



CITIZENS FOR
RESPONSIBILITY &
ETHICS IN WASHINGTON

December 20, 2023

Omar Ashmawy
Staff Director and Chief Counsel
Office of Congressional Ethics
U.S. House of Representatives
PO Box 895
Washington, DC 20515-0895

Re: Request for Investigation of Rep. Mike Garcia (R-CA)

Dear Mr. Ashmawy:

Citizens for Responsibility and Ethics in Washington (“CREW”) respectfully requests that the Office of Congressional Ethics (the “OCE”) investigate whether Rep. Mike Garcia (R-CA) violated ethics rules and the STOCK Act when, as a member of the House Committee on Transportation and Infrastructure (the “Transportation Committee”) he sold thousands of dollars of previously undisclosed Boeing stock while the Transportation Committee was investigating Boeing, purchased or retained stock of at least three other companies within the Transportation Committee’s purview, and then failed to disclose that trading and stock ownership until shortly after his constituents had cast their votes for his reelection.

Rep. Garcia joined Congress on May 19, 2020 after winning a special election to represent California’s 25th district.¹ On June 30, 2020, Rep. Garcia was assigned to the Transportation Committee, on which he served for the remainder of the 116th Congress.² At the time, the Transportation Committee was approximately 14 months into an 18-month investigation into the design, development, and certification of Boeing’s 737 MAX aircraft, two crashes of which in 2018 and 2019 had led to the global grounding of the 737 MAX, including a domestic grounding ordered by the FAA.³ Unbeknownst to Rep. Garcia’s

¹ Rep. Garcia now represents California’s 27th district.

² Press Release, Congressman Mike Garcia, *Garcia Revises House Committee Assignments* (July 1, 2020) (<https://mikegarcia.house.gov/news/documentsingle.aspx?DocumentID=33>).

³ Final Committee Report, *The Design, Development & Certification of the Boeing 737 Max* at 12 (Sept. 2020)

(<https://democrats-transportation.house.gov/imo/media/doc/2020.09.15%20FINAL%20737%20MAX%20Report%20for%20Public%20Release.pdf>) (the “Boeing Report”); Thomas Kapan, et al., *Boeing*

constituents and the public, Rep. Garcia joined Congress while owning \$64,000 to \$260,000 in stock of companies under the Transportation Committee's purview, including \$46,000 to \$165,000 of Boeing stock, that he had not disclosed on his Candidate or Member Financial Disclosures, and retained a significant share of those stocks when he joined the Transportation Committee.⁴

On August 10, 2020, just five weeks before the September 16 release of the Transportation Committee's final report on its Boeing investigation (the "Boeing Report"), which was highly critical of Boeing and cited voluminous nonpublic information obtained from Boeing, Rep. Garcia sold \$15,000 to \$50,000 of his undisclosed Boeing stock.⁵ Despite his obligation to disclose that transaction by no later than September 24, 2020 (45 days after it occurred), Rep. Garcia neglected to do so, even as he sought re-election. Only after his reelection was secured by a mere 333 votes did he disclose that sale, along with a number of other transactions—some involving other companies overseen by the Transportation Committee—that should have been disclosed before election day.⁶ To this day, Rep. Garcia has not fully disclosed how much money he made from his undisclosed Boeing investments.

Rep. Garcia also failed to timely disclose transactions showing that he continued to purchase stock in companies whose values could be impacted by the work of the Transportation Committee. On July 9, 2020, just ten days after being assigned to the Transportation Committee, Rep. Garcia purchased \$15,000 to \$50,000 of stock in American Airlines that he was required to disclose by August 23. On September 4, 2020, Rep. Garcia purchased \$15,000 to \$50,000 in Tesla stock that he was required to disclose by October 19. In both instances, as was the case with his Boeing sale, Rep. Garcia failed to disclose them until after his reelection was secured.

These trades and Rep. Garcia's failure to disclose them constitute precisely the kind of conduct that federal law and ethics rules are meant to stop and that continues to erode public trust and confidence in our political leaders. This is particularly true for his sale of previously undisclosed Boeing stock in the midst of the Transportation Committee's investigation and the fact that his failure to disclose his trades coincided with the 2020 election. The House Ethics Manual explains the crucial role of disclosures is "to provide the

Planes are Grounded in U.S. After Days of Pressure, New York Times (Mar. 13, 2019) (<https://www.nytimes.com/2019/03/13/business/canada-737-max.html>).

