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HOUSE OF REPRESENTATIVES

REPORT
112–194

IN THE MATTER OF ALLEGATIONS RELATING TO GREGORY HILL

R E P O R T

OF THE

COMMITTEE ON ETHICS

AUGUST 5, 2011.—Referred to the House Calendar and ordered to be printed

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*Representative Michael McCaul requested that he not participate in the Committee's proceedings in this matter, as Gregory Hill is Chief of Staff to Representative McCaul.

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ETHICS,÷
Washington, DC, August 5, 2011.

Hon. KAREN L. HAAS,
Clerk, House of Representatives,
Washington, DC.

DEAR MS. HAAS: Pursuant to clauses 3(a)(2) and 3(b) of rule XI of the Rules of the House of Representatives, we herewith transmit the attached Report, "In the Matter Regarding Allegations Related to Gregory Hill."

Sincerely,

JO BONNER,
Chairman.
LINDA T. SANCHEZ,
Ranking Member.

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112TH CONGRESS
1st Session " HOUSE OF REPRESENTATIVES ! REPORT
112–194

IN THE MATTER REGARDING ALLEGATIONS RELATING TO REPRESENTATIVE GREGORY HILL

AUGUST 5, 2011

Mr. BONNER, from the Committee on Ethics, submitted the following

R E P O R T

I. INTRODUCTION

On May 18, 2011, the Office of Congressional Ethics (OCE) forwarded to the Committee on Ethics (Committee) a Report and Findings related to the receipt of outside income in 2009 by Gregory Hill, in excess of the outside earned income limit applicable to senior staff, and Mr. Hill's failure to properly report the actual amount of outside income received on his 2009 Financial Disclosure Statement.[1] OCE recommended that the Committee further review the matter.[2]

On May 23, 2011, the Committee provided Mr. Hill, through his attorney, a copy of OCE's Report and Findings and offered him the opportunity to respond to OCE's allegations. Mr. Hill submitted a response through his attorney on June 6, 2011.[3]

The Committee initiated an inquiry into the matter referred by OCE pursuant to Committee Rule 18(a). On July 1, 2011, the Chairman and Ranking Member of the Committee issued a statement announcing they had jointly decided to extend the Committee's consideration of OCE's transmittal regarding Mr. Hill for an additional 45-day period.[4]

However, the Committee finds that Mr. Hill's receipt of the $32,000 and his failure to report the actual amount on his 2009 Financial Disclosure Statement was not intentional and was more likely based on confusing information provided to him by Campaign Financial Services (CFS), the entity that manages the account for

[1] OCE's Report and Findings regarding Gregory Hill, Review 11–7238, can be found at Appendix A.

[2] Representative Michael McCaul requested that he not participate in the Committee's proceedings in this matter, as Gregory Hill is Chief of Staff to Representative McCaul.

[3] Gregory Hill's response to OCE's allegations against him in OCE's Report and Findings can be found at Appendix B.

[4] House Rule XI, clause 3(b)(8)(A), and Committee Rule 17A(c)(1).

the campaign. The Committee concludes that since Mr. Hill repaid the excess amount, no further action is necessary. Accordingly, the Committee hereby closes its inquiry and the OCE referral in the above-captioned matter.

This Report resolves the matter forwarded by OCE. The Committee has unanimously determined that the evidence presently before the Committee supports a determination that Mr. Hill received outside income in 2009 that exceeded the outside earned income limit. Thus, the Committee has decided that it will not dismiss the OCE referral. Moreover, Mr. Hill repaid the excess amount upon learning that the payment in question was not a clerical error and that he had, in fact, received income above the outside earned income limit. Since Mr. Hill has already repaid the excess amount, making the total received for 2009 below the limit, the Committee has determined that no further action is necessary. Additionally, while Mr. Hill did not report the actual income he received in 2009 on his Financial Disclosure Statement for 2009, the Committee finds that the information he relied upon to complete his Financial Disclosure Statement was incorrect without his knowledge. Since he subsequently repaid the excess amount, the outside earned income amount reported on his Financial Disclosure Statement for 2009 is accurate. Therefore, the Committee finds that no further action is necessary regarding Mr. Hill's Financial Disclosure Statement for 2009.

II. HOUSE RULES, LAWS, REGULATIONS AND OTHER STANDARDS OF CONDUCT

House Rule 26, clause 2

"[T]he provisions of title I of the Ethics in Government Act of 1978 shall be considered Rules of the House as they pertain to Members, Delegates, the Resident Commissioner, officers, and employees of the House."

Ethics in Government Act

"Any individual who is an officer or employee described in subsection (f) during any calendar year and performs the duties of his position or office for a period in excess of sixty days in that calendar year shall file on or before May 15 of the succeeding year a report containing the information described in section 102(a)."[5]

"Each report filed pursuant to section 101 (d) and (e) shall include a full and complete statement with respect to . . . [t]he source, type, and amount or value of income (other than income referred to in subparagraph (B)) from any source (other than from current employment by the United States Government). . . ."[6]

"The head of each agency . . . each congressional ethics committee, or the Judicial Conference, as the case may be, shall refer to the Attorney General the name of any individual which such official or committee has reasonable cause to believe has willfully failed to file a report or has willfully falsified or willfully failed to file information required to be reported. . . ."[7]

[5] 5 U.S.C. app. 4 § 101(d).
[6] 5 U.S.C. app. 4 § 102(a).
[7] 5 U.S.C. app. 4 § 104.

"[A] Member or an officer or employee who is a noncareer officer or employee and who occupies a position . . . for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS–15 of the General Schedule, may not in any calendar year have outside earned income attributable to such calendar year which exceeds 15 percent of the annual rate of basic pay for level II of the Executive Schedule under section 5313 of title 5, United States Code, as of January 1 of such calendar year."[8]

"[T]he outside earned income limit for Members and senior staff for calendar year 2009 is $26,550."[9]

House Rule 25, clause 1(a)(1)

"Except as provided by paragraph (b), a Member, Delegate, Resident Commissioner, officer, or employee of the House may not—

> (1) have outside earned income attributable to a calendar year that exceeds 15 percent of the annual rate of basic pay for level II of the Executive Schedule under section 5313 of title 5, United States Code, as of January 1 of that calendar year."

III. BACKGROUND

On May 18, 2011, OCE referred to the Committee a matter involving Mr. Gregory Hill, Chief of Staff to Representative Michael McCaul. In its referral, OCE determined that there was "substantial reason to believe that in 2009, Greg Hill received more than $26,550 of earned outside income from McCaul for Congress. . . ."[10] OCE further determined that Mr. Hill was considered "senior staff" in 2009 and was therefore subject to the outside earned income limit of $26,550.[11] According to OCE's Report and Findings, Mr. Hill received compensation in 2009 from McCaul for Congress, Representative McCaul's campaign committee, totaling $32,000, and thereby exceeded the outside earned income limit by $5,450.[12] OCE also determined that Mr. Hill reported $26,500 of outside earned income on his calendar year 2009 Financial Disclosure Statement.[13] OCE reported that Mr. Hill paid back $4,831.45 to the campaign in February 2011, which equaled the $5,450 less the taxes that were withheld by CFS, the entity that manages the account for the campaign.[14] Those withholdings were separately recouped by CFS from the IRS, and so did not accrue to the benefit of Mr. Hill.

Consistent with OCE's Findings, Committee staff determined that during 2009 Mr. Hill was paid at or above the senior staff rate[15] and was therefore subject to the $26,500 limit on outside

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[8] 5 U.S.C. app. 4 § 501(a)(1).

[9] Memorandum from Committee on Standards of Official Conduct for All Members, Officers, and Employees, dated February 12, 2009 (emphasis in original).

[10] *See* Appendix A at 1.

[11] *Id.*

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] The "senior staff" rate for 2009 was $117,787. *See* House Rule 25, clause 1(a)(1), 5 U.S.C. app. 4 § 501(a)(1).

earned income.[16] Mr. Hill received outside income for his work on the McCaul for Congress campaign, which was paid on a monthly basis and included a bonus. The total actually received by Mr. Hill during 2009 amounted to $35,000 ($3,000 of which was reported as paid by the campaign in December 2008). According to OCE's Findings,[17] the response provided by Mr. Hill to the Committee,[18] and an interview of Mr. Hill by Committee counsel, the Committee has determined that while he actually received $35,000 from the campaign during 2009, he was provided with conflicting information from the campaign as to the total amount received. This caused Mr. Hill to believe that the $32,000 amount reported on the first W–2 he received for 2009 was a clerical error and that he actually only received $26,500. This conclusion was based upon his receipt of an email from CFS, which indicated they were issuing a corrected W–2 for 2009 that showed his income for 2009 was actually $26,500 and not $32,000, which had been previously reported. In additional communications with CFS, Mr. Hill sought verification of the amount paid in 2009. CFS confirmed that Mr. Hill was only paid $26,500 in 2009. Furthermore, CFS told Mr. Hill that they thought the excess amount had already been debited from Mr. Hill's account.

