

**OFFICE OF CONGRESSIONAL ETHICS  
UNITED STATES HOUSE OF  
REPRESENTATIVES**

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**Report and Findings**

Transmitted to the  
Committee on Standards of Official Conduct  
February 5, 2010  
and released publicly pursuant to H. Res. 895 of the  
110th Congress as amended



February 2010

**House of Representatives Office of Congressional Ethics Review No. 09-1022**

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OFFICE OF  
CONGRESSIONAL ETHICS  
BOARD

UNITED STATES HOUSE OF REPRESENTATIVES  
ONE HUNDRED ELEVENTH CONGRESS

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Leo J. Wise, *Chief Counsel & Staff Director*  
Paul J. Solis, *Investigative Counsel*

# REPORT

Review No. 09–1022

The Board of the Office of Congressional Ethics (the “Board”), by a vote of no less than four members, on January 28, 2010, adopted the following report and findings and ordered them to be transmitted to the Committee on Standards of Official Conduct of the United States House of Representatives.

SUBJECT: Representative Nathan Deal

NATURE OF THE ALLEGED VIOLATION: Representative Nathan Deal and his business partner own Recovery Services, Inc. a/k/a Gainesville Salvage & Disposal (“GSD”), located in Gainesville, Georgia. GSD is a regional vehicle salvage station that was formerly authorized by the state of Georgia to facilitate inspections of damaged vehicles before they were sold or driven. In 2008 and 2009, Representative Deal and a member of his Congressional staff contacted and met with Georgia state officials related to contemplated state action on the vehicle inspection program.

Further, on his 2009 Financial Disclosure Statement (covering calendar year 2008), Representative Deal listed unearned GSD “Dividends” income (unearned “Partnership Income” on an amended form) from \$50,001 to \$100,000. His 2008 tax return disclosed \$75,000 in earned wages from GSD.

Representative Deal’s conduct may have violated House Rules and House Standards of Conduct.

RECOMMENDATION: The Board recommends that the Committee on Standards of Official Conduct further review the above allegations.

VOTES IN THE AFFIRMATIVE: 6

VOTES IN THE NEGATIVE: 0

ABSTENTIONS: 0

MEMBER OF THE BOARD OR STAFF DESIGNATED TO PRESENT THIS REPORT TO THE STANDARDS COMMITTEE: Leo Wise, Staff Director & Chief Counsel.

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# FINDINGS OF FACT AND CITATIONS TO LAW

## Review No. 09–1022

On January 28, 2010, the Board of the Office of Congressional Ethics (the “Board” and the “OCE”) 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. In 2008 and 2009, Representative Deal sought to preserve a state vehicle inspection program that had generated significant personal financial benefit for him and a business partner. Representative Deal attended meetings on the state inspection program with Georgia officials and told the OCE he attended the meetings, not as a private citizen, but rather as a “public servant” acting in some official capacity. Changes to the vehicle inspection program concerned a purely state issue and according to state officials, no other Member of Congress from Georgia involved themselves in it. Thus, the Board concludes that there is a substantial reason to believe that Representative Deal may have violated House Rule 23, clause 3 and Rule 5 of the Code of Government Service.

2. In addition, Representative Deal was accompanied by his Chief of Staff at meetings on the vehicle inspection program and directed the Chief of Staff to use a House email account to send emails related to the meetings. Thus, there is substantial reason to believe Representative Deal violated the House Ethics Manual’s prohibition on using House equipment and resources for personal business purposes.

3. Representative Deal disclosed \$50,001 to \$100,000 in unearned “Dividends” income (and unearned “Partnership Income” on an amended form) from GSD on his 2009 Financial Disclosure Statement (covering calendar year 2008). However, the same income was described as earned wages on his 2008 personal income tax forms. Specifically, Representative Deal’s 2008 tax documents show \$75,000 in GSD wages; in addition, Representative Deal received a W–2 from GSD in 2006, 2007, and 2008. Thus, there is a substantial reason to believe Representative Deal violated the House Ethics Manual’s directive to disclose all earned income.

4. Further, Representative Deal rendered some degree of service to GSD in 2008 and 2009 and his 2008 taxes show \$75,000 in GSD wages. Thus, there is substantial reason to believe Representative

Deal violated the earned income limitation, House Rule 25, Clause 1.

5. Representative Deal is the GSD corporate secretary. His 2008 taxes show \$75,000 in GSD wages. Thus, there is substantial reason to believe Representative Deal violated the prohibition on receiving compensation as a corporate officer, House Rule 25, Clause 2.

6. Representative Deal also failed to disclose his status as the GSD corporate secretary on his financial disclosure forms. Thus, there is substantial reason to believe Representative Deal violated the House Ethics Manual's directive to disclose all nongovernmental positions held.

#### B. JURISDICTIONAL STATEMENT

7. The OCE has jurisdiction to review any alleged violation by a Member, officer, or employee of the House of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities.<sup>1</sup> The allegations that are the subject of this review concern Representative Deal, a Member of the United States House of Representatives from Georgia. The Resolution the United States House of Representatives adopted creating the 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."<sup>2</sup> The House adopted this Resolution on March 11, 2008. Because the conduct under review occurred or relates to actions taken after March 11, 2008, review by the OCE is in accordance with the Resolution.

#### C. PROCEDURAL HISTORY

8. The OCE received a written request for a preliminary review in this matter signed by at least two members of the Board on October 5, 2009. The preliminary review commenced on October 6, 2009.<sup>3</sup> The preliminary review was scheduled to end on November 4, 2009.

9. At least three members of the Board voted to initiate a second-phase review in this matter on November 3, 2009. The second phase review commenced on November 5, 2009.<sup>4</sup> The second-phase review was scheduled to end on December 19, 2009.

10. The Board voted to extend the 45-day second-phase review by an additional 14 days on December 18, 2009, as provided for under the Resolution.<sup>5</sup> Following the extension, the second-phase review was scheduled to end on January 2, 2010.<sup>6</sup>

<sup>1</sup> H. Res 895, 110th Cong. (2008) ("the Resolution").

<sup>2</sup> *Id.* at § 1(e) (2008).

<sup>3</sup> 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 30 days from the date of receipt of the Board's request.

<sup>4</sup> According to the Resolution, the Board must vote (as opposed to making a written authorization) on whether to conduct a second-phase review in a matter before the expiration of the 30-day preliminary review. If the Board votes for a second-phase, the second-phase commences the day after the preliminary review ends.

<sup>5</sup> *Id.* at § 1(c)(2)(A)(ii) (2008).

<sup>6</sup> The 14-day extension expires after the 45-day second-phase review ends. The 14-day extension does not begin on the date of the Board vote.



11. The Board voted to refer the matter to the Committee on Standards of Official Conduct for further review and adopted these findings on January 28, 2010. Representative Deal also submitted a statement to the Board.<sup>7</sup>

12. This report and findings in this matter were transmitted to the Committee on Standards of Official Conduct on February 5, 2010.

#### D. SUMMARY OF INVESTIGATIVE ACTIVITY

13. The OCE requested and received documentary, and in some cases testimonial, information from the following sources:

- (1) Representative Deal;
- (2) Representative Deal's Chief of Staff;
- (3) Representative Deal's Business Partner;
- (4) A Georgia State Legislator;
- (5) The Georgia Revenue Commissioner;
- (6) The Georgia Deputy Revenue Commissioner.

14. The OCE requested, but was unable to conduct, interviews with the Georgia Lieutenant Governor, former members of his staff, and current members of his staff because the Lieutenant Governor refused to cooperate with the OCE investigation.<sup>8</sup>

## II. REPRESENTATIVE DEAL'S CONTACTS WITH GEORGIA STATE OFFICIALS REGARDING THE STATE SALVAGE INSPECTION PROGRAM

### A. RELEVANT LAW, REGULATIONS, RULES OR STANDARDS OF CONDUCT

15. *House Rule 23, Cl. 1 states that Members "shall behave at all times in a manner that shall reflect creditably on the House."*

16. *House Rule 23, Cl. 3 states that "[a] Member, Delegate, Resident Commissioner, officer, or employee of the House may not receive compensation and may not permit compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in Congress."*

17. *The Code of Government Service rule 5 states that a person in government should "[n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties."*

18. *The House Ethics Manual states that "[a] provision of the rules issued by the House Administration Committee allows minor, incidental personal use of House equipment and supplies. However, the Standards Committee understands that this provision allows such use of those resources for personal purposes only, and does not allow their use for outside employment or business purposes."*<sup>9</sup>

<sup>7</sup> See Exhibit 14 at 09-1022-70.

<sup>8</sup> See section V of the Findings of Fact and Citations to Law.

<sup>9</sup> House Ethics Manual (2008) at 197.

B. REPRESENTATIVE DEAL OWNS A VEHICLE SALVAGE BUSINESS THAT FACILITATED VEHICLE INSPECTIONS UNTIL AUGUST 2009

19. In 1988, Representative Deal and his business partner opened a vehicle salvage company in Gainesville, Georgia.<sup>10</sup> Currently, this company conducts business under the name “GSD,” and is a “C corporation.”<sup>11</sup> GSD has always been a C corporation<sup>12</sup> and is owned, 50 percent each, by Representative Deal and his business partner.<sup>13</sup>

20. GSD’s salvage service assists automobile insurance companies in the disposal of damaged vehicles.<sup>14</sup> GSD acts as a broker and facilitates the auction of salvaged cars; GSD then bills the insurance companies for conducting the auction.<sup>15</sup> According to Representative Deal, this service generates most of GSD’s revenue.<sup>16</sup> GSD employs 10 clerical workers, 5 full-time yard workers, 15 drivers, and Representative Deal’s business partner.<sup>17</sup> Representative Deal is the corporate secretary.<sup>18</sup>

21. Beginning sometime in 1990, GSD began facilitating on-site inspections of rebuilt, salvaged vehicles.<sup>19</sup> This inspection service lasted for approximately 20 years; GSD stopped providing this service in August of 2009.<sup>20</sup>

C. REPRESENTATIVE DEAL MET WITH GEORGIA STATE OFFICIALS AND ADVOCATED FOR THE CONTINUANCE OF A STATE VEHICLE INSPECTION PROGRAM THAT THE DEPARTMENT OF REVENUE SOUGHT TO MODIFY

22. According to the Georgia Department of Revenue, the Georgia state Salvage Inspection Program, as it existed in 2008 and part of 2009, authorized 5–6<sup>21</sup> privately owned stations throughout the state of Georgia to facilitate inspections of damaged vehicles before these vehicles could return to the road. These stations had exclusive jurisdiction within their designated region to facilitate inspections which were conducted by authorized state-employed inspectors. In exchange for this service, owners of salvaged cars paid a fee to both the state of Georgia and to the inspection station. State inspectors travelled between the regional stations, on a rotating basis (visiting each station twice per month) and granted titles to salvaged cars in addition to conducting some level of safety in-

<sup>10</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–2 ¶ 2).

<sup>11</sup> A corporation taxed under 26 U.S.C. § 11 and Subchapter C (26 U.S.C. § 301 et seq.) of Chapter 1 of the Internal Revenue Code.

<sup>12</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–2 ¶ 3).

<sup>13</sup> Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–12 ¶ 2).

<sup>14</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–2 ¶ 4).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–12 ¶ 3).

<sup>18</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–3 ¶ 10).

<sup>19</sup> *Id.* at ¶ 5.

<sup>20</sup> Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–12 ¶ 3).

<sup>21</sup> Initially, six stations were established until 2009, when inspections ceased at one of the stations. GSD was one of the five remaining stations.

spection.<sup>22</sup> Under the program, if a proposed new inspection station applied for state authorization, its designated geographical region would not be placed anywhere within the regional jurisdiction of an already-established station.<sup>23</sup> GSD, the station owned in part by Representative Deal, participated in the Salvage Inspection Program from 1990 to August 2009.<sup>24</sup>

23. The Board notes that GSD, represented on the Department of Revenue chart<sup>25</sup> below as “Hall County,” facilitated the most inspections, assessed the highest fee (\$100), and generated the most revenue (\$288,500) out of the six stations operating in Georgia in 2008.

| SALVAGE INSPECTION STATIONS                          |             |                                   |                                |         |
|--|-------------|-----------------------------------|--------------------------------|---------|
| Hall County<br>RECOVERY SERVICES, INC.<br>[REDACTED] | Gainesville | Kenneth Cronan <sup>1</sup> , CEO | Parking fee \$100 <sup>2</sup> |         |
| GAINESVILLE GA 30507-7306                            |             | J. Nathan Deal, Secretary         |                                |         |
| Inspections conducted at this location:              |             |                                   |                                |         |
| FY 2008  | FY 2007     | FY 2006                           | FY 2005                        | FY 2004 |
| 2,885  | 3,499       | 3,721                             | 3,695                          | 4,367   |
| \$288,500  | \$349,900   |                                   |                                |         |

24. The Revenue Commissioner’s 2008 plan would have eliminated state inspector positions and permitted qualified individuals to conduct private inspections.<sup>26</sup> Private inspectors would become certified through a standardized program.<sup>27</sup> The plan would also ask for proposals from anyone in Georgia who wished to open an inspection station, regardless of proximity to an existing station.<sup>28</sup> The changes would also place no limitation, per station, on the number of cars that could be inspected because each station would hire its own private inspectors, as opposed to waiting for rotating state inspectors.<sup>29</sup> The Revenue Commissioner believed that the private sector could best administer the inspection program for the state of Georgia and described his plan as effectively terminating what he described as “regional monopolies.”<sup>30</sup>

25. The Revenue Commissioner stated that he met with Representative Deal and others on three occasions in 2008 and 2009

<sup>22</sup> The level of safety inspection is a disputed fact between witnesses interviewed by the OCE. Representative Deal’s business partner stated that the state inspectors are typically former body shop workers who have a working knowledge of vehicle safety specifications and thoroughly inspect the vehicles. See Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–13 ¶17). Representative Deal stated that state inspectors checked for safety of airbags and brakes among other items. Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–4 ¶ 22). The Revenue Commissioner stated that the inspections have never included a safety check and focus almost exclusively on inspections of titles. Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09–1022–17 ¶15).

<sup>23</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–2 ¶ 5); Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–12 ¶ 3).

<sup>24</sup> The full chart is Exhibit 6 at 09–1022–23.

<sup>25</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09–1022–17 ¶ 9); see also 2005 Department of Revenue Memorandum discussing the inspection program history in Georgia at Exhibit 5 09–1022–20.

<sup>26</sup> *Id.* at ¶ 11.

<sup>27</sup> *Id.* at ¶ 16.

<sup>28</sup> *Id.* at ¶ 11.

<sup>29</sup> *Id.* at ¶ 11.

<sup>30</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09–1022–17 ¶s 8 & 11). In 2009, the Revenue Commissioner administratively implemented his changes. He also stated that as of the date of the interview, he believed the amount of inspection station applications had increased, especially within GSD’s Atlanta-region. *Id.* at ¶ 10.

to discuss the Salvage Inspection Program.<sup>31</sup> Representative Deal, his business partner, and his Chief of Staff confirmed this information.<sup>32</sup>

26. The Revenue Commissioner described the subject of the three meetings as follows.<sup>33</sup>

| Georgia Department of Revenue |          |  |   |                                      |
|-------------------------------|----------|--|---|--------------------------------------|
| DATE                          | TIME     | SUBJECT  | ATTENDEES   | LOCATION                             |
| 28-Jan-08                     | 1:00 PM  | Discuss Gainesville Salvage & Insurance Company's idea of insurance company ability to do electronic lien searches on vehicles. DOR plan to issue RFP on salvage industry in future.   | Commissioner Bart Graham<br>Deputy Commissioner Mack Chandler<br>Lt. Governor Cagle<br>Cagle Chief of Staff Brad Alexander<br>U.S. Rep. Nathan Deal<br>Chief of Staff Chris Riley<br>Ken Cronan<br>Ken Cronan's son<br>2-3 representatives of State Farm Insurance (regional office)<br>Possibly one additional insurance co.<br>Possibly one additional Lt. Gov's Office staff member (Russel Carlson) | Lt. Gov. Cagle's Office - 240 CAP    |
| 30-Jun-08                     | 8:30 AM  | Gainesville Salvage concept asking DOR to change system whereby state inspectors would establish permanent office space at Gainesville Salvage business. DOR stated this presented a significant conflict as DOR had Attorney General's guidance letter stating need for RFP, etc.       | Commissioner Bart Graham<br>Deputy Commissioner Mack Chandler<br>Lt. Governor Cagle<br>Cagle Chief of Staff Brad Alexander<br>U.S. Representative Nathan Deal<br>Chief of Staff Chris Riley<br>Ken Cronan<br>Ken Cronan's son<br>Possibly 2-4 other people possibly including Lt. Gov staff members (Russel Carlson) and insurance co. representatives  | Lt. Gov. Cagle's Office - 240 CAP    |
| 27-Mar-09                     | 11:00 AM | Questions regarding privatization of salvage inspection program; Rep. Collins challenged integrity of budget answers BLG provided; Deal discussed illegal immigrants becoming inspectors, Cronan questioned Commissioner Graham why Governor wasn't paying more attention to this issue. | Commissioner Bart Graham<br>Deputy Commissioner Mack Chandler<br>U.S. Representative Nathan Deal<br>Chief of Staff Chris Riley<br>Ken Cronan<br>Ken Cronan's son<br>State Rep. Doug Collins   | Ed Holcombe's conference room 201CAP |

27. The Board notes that Representative Deal is listed as “U.S. Representative Nathan Deal” in the “attendees” column.

28. According to the Revenue Commissioner, the first meeting on January 28, 2008, concerned a proposed program named GRATIS (Georgia Registration and Title Information System).<sup>34</sup> GRATIS sought to streamline the sharing of title information between insurance companies and the state.<sup>35</sup>

29. The Revenue Commissioner stated that the purpose of the second meeting on June 30, 2008, was to discuss a request by Representative Deal and his business partner to keep a permanent state inspector at GSD.<sup>36</sup> The Lieutenant Governor also supported this request.<sup>37</sup> The Revenue Commissioner explained to Represent-

<sup>31</sup> *Id.* at ¶ 12. The Revenue Commissioner also stated that no other Congressman or Senator from Georgia contacted him about the vehicle inspection program. Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-18 ¶ 26).

<sup>32</sup> Memorandum of Interview of Representative Deal's business partner (October 30, 2009) (Exhibit 3 at 09-1022-12 ¶s 7-13); Memorandum of Interview of Representative Deal's Chief of Staff (October 30, 2009) (Exhibit 7 at 09-1022-27 ¶ 10); Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-3 ¶s 12-25).

<sup>33</sup> See Exhibit 8 at 09-1022-30.

<sup>34</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-17 ¶ 13).

<sup>35</sup> *Id.*; Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-4 ¶ 15).

<sup>36</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-17 ¶ 17).

