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September 27, 2000

BY FACSIMILE AND FIRST CLASS MAIL.

Ralph L. Lotkin, Esq.
Capitol Hill West Building
201 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Re: In the Matter of Representative Earl F. Hilliard

Dear Mr. Lotkin:

As you know, by letter dated July 26, 2000, consistent with your client Representative Earl F. Hilliard's stated interest in cooperating in these proceedings, the Investigative Subcommittee invited Congressman Hilliard to appear before the Subcommittee and give sworn testimony regarding the matters under investigation.

Representative Hilliard accepted the Subcommittee's invitation, but requested that the meeting the Subcommittee had scheduled to hear testimony from him be rescheduled, for his convenience and for that of his counsel. Accordingly, at Representative Hilliard's request, the Subcommittee rescheduled its meeting by a day so that it could obtain his testimony on the dates preferred by him. The meeting was rescheduled to September 21 and 22, 2000. These meetings, scheduled for the exclusive purpose of hearing testimony from Representative Hilliard, were confirmed by your office in writing weeks before his scheduled appearance.

Notwithstanding, on the morning of September 21, 2000, the first day of Representative Hilliard's scheduled testimony, your client appeared, was sworn in, and proceeded to read a prepared statement, in which he announced that he refused to testify. Good faith efforts by the Subcommittee to reach an accommodation with Representative Hilliard to obtain his agreement to testify that day or any day during the following week were rebuffed by him.

For reasons not explained to the Subcommittee, you and your client determined not to notify the Subcommittee in advance that a decision had been made not to testify before the Subcommittee, despite Representative Hilliard's having agreed to do so. Objections to his appearing and testifying before the Subcommittee could have been lodged well prior to September 21, 2000. Instead the Subcommittee and its Members accommodated their schedules and convened unnecessarily on that morning, under the false pretense of hearing testimony from your client regarding the matter under investigation.

The purported basis of your client's refusal to testify included his concerns over whether the Investigative Subcommittee has complied with its obligations under Committee Rule 26, which pertains to the disclosure of exculpatory information to a respondent. In correspondence to you prior to September 21, 2000, the Investigative Subcommittee had already responded to your concerns regarding the application of Committee Rule 26 in this matter. The Investigative Subcommittee has been and remains in full compliance with Rule 26 with regard to your client and has treated your client fairly under that Rule. The fact that you and your client have a different interpretation of Rule 26 was not a valid reason for Representative Hilliard to refuse to testify on September 21, 2000, as scheduled.


The only other basis cited by your client for his refusal to testify -- that is, his concerns about information contained in tax returns of corporate entities of Hilliard and Company -- was irrelevant, legally unsound and equally invalid.

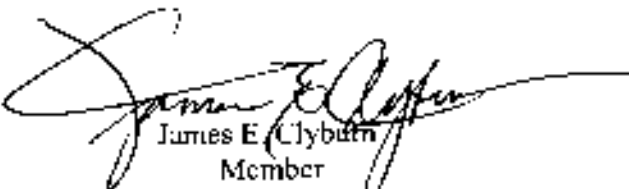
As we responded at our September 21, 2000 meeting, we are very disappointed that your client is unwilling to testify before the Subcommittee. We believe such testimony would have been quite helpful to our interest in resolving outstanding issues and moving the process forward as expeditiously as possible. In light of the refusal of your client to testify before the Subcommittee, the Subcommittee has no choice but to proceed in this matter on the basis of the record as it now stands.

Sincerely,


Rob Portman
Chairman
Investigative Subcommittee


Martin Olav Sabo
Ranking Minority Member
Investigative Subcommittee


Kenny C. Hulshof
Member
Investigative Subcommittee


James E. Clyburn
Member
Investigative Subcommittee

cc: Earl F. Hilliard,
Member of Congress