rent in Mississippi: Palazzo for Congress has paid more for rent over the same period than the three other members of the Mississippi House delegation combined.

For example, Michael Guest's campaign committee, Friends of Michael Guest, has reported only \$13,100 for "rent" since 2017, and most have been in small \$400-\$800 monthly or semimonthly payments.<sup>28</sup> Bennie Thompson's campaign committee, Friends of Bennie Thompson, has paid a total of \$37,500 in rent payments over the last two cycles.<sup>29</sup> Trent Kelly's campaign committee, Kelly for

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<sup>24</sup> U.S. CENSUS BUREAU, Mississippi Cong. District 4, [https://www2.census.gov/geo/maps/cong\\_dist/cd115/cd\\_based/ST28/CD115\\_MS04.pdf](https://www2.census.gov/geo/maps/cong_dist/cd115/cd_based/ST28/CD115_MS04.pdf); U.S. CENSUS BUREAU, Quick Facts for Hattiesburg, Pascagoula, Biloxi, and Gulfport, <https://www.census.gov/quickfacts/fact/table/hattiesburgcitymississippi.pascagoulacitymississippi.biloxicitymississippi.gulfportcitymississippi/PST045219>.

<sup>25</sup> Palazzo for Congress Itemized Disbursements, FEC.GOV, <https://docquery.fec.gov/cgi-bin/fecimg/?201901319145448598> (showing that the two December 2018 rent payments to Green Acres, LLC were reported as made for purposes of the 2020 primary).

<sup>26</sup> See Palazzo for Congress Disbursements (Rent), *supra* note 14.

<sup>27</sup> Public records suggest this property was sold in August 2019. See, e.g., Listing for 45 Hickman Tower Rd., Perkinston, MS 39573, ZILLOW, [https://www.zillow.com/homes/45-Hickman-Tower-Rd-Perkinston.-MS.-39573\\_rb/2088830893\\_zpid/](https://www.zillow.com/homes/45-Hickman-Tower-Rd-Perkinston.-MS.-39573_rb/2088830893_zpid/).

<sup>28</sup> Friends of Michael Guest Disbursements, FEC.GOV, [https://www.fec.gov/data/disbursements/?data\\_type=processed&committee\\_id=C00665752&recipient\\_name=kelpo&two\\_year\\_transaction\\_period=2020&two\\_year\\_transaction\\_period=2018&disbursement\\_description=rent&disbursement\\_description=office](https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00665752&recipient_name=kelpo&two_year_transaction_period=2020&two_year_transaction_period=2018&disbursement_description=rent&disbursement_description=office) (last visited Mar. 19, 2020).

<sup>29</sup> Bennie Thompson paid \$6,000 in 2017, \$10,500 in 2018, \$6,000 in 2019, and \$15,000 in 2020 for rent. Friends of Bennie Thompson Disbursements, FEC.GOV, [https://www.fec.gov/data/disbursements/?data\\_type=processed&committee\\_id=C00279851&recipient](https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00279851&recipient)

Congress, does not appear to have paid anything for office space or rent this election cycle.<sup>30</sup>

In sum, House rules and FECA have a heightened standard for preventing personal use of campaign funds when a campaign rents candidate-owned property. Representative Palazzo should provide OCE documentation about the bona fide need for Representative Palazzo's farm and verification that the rental payments did not exceed fair market value. Representative Palazzo should also show whether he asked the Committee on Ethics for advice before entering such a transaction.

## II. Accounting Services

### **Representative Palazzo's Campaign Committee Paid \$127,933 to His Spouse's Accounting Firm**

Since 2011, Palazzo for Congress has simultaneously paid for accounting services or accounting fees from two accounting firms: Palazzo & Company ("Palazzo & Co."), LLC and Breazeale, Sauders, & O'Neil, Ltd ("Breazeale Ltd.").<sup>31</sup>

Palazzo & Co. was founded in 2001 by Representative Palazzo, and it is located in Gulfport, Mississippi.<sup>32</sup> Upon joining Congress in 2011, Representative Palazzo transferred ownership of the accounting firm to his spouse to avoid running afoul of House rules limiting outside income.<sup>33</sup> At the time, the transfer's legality was questioned because Mississippi law requires accounting firms be owned by certified public accountants, and Representative Palazzo's spouse is not a CPA. Representative Palazzo and his spouse divorced in 2016.<sup>34</sup> Palazzo's former spouse is still the owner and CEO of Palazzo & Co.<sup>35</sup>

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[\\_name=bolton&recipient\\_name=campbor&two\\_year\\_transaction\\_period=2020&two\\_year\\_transaction\\_period=2018&disbursement\\_description=rent](#) (last visited Mar. 19, 2020).

