



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

September 9, 2022

House Committee on Ethics
U.S. House of Representatives
1015 Longworth House Office Building (LHOB)
Washington, DC 20515

RE: Congressional Candidate Annette Taddeo (Florida)

Dear Committee Members,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We request the Office of Congressional Ethics immediately investigate whether Congressional Candidate Annette Taddeo violated federal law and House ethics rules by failing to disclose financial information.

Federal law and House ethics rules require House candidates and Members to publicly disclose their financial information to the public.¹ The disclosure requirements are an integral part of an ethical and transparent government—accurate and timely filing is the only method for citizens to determine whether candidates or Members have conflicts of interest or are wrongfully profiting from their position.² Each candidate and Member has an affirmative duty to ensure compliance with the law.³ There is no excuse for inaccurate, incomplete, or late filings, and every violation has consequences.⁴

¹ 5 U.S.C. app 4 sec. 101-111; House Rule 26.

² It is a foundational principal and embodied in numerous laws and ethics rules that Members “should not in any way use their office for private gain.” U.S. House of Reps. Comm. on Standards of Official Conduct, *House Ethics Manual*, at 1 (2008 ed.); *see also* House Ethics Manual, at 123-24 (Members cannot use official resources for any campaign or political purpose).

³ *See, e.g.*, U.S. House of Reps. Comm. on Ethics, *Instruction Guide: Financial Disclosure Statements and Periodic Transaction Reports (CY 2021)*, at 9, 43, available at <https://ethics.house.gov/sites/ethics.house.gov/files/documents/FINAL%202021%20FD%20Instructions.pdf>

⁴ The Ethics in Government Act does not allow Members to break the law without consequence. *See, e.g.*, 5 U.S.C. app 4 sec. 104(a)(1) (providing for a civil penalty not to exceed \$50,000); sec. 104(a)(2) (making it unlawful for any person to knowingly and willfully fail to file or report any information required under section 102, with penalties of up to \$50,000 and imprisonment of not more than one year); sec. 104(d) (providing for a late filing fee of \$200); *see also* Committee on Ethics, U.S. House of Rep., available at <https://ethics.house.gov/financial-disclosure/general-information-about-financial-disclosure> (“A \$200 late filing fee shall be assessed against any individual who files more than 30 days after the due date of a report or amendment (or the due date of any extension).”).

Under the public disclosure requirements, a candidate must file a financial disclosure report that provides a “full and complete” statement of the Member’s assets, debts, and income.⁵ On July 6, 2022, Taddeo filed a financial disclosure in which she reported investment accounts and a trust, but no underlying information about these assets.⁶

When reporting an investment account like a 401k that holds other assets, the underlying assets must be reported.⁷ The Committee on Ethics states:

“Brokerage managed, 401(k), 403(b), IRA, 529 accounts, and variable annuities are investment vehicles or accounts. As a result, filers must provide all of the underlying holdings (e.g., stocks, bonds, or mutual funds) and transactions in these accounts. It is not sufficient to disclose the aggregate value of the portfolio or account.”⁸

Taddeo reported she held an asset described as “LanguageSpeak, Inc. 401 K” and her spouse held assets described as “Florida International University 401(k),” “University of Miami 401(k)” and “Simplified Employee Pension IRA Charles Schwab.”⁹ However, it does not appear that she reported any underlying assets for these accounts.¹⁰ Without this information it is unknown what actual investments Taddeo and her spouse hold and what conflicts of interest arise from those investments.

Additionally, a candidate generally “must disclose a trust and information concerning each asset held in a trust in which you, your spouse, or a dependent child has a beneficial interest.”¹¹ The Ethics Committee further states,

“If you have an ‘excepted trust’ or ‘qualified blind trust,’ as described below, you must disclose the trust, its value, and any income received by you, your spouse, or your dependent child on Schedule A, but you need not disclose its assets.”¹²

⁵ 5 U.S.C. app 4 sec. 101-111 (disclosure requirements); House Rule 26.

⁶ Annette Taddeo, Financial Disclosure Report, Clerk Of The House Of Representatives, filed Jul. 6, 2022, available at: https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10049924.pdf.

⁷ *Instruction Guide: Financial Disclosure Statements and Periodic Transaction Reports (CY 2021)*, at 15.

⁸ *Id.*

⁹ Annette Taddeo, Financial Disclosure Report, Clerk Of The House Of Representatives, filed Jul. 6, 2022, available at: https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10049924.pdf.

¹⁰ *Id.*

¹¹ *Instruction Guide: Financial Disclosure Statements and Periodic Transaction Reports (CY 2021)*, at 13.

¹² *Id.*

Taddeo stated that she excluded and did not report information about a trust benefitting either her, her spouse, or her dependent child.¹³ She did not provide any other disclosure about this trust, including the type, beneficiary, or income of the trust.¹⁴ Thus, without any identifying information it is unknown whether she is required to report the underlying assets or what conflicts of interest may arise from the trust's assets.

However, in a financial disclosure report Taddeo filed in 2016, she reported the underlying assets held in the Elizabeth M. Taddeo Revocable Trust and indicated the beneficiary was her dependent child.¹⁵ If that is the same trust referenced here, it appears Taddeo did have access to information about the underlying investments of the trust. She is not allowed to blind herself from knowledge of the trust assets by simply avoiding information that is made available to her.¹⁶ Thus, it would not be an exempted trust and she is required to disclose the underlying assets of it.¹⁷ Again, there is not sufficient information about the trust Taddeo has excluded from her financial disclosure.¹⁸

This law is extremely important and it must be strictly enforced because it is the only method to determine whether Members or candidates have conflicts of interest.¹⁹ There is no excuse for violating this law even one time, and when a House candidate fails to comply with the disclosure laws it is instructive of whether they will comply with the law if elected—and it is especially concerning when they don't. We request the Committee investigate Candidate Taddeo to determine whether she failed to report assets as required by federal law and House ethics rules.

¹³ Annette Taddeo, Financial Disclosure Report, Clerk Of The House Of Representatives, filed Jul. 6, 2022, available at: https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10049924.pdf.

¹⁴ *Id.*

¹⁵ Annette Taddeo, Financial Disclosure Report, Clerk Of The House Of Representatives, filed May 16, 2016, available at: https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2016/10012432.pdf.

¹⁶ “There are two exceptions to the general rule that all trust assets must be disclosed. The first is for assets held in ‘excepted trusts.’ A trust is an excepted trust if it meets two criteria: (1) the trust was not created by you, your spouse, or a dependent child; and (2) none of you has specific knowledge of the assets or sources of income of the trust through a report, statement, or constructive receipt, whether intended or inadvertent. Constructive receipt occurs when a person is considered to have received information, even without having actual possession, such as when the legal requirements for delivery have been satisfied. Filers may never blind themselves from knowledge of the trust assets by simply avoiding information that is made available to them. The second exception is for assets held in ‘qualified blind trusts’” *Instruction Guide: Financial Disclosure Statements and Periodic Transaction Reports (CY 2021)*, at 13.

¹⁷ *Id.*

¹⁸ Annette Taddeo, Financial Disclosure Report, Clerk Of The House Of Representatives, filed Jul. 6, 2022, available at: https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10049924.pdf.

¹⁹ Members may obtain nonpublic information about a company or economic sector during the course of the official duties. U.S. House of Reps. Comm. on Ethics 116th Cong., *Memo Re. Reminder of STOCK Act Requirements, Prohibition Against Insider Trading & New Certification Requirement*, at 3 (June 11, 2020).

Sincerely,

/s/Kendra Arnold

Kendra Arnold
Executive Director
Foundation for Accountability & Civic Trust