<sup>37</sup> *Id.* at ¶ 18.

ative Deal and his business partner that he felt the request was inappropriate and created a conflict because no other station received such treatment.<sup>38</sup>

30. Representative Deal and his business partner told the OCE that the first meeting on January 28, 2008 was to discuss the GRATIS program and that the second meeting on June 30, 2008 occurred as a “follow-up” to the first meeting.<sup>39</sup> Representative Deal stated that he did not recall any other issues discussed at the second meeting besides a follow-up on the GRATIS issue.<sup>40</sup>

31. The January 28, 2008 and June 30, 2008 meetings were initiated by the Chief of Staff at Representative Deal’s direction.<sup>41</sup> Representative Deal stated that he asked for the meetings because auto insurance companies had contacted his business partner about the GRATIS issue and he felt that the GRATIS program would save the state money.<sup>42</sup>

32. Both Representative Deal’s business partner and his Chief of Staff stated that the Revenue Commissioner randomly and abruptly brought up the issue of privatization at the second meeting, which prompted the request for the third meeting.<sup>43</sup> In addition, the Chief of Staff stated that Representative Deal had received constituent calls about the status of the inspection program.<sup>44</sup> Representative Deal and his business partner stated that individuals involved with the inspection program (e.g., state employee inspectors and inspection station owners) could not obtain information on the status of the program, despite attempts to contact the Department of Revenue, which prompted the request for the third meeting.<sup>45</sup> The Deputy Revenue Commissioner stated that his office attempts to provide information to anyone who requests it.<sup>46</sup>

33. The third meeting was initiated by Representative Deal’s Chief of Staff who contacted the Lieutenant Governor’s office and also the Deputy Revenue Commissioner.<sup>47</sup> When asked how he got the third meeting, Representative Deal stated that “probably the Lieutenant Governor” helped get the meeting.<sup>48</sup>

34. At the third meeting on March 27, 2009, the Revenue Commissioner stated that Representative Deal and Representative Deal’s business partner advocated against the changes in the Salvage Inspection Program that the Revenue Commissioner had pro-

<sup>38</sup> *Id.* at ¶ 19.

<sup>39</sup> Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–12 ¶ 7); Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–2 ¶ 17).

<sup>40</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–2 ¶ 17).

<sup>41</sup> *Id.* at ¶ 14.

<sup>42</sup> *Id.* at ¶ 16.

<sup>43</sup> Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–3 ¶ 9); Memorandum of Interview of Representative Deal’s Chief of Staff (October 30, 2009) (Exhibit 7 at 09–1022–27 ¶ 13).

<sup>44</sup> Memorandum of Interview of Representative Deal’s Chief of Staff (October 30, 2009) (Exhibit 7 at 09–1022–27 ¶ 7).

<sup>45</sup> Memorandum of Interview of Representative Deal’s business partner (October 30, 2009) (Exhibit 3 at 09–1022–13 ¶ 11); Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–4 ¶ 18).

<sup>46</sup> Memorandum of Interview of the Georgia Deputy Revenue Commissioner (October 30, 2009) (Exhibit 9 at 09–1022–33 ¶ 6).

<sup>47</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–3 ¶ 14); Memorandum of Interview of Representative Deal’s Chief of Staff (October 30, 2009) (Exhibit 7 at 09–1022–27 ¶ 14).

<sup>48</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–4 ¶ 23).

posed.<sup>49</sup> The Revenue Commissioner also told the OCE that he would characterize interactions at the last meeting as contentious.<sup>50</sup> Representative Deal's Chief of Staff characterized the meeting as "hostile."<sup>51</sup>

35. The Revenue Commissioner stated that at the third meeting, the Georgia State Legislator accompanying Representative Deal and his business partner "hotboxed" him and treated him as if he were a witness under cross-examination.<sup>52</sup> When asked about why the State Legislator attended the meeting, Representative Deal stated that he did not know but speculated that either the business partner or his Chief of Staff asked for his attendance.<sup>53</sup> The Chief of Staff stated that the State Legislator attended because he is Representative Deal's and the business partner's representative in the state legislature.<sup>54</sup> The State Legislator confirmed this assertion by the Chief of Staff.<sup>55</sup> The State Legislator also stated that no other constituents came to him with concerns over changes to the inspection program.<sup>56</sup>

36. Representative Deal and his business partner maintain that although it was *not* in their financial interest to do so, at the third meeting they expressed to the Revenue Commissioner that the program should not be changed.<sup>57</sup> They argued that any inspection should be conducted by state-employed and authorized inspectors to ensure the safety of drivers on Georgia roads.<sup>58</sup> Representative Deal and his business partner stated that state inspectors are often former body shop workers or law enforcement personnel who have experience with vehicle safety specifications.<sup>59</sup> They explained that they were concerned that inexperienced, private inspectors would jeopardize vehicle safety.<sup>60</sup>

37. The Revenue Commissioner stated that the vehicle inspection program never covered the safety of vehicles.<sup>61</sup> He stated that the state inspectors' only role was to grant title to salvaged cars; thus, their position was named "Salvage Title Inspectors."<sup>62</sup> These "Salvage Title Inspectors" examined the title of the vehicle, with a limited examination of the physical vehicle itself, to make proper title assessments.<sup>63</sup> He further stated that his proposed elimination of

<sup>49</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-18 ¶ 23).

<sup>50</sup> *Id.* at ¶ 21.

<sup>51</sup> Memorandum of Interview of Representative Deal's Chief of Staff (October 30, 2009) (Exhibit 7 at 09-1022-27 ¶ 15).

<sup>52</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-18 ¶ 22).

<sup>53</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-4 ¶ 20).

<sup>54</sup> Memorandum of Interview of Representative Deal's Chief of Staff (October 30, 2009) (Exhibit 7 at 09-1022-28 ¶ 19).

<sup>55</sup> Memorandum of Interview of the Georgia State Legislator (October 30, 2009) (Exhibit 10 at 09-1022-37 ¶ 14).

<sup>56</sup> *Id.* at ¶ 18.

<sup>57</sup> Statement of Representative Deal (Exhibit 14 at 09-1022-70); Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-3 ¶s 6 & 22); Memorandum of Interview of Representative Deal's business partner (December 16, 2009) (Exhibit 3 at 09-1022-13 ¶s 16 & 20).

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-17 ¶s 15 & 23).

<sup>62</sup> *Id.* at ¶ 15.

<sup>63</sup> *Id.*

state employed inspectors would not decrease vehicle safety because private inspectors would be required to receive accreditation from a “worldwide collision repair training” program and may, as a result, be even more qualified than previous inspectors.<sup>64</sup>

38. When asked in what capacity he attended the meetings, Representative Deal stated that he attended them as someone with “personal knowledge” that was trying to “get information” from the Revenue Commissioner because nobody else could.<sup>65</sup>

39. The Board notes that the OCE specifically asked Representative Deal again whether he attended these meetings as a Member of Congress or as a salvage station owner and he responded that he attended as a “public servant.”<sup>66</sup>

40. The Board also notes that Representative Deal submitted that others could not get meetings with the Department of Revenue and that his contact with the Lieutenant Governor aided him in getting the March 2009 meeting.

41. During his interview with the OCE, the Revenue Commissioner stated that he and Representative Deal had a private discussion at one of the meetings but that he could not disclose the nature of the conversation without being subpoenaed on the advice of the Georgia Attorney General.<sup>67</sup> He stated that the information is a tax-related matter and for confidentiality reasons, he could not discuss the matter without being compelled to do so.<sup>68</sup>

42. When asked about this private conversation, Representative Deal stated that he recalled talking to the Revenue Commissioner about the Commissioner’s preference that Representative Deal’s Chief of Staff refrain from contacting Department of Revenue staff.<sup>69</sup>

#### D. REPRESENTATIVE DEAL’S CHIEF OF STAFF CONTACTED GEORGIA STATE OFFICIALS ABOUT MEETINGS ON THE VEHICLE INSPECTION PROGRAM AND ATTENDED THREE MEETINGS ON THE PROGRAM WITH REPRESENTATIVE DEAL

43. Representative Deal’s Chief of Staff attended all three meetings with the Department of Revenue.<sup>70</sup> When asked why he would attend the meetings, the Chief of Staff stated that he rarely allows Representative Deal to go anywhere without him, unless it is a family matter.<sup>71</sup>

44. Roughly twenty emails were sent from Representative Deal’s Chief of Staff to employees of the Georgia Department of Revenue and the Lieutenant Governor’s Office regarding meetings on vehicle inspection program. These emails were sent from the Chief of Staff’s U.S. House of Representatives email account.

<sup>64</sup> *Id.* at ¶16; <http://www.i-car.com/index—us.shtml>.

<sup>65</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-4 ¶ 25).

<sup>66</sup> *Id.*

<sup>67</sup> Memorandum of Interview of the Georgia Revenue Commissioner (October 30, 2009) (Exhibit 4 at 09-1022-18 ¶ 25).

<sup>68</sup> *Id.*

<sup>69</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-4 ¶ 26).

<sup>70</sup> Memorandum of Interview of Representative Deal’s Chief of Staff (October 30, 2009) (Exhibit 7 at 09-1022-27 ¶ 16).

<sup>71</sup> *Id.* at ¶ 11.

45. For example, a February 27, 2009 email from the Representative Deal's Chief of Staff requested a meeting with the Revenue Commissioner on the topic of vehicle inspections.<sup>72</sup> The Board notes that "Congressman Nathan Deal, GA-9" appears at the bottom of the email.

**From:** Riley, Chris [mailto:Chris.Riley@mail.house.gov]  
**Sent:** Friday, February 27, 2009 4:34 PM  
**To:** Mack Chandler  
**Subject:** appointment

Mack:

Would you and Commissioner Graham have time to sit down with Nathan and myself? The topic would be the future of State inspections of rebuilt vehicles. Thank you in advance for your consideration.

*Chris W. Riley*

Chief of Staff

Congressman Nathan Deal, GA -9

46. As stated above, Representative Deal, his Chief of Staff, and his business partner maintain that any contact with Georgia state officials on the vehicle inspection program concerned the safety of Georgia citizens that, in their view, would be affected by a change in the state program.<sup>73</sup> Thus, Representative Deal and his Chief of Staff assert that the use of house emails was a constituent-related issue.

47. However, the Board notes that the Ethics Manual's prohibition on the use of staff for personal business does not create an exception for matters affecting both personal financial interests and constituent interests.

### III. REPRESENTATIVE DEAL'S BUSINESS INTERESTS IN GAINESVILLE SALVAGE & DISPOSAL, INC.

#### A. RELEVANT LAW, REGULATIONS, RULES, OR STANDARDS OF CONDUCT

48. *House Rule 25, Cl. 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—(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 . . . ."*

49. *The House Ethics Manual states that the outside earned income limit for calendar year 2008 was \$25,830.*<sup>74</sup>

<sup>72</sup> See Exhibit 11 at 09-1022-40 for additional emails.

<sup>73</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-2 ¶s 5-6); Memorandum of Interview of Representative Deal's business partner (October 30, 2009) (Exhibit 3 at 09-1022-14 ¶ 20); Memorandum of Interview of Representative Deal's Chief of Staff (October 30, 2009) (Exhibit 7 at 09-1022-26 ¶ 17).

<sup>74</sup> House Ethics Manual (2008) at 214.



50. *The House Ethics Manual states that “[t]he annual limitation applies to compensation for personal services (termed “earned income”), but not to moneys received from ownership or other investments of equity (so-called “unearned income”). In this regard, Advisory Opinion No. 13 emphasizes that the “real facts” of a particular case would control as to whether moneys received would be deemed earned income:*

*[T]he label or characterization placed on a transaction, arrangement or payment by the parties may be disregarded for purposes of the Rule. Thus, if amounts received or to be received by a Member, officer, or employee are in fact attributable to any significant extent to services rendered by the Member, officer, or employee the characterization of such amounts as partnership distributive share, dividends, rent, interest, payment for a capital asset, or the like, will not serve to prevent the application of Rule 25 to such amounts. . . .*

*For purposes of this Opinion, there are two types of income—earned and unearned. If the compensation received is essentially a return on equity, then it would generally not be considered to be earned income. If the income is not a return on equity, then such income would generally be considered to be earned income and subject to the limitation.”<sup>75</sup>*

51. *House Rule 25, Cl. 2(d) states that “[a] Member, Delegate, Resident Commissioner, officer, or employee of the House may not—(d) serve for compensation as an officer or member of the board of an association, corporation, or other entity. . . .”*

52. *The House Ethics Manual states that “[a]ll Members of the House . . . must file a Financial Disclosure Statement by May 15 of each year.”<sup>76</sup> This Statement must disclose all income “earned” and “unearned” over \$200.<sup>77</sup> Further, the House Ethics Manual states that “[i]ndividuals must disclose any nongovernmental positions, whether or not compensated, that they hold, unless the Statement is the first one filed with the House . . . Included are such positions as officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.”<sup>78</sup>*

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<sup>75</sup> *Id.* at 231.


<sup>76</sup> *Id.* at 252.

<sup>77</sup> *Id.* at 254.

<sup>78</sup> *Id.* at 260.

B. REPRESENTATIVE DEAL IS A GSD CORPORATE OFFICER IN ADDITION TO BEING A “PARTNER” IN THE COMPANY

53. Representative Deal stated that he is the “Secretary/Treasurer” at GSD.<sup>79</sup> Further, the Georgia Secretary of State lists Representative Deal as the GSD corporate secretary under the classification of “Officers.”<sup>80</sup>



## Georgia Secretary of State

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**Business Name History**

| Name                    | Name Type    |
|-------------------------|--------------|
| RECOVERY SERVICES, INC. | Current Name |

**Profit Corporation - Domestic - Information**

|                                      |                             |
|--------------------------------------|-----------------------------|
| Control No.:                         | K002041                     |
| Status:                              | Active/OWes Current Year AR |
| Entity Creation Date:                | 2/2/1990                    |
| Jurisdiction:                        | GA                          |
| Principal Office Address:            | GAINESVILLE GA 30507-7306   |
| Last Annual Registration Filed Date: | 2/20/2009                   |
| Last Annual Registration Filed:      | 2009                        |

**Registered Agent**

|                 |                      |
|-----------------|----------------------|
| Agent Name:     | CRONAN, KENNETH      |
| Office Address: | Gainesville GA 30507 |
| Agent County:   | Hall                 |

**Officers**

|          |                      |
|----------|----------------------|
| Title:   | CEO                  |
| Name:    | KENNETH CRONAN       |
| Address: | Gainesville GA 30507 |
| Title:   | CFO                  |
| Name:    | KENNETH CRONAN       |
| Address: | Gainesville GA 30507 |
| Title:   | Secretary            |
| Name:    | J. NATHAN DEAL       |
| Address: | Gainesville GA 30506 |

54. The Board notes that on his amended 2009 U.S. House of Representatives Financial Disclosure Statement, covering calendar year 2008, schedule VIII (“Positions”) Representative Deal lists

<sup>79</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022—2 ¶ 10).

<sup>80</sup> “Recovery Services, Inc.” is the official corporate name; the company does business as “Gainesville Salvage & Disposal.” See Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022—2 ¶ 3).

himself as a “member/partner/owner” of GSD but does not disclose that he is also the corporate secretary.<sup>81</sup>

| <b>SCHEDULE VIII—POSITIONS</b>  |   | Name <u>Deal</u> | Page ____ of ____ |
|---|---|------------------|-------------------|
| 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  |                  |                   |
| Member / Partner / owner  | Gainesville Salvage & Disposal, Inc. DBA - C & D Investments, C & D Transport, North Georgia Aviation |                  |                   |
|   | Committee on Standards Approved Family Business, started in 1988.                                     |                  |                   |

C. REPRESENTATIVE DEAL DISCUSSED GSD WITH HIS BUSINESS PARTNER ON A REGULAR BASIS AND PARTICIPATED IN SOME GSD BUSINESS ACTIONS

55. Representative Deal stated that he talks with his business partner several times a week because they are close friends.<sup>82</sup> Representative Deal estimated that GSD is discussed with his business partner once a week.<sup>83</sup>

56. Representative Deal stated that his business partner hires and fires employees, sets schedules, and buys equipment.<sup>84</sup> Representative Deal stated further that he has no day-to-day role in GSD operations and does not make business judgments; a statement corroborated by his business partner.<sup>85</sup>

57. Representative Deal does, however, sign bank notes for the purchase of new equipment.<sup>86</sup>

58. Representative Deal does not provide any legal advice to GSD; one of the partners at his former law firm provides this service to GSD.<sup>87</sup>

59. The Board notes that Representative Deal’s Chief of Staff stated that because he is so close to Representative Deal, he is “very familiar” with GSD.<sup>88</sup> The Chief of Staff stated that Representative Deal and his business partner speak daily but could not state with certainty whether these discussions involved GSD business matters.<sup>89</sup> He further stated that Representative Deal is a “good attorney” and assists his business partner with business decisions.<sup>90</sup>

<sup>81</sup> Represented Deal also filed an amended Financial Disclosure Statement on January 22, 2010, but did not list any additional positions held. See Exhibit 14 at 09–1022–81.

<sup>82</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–3 ¶ 9).

<sup>83</sup> *Id.*

<sup>84</sup> *Id.* at ¶ 10.

<sup>85</sup> *Id.*; Memorandum of Interview of Representative Deal’s business partner (December 16, 2009) (Exhibit 3 at 09–1022–12 ¶ 2).

<sup>86</sup> Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09–1022–3 ¶ 10).

<sup>87</sup> *Id.*

<sup>88</sup> Memorandum of Interview of Representative Deal’s Chief of Staff (December 16, 2009) (Exhibit 7 at 09–1022–26 ¶ 6).

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup>Memorandum of Interview of Representative Deal (December 16, 2009) (Exhibit 1 at 09-1022-3 ¶ 11).

62. On his amended 2009 Financial Disclosure Statement (covering calendar year 2008), filed January 22, 2010, Representative Deal changed the GSD income from “Dividends” to “Partnership Income.”

| SCHEDULE III—ASSETS AND “UNEARNED” INCOME |    |    |                            |                                    |   |   |   |   |   |   |   |   |   |   | Name <u>Nathan Deal</u> |                           | Page <u>  </u> of <u>  </u> |   |   |   |                             |   |   |   |   |   |   |   |   |    |    |                        |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |  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| Continuation Sheet (if needed)            |    |    |                            |                                    |   |   |   |   |   |   |   |   |   |   |                         |                           |                             |   |   |   |                             |   |   |   |   |   |   |   |   |    |    |                        |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |  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| SP  | DC | JT | Asset and/or Income Source | BLOCK B<br>Year-End Value of Asset |   |   |   |   |   |   |   |   |   |   |                         | BLOCK C<br>Type of Income |                             |   |   |   | BLOCK D<br>Amount of Income |   |   |   |   |   |   |   |   |    |    | BLOCK E<br>Transaction |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    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|   |    |    |                            | A                                  | B | C | D | E | F | G | H | I | J | K | L                       | M                         | N                           | O | P | Q | R                           | S | T | U | V | W | X | Y | Z | AA | AB | AC                     | AD | AE | AF | AG | AH | AI | AJ | AK | AL | AM | AN | AO | AP | AQ | AR | AS | AT | AU | AV | AW | AX | AY | AZ | BA | BB | BC | BD | BE | BF | BG | BH | BI | BJ | BK | BL | BM | BN | BO | BP | BQ | BR | BS | BT | BU | BV | BW | BX | BY | BZ | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | 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CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI | CJ | CK | CL | CM | CN | CO | CP | CQ | CR | CS | CT | CU | CV | CW | CX | CY | CA | CB | CC | CD | CE | CF | CG | CH | CI |

and when interviewed, Representative Deal did not tell the OCE that he had filed an amended form.

#### IV. CONCLUSION

68. Representative Deal asserts that his interest in meeting with Georgia officials on the topic of vehicle salvage and inspections involved state safety and budget concerns. He argues that he took action as a public servant concerned with issues affecting the public. In contrast, the Georgia Revenue Commissioner asserts that he sought to open up state vehicle inspections to privatization and marketplace competition, thereby potentially decreasing the amount of vehicles inspected by existing stations.