<sup>30</sup> Kelly for Congress Disbursements, FEC.GOV,

[https://www.fec.gov/data/disbursements/?data\\_type=processed&committee\\_id=C00573980&two\\_year\\_transaction\\_period=2018&two\\_year\\_transaction\\_period=2020](https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00573980&two_year_transaction_period=2018&two_year_transaction_period=2020) (last visited Mar. 19, 2020).

<sup>31</sup> See Palazzo for Congress Disbursements (Accounting), FEC.GOV,

[https://www.fec.gov/data/disbursements/?data\\_type=processed&committee\\_id=C00477323&disbursement\\_description=accounting](https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00477323&disbursement_description=accounting).

<sup>32</sup> Palazzo & Company, "About," <https://www.palazzotax.com/about/> (last visited Mar. 24, 2020).

<sup>33</sup> Maria Recio, *Miss. Rep. Palazzo's transfer of accounting firm to wife is questioned*, MCCLATCHY (Dec. 2, 2011), <https://www.mcclatchydc.com/news/politics-government/article24719923.html>.

<sup>34</sup> See Roger Bryan, *GOP Congressman, Steve Palazzo, Drowning In Controversy*, HUFFPOST (Nov. 3, 2017), [https://www.huffpost.com/entry/gop-congressman-steve-palazzo-drowning-in-controversy\\_b\\_59f9e477e4b0de896d3f2cf1](https://www.huffpost.com/entry/gop-congressman-steve-palazzo-drowning-in-controversy_b_59f9e477e4b0de896d3f2cf1).

<sup>35</sup> Palazzo & Company, "Staff," <https://www.palazzotax.com/staff/> (last visited Mar. 20, 2020).

The second accounting firm, Breazeale Ltd., was founded in 1981 by Paul Breazeale, his campaign treasurer,<sup>36</sup> and is located in Jackson, Mississippi.<sup>37</sup>

The disbursements for accounting fees have been paid in roughly monthly installments to both of the firms since early 2011. Palazzo for Congress reported two disbursements to Breazeale, Ltd. for accounting fees on January 15, 2011, one for \$1,353.75 and one for \$4,949.50.<sup>38</sup> Later that same month, Palazzo for Congress reported two disbursements to Palazzo & Co. for accounting fees, one for \$975.33 and one for \$700.00.<sup>39</sup> The payments to both firms continued through August 2019 with various increases throughout the years. In the last month of double payments, Palazzo for Congress paid \$1,400.50 to Palazzo and Co. and \$1,523.75 to Breazeale Ltd.<sup>40</sup>

### **The Payments to the Accounting Firm of Representative Palazzo's Spouse May Not Be Legitimate Campaign Expenditures for Bona Fide Campaign Purposes**

Representative Palazzo's use of campaign funds for accounting services provided by his spouse's firm is permitted only if the expenditures are legitimate and attributable to bona fide campaign purposes. Under House rules, a Member's family can sell services to a Member's campaign, provided (1) there is a bona fide campaign need for the services; and (2) the payments do not exceed fair market value.<sup>41</sup>

*First*, it appears that there was no bona fide campaign need for monthly accounting services from two separate accounting firms. Palazzo for Congress had already been using Breazeale Ltd. for the campaign's accounting services since late 2010 when the campaign started paying for services from Palazzo & Co. The FEC records do not show that the accounting services provided by Palazzo & Co. were distinct in nature or purpose from the those provided Breazeale Ltd.; disbursements to both firms are described as either "accounting fees" or "accounting services."<sup>42</sup>

The accounting requirements for Representative Palazzo's campaign are unlikely to be sufficiently complex to require two accounting firms' work. Paying essentially

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<sup>36</sup> See Palazzo for Congress, About this committee, FEC.GOV, <https://www.fec.gov/data/committee/C00477323/?tab=about-committee> (last visited Mar. 25, 2020).

<sup>37</sup> Breazeale, Saunders, & O'Neil, "Contact Us," [http://www.bsold.com/contact\\_us.html](http://www.bsold.com/contact_us.html) (last visited Mar. 25, 2020); see also *Chief Justice reappoints Paul Breazeale to Ethics Commission*, STATE OF MISSISSIPPI JUDICIARY (Oct. 6, 2016), <https://courts.ms.gov/news/2016/10.05.16BreazealeEthicsCommission.php>.

<sup>38</sup> See Palazzo for Congress Disbursements (Accounting), *supra* note 31.

<sup>39</sup> See *id.*

<sup>40</sup> See *id.*

<sup>41</sup> HOUSE ETHICS MANUAL, *supra* note 3, at 170.