⁴ Hon. Michael Garcia, Periodic Transaction Report, June 17, 2020 (the "Garcia 6/17/20 PTR"); Hon. Michael Garcia, Periodic Transaction Report, Nov. 23, 2020 (the "Garcia 11/23/20 PTR").

⁵ Garcia 11/23/20 PTR; Boeing Report at 5-12; Gregory Wallace and Pete Muntean, *House report blasts Boeing for its handling of 737 Max program*, CNN (Sept. 16, 2020) (<https://www.cnn.com/2020/09/16/politics/737-max-report/index.html>); Leslie Josephs, *Congressional report faults Boeing, FAA for 737 Max failures, just as regulators close in on recertification*, CNN (Sept. 16, 2020) (<https://www.cnn.com/2020/09/16/politics/737-max-report/index.html>); Leslie Josephs, *Boeing slammed in house report over 737 Max failures as company tries to return the plane to service*, CNBC (Sept. 16, 2020) (<https://www.cnn.com/2020/09/16/politics/737-max-report/index.html>); Leslie Josephs, *Boeing slammed in house report over 737 Max failures as company tries to return the plane to service*, CNBC (Sept. 16, 2020) (<https://www.cnn.com/2020/09/16/politics/737-max-report/index.html>).

⁶ Garcia 11/23/20 PTR.

information necessary to allow Members' constituencies to judge their official conduct in light of possible financial conflicts with private holdings."⁷ By failing to disclose these trades, and in particular his trade of Boeing stock while it was under investigation, Rep. Garcia deprived his constituents of an opportunity to regulate any conflicts of interest through the electoral process. For these reasons, we respectfully request that OCE investigate the facts and circumstances around Rep. Garcia's trades and disclosure failures.

Failure to Disclose Ownership of Boeing and Other Stock as a Candidate

Rep. Garcia's financial disclosures made no reference to his prior ownership of any individual stocks until he reported selling \$16,000 to \$65,000 of Boeing stock, \$1,000 to \$15,000 of Uber stock, \$2,000 to \$30,000 of Tesla stock, and \$16,000 to \$65,000 of other stocks in June 2020, shortly before joining the Transportation Committee.⁸ The Ethics in Government Act of 1978 ("EIGA"), as amended (5 U.S.C. § 13101 et seq.), requires Members and candidates for the House of Representatives to "file Financial Disclosure Statements . . . with the Clerk of the House of Representatives."⁹ House candidates come within the scope of these requirements once they "qualify" as a candidate by raising or spending more than \$5,000 in a campaign.¹⁰ House Ethics Committee guidance makes clear that disclosures of "Assets and Unearned Income" in Financial Disclosure Statements must be precise and that "[e]ach company in which stock worth over \$1,000 is held must be listed separately."¹¹ Nevertheless, none of Rep. Garcia's 2019 Financial Disclosure Statement, 2020 Financial Disclosure Statement, or Amended 2020 Financial Disclosure Statement disclose the ownership of any specific stock; instead, they each merely reference an "Etrade Brokerage Account" presumably used to trade the stocks at issue.¹²

Rep. Garcia's failure as a candidate to disclose the extent to which he owned particular stocks is especially troubling for several reasons. First, the threshold for disclosure of individual stocks is \$1,000 while his holdings of individual stocks far exceeded

⁷ House Committee on Ethics, *House Ethics Manual*, at 261 (<https://ethics.house.gov/sites/ethics.house.gov/files/documents/Dec%202022%20House%20Ethics%20Manual%20website%20version.pdf>) (Dec. 2022).

⁸ Garcia 6/17/20 PTR; Michael Garcia, Financial Disclosure Report for 2019 (filed July 29, 2019); Michael Garcia, Financial Disclosure Report for 2020 (filed June 17, 2020); Hon. Michael Garcia, Financial Disclosure Report Amendment for 2020 (filed Aug. 10, 2021) (However, Rep. Garcia did disclose Raytheon stock options that matured in March 2020 from which he reported \$15,000 to \$50,000 in capital gains).