CFS provided documentation to the Committee including a letter and accompanying IRS forms sent by PayChex, the company that handled the payments for Mr. Hill, among others, for the campaign. The letter was a request to the IRS to correct the income and withholding paid on behalf of Mr. Hill for 2009. The letter was sent on May 4, 2010, which is consistent with the information provided to the Committee by Mr. Hill. The campaign received a refund from the IRS on September 28, 2010, for the excess withholding for income taxes, Social Security and Medicare. Counsel from CFS also indicated that CFS believed that Mr. Hill's account was debited for the excess payment around the same time it requested a refund from IRS.[19]

Mr. Hill told Committee counsel that in 2010 he was not aware of the dollar amount of the outside earned income limit for 2009. He stated that he had previously instructed the campaign not to exceed the outside earned income limit. When he received the W–2 indicating he had been paid $32,000 in 2009, he believed that was the limit based on his earlier instructions. He filed his tax return for 2009 using the $32,000 amount.

In the spring of 2010, Mr. Hill received a letter from the IRS indicating there was a conflict between his tax return for 2008 and a W–2 the IRS received from the campaign. Mr. Hill contacted CFS and learned they had sent a corrected W–2 for 2008 indicating his income from the campaign was $25,830 for 2008 and not the $22,830 he reported on his return. This caused Mr. Hill to question CFS about what he had received in 2009. He also contacted the Committee to find out what the outside earned income limit was for 2009. He learned that the limit was $26,550 and provided that information to CFS. CFS advised him they were sending a cor-

[16] Memorandum from Committee on Standards of Official Conduct for All Members, Officers, and Employees, dated February 12, 2009, which can be found at Appendix A, Exhibit 1.
[17] *See* Appendix A.
[18] *See* Appendix B.
[19] *See* Appendix C.

rected W–2 indicating the total income from the campaign for 2009 was $26,500. Mr. Hill believed, based on the corrected W–2, that he had only received $26,500 for 2009. Mr. Hill told Committee counsel that he had several communications with CFS seeking verification that his income for 2009 was only $26,500 and each time CFS verified the amount.

In January 2011, after Mr. Hill was notified by OCE that they were examining his 2009 income from the campaign, he contacted CFS to again verify his income. At that time, CFS told him that he had actually received $32,000 but CFS believed that the overpayment was debited from his account in 2010, and then realized in 2011 that they were also mistaken. Mr. Hill asked CFS to provide him the amount he needed to repay to ensure that his 2009 income was below the $26,550 limit.[20] CFS told Mr. Hill that he had to repay $4,831.45, which was the total overpayment minus the taxes that were withheld. Mr. Hill sent CFS a cashier's check for the $4,831.45 amount in February 2011.[21]

IV. FINDINGS AND CONCLUSIONS

As a result of its review of OCE's Report and Findings, and additional investigative activity by the Committee, the Committee has reached the following findings and conclusions.

1. In 2009, Gregory Hill was paid at or above the "senior staff" rate for his work as Representative McCaul's Chief of Staff and was therefore subject to the outside earned income limit of $26,550.

2. During 2009, Mr. Hill received payments from McCaul for Congress totaling $35,000, $3,000 of which was reported as paid by the campaign in December 2008, but not received until 2009.

3. CFS, the campaign account manager for McCaul for Congress, advised Mr. Hill that the W–2 it had issued indicating that Mr. Hill's total income from McCaul for Congress in 2009 was $32,000, was in error, and they were issuing a corrected W–2 showing the total income as $26,500.

4. Based on the information provided by CFS and the corrected W–2, Mr. Hill reported $26,500 in outside income on his Financial Disclosure Statement for 2009.

5. In February 2011, after learning that he was actually paid $32,000, Mr. Hill instructed CFS to determine what amount he needed to repay the campaign to ensure his total income did not exceed the outside earned income limit. Upon being told the amount he needed to repay, Mr. Hill sent the campaign a check.

Mr. Hill actually received $35,000 in outside earned income from McCaul for Congress in 2009 ($3,000 of which was reported as 2008 income and therefore not considered as income for 2009). Upon being given a reason to double-check the limit, he was led to believe that the W–2 amount was in error for 2009, as it had been for 2008. Mr. Hill did not realize he had exceeded the outside earned income limit or actually received an amount over $26,500,

[20] OCE interviewed a financial manager from CFS who had a different recollection than Mr. Hill. The financial manager recalled that Mr. Hill asked for the repayment amount in the spring of 2010 instead of the winter of 2011. However, the financial manager believed that CFS had debited the overpayment from Mr. Hill and therefore issued him a corrected W–2. The effect, however, is the same as Mr. Hill's somewhat contrary recollection; i.e., that Mr. Hill believed, based on a corrected W–2, that he had only actually received $26,500 at the time of his financial disclosure filing.

[21] *See* Appendix A, Exhibit 6.

based on assertions made by CFS. Upon learning of the amount actually received, he took steps to repay the excess amount. Based on the evidence and testimony, the Committee finds that Mr. Hill's receipt of the $32,000 and his failure to report the actual amount on his 2009 Financial Disclosure Statement was not intentional and was more likely based on confusing information provided to him by CFS.

This Report resolves the matter forwarded by OCE. The Committee has unanimously determined that the evidence presently before the Committee supports a determination that Mr. Hill received outside earned income in 2009 that exceeded the outside earned income limit. Thus, the Committee has decided that it will not dismiss the OCE referral. However, the Committee concludes that since Mr. Hill repaid the excess amount, no further action is necessary. Therefore, the Committee determines that this matter is closed.

The Chair is directed, upon providing the notices required pursuant to House Rule XI, clause 3(b)(8)(A), and Committee Rule 17A(b)(2), to file this Report with the House, together with copies of OCE's Report and Findings in this matter, along with any response filed, all of which are made a part of this Report and appended hereto.[22] The filing of this Report, along with its publication on the Committee's Web site, shall serve as publication of OCE's Report and Findings in this matter, pursuant to House Rule XI, clause 3(b)(8)(A), and Committee Rule 17A(b)(3) and 17A(c)(2).

V. STATEMENT UNDER RULE 13, CLAUSE 3(c) OF THE RULES OF THE HOUSE OF REPRESENTATIVES

The Committee made no special oversight findings in this Report. No budget statement is submitted. No funding is authorized by any measure in this Report.

[22] *See* House Rule XI, clauses 3(a)(2) and 3(b).

APPENDIX

A

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

REPORT

Review No. 11-7238

The Board of the Office of Congressional Ethics, by a vote of no less than four members, on April 29, 2011, adopted the following report and ordered it to be transmitted to the Committee on Ethics of the United States House of Representatives.

SUBJECT: Greg Hill

NATURE OF THE ALLEGED VIOLATION: Greg Hill disclosed outside earned income of $26,500 on his Calendar Year 2009 Financial Disclosure Statement from Representative Michael McCaul's campaign committee, McCaul for Congress, Inc. Mr. Hill was considered "senior staff" in 2009 and subject to the outside earned income limit of $26,550. However, Mr. Hill received $32,000 from McCaul for Congress, Inc., $5,450 over the 2009 limit. In February 2011, Mr. Hill paid back $4,831.45 to McCaul for Congress, Inc.

If Mr. Hill received more than $26,550 of outside earned income from McCaul for Congress, Inc. in 2009, he may have violated House rules, standards of conduct, and federal law.

RECOMMENDATION: The Board of the Office of Congressional Ethics recommends that the Committee on Ethics further review the above allegations because there is a substantial reason to believe that in 2009 Greg Hill received more than $26,550 of earned outside income from McCaul for Congress, Inc., in violation of House rules, standards of conduct, and federal law.

VOTES IN THE AFFIRMATIVE: 5

VOTES IN THE NEGATIVE: 1

ABSTENTIONS: 0

MEMBER OF THE BOARD OR STAFF DESIGNATED TO PRESENT THIS REPORT TO THE COMMITTEE ON ETHICS: Omar S. Ashmawy, Staff Director & Chief Counsel.

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

FINDINGS OF FACT AND CITATIONS TO LAW

Review No. 11-7238

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Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

FINDINGS OF FACT AND CITATIONS TO LAW

Review No. 11-7238

On April 29, 2011, the Board of the Office of Congressional Ethics (the "Board") adopted the following findings of fact and accompanying citations to law, regulations, rules, and standards of conduct (*in italics*). The Board notes that these findings do not constitute a determination that a violation actually occurred.

I. INTRODUCTION

A. Summary of Allegations

1. Greg Hill disclosed outside earned income of $26,500 on his Calendar Year 2009 Financial Disclosure Statement from Representative Michael McCaul's campaign committee, McCaul for Congress, Inc. Mr. Hill was considered "senior staff" in 2009 and subject to the outside earned income limit of $26,550. However, Mr. Hill received $32,000 from McCaul for Congress, Inc. In February 2011, Mr. Hill paid back $4,831.45 to McCaul for Congress, Inc. Therefore, the Board recommends that the Committee on Ethics further review the above allegations because there is a substantial reason to believe that in 2009 Greg Hill received more than $26,550 of earned outside income from McCaul for Congress, Inc., in violation of House rules, standards of conduct, and federal law.