69. The OCE does not take a position on Representative Deal's motivations for inserting himself into discussions of potential modifications to a state vehicle inspection program. However, during operation of the previous vehicle inspection system, Representative Deal received a significant financial benefit as a GSD partner and corporate officer. It is undisputed that as a "public servant," Representative Deal took active steps to preserve a purely state program, one that had generated financial benefit for Representative Deal and his business partner. Further, while taking these steps, Representative Deal used resources of the House of Representatives.

70. The OCE reviews the facts as presented at the time of review and does not take a position on whether Representative Deal's income from GSD was mistakenly reported as earned income since 2006 on his federal income taxes. The evidence before the Board is that Representative Deal characterized his income from GSD as wages on his tax return and, by contrast, as unearned "Dividends" or unearned "Partnership Income" on his Financial Disclosure Statements. This inconsistency, as of the end of the second-phase review and Board vote, has not been resolved.

71. The \$75,000 reported as earned income on the tax return exceeded the limit on outside earned income and prohibition on receiving any income while serving as a corporate officer. Further, Representative Deal did not disclose that he was the GSD corporate secretary on his 2009 Financial Disclosure Statement (covering calendar year 2008).

72. For all the reasons stated above, the OCE Board recommends further review by the Committee on Standards of Official Conduct.

#### V. INFORMATION THE OCE WAS UNABLE TO OBTAIN AND RECOMMENDATIONS FOR THE ISSUANCE OF SUBPOENAS

73. The OCE requested an interview with the Georgia Lieutenant Governor and a former member of his staff. The Lieutenant Governor's Office would not cooperate with the OCE's requests for interviews<sup>97</sup> but did produce some information concerning the Lieutenant Governor's presence at meetings discussed above concerning vehicle inspections. Thus, the OCE recommends that the

<sup>97</sup>The Lieutenant Governor's Office responded to the OCE that because the Lieutenant Governor is a member of the Georgia State Legislature, any meeting relating to his legislative branch duties would not be discussed due to restrictions under the Georgia Constitution and Georgia state law. Citations by Legislative Counsel to the Lieutenant Governor: Georgia Constitution Art. 3 Section IV; OCGA 50-14-1; OCGA 50-18-70.

Committee on Standards of Official subpoena the Georgia Lieutenant Governor.

74. The OCE was unable to access any information, testimonial or otherwise, concerning the matter discussed by the Georgia Revenue Commissioner during his interview with the OCE. The Revenue Commissioner stated that he would release information if subpoenaed. Thus, the OCE recommends that the Committee on Standards of Official Conduct subpoena the Georgia Revenue Commissioner.





## **EXHIBIT 1**



## CONFIDENTIAL

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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

**MEMORANDUM OF INTERVIEW**

IN RE: Representative Nathan Deal  
 REVIEW #: 09-1022  
 DATE: December 16, 2009  
 LOCATION: 2133 Rayburn HOB  
 Washington, D.C. 20515  
 TIME: 5 p.m. – 7:30 p.m. (approximate)  
 PARTICIPANTS: Kedric Payne  
 Paul Solis  
 Representative Nathan Deal  
 Ted Van Der Meid (counsel)  
 Randy Evans (counsel)

**SUMMARY:** Representative Nathan Deal is a U.S. Congressman from Georgia's 9<sup>th</sup> district. He is also the Secretary and Treasurer of Gainesville Salvage & Disposal ("GSD"). The OCE requested an interview with Representative Deal and he consented to an interview. Representative Deal made the following statements in response to our questioning:

1. Representative Deal was given an 18 U.S.C. § 1001 warning, signed a written acknowledgement of the warning, which will be placed in the case file in this review and consented to an interview on December 16, 2009.
2. Representative Deal began GSD around 1988 with friend and business partner Ken Cronan. Cronan's daughter and Representative Deal's daughter went to the same school. Representative Deal was looking for a car and Cronan had one in his yard that had been rebuilt. Cronan stated that he bought the car from a salvage auction in Atlanta. Representative Deal then asked why a salvage yard did not exist in Gainesville, GA. The two decided to become partners in the salvage business.
3. GSD is named "Recovery Services, Inc." but its d/b/a name is GSD. GSD is a C corporation and always has been.
4. The salvage component of GSD is to assist insurance companies with disposing of wrecked cars. GSD acts as a broker and facilitates the auction of cars. GSD then bills the insurance companies. This is the main part of what GSD does.
5. The inspection component of GSD involves inspecting rebuilt cars before title can be granted by the state of Georgia. Around 1990, GSD began using the facilities for inspecting rebuilt cars. Last year Cronan and Representative Deal decided not to

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continue with the inspection side because the Revenue Commissioner privatized the system. Under the new system, after Representative Deal and Cronan looked at the new forms and documents, and started asking questions; there didn't seem to be a safety component to the inspections. Representative Deal stated he felt this was a liability and moral issue. Because of this, Cronan decided not to take part in the inspection business and Representative Deal gave him an o.k. after the fact.

6. Representative Deal felt that the old state inspection system, with state inspectors, had a safety component built in because some of the inspectors started out as former law enforcement and could easily recognize safety issues.
7. Representative Deal and Cronan own the land where GSD is located and also the buildings located on the property.
8. During inspections, the state of Georgia did not pay any rent to GSD; nobody has paid rent to GSD for use of land or buildings. However, an adjacent piece of land to where GSD is located, named "C&D Investments LLC," does collect rent.
9. Generally Representative Deal talks with Cronan several times a week. They are close friends and often talk about many things. Sometimes GSD business will come up in conversation. Representative Deal may ask Cronan questions like "how many came in this week?" Representative Deal estimates that maybe once a week GSD is discussed with Cronan. However, since May 1, 2009, after Representative Deal declared for the Governor's race, he has spoken with Cronan significantly less.
10. Cronan hires and fires employees, sets schedules, and buys equipment. Representative Deal has no day-to-day role in GSD operations and does not make business judgments. He may, however, sign a note at a bank if equipment is needed and purchased because he is the corporate secretary/treasurer. Representative Deal does not provide any legal advice to GSD; one of the partners at his former law firm does.
11. As a general rule, Representative Deal does not visit the GSD facilities but may occasionally go by GSD on the way to the airport.
12. The only time that Representative Deal's staff would make contacts concerning GSD would be like the times when a meeting was coordinated in Atlanta about vehicle inspections. Only Chris Riley would be involved in those contacts.
13. Currently Representative Deal takes \$75,000 out of the business every year as "equity" and gets it monthly. This decision was made in 2006 and is a verbal agreement with Cronan. This amount is taken out no matter how the company performs. Representative Deal's family receives no money from GSD.
14. Representative Deal is not aware of any contact between his staff and Georgia officials regarding vehicle inspection, other than those made by Chris Riley to set up some meetings. The contacts were not GSD specific. Riley would have set up the meetings with the Georgia officials at the direction of Representative Deal.

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15. The first and second meetings involved an issue where insurance companies were settling claims based on info in the policy but sometimes did not match the name on the title. This was costing the state time and money.
16. The meeting was set up because Cronan was contacted by insurance companies who had asked him about it.
17. The second meeting occurred because the Revenue Commissioner was supposed to have an answer from the Attorney General about questions raised in the first meeting. Representative Deal stated that he did not recall any other issues discussed at the second meeting besides the title issue.
18. The third meeting occurred after the Governor submitted his budget with a line item zeroed out for state inspectors. Representative Deal recalled at least two situations where people approached him about what was going on with inspections. State inspectors couldn't get answers about what was happening.
19. It was a cumulative thing of people approaching him with questions, and Cronan asking questions, that prompted Representative Deal to make the meeting.
20. Doug Collins was at the third meeting and Representative Deal speculates that he was there based on a conversation with Chris Riley or Ken Cronan but he was not there at Representative Deal's request.
21. The Revenue Commissioner was there with a chip on his shoulder because he did not appreciate being asked questions on his plan to privatize the inspection system. He had vague answers to questions about why he wanted to privatize.
22. Representative Deal knew that state inspectors would check for safety: air bags, brakes, etc. The Commissioner responded that it's not the state's job to check for safety; the state inspectors only check VIN numbers.
23. Representative Deal believes that "probably the Lt. Governor" got the third meeting for him.
24. Representative Deal never discussed at any of the meetings that he was a Congressman.
25. At the third meeting, he considered himself to be there as someone with personal knowledge who could discuss the inspection program. He was also trying to get information because nobody could get it. When asked if he was there for his constituents as a congressman or as a business owner, Representative Deal stated that he was there to obtain information and attended as a public servant.
26. When asked if there was any private discussion with the Revenue Commissioner at the last meeting, Representative Deal stated that the Revenue Commissioner may have asked him not to have Chris Riley contact his staff.

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27. When OCE showed Representative Deal his 2008 calendar year financial disclosure form, he stated that the 50,001-100,000 Dividends column reflected the \$75,000 he receives from GSD per year. He stated this is the equity he has in GSD.

I prepared this Memorandum of Interview on December 17, 2009, based on the notes that the OCE staff prepared during the interview with Representative Deal on December 16, 2009. I certify that this memorandum contains all pertinent matter discussed with Representative Deal on December 16, 2009.

Paul J. Solis  
Investigative Counsel

## **EXHIBIT 2**





**Secretary of State**  
**Business Services and Regulation**

Suite 306, West Tower  
 2 Martin Luther King Jr. Dr.  
 Atlanta, Georgia 30334

CHARTER NUMBER : 9002041 DP  
 COUNTY : HALL  
 DATE INCORPORATED : FEBRUARY 2, 1990  
 EXAMINER : VANESSA ROBBINS  
 TELEPHONE : 404-656- [REDACTED]

REQUESTED BY:

J. NATHAN DEAL  
 [REDACTED]  
 GAINESVILLE, GEORGIA 30503

**CERTIFICATE OF INCORPORATION**

I, MAX CLELAND, Secretary of State and the Corporations Commissioner of the State of Georgia do hereby certify, under the seal of my office, that

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"RECOVERY SERVICES, INC."

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has been duly incorporated under the laws of the State of Georgia on the date set forth above, by the filing of articles of incorporation in the office of the Secretary of State and the fees therefor paid, as provided by law, and that attached hereto is a true copy of said articles of incorporation.

WITNESS, my hand and official seal, in the City of Atlanta and the State of Georgia on the date set forth below.

DATE: FEBRUARY 2, 1990  
 FORM A1 (JULY 1989)



*Max Cleland*

MAX CLELAND  
 SECRETARY OF STATE

*H. Wayne Howell*

H. WAYNE HOWELL  
 DEPUTY SECRETARY OF STATE

SECURITIES  
 656- [REDACTED]

CEMETERIES  
 656- [REDACTED]

CORPORATIONS  
 656- [REDACTED]

CORPORATIONS HOT-LINE  
 404-656- [REDACTED]

ARTICLES OF INCORPORATION  
OF  
RECOVERY SERVICES, INC.

I.

The name of the corporation is "RECOVERY SERVICES, INC."

II.

The number of shares the incorporation is authorized to issue is 100,000.

III.

The street address of the initial registered office of the corporation is 6566 Stringer Road, Clermont, Hall County, Georgia 30527 and the initial registered agent of the corporation at such address is Kenneth Cronan.

IV.


The name and address of each incorporator is: Kenneth Cronan, 6566 Stringer Road, Clermont, Hall County, Georgia 30527.

V.

The mailing address of the initial principal office of the corporation is 6566 Stringer Road, Clermont, Hall County, Georgia 30527.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation.

This 31<sup>st</sup> day of January, 1990.

  
Kenneth Cronan  
Incorporator

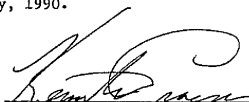
CAREY, DEAL,  
JARRARD & WALKER  
ATTORNEYS AT LAW  
410 BRADFORD STREET  
P. O. BOX 835  
GAINESVILLE, GA 30503  
(404) 534-  
FAX (404) 534-0444


CONSENT TO APPOINTMENT AS REGISTERED AGENT

TO: MAX CLELAND  
Secretary of State  
Ex-Officio Corporation Commissioner  
State of Georgia

I, Kenneth Cronan, do hereby consent to serve as registered agent for the corporation, "RECOVERY SERVICES, INC.".

This 31<sup>st</sup> day of January, 1990.

  
Kenneth Cronan

  
Clermont, Georgia 30527

CAREY, DEAL,  
RARD & WALKER  
TORNEYS AT LAW  
BRADFORD STREET  
P. O. BOX 635  
JESVILLE, GA 30503  
(404) 534-  
X (404) 534-0444

Suite 306, West Tower  
2 Martin Luther King Jr. Dr.  
Atlanta, Georgia 30334

FORM NUMBER : NR  
CERTIFICATE DATE : 02/01/90  
DOCKET NUMBER : 90030014  
EXAMINER : STACY GILLEY  
TELEPHONE : 404-656- [REDACTED]

REQUESTED BY:

J. NATHAN DEAL

[REDACTED]  
GAINESVILLE

GA 30501

NAME RESERVATION CERTIFICATE

THE RECORDS OF THE SECRETARY OF STATE HAVE BEEN REVIEWED AND THE FOLLOWING NAME IS NOT IDENTICAL TO, AND APPEARS TO BE DISTINGUISHABLE FROM, THE NAME OF ANY OTHER EXISTING CORPORATION, PROFESSIONAL ASSOCIATION, OR LIMITED PARTNERSHIP ON FILE PURSUANT TO THE APPLICABLE PROVISIONS OF GEORGIA LAW (TITLE 14 OF THE OFFICIAL CODE OF GEORGIA ANNOTATED).

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"RECOVERY SERVICES, INC."  
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THIS CERTIFICATE SHALL BE VALID FOR A PERIOD OF TWO CALENDAR MONTHS FOR PROFIT AND NONPROFIT CORPORATIONS AND PROFESSIONAL ASSOCIATIONS (DP, FP, DN, FN, & PA), OR SIXTY (60) DAYS FOR LIMITED PARTNERSHIPS (7D OR 7F), FROM THE DATE OF THIS CERTIFICATE. PLEASE SUBMIT THE ORIGINAL CERTIFICATE (WHITE COPY) WITH THE ARTICLES OF INCORPORATION, CERTIFICATE OF LIMITED PARTNERSHIP, APPLICATION FOR PROFESSIONAL ASSOCIATION OR CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS.

NAME RESERVATIONS ARE NOT RENEWABLE AFTER EXPIRATION OF THE STATUTORY RESERVATION PERIOD SET OUT ABOVE.

*Max Cleland*  
MAX CLELAND  
SECRETARY OF STATE

*H. Wayne Howell*  
H. WAYNE HOWELL  
DEPUTY SECRETARY OF STATE



SECURITIES  
656- [REDACTED]

CEMETERIES  
656- [REDACTED]

CORPORATIONS  
656- [REDACTED]

CORPORATIONS NOT IN  
404-656- [REDACTED]  
Outside Metro-Atlanta

## **EXHIBIT 3**



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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

**MEMORANDUM OF INTERVIEW**

IN RE: Representative Deal's business partner  
 REVIEW #: 09-1022  
 DATE: October 30, 2009  
 LOCATION: McKenna, Long & Aldridge  
 303 Peachtree St., NE  
 Atlanta, GA  
 TIME: 10 a.m. – 11 a.m. (approximate)  
 PARTICIPANTS: Kedric Payne  
 Paul Solis

**SUMMARY:** The witness is Representative Deal's business partner and the President of Gainesville Salvage & Disposal ("GSD"). The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning, signed a written acknowledgement of the warning, which will be placed in the case file in this review, and consented to an interview on October 30, 2009.
2. The witness runs all aspects of GSD while Representative Deal is a "non-active partner." They own the business 50/50 with Deal as the "Treasurer" and the witness as the "President." GSD is a registered corporation in Georgia.
3. GSD is an auction facility. When a car is totaled, GSD auctions the cars off to the public. Until August 2009, GSD also operated as an inspection station, where state inspectors would inspect cars. The inspection component lasted for 20 years at GSD. GSD employees are: 10 clerical workers, 5 full-time yard workers, 15 drivers, the witness and Representative Deal.
4. For inspections, the stat fee was \$118 and GSD charged \$100. There was no limit on what could be charged.
5. There were six inspection stations; that number was not mandated. The witness is unsure whether there are more inspection stations now that the privatization has occurred.
6. The witness stated that Representative Deal has never once worked at GSD and does not do anything related to day-to-day operations of the business.
7. The witness stated that the first meeting with the Department of Revenue, he had put in a request to the Lieutenant Governor. The meeting concerned the GRATIS program. He

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attended the meeting with Deal, the Lieutenant Governor, two people from state farm insurance. The witness stated that Deal attended because he was a GSD partner.

8. The witness stated that the second meeting was a follow-up to the first meeting and concerned the GRATIS program.
9. During the second meeting, the witness stated that the Revenue Commissioner, unprovoked, stated that he intended to privatize the inspection system.
10. Douglas Hooper told the witness that the Commissioner was looking to privatize the inspections in Georgia and that they were not in the inspection business; only checking out VIN numbers.
11. Prior to the third meeting on March 27, 2009, the witness stated that many people called him asking about what was going on with the inspection program because he was on the state auto salvage board. The witness stated that he then asked Doug Collins to set up a meeting. He stated that Chris Riley also called Collins and then the meeting was set up and that Chris' call was probably the reason they got the meeting.
12. The witness stated that other inspection stations had attempted to set up meetings with the Department of Revenue but could not get a meeting; nobody knew what was going on with inspections.
13. At the third meeting, the Commissioner did not address how much money the program was bringing in for the state but did say by privatizing, he could cut \$600,000 from the state's expenses.
14. The witness stated that Representative Deal expressed safety concerns to the Commissioner and also asked why a money-making system would be cut out of the budget.
15. The Commissioner discussed I-CAR certification for private inspectors.
16. The witness stated that under a privatized model, he could inspect about 100 cars per day and make much more money. GSD could have inspected seven days a week without any real limits.
17. The witness stated that state inspectors would review all aspects of the vehicle for safety, including welds and frames. They were often former body shop guys who knew the safety components of cars. In a privatized system, a young inexperienced person could inspect cars.
18. Chris Riley drove both he and Deal to the meeting.
19. After the last meeting, the witness submitted an RFI to get new inspectors. Representative Deal told the witness that it was up to him whether to submit an RFI to continue with inspections. Once the witness found out how the inspections would be handled, he decided not to submit the RFI.



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20. The witness stated that at no time during the meetings with Bart Graham or concerning his opposition to changes in the program, was his position ever based on financial concerns. The witness was focused only on the safety issues involved.

21. When asked if the witness could have attended the meeting without Representative Deal, the witness stated he could have but that the safety of the people was at stake.

I prepared this Memorandum of Interview on November 23, 2009, based on the notes that the OCE staff prepared during the interviewing with the witness on October 30, 2009. I certify that this memorandum contains all pertinent matter discussed with the witness on October 30, 2009.