<sup>42</sup> See Palazzo for Congress Disbursements (Accounting), *supra* note 31.

double for accounting services in order to use Representative Palazzo's then-wife's accounting firm is evidence that the payments to Palazzo & Co. were not legitimate expenditures for a bona fide campaign purpose.

*Second*, even if there were a bona fide campaign reason for using two separate accounting firms, the payments for accounting services seem to far exceed fair market value. Since 2017, Palazzo for Congress has paid nearly as much for accounting services as his three other Mississippi House members combined have paid for expenditures described as accounting-related. Palazzo's campaign has paid \$68,678; his three colleagues' campaigns have together paid \$71,848.<sup>43</sup>

House rules and FECA have a heightened standard for preventing personal use of campaign funds when a campaign buys services from a candidate's family member. Representative Palazzo should provide OCE documentation about the bona fide need for Representative Palazzo's former spouse's accounting services and verification that the payments did not exceed fair market value.

### **The OCE Authorizes Preliminary Reviews When there is a “Reasonable Basis to Believe” that a Member has Violated House Rules**

Pursuant to Rule 7 of the OCE Rules for the Conduct of Investigations, the “Board shall authorize a preliminary review of any allegation(s) when it determines there is a *reasonable basis* to believe the allegation(s) based on all the information then known to the Board.”<sup>44</sup> The OCE applies this low legal standard of proof to initiate preliminary reviews, while applying the higher standards of “probable cause” and “substantial reason to believe” to initiate second-phase reviews and referrals to the Committee on Ethics. “A *reasonable basis* to believe the allegation(s) exists when there is a reasonable and articulable basis for believing the allegation(s).”<sup>45</sup>

Representative Palazzo's rental payments from his campaign to his rural farm and his high rental charge for the use of the space provide a reasonable basis to believe that Representative Palazzo converted campaign funds to personal use. Representative Palazzo's exorbitant payments for accounting services to two firms, one of which is owned by his now-former spouse, also provides a reasonable basis to believe that Representative Palazzo converted campaign funds to personal use.

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<sup>43</sup> See Friends of Bennie Thompson, Friends of Michael Guest, Kelly for Congress, and Palazzo for Congress Disbursements, FEC.GOV, [https://www.fec.gov/data/disbursements/?data\\_type=processed&committee\\_id=C00279851&committee\\_id=C00477323&committee\\_id=C00573980&committee\\_id=C00665752&two\\_year\\_transaction\\_period=2018&two\\_year\\_transaction\\_period=2020&max\\_date=12%2F31%2F2020&disbursement\\_description=account](https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00279851&committee_id=C00477323&committee_id=C00573980&committee_id=C00665752&two_year_transaction_period=2018&two_year_transaction_period=2020&max_date=12%2F31%2F2020&disbursement_description=account) (last visited Mar. 19, 2020).

<sup>44</sup> OFF. OF CONG. ETHICS, RULES FOR THE CONDUCT OF INVESTIGATIONS Rule 7(A), available at [https://oce.house.gov/sites/congressioalethics.house.gov/files/OCE\\_Rules\\_Conduct\\_Investigations.pdf](https://oce.house.gov/sites/congressioalethics.house.gov/files/OCE_Rules_Conduct_Investigations.pdf) (emphasis in original).

<sup>45</sup> *Id.* (emphasis in original).



With a preliminary review, OCE can determine whether Representative Palazzo's campaign has the requisite verification to show the outlays were not for personal use.

## **Conclusion**

An OCE preliminary review can determine whether Representative Palazzo is complying with FECA and House rules. The OCE can learn during the initial 30-day period whether Representative Palazzo asked for approval from the Committee on Ethics to enter into a transaction with himself and with his spouse's accounting firm. The OCE also has authority to determine whether Representative Palazzo has sufficient documentation to verify that the campaign expenditures were attributable to bona fide campaign or political purposes, and whether the rent and accounting payments represented fair market value. This preliminary review is needed to address what appears to be a violation of House rules and campaign finance law.

For the foregoing reasons, CLC requests that the OCE Board authorize a preliminary review of this matter.

We acknowledge that 18 U.S.C. § 1001 applies to the information provided.

Sincerely,

\_\_\_\_\_/s/\_\_\_\_\_  
\_\_\_\_\_

Kedric L. Payne  
General Counsel and Senior Director, Ethics  
Campaign Legal Center

\_\_\_\_\_/s/\_\_\_\_\_  
\_\_\_\_\_

Delaney N. Marsco  
Legal Counsel  
Campaign Legal Center