B. Jurisdictional Statement

2. The allegations that were the subject of this review concern Greg Hill, an employee of the United States House of Representatives. The Resolution the United States House of Representatives adopted creating the Office of Congressional Ethics ("OCE") directs that, "[n]o review shall be undertaken . . . by the board of any alleged violation that occurred before the date of adoption of this resolution."[1] The House adopted this Resolution on March 11, 2008. Because the conduct under review occurred after March 11, 2008, the OCE has jurisdiction in this matter.

[1] H. Res. 895, 110th Congress §1(e), as amended (the "Resolution").

C. Procedural History

3. The OCE received a written request for a preliminary review in this matter signed by at least two members of the Board on January 24, 2011. The preliminary review commenced on January 25, 2011.[2] The preliminary review was scheduled to end on February 23, 2011.

4. At least three members of the Board voted to initiate a second-phase review in this matter on February 22, 2011. The second-phase review commenced on February 24, 2011.[3] The second-phase review period ended on April 9, 2011.

5. Pursuant to Rule 9(B) of the OCE Rules for the Conduct of Investigations, Mr. Hill submitted a written statement to the Board on April 26, 2011.

6. The Board voted to refer the matter to the Committee on Ethics and adopted these findings on April 29, 2011.

7. The report and findings were transmitted to the Committee on Ethics on May 18, 2011.

D. Summary of Investigative Activity

8. The OCE requested and received documentary evidence from the following sources:

   (1) Greg Hill; and

   (2) Campaign Financial Services.

9. The OCE requested and received testimonial from the following sources:

   (1) Greg Hill; and

   (2) Financial Manager, Campaign Financial Services.

[2] A preliminary review is "requested" in writing by members of the Board of the OCE. The request for a preliminary review is "received" by the OCE on a date certain. According to the Resolution, the timeframe for conducting a preliminary review is thirty days from the date of receipt of the Board's request.

[3] According to the Resolution, the Board must vote on whether to conduct a second-phase review in a matter before the expiration of the thirty-day preliminary review. If the Board votes for a second-phase, the second-phase begins when the preliminary review ends. The second-phase review does not begin on the date of the Board vote.

II. GREG HILL'S 2009 OUTSIDE EARNED INCOME

A. Laws, Regulations, Rules, and Standards of Conduct

10. *House Rule 25, clause 1(a)(1) states that "[e]xcept as provided by paragraph (b), a Member, Delegate, Resident Commissioner, officer, or employee of the House may not—have outside earned income attributable to a calendar year that exceeds 15 percent of the annual rate of basic pay for level II of the Executive Schedule under section 5313 of title 5, United States Code, as of January 1 of that calendar year . . . ."*

11. *The Ethics in Government Act states that "[e]xcept as provided by paragraph (2), a Member or an officer or employee who is a noncareer officer or employee and who occupies a position classified above GS15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS15 of the General Schedule, may not in any calendar year have outside earned income attributable to such calendar year which exceeds 15 percent of the annual rate of basic pay for level II of the Executive Schedule under section 5313 of title 5, United States Code, as of January 1 of such calendar year."*[4]

12. *"[T]he outside earned income limit for Members and senior staff for calendar year 2009 [was] $26,550."*[5]

B. Greg Hill Received Outside Earned Income in 2009 From McCaul for Congress, Inc.

13. Greg Hill is the Chief of Staff for Representative Michael McCaul.[6]

14. As Chief of Staff, among other duties, Mr. Hill ensures that the staff for Representative McCaul completes their required ethics training.[7] He does not train the staff personally, but invites a counsel from the Committee on Ethics to conduct the training.[8]

15. Mr. Hill recalled receiving both the general House employee and Senior Staff ethics training in 2008 and 2009.[9]

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[4] 5 U.S.C. app. 4 § 501(a)(1).
[5] Memorandum from Committee on Standards of Official Conduct for All Members, Officers, and Employees, dated February 12, 2009 (Exhibit 1 at 11-7238_002-03).
[6] Memorandum of Interview of Greg Hill, March 15, 2011 ("Hill MOI") (Exhibit 2 at 11-7238_005).
[7] *Id.*
[8] *Id.*
[9] *Id.* at 11-7238_007.

16. Mr. Hill also works for Representative McCaul's campaign, McCaul for Congress, Inc.[10] Although he does not have a formal title with the campaign, he has the responsibilities of a campaign director.[11] Mr. Hill has had these responsibilities since he began working for Representative McCaul in 2006.[12] His duties with the campaign include supervising campaign functions, assuring that vendors get paid, and making certain that staff operates effectively.[13]

17. Although Representative McCaul ultimately makes final determinations on his campaign activities, Mr. Hill generally has the final say regarding campaign expenditures.[14] Salaries for campaign staff are approved by Representative McCaul and administered by a private firm, Campaign Financial Services ("CFS").[15]

18. According to his "W-2c" Corrected Wage and Tax Statement shown below,[16] and the CFS Financial Manager working with Mr. Hill on his account,[17] in 2009 Greg Hill received outside earned income from McCaul for Congress, Inc., totaling $32,000. Mr. Hill received $32,000 in 2009, $14,000 in "bonus" money and $18,000 in salary (a rate of $1,500 per month).[18]

[redacted] For Official Use Only ▶ OMB No. 1545-0008

a Employer's name, address, and ZIP code: MCCAUL FOR CONGRESS INC [redacted]

c Tax year/Form corrected: 2009 W-2 C

d Employee's correct SSN: [redacted]

e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.)

Complete boxes f and/or g only if incorrect on form previously filed ▶

f Employee's previously reported SSN

b Employer's Federal EIN: [redacted]

g Employee's previously reported name

h Employee's first name, and initial: GREG [redacted] Last name: HILL Suff.

Note: Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the instructions for Forms W-2c and W-3c, boxes 5 and 6).

i Employee's address and ZIP code

Previously reported	Correct information	Previously reported	Correct information
1 Wages, tips, other compensation 32000.00	1 Wages, tips, other compensation 26500.00	2 Federal income tax withheld	2 Federal income tax withheld
3 Social security wages 32000.00	3 Social security wages 26500.00	4 [redacted]	
5 Medicare wages and tips 32000.00	5 Medicare wages and tips 26500.00	6 [redacted]	

[10] *Id.* at 11-7238_005.
[11] *Id.*
[12] *Id.*
[13] *Id.*
[14] *Id.*
[15] *Id.* at 11-7238_006.
[16] Greg Hill's 2009 W-2c Corrected Wage and Tax Statement (Exhibit 3 at 11-7238_009).
[17] Memorandum of Interview of CFS Financial Manager, March 23, 2011 ("Financial Manager MOI") (Exhibit 4 at 11-7238_012).
[18] *Id.*; Hill MOI (Exhibit 2 at 11-7238_007).

C. Greg Hill Disclosed $26,500 in Outside Earned Income on his Calendar Year 2009 Financial Disclosure Statement

19. Mr. Hill filed a Calendar Year 2009 House Financial Disclosure Statement as required for "senior staff."[19]

20. On his Calendar Year 2009 Amended Financial Disclosure Statement, Mr. Hill disclosed $26,500 in outside earned income from McCaul for Congress, Inc.[20]

Name GREG HILL Page 2 of 2

SCHEDULE I – EARNED INCOME

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totalling $200 or more during the preceding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.
Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples:	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civic Way Roundtables (Oct. 2nd)	Spouse Speech	$1,000
	Ossiro County Board of Education	Spouse Salary	NA
	McCaul for Congress	Salary	26,500

21. The $26,500 figure disclosed above is inconsistent with the $32,000 of outside earned income Mr. Hill received in 2009, as shown by tax documents and witness testimony.

D. Greg Hill Exceeded the 2009 Outside Earned Income Limit

22. Mr. Hill told the OCE that he directed CFS to abide by the annual outside earned income limit.[21]

23. The CFS Financial Manger told the OCE that he did not monitor the outside earned income limit because Mr. Hill was the only campaign employee who received a salary in addition to a bonus from the campaign.[22] The first time the CFS Financial Manager became aware of the outside earned income limit was around March 2010, when Mr. Hill informed him of the limit.[23]

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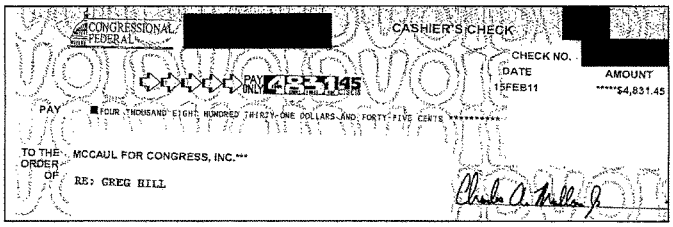
[19] House Ethics Manual 248 (2008).
[20] Greg Hill's Calendar Year 2009 Amended Financial Disclosure Statement (Exhibit 5 at 11-7238_014).
[21] Hill MOI (Exhibit 2 at 11-7238_007).
[22] Financial Manager MOI (Exhibit 4 at 11-7238_012).
[23] *Id.*

24. Mr. Hill explained that once he became aware that he was over the 2009 outside earned income limit, CFS told him a corrected W-2 would be issued. The corrected W-2 would display $26,500 in outside earned income and that CFS would file the appropriate corrected paperwork with the IRS.[24] However, Mr. Hill remained in receipt of the $32,000.[25]

25. Mr. Hill did not explain why he continued to disclose $26,500 on this Calendar Year 2009 Financial Disclosure Statements while receiving $32,000 in outside earned income, in 2009.