Paul J. Solis  
Investigative Counsel



## **EXHIBIT 4**



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OFFICE OF CONGRESSIONAL ETHICS  
UNITED STATES HOUSE OF REPRESENTATIVES

**MEMORANDUM OF INTERVIEW**

IN RE: Georgia State Revenue Commissioner  
REVIEW #: 09-1022  
DATE: October 30, 2009  
LOCATION: Georgia Department of Revenue  
1800 Century Boulevard, NE  
Atlanta, GA  
TIME: 3 p.m. – 4:30 p.m. (approximate)  
PARTICIPANTS: Kedric Payne  
Paul Solis  
Timothy Mitchell  
Jeff Millsteen (Chief Deputy Attorney General)

**SUMMARY:** The witness is the Georgia State Revenue Commissioner. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning, signed a written acknowledgement of the warning, which will be placed in the case file in this review, and consented to an interview on October 30, 2009.
2. The witness has been the Revenue Commissioner since 2003.
3. The vehicle inspection program goes back 20 years in Georgia. The companies that started out at test or pilot stations began with no contract and made no bids.
4. In 2002 and 2004, the Department of Motor Vehicle Safety attempted to initiate a Request for Proposals (“RFP”) process to open up the inspection program to competitive bidding. Both attempts failed. The witness stated that someone can draw their own conclusions as to why both attempts failed.
5. In the 1990s, the Department of Motor Vehicle Safety created the inspection program and the oversight functions were vested with that department. In 2005, that department was dismantled and its functions went to other departments.
6. In 2005, the witness started asking questions about why there were no competitive bids coming in for inspection stations. In 2007, he asked the attorney general how this was possible. The attorney general informed the witness that his office had issued a guidance letter declaring that the no-bid inspection program was problematic.

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7. The old system, of state-hired inspectors and generally 5-7 operating inspection stations, consisted of 7-11 inspectors traveling around to the stations based on a schedule. The state collected \$100 for inspection fees and raised anywhere from \$800,000 to \$1 million dollars per year by operating the program. The state spent about \$600,000 to pay for program operations. The witness stated that he felt it was basically a “break-even” program for the state to operate.
8. In summer of 2008, the witness saw the vehicle inspection program as a problem of regional monopolies for the state. He thought this because there were about seven stations, none having competitively bid, which had remained since the test program.
9. The witness stated that although nothing prevented an inspection station from opening under the previous system, the stations are assigned regional boundaries. Thus, no new station would have been placed within another station’s region.
10. Since the changes had been made administratively in 2009, the witness stated that there had been an increase in applications to become an inspection station. He stated that Gainesville Salvage and Disposal (“GSD”) had the area around Atlanta and also stated that “guess where we got most of our proposals [for new stations]?”
11. The witness introduced a plan to privatize the inspection system in 2008, changing it from having state inspectors inspect cars at stations and allowing private individuals to become inspectors. There would then be no limit on the amount of cars inspected per station. The witness stated that the main justification was to inspire competition because the private sector was the arena for this work. He stated that saving money was not the primary considering for the change sought. He stated that the state doesn’t inspect homes so why should it inspect cars.
12. The witness participated in three meetings, concerning the vehicle inspection program, with Representative Deal.
13. The first meeting involving the inspection program and Representative Deal was about processing cars faster (GRATIS – the Georgia Registration and Title Information System). No other inspection stations or inspection station representatives were at any meeting on this topic.
14. The witness stated that there were 11 people at the first meeting. He stated that this was surprising to him and very odd.
15. The witness stated that he didn’t understand the “safety” concerns for privatization because state inspectors did not inspect the safety of the cars; instead, they simply checked to see if the car had come from a chop shop. Their official title was “Salvage Title Inspectors.”
16. In fact, the new private inspectors would be more qualified than the state inspectors because they would be required to complete an I-CAR training course.

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17. In June 2008, there was a second meeting. The purpose of this meeting was GSD's proposal to change the process of when inspectors visited inspection stations such that one inspector was permanently assigned to GSD.
18. The witness told the OCE that the Lt. Governor said that it would be a good idea to have an inspector permanently stationed at GSD and that there was no need for an RFP for more inspection stations.
19. The witness could not believe that no one attending the meeting acknowledged any conflict with the assigning of a permanent inspector at GSD, where no permanent inspector was assigned to other stations.
20. At the end of the meeting, there were no commitments or promises to have a permanent inspector at GSD.
21. The third meeting was in March 2009, and the witness did not want to meet in the Lt. Governor's office. He agreed to attend the third meeting because Representative Deal was in the salvage industry. The meeting was contentious and the witness ended it.
22. He had never met State Representative Doug Collins before the third meeting and Collins had not interacted with the Revenue Department. The witness believes that Collins attended the meeting to "hot box" him and to treat him like he was a cross-examined witness. Collins did not mention his constituents during the meeting.
23. During the meeting, the issue of whether the inspections provided for safety checks came up. The witness stated that inspections are not safety checks and the state does not provide its full faith and credit that inspected cars are safe.
24. The witness did not recall Representative Deal stating that he was a congressman.
25. The witness stated that there is a private tax matter relevant to OCE questioning, based on a private discussion he had with Representative Deal at the final meeting that could shed light on the issues. He stated that there are more details that he can provide about this matter but pursuant to the advice of his counsel, he will not provide the information unless he is subpoenaed.
26. The witness stated that no other congressman called or reached out on the inspection issue.

I prepared this Memorandum of Interview on November 24, 2009, based on the notes that the OCE staff prepared during the interview with the witness on October 30, 2009. I certify that this memorandum contains all pertinent matter discussed with the witness on October 30, 2009.

Paul J. Solis  
Investigative Counsel





## **EXHIBIT 5**





**State of Georgia**  
**Department of Revenue**  
 Administrative Division – Special Investigations

**Information**  
**Memorandum**

**To:** Mack Chandler  
**From:** Guy Dockstader  
**CC:** Staci Guest  
**Date:** May 2<sup>nd</sup>, 2005  
**Re:** Salvage vehicle inspection stations

The Motor Vehicle Division Salvage Inspection Program was started in 1982 to inspect wrecked, recovered theft, flood or damaged vehicles that had been declared "salvage" by the insurance companies. The salvage status was assigned and branded on vehicle titles if the repair cost for the vehicle exceeded 75% or so of its retail value.

After repairs were made, the state sent inspectors out to determine if the vehicles were roadworthy. This function was under the Georgia Bureau of Investigation until 1987 when the process transferred to the Department of Revenue, Motor Vehicle Division.

The number of inspections grew at such a rate the inspectors could not keep up with the demand. In 1988, the Motor Vehicle Division began a study whereby vehicles could be inspected in one central location or they could continue to be scheduled appointments. The Study was so successful that additional stations were needed.

These stations were privately owned businesses, such as body shops, that allowed the use of their facility, twice a month, for a fee (usually around \$35.00 per vehicle). Individuals could bring their vehicle and paperwork to the stations, along with the state mandated fee \$68.00 (\$50.00 inspection fee and \$18.00 title fee) and have their vehicles inspected. If the vehicle passed, a tag could be obtained the same day. Current fees are \$18.00 title fee, \$100.00 inspection fee (these go to the state) and a \$60.00 inspection fee that goes to the station owner.

The \$60.00 fee covers the use of the facility and the personnel needed to move the vehicles, set the lifts and process the paperwork. It also offsets the loss of business for the facility for the day.

Previously, an owner would have to wait several weeks for the inspection process in order to obtain a tag. The inspection station process allowed the rate of inspections to go up from approximately six inspections per day per inspector to 20 plus per day per inspector. The application approval rate as well as the title issuance went from a sixteen week turnaround to a less than two week turnaround.

The stations were voluntary. That is, the vehicle owner could chose to use a station for the salvage inspection, or mail his application in and wait on an appointment. Six stations were established throughout the state to accommodate the ever increasing number of inspections. No contracts or agreements were entered upon by the state or the station owners.

In 2003, a move was launched by the newly formed Department of Motor Vehicle Safety to privatize the inspections stations. This program established parameters and guidelines for station requirements. "Bidders" could submit an application and bid with the DMVS in hopes that they could use their business as an inspection site. Bidders bid on different sites or regions established by the DMVS.

This process was overseen by the Department of Administrative Services. After the bids were secured, reviewed and awarded, a protest from a losing bidder halted the process. As the DMVS was restarting the bid process, word came from the Governor's Office that the DMVS was going to be dissolved and sent to various agencies.

The inspection station privatization bids were suspended at this time.

## **EXHIBIT 6**



**SALVAGE INSPECTION STATIONS**  
**Kenneth Cronan<sup>1</sup>, CEO    Parking fee \$100<sup>2</sup>**

Hall County                      Gainesville  
 RECOVERY SERVICES, INC.

J. Nathan Deal, Secretary

██████████  
 GAINESVILLE GA 30507-7306  
 Inspections conducted at this location:

|           | FY 2007   | FY 2006 | FY 2005 | FY 2004 |
|-----------|-----------|---------|---------|---------|
| FY 2008   | 3,499     | 3,721   | 3,695   | 4,367   |
| 2,885     |           |         |         |         |
| \$288,500 | \$349,900 |         |         |         |

Douglas County                      Douglasville                      Steven E Austin, CEO                      Parking fee \$75  
 AUSTIN'S USED TRUCK PARTS & EQUIPMENT COMPANY, INC.

██████████  
 DOUGLASVILLE GA 30134-1316  
 Jerry Austin, CFO  
 Ann Austin, Secretary

Inspections conducted at this location:

|           | FY 2007 | FY 2006 | FY 2005 | FY 2004 |
|-----------|---------|---------|---------|---------|
| FY 2008   | 3,462   | 3,531   | 3,496   | 4,656   |
| 2,673     |         |         |         |         |
| \$200,625 | 259,650 |         |         |         |

Bartow County                      Cartersville                      Marie Hudson                      Parking fee \$75  
 BARTOW INSPECTION STATION, INC  
 ██████████  
 CARTERSVILLE GA 30120  
 No Officers for 2007  
 Active/noncompliance  
 Marston C. Brown, Registered Agent

Inspections conducted at this location:

|           | FY 2007   | FY 2006 | FY 2005 | FY 2004 |
|-----------|-----------|---------|---------|---------|
| FY 2008   | 2,929     | 3,513   | 2,769   | 4,573   |
| 2,111     |           |         |         |         |
| \$128,325 | \$219,675 |         |         |         |

<sup>1</sup> Used Motor Vehicle Dealer Board Member, Used Parts Division

<sup>2</sup> These fees represent a fee charged DOR customers in addition to the statutory \$100 inspection and \$18 title application fee. The locations provide lifts and drivers; assistance for customers forms completion and parking before, during and after the inspection session.

Motor Vehicle Division

6/9/2009

Clarke County Athens SALVAGE INSPECTION STATIONS  
MODERN BODY & FRAME ALIGNMENT, INC. Eugene A. Sapp<sup>3</sup>, CEO Parking fee \$75

ATHENS GA 30601-3920 J. David Sapp, CFO  
Jeffrey T. Sapp, Secretary

Inspections conducted at this location:

| FY 2008   | FY 2007   | FY 2006 | FY 2005 | FY 2004 |
|-----------|-----------|---------|---------|---------|
| 1,758     | 2,733     | 3,050   | 2,501   | 3,282   |
| \$131,850 | \$204,975 |         |         |         |

Peach County Fort Valley Sidney McLead<sup>4</sup> Parking fee \$60  
MCLEOD AUTO COMPANY LLC Sidney McLead,  
Organizer/Registered Agent  
FORT VALLEY GA 31030

Inspections conducted at this location:

| FY 2008  | FY 2007 | FY 2006 | FY 2005 | FY 2004 |
|----------|---------|---------|---------|---------|
| 1,046    | 1,388   | 1,491   | 1,481   | 2,401   |
| \$62,760 | \$3,280 |         |         |         |

Jeff Davis County Hazelhurst Rhonda Walsh, CEO Parking fee \$60  
R & D AUTO-TRUCK SALVAGE, INC.

HAZLEHURST GA 31539-5940

Inspections conducted at this location:

| FY 2008  | FY 2007  | FY 2006 | FY 2005 |  |
|----------|----------|---------|---------|--|
| 451      | 561      | 533     | 510     |  |
| \$27,060 | \$33,660 |         |         |  |

<sup>3</sup> Used Motor Vehicle Dealer Board Member, Used Parts Division

<sup>4</sup> Used Motor Vehicle Dealer Board Member, Used Parts Division

Motor Vehicle Division

6/9/2009



## **EXHIBIT 7**



## CONFIDENTIAL

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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

**MEMORANDUM OF INTERVIEW**

IN RE: Representative Deal's Chief of Staff  
 REVIEW #: 09-1022  
 DATE: October 30, 2009  
 LOCATION: McKenna, Long & Aldridge  
 303 Peachtree St., NE  
 Atlanta, GA  
 TIME: 1 p.m. – 2 p.m. (approximate)  
 PARTICIPANTS: Kedric Payne  
 Paul Solis  
 Randy Evans (counsel)

**SUMMARY:** The witness is Chief of Staff for Representative Nathan Deal. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The Chief of Staff was given an 18 U.S.C. § 1001 warning, signed a written acknowledgement of the warning, which will be placed in the case file in this review, and consented to an interview on October 30, 2009.
2. The witness has been Chief of Staff since 1998 and is based in the Gainesville office. His job duties generally include overseeing all congressional offices.
3. Scheduling meetings with state senators and representatives usually occurs when they visit the Washington, D.C. office. Many of them are good friends with Representative Deal and see him in the Gainesville community.
4. Contacts with the Lieutenant Governor are very common.
5. When asked how often he assists Representative Deal in scheduling meetings with state officials, the witness stated that it depends on the project/issue but "not that often." However, as a rule of thumb, the witness stated that 25-30 cases per year involve state issues. Concerning meetings with Lt. Governor Casey Cagle, the witness stated that Representative Deal does have meetings with him occasionally involving casework (driver's license, child support issues, etc.). Cagle and Representative Deal are both from Gainesville.
6. The witness stated he is very familiar with Representative Deal's interest in GSD and that Representative Deal and Cronan speak daily. The witness did not know if every conversation was about the business. Representative Deal visits GSD when his schedule

## CONFIDENTIAL

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

permits it. Business decisions about GSD are made by both Cronan and Representative Deal; the witness stated that Representative Deal is a good attorney.

7. The witness follows the Georgia General Assembly as part of his job duties. The witness stated that he started getting calls about potential changes in the vehicle inspection program, from state inspectors, constituents, and Department of Revenue employees.
8. The witness stated that in February 2009, the Department of Revenue stopped posting inspection schedules on their website, which prompted the phone calls to his office. This occurred after the Governor's budget came out in January of 2009, with no money allotted to the inspection program. Nobody knew what was happening with the program.
9. The witness stated that GSD sells cars to the public on behalf of insurance companies. Then twice a month the stations would be used by state inspectors to inspect cars.
10. Concerning meetings with Bart Graham or Mack Chandler, the witness stated that only on three occasions has he assisted in setting up meetings with those Department of Revenue employees.
11. The first meeting occurred in January of 2008 at the Lieutenant Governor's office. Brad Alexander, the Lieutenant Governor's Chief of Staff and the witness, sat at a separate table and did not participate in the meeting. When asked why he would be present at the meeting, the witness stated that he rarely allows the Congressman to go anywhere without him unless it's personal or family business. The first meeting's subject was about GRATIS but the witness did not know anything about the project.
12. The witness stated that Representative Deal asked him to set up the first meeting with the Lieutenant Governor. The witness then called Brad Alexander.
13. At the second meeting, Graham, out of the blue, told Representative Deal and Cronan that he was going to privatize the inspections across the state. The witness stated that everyone was confused by the random statement. The attendees were the same as the first meeting, except the state farm insurance people.
14. For the third meeting, the witness asked Mack Chandler for the meeting. He stated that nobody else was able to get a meeting with the Commissioner about the state of vehicle inspections. Ken Cronan was there because he was on the state auto salvage board.
15. The witness characterized the third meeting as hostile. He stated that it was his impression that the Commissioner did not want to be challenged or asked questions on the issue of privatization.
16. At the third meeting, the witness did not take notes or perform any administrative duties. At all three meetings, the witness did not participate and attended the meetings because he always accompanies Representative Deal on his visits to the state capitol.

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

17. The witness stated that in his opinion, Bart Graham did not like the fact that Representative Deal and Cronan have a no-bid contract for the inspection station. He stated that Ken Cronan's argument at the third meeting was all about safety.
18. The witness stated that Representative Deal did not meet with any state senators about the inspection program.
19. The witness has a personal relationship with Doug Collins and is not certain whether any other state representatives were present at meetings, concerning the inspection program, with the Department of Revenue. Doug Collins was present because he is Representative Deal and Cronan's representative.
20. Some of the emails sent to Mack Chandler discussed other projects, like one in Fanin County.

I prepared this Memorandum of Interview on November 23, 2009, based on the notes that the OCE staff prepared during the interview with the witness on October 30, 2009. I certify that this memorandum contains all pertinent matter discussed with the witness on October 30, 2009.

Paul J. Solis  
Investigative Counsel



## **EXHIBIT 8**





Georgia Department of Revenue

| DATE      | TIME    | SUBJECT  | ATTENDEES  | LOCATION                          |
|-----------|---------|--|--|-----------------------------------|
| 28-Jan-08 | 1:00 PM | Discuss Gainesville Salvage & Insurance Company's idea of insurance company ability to do electronic lien searches on vehicles. DOR plan to issue RFP on salvage industry in future.   | Commissioner Bart Graham<br>Deputy Commissioner Mack Chandler<br>Lt. Governor Cagle<br>Cagle Chief of Staff Brad Alexander<br>U.S. Rep. Nathan Deal<br>Chief of Staff Chris Riley<br>Ken Cronan<br>Ken Cronan's son<br>2-3 representatives of State Farm Insurance (regional office)<br>Possibly one additional insurance co.<br>Possibly one additional Lt. Gov's Office staff member (Russel Carlsson) | Lt. Gov. Cagle's Office - 240 CAP |
| 30-Jun-08 | 8:30 AM | Gainesville Salvage concept asking DOR to change system whereby state inspectors would establish permanent office space at Gainesville Salvage business. DOR stated this presented a significant conflict as DOR had Attorney General's guidance letter stating need for RFP, etc. | Commissioner Bart Graham<br>Deputy Commissioner Mack Chandler<br>Lt. Governor Cagle<br>Cagle Chief of Staff Brad Alexander<br>U.S. Representative Nathan Deal<br>Chief of Staff Chris Riley<br>Ken Cronan<br>Ken Cronan's son<br>Possibly 2-4 other people possibly including Lt. Gov staff members (Russel Carlsson) and insurance co. representatives  | Lt. Gov. Cagle's Office - 240 CAP |
| 9-Mar-09  | 3:15 PM | RE: U.S. Congressman Nathan Deal - "Please try to set something up with them somewhere other than the Lt Gov Office. Either here on in Ed Holcombe's conference room will be fine I believe." Bart L. Graham, Commissioner, Georgia Department of Revenue                          | Email<br>From: Bart Graham<br>To: Mack Chandler, Melanie Buller  | N/A                               |

Bart L. Graham  
9/1/09

| DATE      | TIME       | SUBJECT  | ATTENDEES   | LOCATION                               |
|-----------|------------|--|---|--|
| 23-Mar-09 | 11:37 AM   | RE: Budget Request - "We are working on budget ... and wanted to make sure that we understood your request." "....clarify that you are asking the DOR...program be fully funded at the previous continuation budget of 1.7M?"  | Email From: [REDACTED]@lgov.ga.gov<br>To: Chris Riley   | N/A                                    |
| 27-Mar-09 | 11:00 AM   | Questions regarding privatization of salvage inspection program; Rep. Collins challenged integrity of budget answers BLG provided; Deal discussed illegal immigrants becoming inspectors. Cronan questioned Commissioner Graham why Governor wasn't paying more attention to the issue.              | Commissioner Bart Graham<br>Deputy Commissioner Mack Chandler<br>U.S. Representative Nathan Deal<br>Chief of Staff Chris Riley<br>Ken Cronan<br>Ken Cronan's son<br>State Rep. Doug Collins | Ed Holcombe's conference room - 201CAP |
| 30-Mar-09 | 12:00 Noon | Senate Appropriations approves DOR budget w/ full funding for salvage inspection program   |   |  |
| 30-Mar-09 | 1:49 PM    | RE: Budget Request - "Please share with Governor Cagle. Following our meeting with Commissioner Graham, we would like to withdraw our request to full fund the DOR ...program and accept the House language." Chris Riley, Chief of Staff, Congressman Nathan Deal. GA-9, 202-225-5211, 770-535-2592 | Email From: Chris Riley<br>To: [REDACTED]@lgov.ga.gov<br>cc: [REDACTED]@lgov.ga.gov   | N/A                                    |
| 3-Apr-09  | N/A        | Senate/House Conferees formally approve budget with full inspection funding of 1.7M  |   | N/A                                    |
| 20-Apr-09 | 3:53 PM    | FW: Budget Request "For the record, see the date regarding the email below. Please keep between us. Not sure what took place these last two days but I wanted you to be aware of the correspondence with the LG office per Nathan. Thanks." "Chris"  | Email From: [REDACTED]@mail.house.gov<br>To: Mack Chandler  | N/A                                    |

Bart L. Graham  
9/1/09

## **EXHIBIT 9**



## CONFIDENTIAL

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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

**MEMORANDUM OF INTERVIEW**

IN RE: Georgia Deputy Revenue Commissioner  
 REVIEW #: 09-1022  
 DATE: October 30, 2009  
 LOCATION: Georgia Department of Revenue  
 1800 Century Boulevard, NE  
 Atlanta, GA  
 TIME: 4:30 p.m. – 5:30 p.m. (approximate)  
 PARTICIPANTS: Kedric Payne  
 Paul Solis  
 Timothy Mitchell  
 Jeff Millsteen (Chief Deputy Attorney General)

**SUMMARY:** The witness is the Georgia Deputy Revenue Commissioner. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The Georgia Deputy Revenue Commissioner was given an 18 U.S.C. § 1001 warning, signed a written acknowledgement of the warning, which will be placed in the case file in this review, and consented to an interview on October 30, 2009.
2. The witness received an email from Chris Riley asking for a meeting with the Commissioner on the topic of lien searches. He has received other emails from Riley (3-4 times) on other issues, but never the salvage/inspection issue.
3. The second meeting was intended as a follow-up to the first meeting but turned into a discussion about keeping an inspector permanently at Gainesville Salvage. The Commissioner told Representative Deal and Cronan that he felt that would create a conflict.
4. The witness stated that there were more people at the meetings than he or the Commissioner expected.
5. The GSD people expressed concerns for safety and that there would be unqualified people doing the inspections.
6. The witness stated that he did not feel there was any special treatment from the Department of Revenue because a Congressman was involved. He stated that he tries to give people meetings with the Commissioner if they ask.

