

March 18, 2019

Hon. Emory A. Rounds  
Director  
U.S. Office of Government Ethics  
1201 New York Ave., NW, Suite 500  
Washington, DC 20005

Dear Director Rounds:

Citizens for Responsibility and Ethics in Washington (“CREW”) has identified several anomalous entries in the new entrant and annual financial disclosure reports of Lynne Patton, Regional Administrator for Region II of the Department of Housing and Urban Development (“HUD”). Though certified by HUD, Ms. Patton’s financial disclosure reports are not compliant with the Ethics in Government Act or disclosure regulations of the Office of Government Ethics (“OGE”), and the anomalies prevent effective analysis of her compliance with applicable ethics requirements.<sup>1</sup> We respectfully request that OGE direct HUD to resolve these anomalies and notify the public and CREW when copies of the corrected reports are available.<sup>2</sup>

The most significant anomaly appears in entries disclosing Ms. Patton’s income from the Trump Organization. In both financial disclosure reports she has filed, Ms. Patton discloses income in the amount of \$106,000 “per year.”<sup>3</sup> The phrase “per year,” coupled with the fact that she disclosed the same amount in each report, suggests she disclosed her annual income. The applicable regulation, however, required her to disclose the actual amount she received during the distinct reporting period for each report.<sup>4</sup> The amounts disclosed in the two reports should have differed because her new entrant report covered a 13-month period of employment with the Trump Organization, while her annual report covered only a 1-month period of employment with the Trump Organization.<sup>5</sup>

This anomaly leaves the public unable to ascertain how much the Trump Organization paid Ms. Patton in 2017 and, by inference, whether its payments ceased when she entered government. We note that the Trump Organization was invested in a low-income property receiving HUD subsidies during the period covered by her annual report.<sup>6</sup> Therefore, it is important that HUD require Ms. Patton to disclose the amounts she received from the Trump Organization during the different reporting periods.

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<sup>1</sup> See 5 U.S.C. app. § 101, *et seq.*; 5 C.F.R. part 2634.

<sup>2</sup> See 5 U.S.C. app. § 402(b)(3)-(4).

<sup>3</sup> See Lynne Patton, New Entrant Public Financial Disclosure Report, part 2, line 1, Jan. 31, 2017, <https://bit.ly/2O39d9w> (“New Entrant Report”), Lynne Patton, Annual Public Financial Disclosure Report, part 2, line 1, Oct. 15, 2018, <https://bit.ly/2O8511C> (“Annual Report”).

<sup>4</sup> See 5 C.F.R. § 2634.302 (requiring disclosure of income “received by the filer during the reporting period”).

<sup>5</sup> See 5 C.F.R. § 2634.310(a), (b)(2); *see also* New Entrant Report, cover page; Annual Report, part 1, line 1.

<sup>6</sup> Katie Zumalt-Rogers, [Trump Family Friend’s Potential Role at HUD Raises Concerns Over Conflict of Interest](https://bit.ly/2VTUxfq), CREW, June 21, 2017, <https://bit.ly/2VTUxfq>.

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These entries also lack clarity as to the amounts of discrete types of income received. Ms. Patton characterizes the disclosed income as attributable to “Base Salary at the Trump Organization + Value of Tangible Bonuses (Golf Membership, Complimentary Hotel Stays, etc.) per year.”<sup>7</sup> Combining these items was inappropriate because she would have used different methods to assess the value of monetary and nonmonetary items. OGE’s public financial disclosure guide explicitly instructs filers not to combine “salary with forms of compensation other than a cash bonus.”<sup>8</sup> HUD should require Ms. Patton to clarify how much of the disclosed income is attributable to salary payments and how much is attributable to items other than cash.

Two other anomalies in her annual report also should be addressed. First, Ms. Patton failed to disclose the interest rate of a loan from “Best Egg,” as OGE instructs filers to do.<sup>9</sup> Second, Ms. Patton received a 45-day filing extension, but she filed her report more than 45 days after the filing deadline.<sup>10</sup> There is no notation in the report indicating whether HUD collected or waived the \$200 late filing fee, and we note that any fee waiver must be in writing.<sup>11</sup>

These deficiencies in the financial disclosure reports of a highly visible member of the administration should be resolved. Therefore, CREW respectfully requests that OGE direct HUD to resolve these anomalies, require Ms. Patton to correct her financial disclosure reports, and notify the public and CREW when we may obtain copies of the corrected reports.<sup>12</sup>

Sincerely,



Noah Bookbinder  
Executive Director

cc. Hon. J. Paul Compton, General Counsel and DAEO  
U.S. Department of Housing and Urban Development

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<sup>7</sup> See New Entrant Report, part 2, line 1; Annual Report, part 2, line 1.

<sup>8</sup> Office of Gov’t Ethics, Public Financial Disclosure Guide, FAQs: Salary, question 4, <https://bit.ly/2F8Lu4W> (last viewed Mar. 15, 2019).

<sup>9</sup> See Annual Report, part 8, line 2; see also Office of Gov’t Ethics, Public Financial Disclosure Guide, Liabilities (“Rate: Provide the interest rate.”), <https://bit.ly/2T3UNH5> (last viewed Mar. 15, 2019).

<sup>10</sup> See Annual Report, cover page; 5 C.F.R. § 2634.201(a).

<sup>11</sup> 5 U.S.C. app. § 104(d)(1); 5 C.F.R. § 2634.704(b). The interests of transparency are best served when ethics officials indicate in the “Comments of Reviewing Officials” section that they collected or waived a late filing fee. See, e.g., Jared Kushner, Periodic Transaction Report, Aug. 23, 2017 (“Late filing fee assessed...”), <https://bit.ly/2UzoWzr>; Patrick Shanahan, Periodic Transaction Report, June 26, 2018 (“Late filing fee waived...”), <https://bit.ly/2VVWb0f>; Stephen Bannon Periodic Transaction Report, Nov. 21, 2017 (“Late filing fee assessed...”), <https://bit.ly/2u8nSqS>; Christopher Liddell, Public Financial Disclosure Report, May 14, 2018 (“Filer was assessed and paid late fees...”), <https://bit.ly/2TBRoEj>.

<sup>12</sup> See 5 U.S.C. app. § 105; 5 C.F.R. § 2634.603.