26. On February 15, 2011, nearly eleven months after becoming aware of being over the outside earned income limit, Mr. Hill wrote a $4,831.45 check (shown below) to McCaul for Congress, Inc.[26] Mr. Hill told the OCE that the amount on the check represents the amount CFS told him to pay back to the campaign.[27] Mr. Hill believed the number represents the difference between the $32,000 paid to Mr. Hill in 2009 by McCaul for Congress, Inc., and the $26,500 amount initially reported on his Calendar Year 2009 Financial Disclosure Statements, minus taxes previously withheld.[28]


CONGRESSIONAL FEDERAL
[redacted]
CASHIER'S CHECK
[redacted]
CHECK NO.
DATE
15FEB11
AMOUNT
*****$4,831.45
PAY ONLY
PAY
FOUR THOUSAND EIGHT HUNDRED THIRTY-ONE DOLLARS AND FORTY-FIVE CENTS
TO THE ORDER OF
MCCAUL FOR CONGRESS, INC.***
RE: GREG HILL

[24] Hill MOI (Exhibit 2 at 11-7238_006).
[25] As discussed in these findings, Mr. Hill issued a $4,831.45 check to McCaul for Congress, Inc. in February 2011. This payment does not resolve the fact that Mr. Hill actually received $32,000 in outside earned income in 2009. The OCE does not take a position on whether this repayment to the campaign committee is legally permissible or counts against income Mr. Hill received in 2009.
[26] Check from Greg Hill to McCaul for Congress, Inc., February 15, 2011 (Exhibit 6 at 11-7238_024).
[27] Hill MOI (Exhibit 2 at 11-7238_007).
[28] *Id.*

III. CONCLUSION

27. In 2009, Mr. Hill received $32,000 from McCaul for Congress, Inc., $5,450 over the 2009 House of Representatives outside earned income limitation.

28. The Board recommends that the Committee on Ethics further review the above allegations because there is a substantial reason to believe that in 2009 Greg Hill received more than $26,550 of earned outside income from McCaul for Congress, Inc. in violation of House Rule 25, clause 1(a)(1) and 5 U.S.C. app. 4 §501(a)(1).

EXHIBIT 1

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515

February 12, 2009

MEMORANDUM FOR ALL MEMBERS, OFFICERS, AND EMPLOYEES

FROM: **Committee on Standards of Official Conduct**
Zoe Lofgren, Chair
Jo Bonner, Ranking Republican Member

SUBJECT: The 2009 Outside Earned Income Limit and Salaries Triggering the Financial Disclosure Requirement and Post-Employment Restrictions

THE OUTSIDE EARNED INCOME LIMIT AND OUTSIDE EMPLOYMENT RESTRICTIONS

By statute and House rule, the amount of outside earned income that Members and "senior staff" (as defined below) may have in any calendar year is limited. 5 U.S.C. app. 4 § 501(a)(1); House Rule 25, cl. 1(a)(1). In addition to House Members, the limit applies to House officers and employees who are paid at a rate equal to or greater than 120% of the minimum pay for GS-15 of the general schedule for more than 90 days in a calendar year. The GS-15, step 1 rate of basic pay for 2009 is $98,156 (locality pay is not considered in making this determination). Accordingly, the outside earned income limit applies to House officers and employees paid at or above the rate of **$117,787** for more than **90 days** in 2009.

The amount of the outside earned income limit for any year is 15% of the rate of pay for Level II of the Executive Schedule in effect on January 1 of the year. The rate of pay for Executive Level II in 2009 is $177,000. Accordingly, the outside earned income limit for Members and senior staff for calendar year 2009 is **$26,550**.

Under clauses 1-4 of House Rule 25 and related provisions of statutory law, Members, as well as officers and employees paid at or above the "senior staff" threshold rate, are also subject to a number of specific limitations on the types of outside employment. Information on these limitations is provided on pages 213 to 228 of the *2008 House Ethics Manual*, which is available on the Standards Committee website (ethics.house.gov). The Committee's Office of Advice and Education (extension 5-7103) can provide further explanation.

– OVER –

FINANCIAL DISCLOSURE

The requirement to file a Financial Disclosure Statement applies both to Members and to House officers and employees who are paid at a rate equal to or greater than 120% of the minimum pay for GS-15 for at least 60 days at any time during a calendar year. 5 U.S.C. app. 4 § 109(13). As noted above, 120% of GS-15 is now **$117,787**, and thus House officers and employees who are paid at or above that rate of pay (referred to as the "senior staff rate") for at least **60 days** during **2009** must file a Financial Disclosure Statement in May 2010. **In addition, any new employee paid at that rate must file a new employee Financial Disclosure Statement within 30 days of beginning House employment.**

Please note that the requirement to file a Financial Disclosure Statement covering calendar year 2008 applies to officers and employees who were paid at an annual rate of **$114,468** for at least 60 days in **2008**. The annual Financial Disclosure Statements for 2008 are due on Friday, May 15, 2009 for those individuals who continue to be officers or employees of the House on that date.

POST-EMPLOYMENT RESTRICTIONS

Members and officers of the House, as well as certain House employees, are subject to post-employment restrictions on lobbying. 18 U.S.C. § 207. A former employee of a Member, committee, or leadership office is subject to the restrictions if, for at least **60 days** during the one-year period preceding termination of House employment, the employee was paid at a rate equal to or greater than 75% of the basic rate of pay for Members at the time of termination.

The basic rate of pay for Members in 2009 is $174,000. Therefore, the post-employment threshold for employees who depart from a job in a Member, committee, or leadership office during 2009 is **$130,500**. The triggering salary for employees of other House or legislative branch offices (such as the CBO, GAO, and Library of Congress) is Level IV of the Executive Schedule, which for 2009 is $153,200. Information on the post-employment restrictions applicable to Members and staff is available in a pair of Standards Committee advisory memoranda, copies of which are available on the Committee website.

* * * * *

CALENDAR YEAR 2009

OUTSIDE EARNED INCOME CAP ..... $ 26,550

OUTSIDE EARNED INCOME AND
OUTSIDE EMPLOYMENT THRESHOLD $117,787

FINANCIAL DISCLOSURE THRESHOLD $117,787

POST-EMPLOYMENT THRESHOLD
For employees of Member, committee, or leadership offices **$130,500**
For employees of "other legislative offices" **$153,200**

EXHIBIT 2

CONFIDENTIAL
Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE:	Mr. Greg Hill
REVIEW No.:	11-7238
DATE:	March 15, 2011
LOCATION:	1350 Connecticut Avenue, N.W., Suite 300 Washington, D.C. 20036
TIME:	3:10 p.m. to 4:00 p.m. (approximate)
PARTICIPANTS:	Omar S. Ashmawy Paul Solis Robert Trout (counsel to Mr. Hill)

SUMMARY: Mr. Greg Hill is the Chief of Staff for Representative Michael McCaul. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to OCE questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning, which will be placed in the case file in this review.

2. The witness has worked for the Congressman as his chief of staff for about five years. Prior to working for Rep. McCaul, the witness was the chief of staff for another congressman. He held that position for approximately 15-16 months.

3. The witness' current duties are typical of the chief of staff position. The witness receives a payroll report every month, but does not manage the office's MRA. Instead, the MRA is managed by the firm Talent Paymaster. Talent Paymaster is affiliated with the company that manages the accounting for Rep. McCaul's campaign.

4. As part of his duties, the witness ensures that the staff completes their required ethics training. He does not train them personally, but invites a counsel from the Committee on Ethics to the office to conduct the training.

5. The witness works for Rep. McCaul's campaign. Although he does not have a formal title, he has the responsibilities of campaign director. He began those responsibilities since he began working for Rep. McCaul in 2006. His duties include making sure everything runs correctly, that vendors get paid, and that staff does what they need to do. He makes sure the campaign is well run.

6. Although Rep. McCaul ultimately has the final say on his campaign activities, practically speaking the witness has the final say regarding campaign expenditures. However, he makes sure the Member is aware of the expenditures.

7. Salaries for campaign staff are approved by the Member and administered by a private firm, Campaign Financial Services (CFS). The witness is not involved in the preparation of Internal Revenue Service Form 1099 or W-2 for campaign employees.

8. Campaign Financial Services also ensures that all Federal Election Commission filings are correct and on time. Although the campaign treasurer technically has a final review of these filings, the witness is also copied on related correspondence.

9. In 2009, the witness did not know what was the outside earned income limit for the House of Representatives. He did not recall it being covered in his ethics training.

10. The witness was shown a compilation of FEC filings by the McCaul campaign, displaying salary payments to the witness totaling $28,384.06. This first time the witness saw the figure was in the initial letter from the OCE. When he received that letter he figured that amount was what the campaign paid him.