CONFIDENTIAL

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

7. State legislators discussed the inspection program with the witness: Alan Powell, David Lucas, and Doug Collins.
8. The witness stated that his only contact with Georgia Congressmen involves constituent issues and that he forwards on to the Congressman's office. Sometimes he will deal with the Chief of Staff.
9. The witness stated that with or without privatization, the inspection system brings in money for the state (\$100 fee).

I prepared this Memorandum of Interview on December 3, 2009, based on the notes that the OCE staff prepared during the interview with the witness on October 30, 2009. I certify that this memorandum contains all pertinent matter discussed with the witness on October 30, 2009.

Paul J. Solis  
Investigative Counsel

## **EXHIBIT 10**





## CONFIDENTIAL

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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

**MEMORANDUM OF INTERVIEW**

IN RE: Georgia State Legislator  
 REVIEW #: 09-1022  
 DATE: October 30, 2009  
 LOCATION: McKenna, Long & Aldridge  
 303 Peachtree St., NE  
 Atlanta, GA  
 TIME: 9 a.m. – 10 a.m. (approximate)  
 PARTICIPANTS: Kedric Payne  
 Paul Solis

**SUMMARY:** The witness is a Georgia state legislator and private attorney. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning, signed a written acknowledgement of the warning, which will be placed in the case file in this review, and consented to an interview on October 30, 2009.
2. The witness has known Representative Deal personally for over 30 years. He stated that Deal is also a constituent in his state legislative district. His district (27) covers most of North county, about one-third of White county, and a precinct in Lumpkin county.
3. The witness's district is completely within Georgia's Ninth Congressional District.
4. The witness stated that he does not discuss constituent issues with Representative Deal personally, but may discuss with Representative Deal's staff. Issues include: social security, veterans administration, passport issues, and other federal programs. If a citizen calls the witness's office about a federal issue, he will refer them to Representative Deal's staff.
5. Concerning the Georgia vehicle inspection program, the witness stated that he knows about it generally. He had just returned from Iraq (Jan. 2009) and wasn't aware of potential changes to the program discussed in the legislature. He first heard about potential changes when two state representatives (Tommy Benton and Alan Powell) approached him at the state capitol.
6. The witness stated that the issue, as he understood it, was that Georgia was cutting back on the number of vehicle inspectors; Benton and Powell mentioned to the witness that he had inspection stations in his district and thought he would be interested in the issue. At the time, nobody knew what was happening with changes to the program.

## CONFIDENTIAL

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

7. The witness stated that Benton and Powell knew Representative Deal had a vehicle inspection business.
8. The witness stated that Powell knew a great deal about the program because he helped start it. He stated that he did not know a bill existed in the Georgia House of Representatives to change the program until Powell told him about it.
9. The witness stated that he understood that the program was created statutorily and that any changes would also have to come statutorily through the legislature; however, to him, it looked like a budget change through the Governor's office and Department of Revenue. The witness stated that he knew Commissioner Bart Graham testified about the issue much earlier in the year.
10. The witness received a call from Chris Riley in late February or early March of 2009, regarding the vehicle inspection program. The witness has known Chris Riley since grade school. Riley told the witness that Ken Cronan had brought the issue (inspection station program changes) to his attention.
11. The witness stated that Riley did not discuss Representative Deal's business and focused only on questions concerning legislation. The witness did not speak with Representative Deal prior to the meeting in March.
12. The witness stated that potential changes in the program puzzled him because the program was making money for the state.
13. The witness stated that he did not support the House bill because he did not know anything about the issues.
14. The witness attended the March 27, 2009 meeting because it was a constituent issue (Representative Deal & Cronan are constituents).
15. The witness stated that one thing Mr. Graham did not seem to understand was the safety concerns handled by inspection stations. The witness also pointed out to Graham that any changes must be made through a statutory change. The witness stated that Representative Deal discussed safety concerns with Mr. Graham.
16. The witness stated that Graham talked about privatization but that the witness was still fuzzy when he left the meeting on how the changes would be implemented.
17. The witness stated that he has never had a conversation personally with Representative Deal about changes to the vehicle inspection program.
18. The witness stated that no other constituents discussed the vehicle inspection program with him.

CONFIDENTIAL

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

I prepared this Memorandum of Interview on November 23, 2009, based on the notes that the OCE staff prepared during the interview with the witness on October 30, 2009. I certify that this memorandum contains all pertinent matter discussed with the witness on October 30, 2009.

Paul J. Solis  
Investigative Counsel



## **EXHIBIT 11**



**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Tuesday, April 21, 2009 9:17 AM  
**To:** [REDACTED]@DOR.GA.GOV'  
**Subject:** Re: budget request

I turn 40 today and the sun did rise so I guess everything is going to be ok. :)  
 -Chris

---

**From:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Sent:** Tue Apr 21 09:12:16 2009  
**Subject:** RE: budget request

Thanks Chris. Hope things are going well with you.

---

**From:** Riley, Chris [mailto:Chris.Riley@mail.house.gov]  
**Sent:** Monday, April 20, 2009 3:53 PM  
**To:** Mack Chandler  
**Subject:** FW: budget request

Mack:  
 For the record, see the date regarding the email below. Please keep between us. Not sure what took place those last two days but I wanted you to be aware of the correspondence with the LG office per Nathan. Thanks

Chirs

---

**From:** Riley, Chris  
**Sent:** Monday, March 30, 2009 1:49 PM  
**To:** 'Brian.Knight@ltgov.ga.gov'  
**Cc:** 'russel.carlson@ltgov.ga.gov'  
**Subject:** Re: budget request

Brian:

Please share with Governor Cagle that following our meeting with Commissioner Graham, we would like to withdraw our request to fully fund the DOR Salvage Inspection Program and accept the House's language. We certainly appreciate your willingness to help but understand you have bigger fires to fight and it is hopeful that DOR can establish a safe and secure inspection service in the private sector.

*Chris W. Riley*

Chief of Staff  
 Congressman Nathan Deal, GA-9  
 202-225- [REDACTED], 770-535- [REDACTED]  
 If you would like to sign up for Congressman Deal's eNewsletter, please [click here](#).

10/19/2009

09-1022\_40

---

**From:** Knight, Brian <[REDACTED]@ltgov.ga.gov>

**To:** Riley, Chris

**Sent:** Mon Mar 23 11:37:26 2009

**Subject:** budget request

Chris,

Russel asked that I follow up you on your recent budget inquiry. We are working on the budget later today and wanted to make sure that we understood your request.

In regards to DOR inspections of salvaged vehicles; I just wanted to clarify that you are asking the DOR Salvage Inspection Program be fully funded at the previous continuation budget of 1.7M?

Please feel free to call me at 404-656-[REDACTED] if you have any questions or concerns.

I look forward to hearing from you soon.

Thanks,

Brian

---  
Brian A. Knight  
Office of the Lt. Governor  
Suite 240 State Capitol  
404-656-[REDACTED]  
[REDACTED]@ltgov.ga.gov

10/19/2009

09-1022\_41



**Van Der Meld, Ted**

---

**From:** Riley, Chris  
**Sent:** Monday, April 20, 2009 3:53 PM  
**To:** 'Mack Chandler'  
**Subject:** FW: budget request

Mack:

For the record, see the date regarding the email below. Please keep between us. Not sure what took place those last two days but I wanted you to be aware of the correspondence with the LG office per Nathan. Thanks

Chirs

---

**From:** Riley, Chris  
**Sent:** Monday, March 30, 2009 1:49 PM  
**To:** [REDACTED]@ltgov.ga.gov  
**Cc:** [REDACTED]@ltgov.ga.gov  
**Subject:** Re: budget request

Brian:

Please share with Governor Cagle that following our meeting with Commissioner Graham, we would like to withdraw our request to fully fund the DOR Salvage Inspection Program and accept the House's language. We certainly appreciate your willingness to help but understand you have bigger fires to fight and it is hopeful that DOR can establish a safe and secure inspection service in the private sector.

*Chris W. Riley*

Chief of Staff

Congressman Nathan Deal, GA -9

202-225-770-535 [REDACTED]

If you would like to sign up for Congressman Deal's eNewsletter, please [click here](#).

---

**From:** Knight, Brian <[REDACTED]@ltgov.ga.gov>  
**To:** Riley, Chris  
**Sent:** Mon Mar 23 11:37:26 2009  
**Subject:** budget request

Chris,

Russel asked that I follow up you on your recent budget inquiry. We are working on the budget later today and wanted to make sure that we understood your request.

In regards to DOR inspections of salvaged vehicles; I just wanted to clarify that you are asking the DOR Salvage Inspection Program be fully funded at the previous continuation budget of 1.7M?

Please feel free to call me at 404-656-[REDACTED] if you have any questions or concerns.



I look forward to hearing from you soon.

10/19/2009

09-1022\_42

Thanks,  
Brian

--

Brian A. Knight  
Office of the Lt. Governor  
Suite 240 State Capitol  
404-656-  
@ltgov.ga.gov

10/19/2009

09-1022\_43

Re: phone call

Page 1 of 2

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Tuesday, March 31, 2009 10:30 AM  
**To:** 'Mack Chandler'  
**Subject:** RE: phone call

Thanks Will take 60 seconds. My cell is 770-527-████

---

**From:** Mack Chandler [mailto:Mack.Chandler@DOR.GA.GOV]  
**Sent:** Tuesday, March 31, 2009 10:29 AM  
**To:** Riley, Chris  
**Subject:** Re: phone call

In a meeting but will try to slip out and will let you know when I'm available for a call.

-----  
 Sent from my BlackBerry Wireless Handheld

-----Original Message-----  
**From:** Riley, Chris  
**To:** Mack Chandler  
**Sent:** Tue Mar 31 10:26:06 2009  
**Subject:** RE: phone call

Mack:

I tried to call you. I needed to pass along one quick note and email would not be the best option.

---

**From:** Mack Chandler [mailto:Mack.Chandler@DOR.GA.GOV]  
**Sent:** Monday, March 30, 2009 10:54 AM  
**To:** Riley, Chris  
**Subject:** RE: phone call

You can call me at 404-657-████

---

**From:** Riley, Chris [mailto:Chris.Riley@mail.house.gov]  
**Sent:** Monday, March 30, 2009 10:51 AM  
**To:** Mack Chandler  
**Subject:** phone call

Mack:

10/19/2009

09-1022\_44

Re: phone call

Page 2 of 2

Do you have five minutes this morning to have a phone conversation with me?

Chris W. Riley

Chief of Staff

Congressman Nathan Deal, GA -9

202-225-████, 770-535-████

If you would like to sign up for Congressman Deal's eNewsletter, please click here  
<<http://www.house.gov/deal/newsletter.shtml>> .

10/19/2009

09-1022\_45

phone call

Page 1 of 1

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Tuesday, March 31, 2009 10:26 AM  
**To:** 'Mack Chandler'  
**Subject:** RE: phone call

Mack:

I tried to call you. I needed to pass along one quick note and email would not be the best option.

---

**From:** Mack Chandler [mailto:██████████@DOR.GA.GOV]  
**Sent:** Monday, March 30, 2009 10:54 AM  
**To:** Riley, Chris  
**Subject:** RE: phone call

You can call me at 404-657-██████████

---

**From:** Riley, Chris [mailto:Chris.Riley@mail.house.gov]  
**Sent:** Monday, March 30, 2009 10:51 AM  
**To:** Mack Chandler  
**Subject:** phone call

Mack:

Do you have five minutes this morning to have a phone conversation with me?

*Chris W. Riley*

Chief of Staff

Congressman Nathan Deal, GA -9

202-225-██████████, 770-535-██████████

If you would like to sign up for Congressman Deal's eNewsletter, please [click here](#).

10/19/2009

09-1022\_46

Van Der Meid, Ted

---

**From:** Riley, Chris  
**Sent:** Monday, March 30, 2009 2:03 PM  
**To:** 'Mack Chandler'  
**Cc:** 'Wilson, Pat'

Mack:

Following our meeting this past Friday with yourself and the Commissioner, Nathan would like to offer his sincere thanks for taking the time to meet. It is his intention and encouragement to others that the direction the Commissioner is proceeding could be a positive step for Georgia. I do think Nathan will be submitting his thoughts to the Commissioner for his review, probably next week during the Spring recess.

*Chris W. Riley*

Chief of Staff  
Congressman Nathan Deal, GA -9  
202-225-████, 770-535-████

If you would like to sign up for Congressman Deal's eNewsletter, please [click here](#).

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Monday, March 30, 2009 10:51 AM  
**To:** 'Mack Chandler'  
**Subject:** phone call

Mack:

Do you have five minutes this morning to have a phone conversation with me?

*Chris W. Riley*

Chief of Staff  
Congressman Nathan Deal, GA -9  
202-225-████, 770-535-████

If you would like to sign up for Congressman Deal's eNewsletter, please [click here](#).

Re: Meeting

Page 1 of 1

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Thursday, March 26, 2009 1:09 PM  
**To:** 'Mack Chandler'  
**Subject:** RE: Meeting

Mack:  
 Do you have any objections if Doug Collins attends with us tomorrow?

---

**From:** Mack Chandler [mailto: [REDACTED]@DOR.GA.GOV]  
**Sent:** Friday, March 20, 2009 5:06 PM  
**To:** Riley, Chris  
**Subject:** Re: Meeting

I'll check the schedules and let you know. It may be Monday before I can confirm. Have a good weekend.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

**From:** Riley, Chris  
**To:** Mack Chandler  
**Sent:** Fri Mar 20 17:03:38 2009  
**Subject:** Re: Meeting

Mack:  
 Good to hear from you. I never received the email. Fannin County received their 4 payments two days after my email to you regarding their situation so thank you for handling that so quickly. We would like to discuss with DOR your intentions regarding inspections but the House version of the budget is pretty clear, never the less, we would like to work with you. We have to be in Atlanta next Friday, does that work for you guys?  
 -Chris

---

**From:** Mack Chandler < [REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Cc:** Bart Graham < [REDACTED]@DOR.GA.GOV>; Melanie Butler < [REDACTED]@DOR.GA.GOV>  
**Sent:** Fri Mar 20 16:35:57 2009  
**Subject:** Meeting

Chris,  
 Melanic from Commissioner Graham's office sent you an email a week or ago in an attempt to schedule a meeting with you and Congressman Deal. Would you still like to schedule some time?  
 Mack

Sent from my BlackBerry Wireless Handheld

10/19/2009

09-1022\_49



Meeting with Bart Graham and Mack Chandler

Page 1 of 1

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Monday, March 23, 2009 5:43 PM  
**To:** Musselwhite, Gail  
**Subject:** Re: Meeting with Bart Graham and Mack Chandler

You can remove the 10 in gainesville. Will explain.  
-Chris

---

**From:** Musselwhite, Gail  
**To:** Riley, Chris  
**Sent:** Mon Mar 23 16:17:15 2009  
**Subject:** Meeting with Bart Graham and Mack Chandler

How do you plan to be in Atlanta by 11 when you have a meeting here at 10?

***GAIL MUSSELWHITE***

Georgia Scheduler/Intern Coordinator

Office of Congressman Nathan Deal

9th District, Georgia

770/535-████; 770/535-2765(f)

10/19/2009

09-1022\_50

appointment

Page 1 of 2

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Monday, March 23, 2009 3:47 PM  
**To:** Musselwhite, Gall  
**Subject:** Fw: Meeting w/ Bart Graham and Mack Chandler

Please add to the schedule. Thanks. ND, KC and myself.  
 -Chris

---

**From:** Riley, Chris  
**To:** '[REDACTED]@DOR.GA.GOV' <[REDACTED]@DOR.GA.GOV>  
**Sent:** Mon Mar 23 15:45:22 2009  
**Subject:** Re: Meeting w/ Bart Graham and Mack Chandler

Ed's office will be fine.  
 -Chris

---

**From:** Melanie Butler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Cc:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**Sent:** Mon Mar 23 10:34:09 2009  
**Subject:** Meeting w/ Bart Graham and Mack Chandler

Good morning....  
 Mack passed along that Friday, March 27th, would work well for you and Congressman Deal to meet. Can we plan on 11 o'clock in room 201, State Capitol (Ed Holcombe's office)?

Thanks,  
 Melanie

**Melanie Butler**  
 Department of Revenue  
 1800 Century Blvd., Suite 15300  
 Atlanta, GA 30345  
 404.417. [REDACTED] TEL  
 404.417.2101 FAX  
 [REDACTED]@dor.ga.gov

---

**From:** Melanie Butler  
**Sent:** Tuesday, March 10, 2009 9:55 AM  
**To:** 'chris.riley@mail.house.gov'  
**Cc:** Mack Chandler  
**Subject:** FW: appointment

Good morning....

So we can move forward with getting this meeting on the calendar, can you give me a couple of dates/times that would work for the Congressman and your preference on meeting either in Ed

10/19/2009

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appointment

Page 2 of 2

Holcombe's office at the Capitol or our offices off Clairmont Road (Exit 92 off I-85)?

