

M E M O R A N D U M

To: Members of the Committee on Financial Services
From: FSC Majority Staff
Date: February 21, 2014
Subject: February 26, 2014 Oversight and Investigations Subcommittee Hearing Entitled “Inspector General Report: Allegations of Improper Lobbying and Obstruction at the Department of Housing and Urban Development”

The Oversight and Investigations Subcommittee will hold a hearing entitled “Inspector General Report: Allegations of Improper Lobbying and Obstruction at the Department of Housing and Urban Development” on February 26, 2014, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing. The witness will be the Honorable David Montoya, Inspector General for the Department of Housing and Urban Development (“HUD-OIG”). Inspector General Montoya will provide testimony on his office’s investigation of improper lobbying and the efforts of officials at the Department of Housing and Urban Development (“HUD”) to obstruct the investigation and conceal their improper activities.

On July 31, 2013, HUD’s Deputy Secretary, Maurice Jones, sent an e-mail communication to “friends and colleagues” calling on the recipients to contact specific United States Senators and encourage them to vote in favor of procedural motions to advance Senate consideration of S. 1243, a bill making appropriations for Transportation, Housing and Urban Development, and Related Agencies (“THUD”). The e-mail communication urged recipients to oppose certain amendments and suggested that recipients encourage named Senators to support final passage of the bill. The e-mail communication states, in pertinent part, as follows:

... I am humbly asking you to let your Senators especially the ones listed below know how important it is that the cloture motion passes so that the Senate THUD bill MOVES FORWARD to a vote and TO VOTE for the Senate THUD bill.

It is critical that your Senator hears from you NOW. Specifically, we need to maintain the current level of Republican support for the Senate THUD FY14 appropriations bill, acquire other Republican supporters and ensure vocal and active support from Democratic Senators. Please ask them:

- to vote YES tomorrow on the cloture motion to end the debate and to vote YES on the merits of the bill when it comes up for a vote
- to defend against efforts by some Republicans to prevent the underlying bill from coming up for a vote or to enact harmful amendments such as those that would cut some of the important funding in the bill.

- for example, Senators should vote "No" against Senator Coburn's Amendment 1754 which would have a devastating effect on our homeless population.

HUD is focusing specifically on the following Republican Senators who in some fashion have helped moved the Senate THUD bill forward.

- Blunt (MO)
- Boozman (AR)
- Chambliss (GA)
- Chiesa (NJ)
- Flake (AZ)
- Hatch (UT)
- Heller (NV)
- Imhofe (OK) [*sic*]
- Isakson (GA)
- Johnson (WI)
- McCain (AZ)
- Portman (OH)
- Thune (SD)
- Wicker (MS)
- Moran (KS)
- Hoeven (ND)
- Kirk (IL)

We also would like to thank the following Republican Senators who have consistently been supportive of the Senate THUD bill:

- o Susan Collins (R-ME)
- o Thad Cochran (R-MS)
- o Lisa Murkowski (R-AK) ...¹

The directness and specificity of the e-mail communication appeared to violate well-established federal restrictions on lobbying by federal agencies. The statutory prohibitions on agency lobbying include federal statutes and appropriation restrictions contained within the Consolidated Appropriations Act, 2012, retained in the Consolidated and Further Continuing Appropriations Act, 2013.² Accordingly, on August 28, 2013, Chairman McHenry sent a letter to the HUD-OIG requesting an investigation of this matter. On February 18, 2014, the HUD-OIG provided its report of investigation to the Committee finding, in pertinent part, that HUD's Deputy Secretary and other HUD officials acted improperly in the manner in which they lobbied for passage of THUD, and that certain HUD officials acted to obstruct the investigation and conceal their improper activities.

¹ E-mail sent on behalf of Maurice A. Jones to undisclosed recipients, Subject: Important Vote on HUD FY13 Budget Tomorrow, July 31, 2013; underlining, emphasis, capitalization and formatting in original.

² See e.g. 18 U.S.C. § 1913; P.L. 112-74 §§ 716, 719; P.L. 113-6 § 1102.