⁹ Instruction Guide for Financial Statements and Periodic Transaction Reports, at 1 (2020) ("Instruction Guide").

¹⁰ *Id.* at 3 (2020).

¹¹ House Committee on Ethics, *Specific Disclosure Requirements* (<https://ethics.house.gov/financial-disclosure/specific-disclosure-requirements>) (last accessed Dec. 13, 2023).

¹² Michael Garcia, Financial Disclosure Report for 2019 (filed July 29, 2019); Michael Garcia, Financial Disclosure Report for 2020 (filed June 17, 2020); Hon. Michael Garcia, Financial Disclosure Report Amendment for 2020 (filed Aug. 10, 2021).

that sum. For example, Rep. Garcia sold \$46,000 to \$165,000 in Boeing stock and \$16,000 to \$65,000 in Uber stock in 2020 alone, all of which he apparently owned when he took office.¹³ Second, the transactions that Rep. Garcia *has* disclosed demonstrate that he regularly bought and sold stock in companies within the direct purview of the Transportation Committee.¹⁴ Third, Rep. Garcia may have made the same omission regarding his stock holdings in 2020, including in an August 10, 2021 amendment to his 2020 Financial Disclosure Report.¹⁵ Finally, with respect to Boeing, Rep. Garcia, who served as a Naval aviator and executive at Raytheon, has touted his expertise and experience working with government contractors to his constituents.¹⁶ It could have been relevant to voters that Rep. Garcia held a financial interest in companies that play a major role in that sector.

Failure to Disclose Transactions During Campaign Season

Rep. Garcia's failure to disclose his August 10 Boeing trade—or any other trade from June 2020 to the last day for required disclosures before the 2020 election—was especially egregious because it deprived the voting public of crucial information when it may have needed it the most. That failure was a clear violation of disclosure rules. The STOCK Act “amended the EIGA to add a requirement for Members, officers, and certain employees of the House to report certain securities transactions over \$1,000 within 30 days of notice of the transaction, but in no case later than 45 days after the transaction.”¹⁷ Filings made pursuant to the STOCK Act are called Periodic Transaction Reports (PTRs).¹⁸ “In addition, House Rule 26 provides that Title I of the EIGA shall be deemed to be a rule of the House with regard to House Members, officers, and employees.”¹⁹

Here, Rep. Garcia made four trades after his last PTR on June 17, 2020 that were required by law to be publicly disclosed before election day but were withheld until November 23, 2020, after his reelection had been secured by just 333 votes.²⁰ They totalled

¹³ House Committee on Ethics, *Specific Disclosure Requirements* (<https://ethics.house.gov/financial-disclosure/specific-disclosure-requirements>) (last accessed Dec. 13, 2023); Garcia 6/17/20 PTR; Garcia 11/23/20 PTR.

¹⁴ Garcia 6/17/20 PTR; Garcia 11/23/20 PTR; Hon. Michael Garcia, Periodic Transaction Report, Dec. 2, 2020 (the “Garcia 12/2/20 PTR”); Hon. Michael Garcia, Periodic Transaction Report, Dec. 21, 2020 (the “Garcia 12/21/20 PTR”).

¹⁵ Michael Garcia, Financial Disclosure Report for 2020 (filed June 17, 2020); Hon. Michael Garcia, Financial Disclosure Report Amendment for 2020 (filed Aug. 10, 2021).

¹⁶ Fighter Pilot Mike Garcia, *Who is Mike Garcia? Chapter 5 - The Businessman* (<https://www.electmikegarcia.com/who-is-mike-garcia-chapter-5-the-businessman/>) (last accessed Dec. 13, 2023); Roger Sollengerger and Riley Rogerson, *GOP Rep. Mike Garcia Secretly Sold Boeing Stock Ahead of Damning Report*, *The Daily Beast* (Dec. 13, 2023) (<https://www.thedailybeast.com/gop-rep-mike-garcia-secretly-sold-boeing-stock-ahead-of-damning-report>).