Thanks,  
Melanie

Melanie Butler  
Department of Revenue  
1800 Century Blvd., Suite 15300  
Atlanta, GA 30345  
404.417. [REDACTED] TEL  
404.417.2101 FAX  
[REDACTED]@dor.ga.gov

---

**From:** Riley, Chris [mailto:Chris.Riley@mail.house.gov]  
**Sent:** Friday, February 27, 2009 4:34 PM  
**To:** Mack Chandler  
**Subject:** appointment

Mack:

Would you and Commissioner Graham have time to sit down with Nathan and myself? The topic would be the future of State inspections of rebuilt vehicles. Thank you in advance for your consideration.

*Chris W. Riley*

Chief of Staff

Congressman Nathan Deal, GA -9

202-225-[REDACTED], 770-535-[REDACTED]

If you would like to sign up for Congressman Deal's eNewsletter, please [click here](#).

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appointment

Page 1 of 2

**Van Der Meld, Ted**

---

**From:** Riley, Chris  
**Sent:** Monday, March 23, 2009 3:45 PM  
**To:** [REDACTED]@DOR.GA.GOV  
**Subject:** Re: Meeting w/ Bart Graham and Mack Chandler

Ed's office will be fine.  
 -Chris

---

**From:** Melanie Butler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Cc:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**Sent:** Mon Mar 23 10:34:09 2009  
**Subject:** Meeting w/ Bart Graham and Mack Chandler

Good morning....  
 Mack passed along that Friday, March 27th, would work well for you and Congressman Deal to meet. Can we plan on 11 o'clock in room 201, State Capitol (Ed Holcombe's office)?

Thanks,  
 Melanie

**Melanie Butler**  
 Department of Revenue  
 1800 Century Blvd., Suite 15300  
 Atlanta, GA 30345  
 404.417. [REDACTED] TEL  
 404.417.2101 FAX  
 [REDACTED]@dor.ga.gov

---

**From:** Melanie Butler  
**Sent:** Tuesday, March 10, 2009 9:55 AM  
**To:** 'chris.riley@mail.house.gov'  
**Cc:** Mack Chandler  
**Subject:** FW: appointment

Good morning....

So we can move forward with getting this meeting on the calendar, can you give me a couple of dates/times that would work for the Congressman and your preference on meeting either in Ed Holcombe's office at the Capitol or our offices off Clairmont Road (Exit 92 off I-85)?

Thanks,  
 Melanie

**Melanie Butler**  
 Department of Revenue  
 1800 Century Blvd., Suite 15300  
 Atlanta, GA 30345  
 404.417. [REDACTED] TEL

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Re: Meeting

Page 1 of 1

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Friday, March 20, 2009 5:10 PM  
**To:** '[REDACTED]@DOR.GA.GOV'  
**Subject:** Re: Meeting

You too. Monday is fine. Thank you.  
 -Chris

---

**From:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Sent:** Fri Mar 20 17:06:05 2009  
**Subject:** Re: Meeting

I'll check the schedules and let you know. It may be Monday before I can confirm. Have a good weekend.

-----  
 Sent from my BlackBerry Wireless Handheld

-----Original Message-----  
**From:** Riley, Chris  
**To:** Mack Chandler  
**Sent:** Fri Mar 20 17:03:38 2009  
**Subject:** Re: Meeting

Mack:  
 Good to hear from you. I never received the email. Fannin County received their 4 payments two days after my email to you regarding their situation so thank you for handling that so quickly. We would like to discuss with DOR your intentions regarding inspections but the House version of the budget is pretty clear, never the less, we would like to work with you. We have to be in Atlanta next Friday, does that work for you guys?  
 -Chris

---

**From:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Cc:** Bart Graham <[REDACTED]@DOR.GA.GOV>; Melanie Butler <[REDACTED]@DOR.GA.GOV>  
**Sent:** Fri Mar 20 16:35:57 2009  
**Subject:** Meeting

Chris,  
 Melanie from Commissioner Graham's office sent you an email a week or ago in an attempt to schedule a meeting with you and Congressman Deal. Would you still like to schedule some time?  
 Mack

-----  
 Sent from my BlackBerry Wireless Handheld

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Meeting

Page 1 of 1

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Friday, March 20, 2009 5:04 PM  
**To:** [REDACTED]@DOR.GA.GOV  
**Subject:** Re: Meeting

Mack:

Good to hear from you. I never received the email. Fannin County received their 4 payments two days after my email to you regarding their situation so thank you for handling that so quickly. We would like to discuss with DOR your intentions regarding inspections but the House version of the budget is pretty clear, never the less, we would like to work with you. We have to be in Atlanta next Friday, does that work for you guys?

-Chris

---

**From:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Cc:** Bart Graham <[REDACTED]@DOR.GA.GOV>; Melanie Butler <[REDACTED]@DOR.GA.GOV>  
**Sent:** Fri Mar 20 16:35:57 2009  
**Subject:** Meeting

Chris,

Melanie from Commissioner Graham's office sent you an email a week or ago in an attempt to schedule a meeting with you and Congressman Deal. Would you still like to schedule some time?

Mack

---

Sent from my BlackBerry Wireless Handheld

10/19/2009

09-1022\_55

Re: Fannin County

Page 1 of 2

**Van Der Meid, Ted**

---

**From:** Riley, Chris  
**Sent:** Wednesday, March 04, 2009 12:52 PM  
**To:** 'Mack Chandler'  
**Subject:** RE: Fannin County

Mack:

We understand. I am sure you equally understand as to Fannin County's concerns, knowing now the state has had the payments from TVA but for some reason but seems to have elected not to send those funds on to Fannin County.

As to the other pending issue and how it directly relates to day 30, we do have an interest there but due to its uncertainty, we are merely left to assume from third party conversations, thus the request to meet. I know you haven't forgotten about us.

Chris

---

**From:** Mack Chandler [mailto:██████████@DOR.GA.GOV]  
**Sent:** Wednesday, March 04, 2009 12:15 PM  
**To:** Riley, Chris  
**Subject:** RE: Fannin County

Chris,

I also copied our Division Director for Local Gov't Services. The commissioner will probably want her involved as well. Please bear in mind and please let Congressman Deal know that we're knee deep in some legislative issues and we're approaching the 30<sup>th</sup> day which is the deadline for legislation to cross over and be eligible for consideration in the Senate. We haven't forgotten about you nor are we trying to delay discussion of your issues. Just a lot going on right now. I'm sure you understand.

Mack

---

**From:** Riley, Chris [mailto:Chris.Riley@mail.house.gov]  
**Sent:** Tuesday, March 03, 2009 8:07 PM  
**To:** Mack Chandler  
**Subject:** Re: Fannin County

Thanks Mack.  
 -Chris

---

**From:** Mack Chandler <██████████@DOR.GA.GOV>  
**To:** Riley, Chris  
**Sent:** Tue Mar 03 18:27:25 2009  
**Subject:** Re: Fannin County

Chris,

I'm in a meeting at the Capitol. I'll try to get the commissioner tomorrow. I know he's trying to find some time regarding your request last Friday on the inspection piece.

Mack

-----  
 Sent from my BlackBerry Wireless Handheld

10/19/2009

09-1022\_56

Re: Fannin County

Page 2 of 2

-----Original Message-----

From: Riley, Chris

To: Mack Chandler

Sent: Tue Mar 03 18:22:46 2009

Subject: Fannin County

Mack:

Nathan would like to speak with Commissioner Graham regarding the enclosed correspondence. Please advise.

Chris

10/19/2009

09-1022\_57



Re: Fannin County

Page 1 of 1

**Van Der Meid, Ted**

**From:** Riley, Chris  
**Sent:** Tuesday, March 03, 2009 8:07 PM  
**To:** [REDACTED]@DOR.GA.GOV  
**Subject:** Re: Fannin County

Thanks Mack.  
 -Chris

---

**From:** Mack Chandler <[REDACTED]@DOR.GA.GOV>  
**To:** Riley, Chris  
**Sent:** Tue Mar 03 18:27:25 2009  
**Subject:** Re: Fannin County

Chris,  
 I'm in a meeting at the Capitol. I'll try to get the commissioner tomorrow. I know he's trying to find some time regarding your request last Friday on the inspection piece.  
 Mack

-----  
 Sent from my BlackBerry Wireless Handheld

-----Original Message-----  
**From:** Riley, Chris  
**To:** Mack Chandler  
**Sent:** Tue Mar 03 18:22:46 2009  
**Subject:** Fannin County

Mack:  
 Nathan would like to speak with Commissioner Graham regarding the enclosed correspondence. Please advise.

Chris

10/19/2009

09-1022\_58



## **EXHIBIT 12**





## Georgia Secretary of State

### Karen C. Handel

Archives • Corporations • Elections • News Room • Professional Licensure • Securities • State Capitol

- Search
- [By Business Name](#)
  - [By Control No.](#)
  - [By Officer](#)
  - [By Registered Agent](#)
  - Verify
  - [Verify Certification](#)
  - New Filing
  - [Click here to file online for:](#)
    - [New Limited Liability Company \(LLC\)](#)
    - [New Business Corporation](#)
    - [New Non-Profit Corporation](#)
    - [New Professional Corporation \(PC\)](#)
    - Annual Registration
  - [Annual Registration](#)
  - Name Reservation
  - [File Name Reservation](#)
  - Online
  - Online Orders
  - [Register for Online](#)
  - Orders
  - [Order Certificate of Existence](#)
  - [Order Certified Documents](#)

Date: 1/7/2010 [View Filed Documents](#)  
(Annual Registration History etc.)

[File Annual Registration Online](#)

or

[Print A Paper Annual Registration Form](#)

**PLEASE NOTE:** To download your Annual Registration forms you will need Adobe Reader to view and/or print. If you do not have Adobe Reader installed on your computer, click the "Get Adobe Reader" button on the right to download the reader free of charge from the Adobe website.



#### Annual Registrations

The Georgia Code only requires the Office of Secretary of State to retain annual registrations for a period of five years from the date in which it was filed. Annual registrations older than five years may no longer be available for certification or viewing on the web.

#### Business Name History

| Name                    | Name Type    |
|-------------------------|--------------|
| RECOVERY SERVICES, INC. | Current Name |

#### Profit Corporation - Domestic - Information

|                                      |                             |
|--------------------------------------|-----------------------------|
| Control No.:                         | K002041                     |
| Status:                              | Active/Owes Current Year AR |
| Entity Creation Date:                | 2/2/1990                    |
| Jurisdiction:                        | GA                          |
| Principal Office Address:            | GAINESVILLE GA 30507-7306   |
| Last Annual Registration Filed Date: | 2/20/2009                   |
| Last Annual Registration Filed:      | 2009                        |

#### Registered Agent

|                 |                      |
|-----------------|----------------------|
| Agent Name:     | CRONAN, KENNETH      |
| Office Address: | Gainesville GA 30507 |
| Agent County:   | Hall                 |

#### Officers

|          |                      |
|----------|----------------------|
| Title:   | CEO                  |
| Name:    | KENNETH CRONAN       |
| Address: | Gainesville GA 30507 |

|          |                      |
|----------|----------------------|
| Title:   | CFO                  |
| Name:    | KENNETH CRONAN       |
| Address: | Gainesville GA 30507 |

|          |                      |
|----------|----------------------|
| Title:   | Secretary            |
| Name:    | J. NATHAN DEAL       |
| Address: | Gainesville GA 30506 |



## **EXHIBIT 13**





INSIDE MAIL

UNITED STATES HOUSE OF REPRESENTATIVES  
CALENDAR YEAR 2008 FINANCIAL DISCLOSURE STATEMENT

Form A  
For use by Members, officers, and employees

Name: NATHAN DEAL Daytime Telephone: 5-██████████

(Office Use Only)

|                          |   |                                  |                                    |                                       |                               |
|--------------------------|---|----------------------------------|------------------------------------|---------------------------------------|-------------------------------|
| Filer Status Report Type | <input checked="" type="checkbox"/> Member of the U.S. House of Representatives | State: District: Annual (May 15) | <input type="checkbox"/> Amendment | Employing Office: Officer or Employee | Termination Date: Termination |
|--------------------------|---|----------------------------------|------------------------------------|---------------------------------------|-------------------------------|

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 <input checked="" type="checkbox"/> No <input type="checkbox"/> | VI. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than \$35 from one source)? If yes, complete and attach Schedule VI. | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input type="checkbox"/> No <input checked="" type="checkbox"/> | VII. 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 <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> No <input type="checkbox"/> | IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| IV. Did you, your spouse, or a dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding \$10,000 during the reporting period? If yes, complete and attach Schedule IV.                                     | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.   |   |
| 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 <input checked="" type="checkbox"/> No <input type="checkbox"/> |  |   |

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 <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input type="checkbox"/> No <input checked="" type="checkbox"/> |







**SCHEDULE V— LIABILITIES**

Name Dea Page      of     

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,<br>DC,<br>JT | Creditor                                    | Type of Liability  | Amount of Liability |                   |                    |                     |                     |                       |                         |                          |                           |                   |  |
|------------------|---|--|---------------------|-------------------|--------------------|---------------------|---------------------|-----------------------|-------------------------|--------------------------|---------------------------|-------------------|--|
|                  |   |  | B                   | C                 | D                  | E                   | F                   | G                     | H                       | I                        | J                         | K                 |  |
|                  | Example: First Bank of Wilmington, Delaware | Mortgage on 123 Main St., Dover, Del.                              | \$10,001-\$15,000   | \$15,001-\$50,000 | \$50,001-\$100,000 | \$100,001-\$250,000 | \$250,001-\$500,000 | \$500,001-\$1,000,000 | \$1,000,001-\$5,000,000 | \$5,000,001-\$25,000,000 | \$25,000,001-\$50,000,000 | Over \$50,000,000 |  |
| JT               | Community Bank + Trust, Cornelia GA         | Commercial loan on White Oakhouse, Inc. Family Business            |                     |                   |                    | X                   |                     |                       | X                       |                          |                           |                   |  |
|                  | Peachstate Bank, Gainesville, GA            | Commercial loan for Gainesville Salvage + Disposal Family Business |                     |                   |                    |                     |                     |                       | X                       |                          |                           |                   |  |

**SCHEDULE VI— GIFTS**

Report the source, a brief description, and the value of all gifts totalling 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.

### SCHEDULE VIII—POSITIONS

|                  |                               |
|------------------|-------------------------------|
| Name <u>Deal</u> | Page <u>   </u> of <u>   </u> |
|------------------|-------------------------------|

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  |
|--------------------------|---|
| Member / Partner / owner | Grainville Salvage & Disposal, Inc. DBA - CED Investments, CED Transport, Committee on Standards Approved Family Business, started in 1988. |
| Partner<br>(Investor) →  | Wilber Outdoors, Inc.   |
|                          | Daughter & son-in-law outdoor sports goods store, Hwy 365   |
|                          | Baldwin GA. Sandra & I guaranteed the bank note (loan)  |

### 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; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

| Date | Parties To | Terms of Agreement |
|------|------------|--------------------|
|      |            |                    |
|      |            |                    |
|      |            |                    |
|      |            |                    |
|      |            |                    |
|      |            |                    |

Use additional sheets if more space is required.

## **EXHIBIT 14**





Albany  
Atlanta  
Brussels  
Denver  
Los Angeles

**McKenna Long  
& Aldridge**  
Attorneys at Law

303 Peachtree Street, NE • Suite 5300 • Atlanta, GA 30308  
Tel: 404.527.4000 • Fax: 404.527.4198  
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New York  
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San Diego  
San Francisco  
Washington, D.C.

J. RANDOLPH EVANS  
(404) 527- [REDACTED]

EMAIL ADDRESS  
[REDACTED]@mckennalong.com

January 25, 2010

Leo Wise, Esq.  
Staff Director and Chief Counsel  
Office of Congressional Ethics  
Washington, D.C. 20515

Dear Mr. Wise:

As Ted discussed with Paul, it was impossible for Congressman Deal and counsel to attend the meeting scheduled for January 28, 2010. Although Congressman Deal had wanted to attend, we did not receive the date until last week, and by then we could not resolve other conflicts on that date. We inquired about an extension so that we could attend, but were told that an extension was not an option. As a result, Congressman Deal will not be able to make a personal appearance but does welcome the opportunity to submit a statement.

Attached is his statement, a Summary of Facts (as previously submitted), his amended 2008 financial disclosure form, and two affidavits. Pursuant to your earlier letter, it is our understanding that these documents will be copied by OCE staff and submitted to the board members at their meeting on the 28<sup>th</sup>. Please let me know if this is not correct.

Consistently, we have attempted to fully cooperate with the OCE in every respect. If there is any additional information that would be helpful, please do not hesitate to contact us.

If you need anything else, please let us know.

Sincerely,

  
J. Randolph Evans

**STATEMENT OF CONGRESSMAN NATHAN DEAL**

It is my pleasure to submit this supplemental statement to the board members of the Office of Congressional Ethics. This statement is a supplement to the Summary of Facts previously submitted to the OCE and attached. As the staff has undoubtedly confirmed, my staff and I have cooperated fully with the requests of the OCE staff and have provided any documentation they have requested.

Last December, the OCE staff interviewed me in my congressional office. I was pleased to have the opportunity to address any questions they had. I also provided additional documents that they requested following the meeting. My staff and I have fully and completely cooperated with the OCE staff. I had hoped to address you personally. However, by the time we received the meeting date, irreconcilable conflicts precluded my counsel's and my attendance. We inquired about continuance just until the next meeting. We were told that this was not possible. Hence, this written statement.

Other than the brief letter from OCE staff and inferences from questions by OCE staff to me, neither my counsel nor I have been provided with any details regarding any specific OCE concerns. As a result, this supplemental statement attempts to address the issues that were the subject of interview questions as well as issues on which we have been in separate communications with the Committee On Standards staff. In short, this supplemental statement addresses my most recent financial disclosure (FD) filing, unearned income received from Gainesville Salvage and Disposal (GSD) and finally my role in a meeting with Bart Graham, the Georgia Commissioner of Revenue. If there are any other issues, I will readily address them upon notice of those additional issues.

First, the OCE staff asked questions about my most recent FD. To my knowledge, no other FDs are at issue or have been questioned. The only issue identified in questioning related to rental income listed on the FD. Separately, this is an issue that has been the subject of ongoing communications with the Committee on Standards staff regarding guidance on the most appropriate designation for the rental income.

As the OCE's report will undoubtedly confirm, there is currently a separate small business (separate from GSD) operating on the property that my business partner Ken Cronan and I own. This business is completely independent of anything we do or operate on the adjacent property.

As my disclosure reports reflect, all of the rental income was listed and grouped together as rental income. The rental income was listed as rental income from GSD. The reports accurately report the rental income. However, in an abundance of caution, my staff has been in consultation with the House Committee on Standards of Official Conduct regarding the reporting of rental income. In order to be more precise, and based on the guidance from the Committee on Standards, I have amended Section III to separate the source of the rental income as coming from land owned by me and not from GSD. The amount is the same.

Second, OCE staff inquired about how I reported unearned equity income received. From the beginning of the business until 2007, I did not receive any return of equity from the business. Instead, it has steadily accrued value over the years.

Ken Cronan is and has been the managing partner and oversees the day to day operation of the business. Because of my legislative duties and schedule, my role is basically an advisory capacity as opposed to a decision maker. Like many of my House colleagues who have a similar positions with family businesses, I am not involved in the day to day decision making of GSD. Again, like my colleagues with family businesses, I am kept abreast regularly of the business and its operations.