11. The witness was shown two W-2's from 2009. The document (MCCAUL000103) was the one the witness used to file his taxes that year. The second document (GH_072) is a W-2 that the witness did not know was filed by the campaign, until he was notified by the IRS. The witness did not know who created this document.

12. The witness also stated that in 2010 he was notified by the IRS that he had conflicting W-2 forms for tax year 2008. After he was notified, he learned that CFS created a second W-2. After he learned this, the witness asked CFS how he would be affected.

13. When filing his 2009 taxes in the spring of 2010, the witness received an email from CFS indicating that there had been corrections and that there was a new W-2 for his salary from the campaign. The witness wanted to ensure that his 2009 taxes were correct and in the process for doing so realized that he was over the earned income limit for 2009. CFS indicated to the witness that a corrected W-2 for 2009 would reduce his income to $26,500 and that CFS and PayChex would correct and file the proper paperwork with the IRS.

14. The witness was shown a 2009 W-2c (GH_001), corrected W-2 form. The witness indicated he filed taxes for $32,000 in income from the campaign for the 2009 tax year. Although this document indicates a "corrected" salary, the witness received $32,000 in tax year 2009. The witness explained that although $3,000 was supposed to paid to him in December 2008, he actually received it in January 2009.

15. The witness was shown a series of emails beginning with the document stamped (GH_032). The witness explained that in following the 2008 election, the McCauls wanted to pay him $20,000 dollars partly because that was what the other political consultants received and partly as a success bonus. The witness had already received $14,000 bonus. In order to pay him the additional $6,000, the campaign decided to pay him $3,000 in November and $3,000 in December. However, the December 2008 payment was made in January 2009.

16. The witness then stated that the $32,000 he was paid in 2009 was made up of a monthly payment of $1,500 (totaling $18,000) and a $14,000 bonus.

17. The witness was shown a check dated February 15, 2011 to the McCaul campaign (MCCAUL000102) for $4,831.45. The witness said that the amount on the check represents the amount CFS told him to pay back to the campaign. He believed it represents the net (minus the taxes he paid) amount the witness was overpaid in 2009.

18. When asked if he still would have been over the earned income limit in 2009 even if he had not been paid the $3,000 in January 2009, the witness said yes.

19. The witness was shown an email from April 13, 2010 (GH_18). The witness explained that in between these emails he called the House of Representatives and asked what the outside earned income limit was. As of April 13, 2010 he still did not know how much he was paid in 2009.

20. The witness never discussed what the total annual limit to his compensation from the campaign ought to be. He just told them to abide by the limit. As a result, he thought the $32,000 was correct.

21. The witness remembered receiving both the general House employee and Senior Staff ethics training in 2008 and 2009.

This memorandum was prepared on March 21, 2011 after the interview was conducted on March 15, 2011. I certify that this memorandum contains all pertinent matter discussed with the witness on March 15, 2011.

Omar S. Ashmawy
Staff Director and Chief Counsel

EXHIBIT 3

DO NOT CUT, FOLD, OR STAPLE THIS FORM

[redacted] | For Official Use Only ▶ OMB No. 1545-0008

a Employer's name, address, and ZIP code MCCAUL FOR CONGRESS INC. [redacted]	c Tax year/Form corrected: 2009 W-2 C d Employee's correct SSN: [redacted]
	e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.)
	Complete boxes f and/or g only if incorrect on form previously filed ▶
	f Employee's previously reported SSN
b Employer's Federal EIN [redacted]	g Employee's previously reported name
	h Employee's first name, and initial: GREG Last name: HILL Suff. [redacted]
Note: Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the instructions for Forms W-2c and W-3c, boxes 5 and 6).	i Employee's address and ZIP code

Previously reported	Correct information	Previously reported	Correct information
1 Wages, tips, other compensation: 32000.00	1 Wages, tips, other compensation: 26500.00	2 Federal income tax withheld	2 Federal income tax withheld
3 Social security wages: 32000.00	3 Social security wages: 26500.00	4 S[redacted]	[redacted]
5 Medicare wages and tips: 32000.00	5 Medicare wages and tips: 26500.00	6 M[redacted]	[redacted]
7 Social security tips	7 Social security tips	8 Allocated tips	8 Allocated tips
9 Advance EIC payment	9 Advance EIC payment	10 Dependent care benefits	10 Dependent care benefits
11 Nonqualified plans	11 Nonqualified plans	12a See inst. for box 12	12a See inst. for box 12
13 Statutory employee / Retirement plan / Third-party sick pay	13 Statutory employee / Retirement plan / Third-party sick pay	12b	12b
14 Other (see instructions)	14 Other (see instructions)	12c	12c
		12d	12d

State Correction Information

Previously reported	Correct information	Previously reported	Correct information
15 State	15 State	15 State	15 State
Employer's state ID number	Employer's state ID number	Employer's state ID number	Employer's state ID number
16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.
17 State income tax	17 State income tax	17 State income tax	17 State income tax

Locality Correction Information

Previously reported	Correct information	Previously reported	Correct information
18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.
19 Local income tax	19 Local income tax	19 Local income tax	19 Local income tax
20 Locality name	20 Locality name	20 Locality name	20 Locality name

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Copy A—For Social Security Administration

Form W-2c (Rev. 02/2009) **Corrected Wage and Tax Statement** Department of the Treasury Internal Revenue Service

9 W2CA NTF 0575676 DBUS_W2CLASER--A **0 0 0 0 / 1034**

Copyright 2009 Greenleaf/Nichols – Forms Software Only

GH_001

11-7238_009

EXHIBIT 4

CONFIDENTIAL
Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE:	CFS Financial Manager
REVIEW No.:	11-7238
DATE:	March 23, 2011
LOCATION:	OCE Offices 425 3rd Street, SW Washington, DC 20024
TIME:	1:00 p.m. to 1:45 p.m. (approximate)
PARTICIPANTS:	Kedric L. Payne Paul Solis Ron Jacobs (CFS counsel)

SUMMARY: The witness is an employee of Campaign Financial Services ("CFS") located in Bethesda, Maryland. The OCE requested an interview with the witness on March 23, 2011, and he consented to an interview. The witness made the following statements in response to OCE questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. He signed a written acknowledgement of the warning, which will be placed in the case file in this review.

2. At CFS, the witness helps manage political campaign financial records. He receives contributions, deposits, disburses checks, provides bookkeeping, and prepares Federal Election Commission reports for review of the campaign treasurer. His title is a "Financial Manager" and he has worked at CFS since 2006.

3. CFS has fifteen to twenty clients. There are four other financial managers.

4. In November 2008, Greg Hill sent an email to Mary Teague about win bonuses. He requested $3,000 in November 2008, $3,000 in December 2008, and a $14,000 bonus for January 2009.

5. Mr. Hill then requested that the November 2008 $3,000 payment be changed to $4,830.

6. Then, after the campaign requested that no payments be made in December 2008, the $3,000 payment initially scheduled for December 2008, was paid in January 2009. That request may have come from Mr. Hill.

7. The witness stated that Mr. Hill received $32,000 in 2009, $14,000 in bonus and $18,000 in salary (rate of $1,500 per month). This amount does not include the $3,000 initially paid in January 2009 that was remitted back to 2008.

8. It was the witness' understanding that Paychex would take the money out of Mr. Hill's account for $5,500. The witness stated that he never saw the payment happen and it "fell through the cracks."

9. The witness stated that sometime between April 13, 2010 and May 4, 2010, he had a telephone discussion with Mr. Hill informing him that funds will be debited from his account.

10. The witness then provided Mr. Hill with an "amended report" (employer's withholding report); the amended report was created in May 2010, at the same time Paychex requested that the IRS pay a refund back to the McCaul campaign. Four months after the May 4, 2010 letter was sent to the IRS requesting a refund for overstated payments, the IRS paid back the McCaul campaign for the overstated wages.

11. The witness did not recall any discussions with Mr. Hill from May 2010 until July 2010, last time the witness and Mr. Hill would have discussed this matter.

12. The amount that should have been debited out of Mr. Hill's account is represented on the check (MCCAUL000102) from Mr. Hill to the McCaul campaign, dated February 15, 2011.

13. The witness believed that this amount reflects $5,500 minus taxes already paid on the initial payment of $32,000.

14. The witness stated that Paul Ritacco was in contact with Mr. Hill about what he owed the McCaul campaign.

15. The witness stated that he did not monitor the outside earned income limit because Mr. Hill is the only one who gets a salary in addition to a bonus. The first time he would have been aware of the outside earned income limit was around March 2010 when Mr. Hill informed him of the limit.

This memorandum was prepared on March 29, 2011, based on the notes that the OCE staff prepared during the interview with the witness on March 23, 2011. I certify that this memorandum contains all pertinent matter discussed with the witness on March 23, 2011.