¹⁷ Instruction Guide, at 1 (2020); *see also* 5 U.S.C. §§ 13104(a)(5)(B), 13105(I)(9).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ Garcia 11/23/20 PTR; *By 333 votes, Republican Mike Garcia re-elected to swing-district seat in northern L.A. County*, *Associated Press* (Dec. 1, 2020)

from between \$46,000 and \$165,000 and included, in addition to the Boeing sale on August 10, purchases of \$30,000 to \$100,000 of stock in Tesla and American Airlines.²¹ Notably, Rep. Garcia began filing timely PTRs immediately after his election victory was complete. In his November 23, 2020 PTR that finally disclosed the trades that should have been disclosed before the election, Rep. Garcia also timely disclosed 16 additional trades, including an additional sale of Boeing stock on November 13 and multiple purchases and sales of American Airlines and Tesla.²² For the remainder of 2020, his PTRs were timely.²³

The disparate timing of Rep. Garcia's disclosures, depriving voters of this information, warrants further investigation. That Rep. Garcia's undisclosed trades may have been relevant to one of the closest elections in the country makes his failure to disclose all the more dubious. Fidelity to federal law and ethics rules involving public disclosures should be at its greatest precisely when one's constituents are in a position to act by exercising their voting rights.

Failure to Report Capital Gains

Rep. Garcia still has not fully disclosed how much personal wealth he generated from his ownership of Boeing stock, and his failure to report that information on his 2020 Member Financial Disclosures make it impossible to ascertain that information. Federal law and ethics rules require disclosure of any unearned income in excess of \$200 during the relevant reporting period.²⁴ Rep. Garcia's 2020 Member Financial Disclosures list no capital gains relating to his ownership of Boeing stock, despite ownership and sale of between \$46,000 and \$165,000 of it in 2020 alone, and despite having checked a box on his June 17 and November 23 PTRs indicating that he realized more than \$200 in capital gains from each of his four Boeing sales transactions.²⁵ This, compounded by his myriad other failures to disclose, makes it impossible to evaluate the nature of his holdings or his sale of significant shares of Boeing in the midst of the Transportation Committee's investigation. His 2020 Member Financial Disclosure lacks similar capital gains information for Tesla, Uber and American Airlines even though he reported on his June 17 and November 23 PTRs

(<https://ktla.com/news/politics/republican-mikegarcia-wins-by-333-votes-in-swing-house-district-north-of-l-a/>). Rep. Garcia's June 17, 2020 PTR was itself misleading. In it, he disclosed two sales of Boeing stock on June 3 and June 5, 2020 totalling between \$16,000 and \$65,000; however, his subsequent sales of Boeing stock in August and November 2020 demonstrate that these were *partial* sales. Because Rep. Garcia never disclosed the extent of his Boeing stock ownership, the public could easily be fooled by his June 17 PTR into thinking that he had sold all of his Boeing stock shortly after being sworn in.

²¹ Garcia 11/23/20 PTR. The other trade involved Direxion stock.

²² *Id.*

²³ Garcia 12/2/20 PTR; Garcia 12/21/20 PTR.

²⁴ 5 U.S.C. § 13104(a)(1)(B).

²⁵ Hon. Michael Garcia Financial Disclosure Report for 2020 (filed Aug. 10, 2021); Hon. Michael Garcia Financial Disclosure Report Amendment for 2020 (filed Aug. 10, 2021); Hon. Michael Garcia Financial Disclosure Report Amendment for 2020 (filed Aug. 11, 2021); Garcia 6/17/20 PTR; Garcia 11/23/20 PTR; Garcia 12/2/20 PTR; Garcia 12/21/20 PTR.

realizing more than \$200 in capital gains from multiple sales transactions involving these holdings.²⁶

For these reasons, we respectfully request that the OCE investigate whether Rep. Garcia violated the STOCK Act or ethics rules through the disclosure failures described above.

Sincerely,

A handwritten signature in blue ink, appearing to read "Noah Bookbinder". The signature is stylized and written in a cursive-like font.

Noah Bookbinder
President and Chief Executive Officer

²⁶ Id.