Ken Cronan is on site on a daily basis and makes the day to day decisions regarding the business. He may ask me my opinion about something but generally our business discussions are more about overall performance of the business and longer term business decisions. The only time I am involved is when I am required to be a signatory on a loan for equipment or capital improvement. Obviously, such obligations require my decision to actually agree to the loan.

As one illustration, my business partner made the decision not to pursue a state application for the state inspections. He informed me of his decision afterwards. That is typical of how our business has functioned over the years.

As a result of my limited role, my unearned partnership income does not and has not varied from year to year like other salaried personnel. I have not and did not receive a bonus. My income does not change depending on the profitability of the company or the number of hours I work. Instead, my distribution of unearned 'partnership income' paid to me has remained constant regardless of the performance of the business, the amount of time I spent, or income of the company.

It is important to note that the OCE staff asked thoroughly about the compensation of various folks at GSD. The questions and the answers made clear the difference between the earned income of other employees which varied from year to year and included performance bonuses, and my flat equity distribution of \$75,000 per year.

Further, the background leading up to the distribution confirm that they did not originate as part of a compensation package for my services or activities. In my interview with the OCE staff, I described the background to the distribution of unearned partnership income as follows.

Prior to 2007, I assisted my daughter and son-in-law in a business venture that they started (Wilder Outdoors, Inc.). I provided some capital to them to start the business and also cosigned a commercial loan for the business. Despite their best efforts, the business did not succeed.

While the building and land still have value, the business is no longer an operating concern and the vast majority of my investment has been lost. I remain obligated for the

business loans which have been reflected on my FD. Because of this, I decided to begin to draw equity out of the family business beginning in 2007. Taking equity from a small family business is fully consistent with House rules and regulations and has been reported on my FD's. Indeed, my staff and attorneys have consulted with the Committee on Standards regarding how to report such equity, or as the staff of the Committee on Standards describes it - unearned partnership income.

The House Ethics Manual makes clear that Members may take equity out of family owned businesses as unearned income. In fact, I am told it is a rather common occurrence. In advising my counsel on how this type of income should be reported on a Member's FD, the Committee advised that it should be included on Schedule III, Unearned Income, under the "other" category with an explanation that it is partnership income.

Many Members have similar interests in family owned business, they can and do receive payments representing their interests in the businesses. Such payments are contemplated and permitted under the House Rules. Advisory Opinion 13 states "[i]f the Member is engaged primarily in the general oversight and management or protection of his or her investment, such services would not be deemed to generate significant income. Such non-income generating services would include consultation with other management officials, decisions concerning the general operations and investment strategy of the business."<sup>1</sup>

The Advisory goes on to say "[t]he determining factor is whether or not the personal services of the Member actually generate any significant income for the business. In those situations where the services rendered by the Members are incidental and do not generate significant income, no part of a share of the profits or any increase in the assets of the business would be deemed to be outside earned income."<sup>2</sup>

The rule on outside earned income explicitly excludes "amounts received from a family controlled trade or business in which both personal services and capital are income-producing factors, provided that the personal services actually rendered by the Member do not generate a significant amount of income."<sup>3</sup> The references from the Ethics Manual reflect my role in GSD and therefore my taking partnership income is fully consistent with the rules of the House.

While my FD has listed the unearned income as dividends, the staff at the Standards Committee advises my counsel that it is typically listed as unearned partnership income. While an amendment may not be necessary since the distribution has been disclosed, out of abundance of caution, I have amended my FD to follow precisely the advice and guidance received from the Committee on Standards. (See attached). My amended FD specifically follows the guidance and directions received from the staff from the Committee on Standards.

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<sup>1</sup> House Ethics Manual at pg 368.

<sup>2</sup> Id. Ethics Manual at 369.

<sup>3</sup> Ethics Manual at 229

Third, in order to avoid any issues regarding taxes on the unearned partnership income, the payments were made on a monthly basis with monthly tax withholdings. This was an issue of administrative convenience. It did not effect the nature or type of income that I received. It did not effect the amount.

When the issue was raised, I asked my tax accountant (he is my personal tax accountant and prepares my yearly tax returns and is not affiliated with GSD) to review my records. He noted the administrative vehicle for the payments was a W2 from GSD that listed my equity/unearned partnership income as salary. The equity distributions were paid out on a monthly basis with tax withholdings as a convenience to me. Unfortunately, it resulted in the issuance of a W2 which should not have occurred. To avoid this in the future, I have asked that the equity payments be changed so that it is clear that they are distributions of unearned partnership income (equity).

Out of an abundance of caution, we have decided to amend my personal tax returns so that they optically reflected the income as equity income. My tax accountant is in the process of preparing the appropriate amendments to my returns. If you would like to review them, I will submit them to the board when completed.

Finally, the OCE staff challenged my motivation for seeking information and meetings about the privatization plan. This was an insult to me and my reputation following 17 years of service in the House. Routinely, I follow-up on matters involving constituents and citizens. Indeed, the record here reflects other matters on behalf of constituents that required contact with various state officials including the Lieutenant Governor and the Georgia Commissioner of Revenue. There is no meaningful difference between the type and extent of actions taken in the other matters (of which there is no issue) and this matter.

The suggestions appears to be that because I was involved in a family business in the area of salvage operations, I could not take any action in any matters involving salvage operations. This would be an overly broad and incorrect interpretation of House ethics rules.

The allegation must then necessarily be that my actions aimed at advancing my own personal financial interests. Yet, as the documents and information provided to the OCE staff confirmed, my actions were in fact counter to my own personal financial interests. As stated in the Summary of Facts, my own financial interests would have been advanced by supporting the Commissioner's privatization plan, not questioning it.

At all times I was acting as a public servant addressing matters of public interest in which I had some expertise. State employees working at our location, as well as others concerned about the issue, asked me for information that I did not have. Any suggestion that inquiries to me were limited to folks at GSD is simply not true. For example, attached are two affidavits. One is from the former head of the inspection program who asked me to become involved. The other is from another salvage operator who contacted his state representative about his concerns on the issue and asked other salvage owners to do the same. These individuals were concerned

about jobs and the potential that unsafe cars would be on the roads if there were no safety inspections.

There has never been a suggestion by anyone that I asked state officials for a special favor for GSD or that GSD be treated differently than any other salvage shops that had state inspection stations. The request for the meeting was not improper under the House Rules. Indeed, there is nothing inherently wrong in asking for a meeting.

For example, the House Ethics Manual states that "Just as Representatives may vote on legislation that affects them as members of a class, rather than as individuals, Members may generally contact federal agencies on issues in which they, along with their constituents have an interests. A constituent need not be denied congressional intercession merely because a Member may stand to derive some incidental benefit along with others in the same class."<sup>4</sup> GSD did not receive any special treatment nor was any asked.

As it turned out, the Commissioner had not thought through all of the issues involved in privatization and he was not pleased to be questioned about it either. State Representative Doug Collins, who was likewise concerned about the issue, was also in the meeting and asked some very pointed questions which the Commissioner did not appreciate. The Commissioner is not backing my campaign for Governor and I believe that any press story about our meetings or this investigation probably started with one of my opponents. He is free to do as he pleases but I take offense at any suggestion that I have acted in any improper way.

As I said, my business partner Ken Cronan did make the decision not to apply for an inspection station under the privatization plan. He has stated publicly "I am deeply concerned that a reduction in safety requirements could result in a liability issue for our company and therefore was not in our best interest. This was more than a business decision, it was a moral decision." I was not involved in that decision. Whether he or Bart Graham is right is yet to be determined. However, there was nothing improper in raising the questions.

My reputation is extremely important to me and I have guarded it throughout my career. I have always held myself and my staff to the highest standards. I welcome this opportunity to set the record straight and appreciate your time.

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<sup>4</sup>Ethics Manual at 314.

## Congressman Nathan Deal Summary of Facts

### Overview

Congressman Nathan Deal has served in the United States Congress since 1993. Prior to the U. S. House, he served in the state senate from 1980 to 1992. He has remained active in state and local politics as a Congressman.

At the outset, there are two important dynamics which should be noted. First, Congressman Deal's actions (regardless of how described or characterized) were counter to his own personal financial interests. As the facts below make clear, his own financial interests would have been furthered by no action on his part. The issues he raised impaired, not furthered, his own financial interests.

Second, some of the people with knowledge about the events in this matter are involved in the campaigns of primary opponents for Georgia governor. Georgia's current governor (Republican Governor Sonny Perdue) is term limited and cannot seek reelection. Earlier this year, Congressman Deal announced that he would not seek reelection to the House of Representatives. Instead, he announced his intention to seek election as governor of Georgia in 2010.

Both the Democratic and Republican primary contests are hotly contested. In the GOP primary, the candidates include (i) former Senate President Pro Tempore Eric Johnson; (ii) Commissioner of Insurance John Oxendine; (iii) Secretary of State Karen Handel; and, (iv) Congressman Deal. Not surprisingly, each has support among various groups, with one of Congressman Deal's primary opponents enjoying the support of many of the current GOP governor's appointees.

In the context of the election, "ethics" attacks and complaints have been leveled early and often (although this is the only one leveled against Congressman Deal, and he has not leveled any). Of course, the local media has eagerly reported and repeated every attack with the same zeal as the maker and with some embellishment. The instant matter involves an article which appeared in the Atlanta Journal Constitution ("AJC") on August 23, 2009, a Sunday edition, on the front page. Other attacks against other candidates have appeared in similar fashion.

### Summary of Facts

In Georgia, salvage operations involve automobiles that have been involved in an accident. Since before his election to the United States Congress, Congressman Deal has been in a family owned business that is involved in the salvage business. Specifically, since the early 1990's, Ken Cronan, a local Georgia businessman, and Congressman Deal have held together a financial interest in RSI, a salvage disposal business. That business has served as a site used by state inspectors two days a month.

As to the salvage business, Congressman Deal affirmatively reached out to the Committee on Standards of the United States House of Representatives for guidance and direction regarding the salvage business, his ownership, and income received. (See Attachment "A") In addition, Congressman Deal reported and disclosed his financial interest in RSI together with any associated income (dividends) on his Financial Disclosure reports. At no time has either the Committee (after receiving the request for guidance) or anyone else (after public disclosure on the Financial Disclosure reports) raised any concern or issue regarding RSI, Congressman Deal's financial interest or the operation of the business.

As a result of his longstanding and routinely reported involvement in the salvage business, Congressman Deal has become someone that Georgians, including elected and appointed government officials, would ask regarding salvage issues. This would include requests for information as well as opportunities to discuss concerns. Hence, it was neither unusual nor considered inappropriate that Congressman Deal would be contacted when changes regarding salvage operations in Georgia occurred.

For many years, the State of Georgia did not require inspections of salvaged cars by state officials. These inspections, such as they were, were done by garages without licensure from the state. Due to warranted concerns over the safety of these vehicles and the danger they posed on public highways, Georgia adopted rules and regulations on the inspection process.

The Georgia Department of Revenue, specifically its Commissioner, was charged with regulatory oversight for salvage operations in Georgia. RSI provided inspections in accordance with the rules and regulations. The Georgia Department of Revenue Commissioner is Bart Graham, an appointee of the current Governor Sonny Perdue.



Salvaged vehicles were inspected for two reasons: (1) to ensure stolen parts were not used in them, and (2) for safety issues such as seat belts, air bags, horn, lights, welds, etc. Prior to recent changes, there was a cap of 100 vehicles a day that could be inspected. A state inspector is on site two days a week.

If the state inspection requirement was eliminated or inspections privatized, then there would appear to be no limit on the number of vehicles that could be inspected or how many days a month the station can do inspections. The potential is significant. There is currently a backlog of 11,000 vehicles waiting for inspection. Needless to say, the potential for higher volume and increased revenues for RSI is significantly greater if the old system was abandoned or privatized.

In early 2009, Governor Perdue's budget for FY2010 proposed to eliminate the funding for state inspections. This proposal came without explanation and state inspectors, as well as owners of salvaged vehicles, were interested in what this meant. Based on a variety concerns, as well as Congressman Deal's own personal concerns regarding public safety issues, Congressman Deal asked in March, 2009 that a meeting with Commissioner Bart Graham be set up. All of the emails relating to this meeting have been produced.

This is not the first time that Congressman Deal had met with Commissioner Graham on matters involving Georgia issues. Indeed, the AJC story that precipitated this matter itself reported on two prior meetings by Congressman Deal with Commissioner Graham. (Unfortunately, the AJC story leaves the incorrect impression that these meetings also dealt with issues involving the salvage issues. That is not the case.)

The two prior meetings with Commissioner Graham occurred in January of 2008 and June of 2008. Both of these meetings pertained to allowing insurance companies access to state software called GRATIS that listed the names on vehicle titles. The insurance industry was experiencing delays in processing titles because oftentimes there was a minor discrepancy in title information which caused the title to be rejected by the state. These discrepancies could easily be resolved if the insurance companies had access to the information. Congressman Deal had no financial interest in this proposal. But the meetings do confirm that it was not unusual for Congressman Deal to meet with Commissioner Graham regarding Georgia issues.

In the interest of full disclosure, at the end of the second meeting with Commissioner Graham in June 2008, Commissioner Graham did mention that he was thinking of privatizing the salvage inspection process. This was not the purpose of the meeting and nothing was said after he made his comment. Notably, it was something raised by Commissioner Graham. Apparently (and correctly), Commissioner Graham saw no issues associated with raising the issue (or presumably discussing the issue) with Congressman Deal.

Subsequently, Commissioner Bart Graham did pursue the privatization issue. As noted above, Governor Perdue subsumed the privatization effort in his January 2009 budget submission by zeroing out money to fund state inspectors.

Over the next several weeks, people contacted Congressman Deal's office and asked for details of how the new program would work. As noted, Congressman Deal did not know. Some raised safety issues and some of the state inspection workers were worried about their jobs. These were not concerns only directed at Congressman Deal. These were concerns directed at state legislators as well, including Georgia State Representative Doug Collins. Any suggestion that this was unique to Congressman Deal or his office is untrue.

Like other elected officials, Congressman Deal had his own safety concerns about the privatization proposal as well. Consequently, given the lack of information about the privatization plan and other concerns about the implications of this plan, Congressman Deal asked for the meeting with Commissioner Graham to get information and discuss various issues implicated by the plan.

Congressman Deal asked his chief of staff, Chris Riley, to arrange the meeting with Commissioner Graham to discuss the Commissioner's privatization plan. With the assistance of Lieutenant Governor Casey Cagle, who is from Congressman Deal's district, Mr. Riley arranged for a meeting that took place on March 27, 2009 (See the attached Timeline for a list of the attendees). This was not a meeting at which only Congressman Deal met with Commissioner Graham to privately pressure him based on some private interest. Instead, this was a meeting with others in which public policy concerns were discussed in the presence of others.

The purpose of the March 27, 2009 meeting was straightforward. Congressman Deal wanted to understand how Commissioner Graham intended to provide inspections of salvaged vehicles if there were to be no state inspectors; and how he would guarantee the safety of these vehicles without state inspectors. As it turned

out, Commissioner Graham had not yet developed his privatization plan. It was clear he did not think state employees should be doing the inspections. It was his view that inspections could be privatized and that owners of the facilities could provide inspectors.

Congressman Deal's and Representative Collins' position was that only state employees would be able to safely and responsibly certify the safety of vehicles. Commissioner Graham responded that the inspections should not be safety inspections but merely to ensure stolen parts were not being used on the salvaged vehicles.

The meeting on March 27, 2009 occurred on a Friday. By the end of the weekend, Congressman Deal was convinced that the Commissioner was not going to change his mind. Moreover, even if the funding was restored to the state budget, Commissioner Graham could accomplish much of what he wanted through his regulatory authority. Despite strong reservations, Congressman Deal decided not to pursue the issue any further.

On Monday, March 30, 2009, Congressman Deal instructed Chris Riley to send an email to the Lt. Governor's office saying that they would not be pursuing the issue any further. (The emails have been provided). Mr. Riley's email states in part "we would like to withdraw our request to fully fund the DOR Salvage inspection Program and accept the House's language. ...it is hoped that DOR can establish a safe and secure inspection service in the private sector."

Apparently, Congressman Deal's and Representative Collins' concerns were shared by many others. According to the AJC story, the Georgia Senate Appropriations Committee restored the money for inspectors. Then, in April of 2009, the Georgia Senate as a whole amended the budget and restored full funding for the salvage inspections. Congressman Deal did not ask any Senator to do so. Indeed, Congressman Deal took no further action following the meeting on March 27, 2009.

Because of the Georgia Senate action, which frankly came as a surprise to Congressman Deal, Chris Riley emailed Mack Chandler in the Commissioner's Office on April 20, 2009 and forwarded him the March 30, 2009 email he previously sent to the Lt. Governor's office. The Congressman wanted the Commissioner to know that he had withdrawn earlier requests about the funding request.

### Conclusion

Congressman Deal's ownership of an interest in the salvage operation predated his election to the Congress and was the subject of an affirmative request for guidance from the Committee on Standards. Congressman Deal reported his interest on his Financial Disclosure forms.

Congressman Deal's safety concerns regarding Commissioner Graham's privatization plan prompted meetings and requests, *contrary* to his own personal financial interests. Congressman Deal did not violate any House Rule, or the spirit of the House Rules.

UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2008 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Nathan Deal 5  
(Print Full Name) (Daytime Telephone)  
2133 RHOB  
(Complete Address — Office or Home)

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions. See Section 104 of the Ethics in Government Act (5 U.S.C. app.) and 18 U.S.C. §1001.

|  |   |  |
|--|---|--|
| Certification<br>I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief. | Signature of Reporting Individual<br><u>Nathan Deal</u> | Date (Month, Day, Year)<br><u>01, 22, 2010</u> |
|--|---|--|

| UNITED STATES HOUSE OF REPRESENTATIVES<br>CALENDAR YEAR 2008 FINANCIAL DISCLOSURE STATEMENT   |  | Form A<br>For use by Members, officers, and employees                                     |  |   |
|---|--|---|--|---|
| Name: <u>Nathan Deal</u>  |  | Daytime Telephone: <u>5- [REDACTED]</u>   |  |   |
| Filer Status: <input checked="" type="checkbox"/> Member of the U.S. House of Representatives    State: <u>GA</u> District: <u>9</u><br><input type="checkbox"/> Officer or Employee<br><input type="checkbox"/> Annual (May 15) <input checked="" type="checkbox"/> Amendment    Termination Date: _____ |  | (Office Use Only)   |  |   |
| Report Type: <input type="checkbox"/> Initial <input type="checkbox"/> Termination <input type="checkbox"/> Extension   |  | <b>A \$200 penalty shall be assessed against anyone who files more than 30 days late.</b> |  |   |
| <b>PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS</b>   |  |   |  |   |
| 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 <input checked="" type="checkbox"/>   | No <input type="checkbox"/>            | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input checked="" type="checkbox"/>   | No <input type="checkbox"/>            | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| 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 <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input checked="" type="checkbox"/>   | No <input type="checkbox"/>            | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than \$250 and not otherwise exempt)? If yes, complete and attach Schedule VI.   |  | Yes <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than \$250 from one source)? If yes, complete and attach Schedule VII.   |  | Yes <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| VIII. Did you hold any reportable position on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.   |  | Yes <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.   |  | Yes <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| <b>Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.</b>   |  |   |  |   |
| <b>EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS</b>  |  |   |  |   |
| 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 <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 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 <input type="checkbox"/>  | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |













Name NATHAN DEAL Page      of

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 refitted out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own no more than a 2% interest; and liabilities of a spouse, dependent child, 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,<br>DC,<br>JT | Creditor                                    | Type of Liability                     | Amount of Liability |           |          |          |            |              |            |              |              |               |               |
|------------------|---|---------------------------------------|---------------------|-----------|----------|----------|------------|--------------|------------|--------------|--------------|---------------|---------------|
|                  |   |                                       | A                   | B         | C        | D        | E          | F            | G          | H            | I            | J             | K             |
|                  | Example: First Bank of Wilmington, Delaware | Mortgage on 123 Main St., Dover, Del. | \$15,000+           | \$10,000+ | \$5,000+ | \$1,000+ | \$250,000+ | \$1,000,000+ | \$500,000+ | \$1,000,000+ | \$5,000,000+ | \$10,000,000+ | \$50,000,000+ |
| JT               | State Farm Bank,                            | Mortgage on 625 log Cabin Rd          |                     |           |          |          |            |              | X          |              |              |               |               |
| JT               | Community Bank + Trust, Canada              | Business loan on WILDER               |                     |           |          |          |            |              |            |              | X            |               |               |
|                  |   | Outdoors, land - Building             |                     |           |          |          |            |              |            |              |              | X             |               |
|                  | Peachstone Bank, Greenville                 | Business loan on GSD                  |                     |           |          |          |            |              |            |              |              |               | X             |
|                  |   | 1102 Athens Hwy                       |                     |           |          |          |            |              |            |              |              |               |               |

SCHEDULE VI— GIFTS

Report the source, a brief description, and the value of all gifts totalling 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 |
| None  |  |       |
|   |  |       |
|   |  |       |
|   |  |       |

Use additional sheets if more space is required.