Paul Solis
Investigative Counsel

EXHIBIT 5

Page 1 of 9

UNITED STATES HOUSE OF REPRESENTATIVES
CALENDAR YEAR 2009 FINANCIAL DISCLOSURE STATEMENT

Form A
For use by Members, officers, and employees

Name: GREG HILL Daytime Telephone: 202-225-2401

HE

HAND DELIVERED
(Office Use Only)

Filer Status	☐ Member of the U.S. House of Representatives — State: ____ District: ____	☒ Officer or Employee	Employing Office: MICHAEL MCCAUL
Report Type	☐ Annual (May 17, 2010)	☒ Amendment	☐ Termination — Termination Date: ____

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☒	No ☐	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☐	No ☒
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☐	No ☒	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☒	No ☐
IV. Did you, your spouse, or a dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒	No ☐	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☒	No ☐
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☒	No ☐	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes ☐	No ☒

Name GREG HILL | Page 2 of 9

SCHEDULE I — EARNED INCOME

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totalling $200 or *more during the preceding calendar year.* For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.
Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples:	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
	McCaul for Congress	Salary	26,500

For payments to charity in lieu of honoraria, use Schedule II.

Name	Page 3 of 9

SCHEDULE II – PAYMENTS MADE TO CHARITY IN LIEU OF HONORARIA

List the source, activity (i.e., speech, appearance, or article), date, and amount of any payment made by the sponsor of an event to a charitable organization in lieu of an honorarium. A separate confidential list of charities receiving such payments must be filed directly with the Committee on Standards of Official Conduct. A green envelope for transmitting the list is included in each Member's filing package.

	Source	Activity	Date	Amount
Examples:	Association of American Associations, Washington, DC	Speech	Feb. 2, 2009	$2,000
	XYZ Magazine	Article	Aug. 13, 2009	$500

This page may be copied if more space is required.

Name GREG HILL | Page 4 of 9

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For ***all IRAs*** and other retirement plans (such as 401(k) plans) that are self directed (*i.e.*, plans in which you have the power, *even if not exercised*, to select the specific investments), provide the value and income information on ***each asset*** in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totalling $5,000 or less in personal savings accounts; and any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and is included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets ***including all IRAs,*** indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, ***including all IRAs,*** indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was earned or generated.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

If only a portion of an asset is sold, please indicate as follows: (S) (partial) See below for example.

P, S, E

		Block A	Block B											Block C							Block D											Block E
			A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED/BLIND TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	
SP, DC, JT	Examples. SP	Mega Corp. Stock					X									X			X													S (partial)
		Simon & Schuster		indefinite																	Royalties									X		
		1st Bank of Paducah, KY Accounts						X									X									X						
		207 MACARTHUR ALEXANDRIA, VA	X														X		X										X			S
		THRIFT SAVINGS PLAN				X																X										
		TRC CHESTERNA BOEHME TX						X														X										
		BLACKROCK SCIENCE & TECH FUND IRA HOLDING			X										X							X										
		ALCATEL LUCENT (IRA HOLDING)		X											X							X										
		CIENA CORP (IRA HOLDING)		X											X							X										

For additional assets and unearned income, use next page.

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Continuation Sheet (if needed)

Name GREG HILL

Page 5 of 9

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset												BLOCK C Type of Income							BLOCK D Amount of Income											BLOCK E Transaction
		A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED/BLIND TRUST	Other Type of Income (Specify)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E

This page may be copied if more space is required.

Name GREG HILL | Page 6 of 9

SCHEDULE IV— TRANSACTIONS

Report any purchase, sale, or exchange transactions by you, your spouse, or dependent child during the reporting period of any security or real property held for investment that exceeded $1,000. Include transactions that resulted in a capital loss. Provide a brief description of any exchange transaction. Exclude transactions between you, your spouse or dependent children, or the purchase or sale of your personal residence, unless it generates rental income. **If only a portion of an asset is sold, please so indicate (*i.e.*, "partial sale").** See example below.

Capital Gains — If a sales transaction resulted in a capital gain in excess of $200, check the "capital gains" box and disclose this income on Schedule III.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Check Box If Capital Gain Exceeded $200	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X			10-12-09		X								
	207 MOSBY PLACE, ALEXANDRIA VA		X			05-11-09						X				

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Name GREG HILL | Page 7 of 9

SCHEDULE V — LIABILITIES

Report liabilities of over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	B $10,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	MERRILL LYNCH	Revolving credit card		X								
	JP MORGAN CHASE	MORTGAGE ON 20 MULBERRY ALEXANDRIA, VA					X					

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totaling more than $335 received by you, your spouse, or a dependent child from any source during the year.

Exclude: Gifts from relatives, gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $134 or less need not be added towards the $335 disclosure threshold.

Note: The gift rule (House Rule 25, clause 5) prohibits acceptance of gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Platter (determination on personal friendship received from Committee on Standards)	$345

Use additional sheets if more space is required.

Name GREG HILL | Page 8 of 9

SCHEDULE VII — TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totaling more than $335 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were paid directly by the sponsor or were paid by you and reimbursed by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

	Source	Date(s)	City of Departure—Destination—City of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Number of days not at sponsor's expense
Examples:	Chicago Chamber of Commerce	Mar. 2	DC—Chicago—DC	N	N	N	None
	Roycroft Corporation	Aug. 6–11	DC—Los Angeles—Cleveland	Y	Y	Y	2 Days

This page may be copied if more space is required.

Name GREG HILL | Page 9 of 9

SCHEDULE VIII—POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any non profit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions listed on Schedule I; positions held in any religious, social, fraternal, or political entities (such as political parties and campaign organizations); and positions solely of an honorary nature.

Position	Name of Organization
CONSULTANT/EMPLOYEE	McCAUL FOR CONGRESS

SCHEDULE IX—AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; continuing participation in an employee welfare or benefit plan maintained by a former employer; or publication of a book.

Date	Parties To	Terms of Agreement
2001	WINTHERTHUR LIFE / HSBC	DEFINED BENEFIT PENSION

Use additional sheets if more space is required.

EXHIBIT 6

CONFIDENTIAL TREATMENT REQUESTED

CONGRESSIONAL FEDERAL [redacted] CASHIER'S CHECK [redacted]

CHECK NO. [redacted]

DATE 15FEB11

AMOUNT *****$4,831.45

PAY ONLY 4831 145

PAY FOUR THOUSAND EIGHT HUNDRED THIRTY-ONE DOLLARS AND FORTY-FIVE CENTS **********

TO THE ORDER OF MCCAUL FOR CONGRESS, INC.***

RE: GREG HILL

[redacted]

[redacted]

[redacted]

MCCAUL000102
11-7238_024

APPENDIX B

TROUT CACHERIS PLLC
ATTORNEYS AT LAW

ROBERT P. TROUT
(202) 464-3311
RTROUT@TROUTCACHERIS.COM

1350 CONNECTICUT AVENUE, N.W.
SUITE 300
WASHINGTON, D.C. 20036
(202) 464-3300

FAX (202) 464-3319

WWW.TROUTCACHERIS.COM

111 ORONOCO STREET
ALEXANDRIA, VIRGINIA 22314
(703) 519-8840

June 6, 2011

By Messenger and E-Mail

Dan Schwager, Chief Counsel
Clifford Stoddard, Committee Counsel
U.S. House of Representatives
Committee on Ethics
1015 Longworth House Office Building
Washington, D.C. 20515-0328
E-Mail: Clifford.Stoddard@mail.house.gov

Re: OCE Referral of Review No. 11-7238

Gentlemen:

On behalf of my client, Greg Hill, I am writing in response to the OCE report and findings in the captioned matter, and I am enclosing Mr. Hill's Declaration in support of this response. It should be clear from the enclosed Declaration as well as documents and emails that were part of OCE's investigation that the following facts are not subject to serious dispute.

1. Mr. Hill always sought to stay within the outside income limits, and he instructed and looked to the campaign's accounting firm, Campaign Financial Services (CFS), to guide him and to make sure the campaign abided by the applicable ethics and campaign finance rules.

2. Because of inadvertent mistakes that CFS has acknowledged were made by the accounting firm and/or the campaign's payroll firm, PayChex, Mr. Hill was at various times given inaccurate and confusing information as to his outside income from the campaign in 2008 and 2009. Until February 2011, CFS's communications to him never mentioned an actual overpayment in 2009 or a corresponding reimbursement to the campaign which reasonably led him to believe that these mistakes (by CFS and/or by PayChex) were mere bookkeeping mistakes and

did not result in his actually exceeding the outside income limit for either 2008 or 2009.

3. It was not until April 2010 that CFS first informed Mr. Hill of the mistakes in handling the bonus payments for the 2008 campaign. These mistakes led Mr. Hill to believe that his 2009 outside income, initially recorded as $32,000, was artificially inflated over what he had actually received. Mr. Hill was the one who first determined and then advised CFS that $32,000 exceeded the outside income limit for 2009, and he inquired whether the accounting and bookkeeping snafus may have wrongly inflated his 2009 income. CFS responded that PayChex would be amending his W-2 for 2009 to show $26,500 in outside income from the campaign, which was below the outside limits. This understandably led Mr. Hill to believe that there was no actual overpayment in 2009 but simply bookkeeping errors that incorrectly made it seem as though there was an overpayment.

4. In June 2010, CFS advised Mr. Hill that everything had been corrected. He therefore believed that everything had been corrected.

5. In July 2010, Mr. Hill contacted CFS and asked again for confirmation as to what he had been paid in 2009 as outside income. CFS told him his compensation was $26,500, which was less than the outside income limits for 2009.

6. In February 2011, Mr. Hill discovered for the first time that in fact he had received $32,000, that the problem was not simply a bookkeeping error as he had been led to believe, but an actual overpayment. Without delay, he undertook to correct the problem, reimbursing the campaign with the necessary amount as determined by CFS.

7. Although the $32,000 in gross compensation is $5,450 more than the 2009 outside income limit of $26,550, CFS properly calculated the reimbursement amount as $4,831.45 based on the fact that Mr. Hill was subject to withholding and had paid taxes on the W-2 amount of $32,000.

In sum, Mr. Hill's receipt during 2009 of outside income in excess of the limit for that year was entirely inadvertent,

owing to confusion created by bookkeeping errors by the campaign's accounting firm and/or its payroll firm. Mr. Hill plainly did not intend to exceed the outside income limits, and as soon as he discovered that he had received compensation in excess of the 2009 limit, he corrected the problem by paying back the excess compensation.

For these reasons, we respectfully request that the Committee dismiss this matter, without taking further action. We further request that to the extent permitted by the rules of the Ethics Committee, this matter not be publicly disclosed.

Sincerely,

Robert P. Trout (ban)

Robert P. Trout

RPT/ban
Enclosures
lt_schwagerstoddard060611_declaration.doc

DECLARATION OF GREG HILL

1. I serve as Chief of Staff to Representative Michael McCaul, and I did so during the relevant time period. In addition to my duties as Chief of Staff, I historically had a hands-on role in Rep. McCaul's re-election campaigns, and in that regard, I received income from the McCaul campaign in addition to the compensation that I received from the House.

2. The finances and accounting for the campaign were handled by Campaign Financial Services ("CFS"), which as its name implies specializes in campaign finance issues and the sort of financial requirements at issue in this matter.

3. The campaign and CFS use a private firm, PayChex, to handle payroll for the campaign, and in my case and presumably others, the financial transactions were handled electronically, by automatic deposit.

4. In 2008, the campaign and Congressman McCaul approved bonuses for individuals working on the campaign. In my case, the approved amount was $20,000, with $3,000 to be paid in each of the last two months of 2008, and $14,000 to be paid in January 2009.

5. After being advised by CFS that I could receive an additional $1,830 in November and still be within the outside income limit for 2008, I requested that the November payment be increased to $4,830, with the December and January payments remaining the same. My expectation was that I would remain within the 2008 limit on outside income if I received $7,830 in bonus payments during that year.

6. PayChex, however, mistakenly failed to make the December payment of $3,000, instead paying a total of $17,000 in January 2009. At the time, I was not aware of this mistake.

campaign requested that no payments be made in December 2008 and that the "request may have come from" me. That appears to be pure speculation on Duong's part, and to my recollection it is not correct. Duong may be confusing 2009 with 2008, because at the end of 2009, the campaign did make the decision to hold invoices until January 2010. I do not believe there were any such instructions in 2008 to hold payments until January 2009.

8. Sometime in 2009, I received a W-2 for 2008 showing income from the campaign of $22,830. This was the amount actually paid in 2008, not counting the $3,000 payment that was supposed to have been paid in December 2008 but was not paid until January 2009. Based on this W-2, I prepared my tax return as well as my Personal Financial Disclosure which I filed in May 2009. I had not scrutinized my bank statements and I had assumed that PayChex and CFS had handled the bonus payments as instructed, so I was still not aware of PayChex's mistake in failing to make the December payment of $3,000.

9. As I have since learned, sometime in early 2009 PayChex apparently became aware of its mistake, and without notice to me, PayChex made bookkeeping adjustments to move $3,000 of the January 2009 payment into December 2008. Also without notice to me, PayChex issued a revised W-2 for 2008, this for the revised amount on $25,830. While this revised W-2 went to the IRS, a copy did not go to me. These facts demonstrate that it does not make sense, as Duong speculated in his interview, that I may have been the one that instructed PayChex not to make a payment in December 2008. If PayChex was acting on my instructions to not make a December payment, why then would PayChex essentially reverse the transaction, without my knowledge, moving $3,000 from 2009 back to 2008?

10. I believe PayChex inadvertently ignored the instructions to make a $3,000 payment in December, and when they realized their mistake, they made bookkeeping entries to correct the mistake without telling me that they had made a mistake or that they had corrected it.

11. I was unaware of these adjustments until I was preparing my 2009 return at the end of March 2010. I received notice from the IRS that the Service had received conflicting W-2's for me for 2008. I had no idea what this was about, so on March 30, 2010, I emailed Duong requesting an explanation. Receiving no answer, I emailed Duong a couple of weeks later, on the morning of April 13, 2010, asking if he had any explanation for the conflicting W-2 information. Duong promptly responded this time, explaining that PayChex had reissued the new W-2 with the increased amount of the $3,000 bonus for December 2008.

12. I promptly emailed back, "What do I need to do?" Duong responded that he was unclear what to advise, other than for me to contact the IRS directly.

13. I promptly responded by email:

> Just so I am clear, I paid all the taxes I was supposed to but in the wrong year? Also, I don't want it to look like I was paid more that I should have been in 2009 for the House's outside income limit.

I was thus reminding the accountant of the importance of staying within the outside income limits, and I expressed the concern that the accounting snafu would mistakenly indicate that I had exceeded the limit for 2009.

12. Duong responded to my email:

> It looks like you will need to pay taxes of the extra $3000 for 2008, because the amount you reported was different than the amount actually reported.
> I have just got off the phone with PayChex and confirm your 2009 W-2 as $32,000.

13. I immediately called the House and determined that this amount exceeded the outside income limit. I then emailed Duong to inform him of that fact, adding that the 2008

bonus "that was paid in 2009 should have counted against 2008." At that time, I was still under the impression that this was simply a bookkeeping error, not an actual overpayment, and I believed Duong was confirming this when he responded within a few minutes saying that "PayChex will be amending the 2009 W-2 to $26,500 (House ethics limits for 2009 is 26,550)."

14. When preparing my personal financial disclosure, I use my W-2 form to identify the amount of outside income. In this case, I reported $26,500 because I thought that was the amount I had actually received. Moreover, I made inquiries with CFS during that time period in 2010 and was informed by CFS as late as July 2010 that I had been paid $26,500 in 2009 (see July 26, 2010 email from CFS, attached).

15. A couple months later, on June 14, 2010, Duong emailed me that "[e]verything has been corrected and has already been filed with the IRS...." When Duong told me that "everything has been corrected," I took that to mean that everything had been corrected, that this was simply a bookkeeping error that had been corrected, and that there was nothing more for me to do.

16. As I since learned, CFS understood that it was not simply a bookkeeping error but in addition to that, there was in fact an overpayment in 2009. CFS apparently assumed PayChex would correct the overpayment by debiting my account or otherwise advising me of the need to reimburse the campaign for the excess payment. But I have no recollection of CFS ever explaining that to me, and so I was unaware until earlier this year that there was an actual overpayment for 2009, not simply a bookkeeping error.

17. I am aware that Duong has said that sometime between April 13, 2010 and May 4, 2010, he had a conversation with me informing me that funds will be debited from my account. I believe that to be incorrect. My communications with Duong were normally by email,

and to the best of my recollection, I never had a conversation with him telling me that I could expect a deduction from my account. Again, throughout 2010, I thought it was simply a bookkeeping error, not an actual overpayment, and that, as Duong had told me in June 2010, "everything has been corrected."

18. I did not attempt to skirt the outside income limits. If I had wanted to do that, I never would have made inquiries as to the 2009 limit after learning that my 2009 W-2 showed $32,000, nor would I have pointed out to CFS that the $32,000 exceeded the limit. At all times I wanted to stay within the limit for outside income, and until February 2011, I believed I had complied with the outside income limit.

19. In February 2011, as a result of inquiries by OCE, I became aware that there had been an actual overpayment for 2009 so that my outside income had exceeded the outside limit. Upon learning of this, I immediately consulted with CFS who confirmed the overpayment. CFS told me the amount I needed to refund in order to not exceed the outside income limit, and I promptly arranged for a cashier's check in that amount ($4,831.45) to be issued to the campaign as reimbursement. CFS made the calculation, so I understand, to account for withholding that was previously taken on the original overpayment.

20. I have reviewed OCE's memorandum of my interview of March 15, 2011. Without purporting to correct every detail that I believe does not accurately reflect what I said, I do want to identify certain statements that the investigators apparently misunderstood what I was saying. In paragraph 12, it states that when I learned that CFS created a second W-2 for tax year 2008, I asked CFS how I would be affected. As the emails makes clear, PayChex was the company that issued the W-2, and when CFS finally informed me that PayChex had reissued a new 2008 W-2, I asked "what do I need to do?" In responding to that inquiry, no one told me I

needed to reimburse the campaign for any overpayment. In paragraph 15, the memo of interview states that when the $20,000 bonus was set, I had already received a $14,000 bonus, and so the campaign decided to pay me $3,000 in November and $3,000 in December. That is not correct and it is not what I told OCE on March 15, 2011. As the email chain and other documents show, I had not already been paid $14,000 in bonus in 2008. The email chain is clear that I was to receive a bonus of $20,000, that $3,000 was to be paid in November and again in December, with the balance of $14,000 being paid in January. As noted above, the November payment was later increased to $4,830. In paragraph 19 of the memorandum of interview, it states that as of April 13, I still did not know how much I was paid in 2009. This may be misleading as I had received a W-2 showing $32,000 in 2009, but because of what I was learning about the payment and accounting errors, I was not sure that was correct, and I concluded it was not correct when I was told that PayChex was going to amend the 2009 W-2 to reflect $26,500 in income from the campaign.

21. I take the House ethics rules seriously, and I always wanted to stay within the outside income limits. Until February of this year, I thought I had and that the only problem was a bookkeeping mistake by CFS and/or PayChex. As soon as I learned that there was not only a bookkeeping error but an actual overpayment, I immediately reimbursed the campaign for the amount that CFS calculated was due in order to stay within the limits.

I declare under the penalty of perjury that the foregoing is true and correct to the best of my knowledge and recollection.

June 5, 2011

-----Original Message-----
From: Minh Duong <mduong@campaignfinancial.com>
To: gyhill@aol.com; 'Mary Robb Teague' <mrteague@campaignfinancial.com>
Cc: Vicky Simpson <vsimpson@campaignfinancial.com>
Sent: Fri, Dec 19, 2008 10:41 am
Subject: RE: Invoice 6 - would have sent this sooner but I was busy in New Orleans

Greg,

We have this set to be paid at the end of December along with all other bonuses for December. Would you lik payment today?

Minh Duong
Campaign Financial Services
a division of Talent PayMaster, Inc.
Tel:(301-656-8088)
Fax:(301-656-8343)

This message is for the intended use of the recipient only. It may contain information that is privileged and confidential. If you are n any disclosure, copying, future distribution, or use of this communication is prohibited. If you have received this communication in e return e-mail and delete/destroy the document.

From: gyhill@aol.com [mailto:gyhill@aol.com]
Sent: Friday, December 19, 2008 11:38 AM
To: Minh Duong; Mary Robb Teague
Subject: Fw: Invoice 6 - would have sent this sooner but I was busy in New Orleans

Can you tell me if this has been paid?
Sent via BlackBerry by AT&T

From: "chris homan"
Date: Thu, 18 Dec 2008 22:24:03 -0600
To: <gyhill@aol.com>
Subject: FW: Invoice 6 - would have sent this sooner but I was busy in New Orleans
Greg – has this invoice been taken care of yet?

From: chris homan [mailto:christo_homan@sbcglobal.net]
Sent: Wednesday, December 10, 2008 10:58 AM
To: 'gyhill@aol.com'
Subject: Invoice 6 - would have sent this sooner but I was busy in New Orleans

CONFIDENTIAL TREATMENT REQUESTED

Minh Duong

From: gregyounghill@gmail.com
Sent: Monday, July 26, 2010 3:27 PM
To: Minh Duong
Subject: Re: 2009 Campaign compensation

Thank you.

------Original Message------
From: Minh Duong
To: gregyounghill@gmail.com
Subject: RE: 2009 Campaign compensation
Sent: Jul 26, 2010 2:19 PM

Greg,

The amended amount is $26,500 for 2009.

Minh Duong
Campaign Financial Services
a division of Talent PayMaster, Inc.
Tel:(301-654-3220)
Fax:(301-654-3222)

This message is for the intended use of the recipient only. It may contain information that is privileged and confidential. If you are not the intended recipient, any disclosure, copying, future distribution, or use of this communication is prohibited. If you have received this communication in error, please advise us by return e-mail and delete/destroy the document.

-----Original Message-----
From: gregyounghill@gmail.com [mailto:gregyounghill@gmail.com]
Sent: Monday, July 26, 2010 1:27 PM
To: Minh Duong; Emily Tadlock
Subject: 2009 Campaign compensation

Can you tell me what the corrected amount of compensation I received from McCaul for Congress in 2009 which we reported to the IRS?
Thank you,
Greg
Sent via BlackBerry by AT&T

Sent via BlackBerry by AT&T

APPENDIX C

CONFIDENTIAL TREATMENT REQUESTED

DO NOT CUT, FOLD, OR STAPLE THIS FORM

44444

For Official Use Only ▶
OMB No. 1545-0008

a Employer's name, address, and ZIP code
MCCAUL FOR CONGRESS INC
[redacted]
AUSTIN TX 78701

b Employer's Federal EIN
[redacted]

c Tax year/Form corrected
2009 W-2 C

d Employee's correct SSN
[redacted]

e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.)

Complete boxes f and/or g only if incorrect on form previously filed ▶

f Employee's previously reported SSN

g Employee's previously reported name

h Employee's first name, and initial: GREG
Last name: HILL
Suff.
[redacted]

Note: Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the instructions for Forms W-2c and W-3c, boxes 5 and 6).

i Employee's address and ZIP code
AUSTIN TX [redacted]

Previously reported	Correct information	Previously reported	Correct information
1 Wages, tips, other compensation 32000.00	1 Wages, tips, other compensation 26500.00	2 Federal income tax withheld 4866.19	2 Federal income tax withheld 4618.39
3 Social security wages 32000.00	3 Social security wages 26500.00	4 Social security tax withheld 1984.00	4 Social security tax withheld 1643.00
5 Medicare wages and tips 32000.00	5 Medicare wages and tips 26500.00	6 Medicare tax withheld 464.00	6 Medicare tax withheld 384.25
7 Social security tips	7 Social security tips	8 Allocated tips	8 Allocated tips
9 Advance EIC payment	9 Advance EIC payment	10 Dependent care benefits	10 Dependent care benefits
11 Nonqualified plans	11 Nonqualified plans	12a See inst. for box 12	12a See inst. for box 12
13 Statutory employee / Retirement plan / Third-party sick pay	13 Statutory employee / Retirement plan / Third-party sick pay	12b	12b
14 Other (see instructions)	14 Other (see instructions)	12c	12c
		12d	12d

State Correction Information

Previously reported	Correct information	Previously reported	Correct information
15 State	15 State	15 State	15 State
Employer's state ID number	Employer's state ID number	Employer's state ID number	Employer's state ID number
16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.
17 State income tax	17 State income tax	17 State income tax	17 State income tax

Locality Correction Information

Previously reported	Correct information	Previously reported	Correct information
18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.
19 Local income tax	19 Local income tax	19 Local income tax	19 Local income tax
20 Locality name	20 Locality name	20 Locality name	20 Locality name

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. 88-2088803

Copy A—For Social Security Administration
Department of the Treasury
Internal Revenue Service

Form W-2c (Rev 02/2009) **Corrected Wage and Tax Statement**

9 W2CA NTF 2573678 09US_W2CLASER-A 0 0 0 0 / 1034

Copyright 2009 Greatland/Neiss - Forms Software Only

CONFIDENTIAL TREATMENT REQUESTED

Form **941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
(Rev. June 2009) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) [redacted]

Name (not your trade name) MCCAUL FOR CONGRESS INC

Trade name (if any)

Address [redacted]

AUSTIN TX 78701

Return You Are Correcting ...

Check the type of return you are correcting:

[X] 941

[ ] 941-SS

Check the ONE quarter you are correcting:

[ ] 1: January, February, March

[ ] 2: April, May, June

[ ] 3: July, August, September

[X] 4: October, November, December

Enter the calendar year of the quarter you are correcting: 2009 (YYYY)

Enter the date you discovered errors: 04/01/2010 (MM / DD / YYYY)

Use this form to correct errors you made on Form 941or 941-SS for **one quarter only.** Type or print within the boxes. You MUST complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

[ ] **1. Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.

[X] **2. Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Part 2: Complete the certifications.

[X] **3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.**

Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.

4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box.
I certify that:

[ ] **a.** I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

[ ] **b.** The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

[ ] **c.** The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box.
I certify that:

[ ] **a.** I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

[X] **b.** I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

[ ] **c.** The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

[ ] **d.** The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

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CONFIDENTIAL TREATMENT REQUESTED

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Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 4 (1, 2, 3, 4)
MCCAUL FOR CONGRESS INC	[redacted]	Correcting calendar year (YYYY) 2009

Part 4: Explain your corrections for this quarter.

[X] **19. Check here if any corrections you entered on a line include both underreported and overreported amounts.** Explain both your underreported and overreported amounts on line 21.

[ ] **20. Check here if any corrections involve reclassified workers.** Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

WAGES WERE OVERSTATED

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here _____ Print your name here _____

Print your title here _____

Date _____ Best daytime phone _____

Paid preparer's use only Check if you are self-employed . . . . . [ ]

Preparer's name		Preparer's SSN/PTIN	
Preparer's signature		Date	
Firm's name (or yours if self-employed)		EIN	
Address		Phone	
City	State	ZIP code	