**SCHEDULE VIII—POSITIONS**

|                         |                           |
|-------------------------|---------------------------|
| Name <b>Nathan Deal</b> | Page <b>—</b> of <b>—</b> |
|-------------------------|---------------------------|

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                |
|----------|-------------------------------------|
| Partner  | Wilder Outdoors, Inc. Baldwin GA    |
| Partner  | Gainesville Salvage & Disposal, INC |
|          | DBA Recovery Services INC           |
|          | North Georgia Aviation LLC          |
|          | C & D Leasing LLC                   |
|          | C & D Investments LLC               |

**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; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

| Date | Parties To | Terms of Agreement |
|------|------------|--------------------|
|      | None       |                    |
|      |            |                    |
|      |            |                    |
|      |            |                    |
|      |            |                    |

|||

RESOURCE HORIZONS GROUP, L.L.C.  
1350 CHURCH STREET, EXT.  
THIRD FLOOR  
NARRETTA, GA 30060

|||

Account Number: |||



MFS/EMTC /IRA  
FBO SANDRA D. DEAL  
GAINESVILLE GA 30506

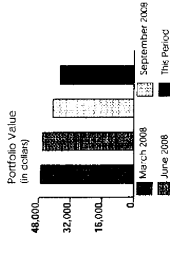
INVESTMENT REPRESENTATIVE  
BRAD DUNAGAN  
RR# 636

FOR QUESTIONS OR UP-TO-DATE ACCOUNT INFORMATION:  
Local 770-634-1057

Statement Date: 12/01/08 to 12/31/08

### SNAPSHOT

| PORTFOLIO VALUE           |  | TOTAL PORTFOLIO |              |
|---------------------------|--|-----------------|--------------|
|                           |  | Value           |              |
|                           |  | This Period     | Year To Date |
| Cash and Cash Equivalents |  | \$2,145.10      | \$2,145.10   |
| Securities                |  | \$119.44        | \$98.61      |
| Accrued Interest          |  | \$35,995.74     | \$35,067.61  |
| TOTAL PORTFOLIO VALUE     |  | \$38,174.28     | \$35,311.64  |



A portfolio value less than \$100.00 may not be displayed.

### ACCOUNT ACTIVITY

| This Period                   | Year To Date |
|-------------------------------|--------------|
| Net Trading                   | (\$1,452.27) |
| Net Core Fund Activity        | (\$2,149.10) |
| Net Additions and Withdrawals | \$2.00       |
| Net Income and Expenses       | \$1,344.77   |

### LEGEND

- (1) Numbers in parentheses indicate a decrease.
- NF = National Financial Services LLC

### RETIREMENT ACCOUNT

Retirement account maintenance fee paid on 11/17/08.

Account Number: **DEAL**  
 Account Name: **DEAL**  
 Statement Date: 12/01/2008 to 12/31/2008

**HORIZONS**  
 Innovative Brokerage Group, LLC  
 1396 Charles Street 5th Floor, 3rd Floor  
 New York, NY 10036  
 Phone: 770.313.9779  
 Fax: 770.313.1675

## SUMMARY

### PORTFOLIO VALUE

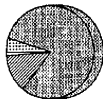
|                                   | This Period | Prior Period |
|-----------------------------------|-------------|--------------|
| Cash and Cash Equivalents         | \$2,149.10  | \$2,145.42   |
| Money Markets                     | \$119.44    | \$98.61      |
| Accrued Interest                  |             |              |
| Securities                        |             |              |
| Equity                            |             |              |
| Fixed Income                      | \$12,473.52 | \$10,203.51  |
| U.S. Treasury / Agency Securities | \$5,003.15  | \$5,003.15   |
| Mutual Funds                      | \$18,429.07 | \$17,860.95  |
| Equity                            | \$35,995.74 | \$33,067.81  |
| Total Securities                  | \$38,174.26 | \$35,311.54  |
| <b>TOTAL PORTFOLIO VALUE</b>      |             |              |

### ACCOUNT ACTIVITY

|                                 | This Period | Prior Period |
|---------------------------------|-------------|--------------|
| BEGINNING BALANCE               | \$0.00      |              |
| Trading                         |             |              |
| Securities Purchased            | (\$242.57)  | (\$1,457.27) |
| NET TRADING                     | (\$242.57)  | (\$1,457.27) |
| Core Fund Activity              |             |              |
| Core Fund Purchased             | (\$3.86)    | (\$2,149.10) |
| NET CORE FUND ACTIVITY          | (\$3.86)    | (\$2,149.10) |
| Additions and Withdrawals       |             |              |
| Other Additions and Withdrawals | \$0.00      | \$1,281.60   |
| NET ADDITIONS AND WITHDRAWALS   | \$0.00      | \$1,281.60   |
| Income and Expenses             |             |              |
| Taxable Income                  | \$246.25    | \$1,381.58   |
| Tax-Deferred Dividends          | \$0.00      | \$0.00       |
| Taxable Interest                | \$0.00      | \$0.00       |
| Net Long-Term Capital Gain      | \$0.00      | \$113.96     |
| NET TAXABLE INCOME              | \$246.25    | \$2,344.77   |
| TOTAL INCOME                    | \$246.25    | \$2,344.77   |
| NET INCOME AND EXPENSES         | \$246.25    | \$2,344.77   |
| ENDING BALANCE                  | \$0.00      |              |

**ALERT:**  
 All interest is tax deferred until it is distributed from the account.

### PORTFOLIO ALLOCATION



Allocations for equities, fixed income, and other categories may include mutual funds, and may be net of short positions. NPS has made assumptions concerning how certain mutual funds are allocated. Closed-end funds are allocated based on their equity allocation in the actual portfolio allocation. The chart may not reflect your actual portfolio allocation. Consult your broker/dealer prior to making investment decisions.



Account Number: **1111111111**  
Account Name: **DIAL**  
Statement Date: 12/01/2008 to 12/31/2008



Horizons

Investment Services

Resource Broker Group, LLC

1350 Church Street 8th Fl. 3rd Floor

Atlanta, Georgia 30309

Phone: 770-519-1779

Fax: 770-519-1676

DETAIL

| PORTFOLIO VALUE                            |              |           |                   |                      |                    |                         |
|--|--------------|-----------|-------------------|----------------------|--------------------|-------------------------|
| CASH AND CASH EQUIVALENTS 5.63%            |              |           |                   |                      |                    |                         |
| Description                                | Symbol/Cusip | Quantity  | Price on 12/31/08 | Current Market Value | Prior Market Value | Estimated Annual Income |
| Markets                                    |              |           |                   |                      |                    |                         |
| FIRELTY CASH RESERVES                      | FRXX         | 2,148.1   | \$1.00            | \$2,148.10           | \$2,148.42         |                         |
| 7 DAY AVG NET YIELD 1.48%                  | CASH         |           |                   |                      |                    |                         |
| Dividend/Option Renewal                    |              |           |                   |                      |                    |                         |
| Net Dividend Payable                       |              |           |                   |                      |                    |                         |
| Total Cash and Cash Equivalents \$2,148.10 |              |           |                   |                      |                    |                         |
| ACCRUED INTEREST 0.31%                     |              |           |                   |                      |                    |                         |
| Description                                | Symbol/Cusip | Quantity  | Price on 12/31/08 | Current Market Value | Prior Market Value | Estimated Annual Income |
| Accrued Interest                           |              |           |                   | \$118.44             | \$88.61            |                         |
| Net Income                                 |              |           |                   |                      |                    |                         |
| Total Accrued Interest                     |              |           |                   | \$118.44             | \$88.61            |                         |
| EQUITIES 32.67%                            |              |           |                   |                      |                    |                         |
| Description                                | Symbol/Cusip | Quantity  | Price on 12/31/08 | Current Market Value | Prior Market Value | Estimated Annual Income |
| Entity                                     |              |           |                   |                      |                    |                         |
| BLACKROCK BEBT STRATEGIES Fd INC           | DSU          | 1,148.025 | \$2.54            | \$2,918.52           | \$3,211.71         |                         |
| COM  | CASH         |           |                   |                      |                    |                         |
| Dividend/Option Renewal                    |              |           |                   |                      |                    |                         |
| Capital Gain/Option Renewal                |              |           |                   |                      |                    |                         |
| Net Dividend Payable: 01/03/09             |              |           |                   |                      |                    |                         |
| GMAC LLC NT 7.25%                          | GAM          | 300       | \$11.50           | \$3,540.00           | \$1,350.00         | \$543.75                |
| CALABLE ON 12/31/2008 or 25,0000           | CASH         |           |                   |                      |                    |                         |
| Dividend/Option Renewal                    |              |           |                   |                      |                    |                         |
| Net Dividend Payable: 02/03/09             |              |           |                   |                      |                    |                         |

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**EQUITIES 32.67%**

| Symbol/Cusip                   | Quantity | Price on 12/31/08 | Current Market Value | Prior Market Value | Estimated Annual Income |
|--------------------------------|----------|-------------------|----------------------|--------------------|-------------------------|
| MELLS HARGO CAN VII LTD TR PFD | 300      | \$20.25           | \$6,075.00           | \$5,641.90         | \$421.88                |
| SECS TRUPS S&BX DUE 08/01/2031 |          |                   |                      |                    |                         |
| Estimate Yield: 7.01%          |          |                   |                      |                    |                         |
| Next Ordered Payable: 02/02/09 |          |                   |                      |                    |                         |
| <b>Total Equity</b>            |          |                   | <b>\$12,473.52</b>   |                    | <b>\$986.63</b>         |
| <b>Total Liabilities</b>       |          |                   | <b>\$12,473.52</b>   |                    | <b>\$986.63</b>         |

**FIXED INCOME 13.11%**

**FIXED INCOME 1511.78**

For an explanation of fixed income pricing, please see the last page. Redemption schedules, bond ratings(s), and other information are provided where available. If information does not appear regarding a particular investment, it is not available. The ratings on this statement are provided by Standard & Poor's and/or Moody's to rate the quality based on the respective rating agency's assessment.

**Accrued Interest:** - Represents interest accumulated since the last coupon date on certain fixed income securities which may not yet have been paid by the issuer or received by NPS. There is no guarantee that the accrued interest will be paid by the issuer.

|  | Estimated | Estimated |
|--|-----------|-----------|
|--|-----------|-----------|

| Description                       | Quantity     | Assumed Type | Market Value | Market Value      | Annual Income   |
|-----------------------------------|--------------|--------------|--------------|-------------------|-----------------|
| U.S. Treasury / Agency Securities |              |              |              |                   |                 |
| 31852006                          | 5,000        | MIN          | \$190,083    | \$190,115         | \$250.00        |
| 5000006 09/05/2011 CALL           |              | CASH         |              |                   |                 |
| MOODY'S Baa P&P Aaa               |              |              |              |                   |                 |
| HYPER SECURITIES                  |              |              |              |                   |                 |
| ON JUL 09, JAN 09                 |              |              |              |                   |                 |
| Next interest payable: 01/05/09   |              |              |              |                   |                 |
| HYPERSECURITIES CAPITAL           |              |              |              |                   |                 |
| Account Interest: \$119.44        |              |              |              |                   |                 |
| <b>Total Fitted Income</b>        | <b>5,000</b> |              |              | <b>\$5,003.15</b> | <b>\$250.00</b> |

**MUTUAL FUNDS 48.28%**

| Description                              | Synthetic/Account Type | Quantity | Price on 12/31/98 | Current Market Value | Prior Market Value | Estimated Annual Income |
|--|------------------------|----------|-------------------|----------------------|--------------------|-------------------------|
| <b>Equity</b>                            |                        |          |                   |                      |                    |                         |
| AMERICAN BALANCED CLASS A                | ABLA                   | 847.198  | \$13.78           | \$11,674.35          | \$11,420.48        | \$467.49                |
| CASH                                     | CASH                   |          |                   |                      |                    |                         |
| Common Stock of 11% Cumulative Preferred |                        |          |                   |                      |                    |                         |
| Capital Gain Option Payment              |                        |          |                   |                      |                    |                         |



Account Number: XXXXXXXXXX  
Account Name: DEAL  
Statement Date: 12/01/2008 to 12/31/2008

Horizon

Investment Group, L.L.C.

1300 Charles Street, Suite 300, 4th Floor

Newark, NJ 07102

Phone: 770-310-9770

Fax: 770-310-1676

| Core Funds Purchased     |         |                   |  |           |
|--------------------------|---------|-------------------|--|-----------|
| Settlement Date          | Account | Transaction       | Description                              | Amount    |
| 12/1/08                  | CASH    | REINVESTMENT      | FIDELITY CASH RESERVES                   |           |
|                          |         |                   | REINVEST @ \$1.00                        |           |
| Net Core Funds Purchased |         |                   |  | (\$3.68 ) |
| NET CORE FUND ACTIVITY   |         |                   |  |           |
| INCOME AND EXPENSES      |         |                   |  |           |
| Taxable Income           |         |                   |  |           |
| Date                     | Account | Transaction       | Description                              | Amount    |
| 12/1/08                  | CASH    | DIVIDEND RECEIVED | BLACKROCK GEST STRATEGIES FOF INC COM    | \$53.90   |
| 12/1/08                  | CASH    | DIVIDEND RECEIVED | AMERICAN CAPITAL WORLD GRTN & INC A      | \$37.71   |
| 12/1/08                  | CASH    | DIVIDEND RECEIVED | AMERICAN CAPITAL WORLD GRTN & INC A      | \$37.71   |
| 12/1/08                  | CASH    | DIVIDEND RECEIVED | AMERICAN BALANCED CLASS A                | \$113.25  |
| 12/1/08                  | CASH    | DIVIDEND RECEIVED | FIDELITY CASH RESERVES DIVIDEND RECEIVED | \$3.68    |
| Net Taxable Income       |         |                   |  | \$246.25  |
| Total Income             |         |                   |  | \$246.25  |
| NET INCOME AND EXPENSES  |         |                   |  | \$246.25  |

Resource Horizons Group, L.L.C.  
Member FINRA/SIPC  
1000 Peachtree Street, S.W.  
Third Floor  
Marietta, GA 30060

Account Number: [REDACTED]



REG/REG-IRA  
FBO J. NATHAN DEAL  
GAINESVILLE GA 30606

INVESTMENT REPRESENTATIVE  
BRAD DUNAGAN  
REG-636

FOR QUESTIONS OR UP-TO-DATE ACCOUNT INFORMATION:  
LORD  
770-651-1837

Statement Date: 12/01/08 to 12/31/08

SNAPSHOT

| TOTAL PORTFOLIO           |              |              |
|---------------------------|--------------|--------------|
| \$132,042.30              |              |              |
| PORTFOLIO VALUE           |              |              |
|                           | This Period  | Prior Period |
| Cash and Cash Equivalents | \$4,341.72   | \$4,117.28   |
| Accrued Interest          | \$238.89     | \$197.22     |
| Securities                | \$127,461.69 | \$122,490.13 |
| TOTAL PORTFOLIO VALUE     | \$132,042.30 | \$126,744.63 |

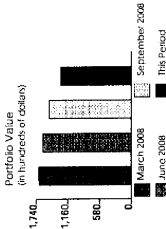
ACCOUNT ACTIVITY

|                               | This Period | Year-to-Date  |
|-------------------------------|-------------|---------------|
| Net Trading                   | (\$845.84)  | (\$10,462.47) |
| Net Core Fund Activity        | (\$224.44)  | (\$4,341.72)  |
| Net Additions and Withdrawals | \$2.00      | \$5,848.08    |
| Net Income and Expenses       | \$1,071.28  | \$7,486.11    |

LEGEND  
(1) Numbers in parenthesis  
indicate a decrease or subtraction  
from the prior period or from the  
beginning of the year.  
Services LLC

RETIREMENT ACCOUNT

Retirement account maintenance fee paid on 11/17/08



A portfolio value less than \$100.00 may not be displayed

Account Number: **DEAL**  
 Account Name: **DEAL**  
 Statement Date: 12/01/2008 to 12/31/2008

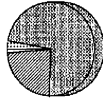
**HORIZONS**  
 Investment Brokerage Group, LLC  
 1300 Church Street, Suite 500, Jax 6th Floor  
 Jacksonville, FL 32202  
 Phone: 770.314.4770  
 Fax: 770.314.6776

## SUMMARY

| PORTFOLIO VALUE                      |  | This Period         | Prior Period        |
|--------------------------------------|--|---------------------|---------------------|
| Cash and Cash Equivalents            |  | \$4,341.72          | \$4,117.28          |
| Money Markets                        |  | \$238.89            | \$197.22            |
| Accrued Interest                     |  |                     |                     |
| Securities                           |  |                     |                     |
| Equities                             |  |                     |                     |
| Fixed Income                         |  | \$37,896.88         | \$33,287.31         |
| Equity                               |  |                     |                     |
| Fixed Income                         |  | \$10,008.30         | \$10,008.30         |
| Mutual Funds                         |  |                     |                     |
| Equity                               |  | \$59,054.25         | \$58,003.54         |
| Fixed Income                         |  | \$29,902.16         | \$27,132.88         |
| Total Securities                     |  | \$136,855.59        | \$128,432.03        |
| <b>TOTAL PORTFOLIO VALUE</b>         |  | <b>\$141,197.31</b> | <b>\$132,549.31</b> |
| ACCOUNT ACTIVITY                     |  | This Period         | Prior Period        |
| BEGINNING BALANCE                    |  | \$0.00              |                     |
| Transactions                         |  |                     |                     |
| Securities Purchased                 |  | (\$546.84)          | (\$10,462.47)       |
| NET TRADING                          |  | (\$546.84)          | (\$10,462.47)       |
| Core Fund Activity                   |  |                     |                     |
| Core Funds Purchased                 |  | (\$224.44)          | (\$8,541.73)        |
| Core Funds Withdrawals               |  | \$0.00              | \$5,000.00          |
| NET CORE FUND ACTIVITY               |  | (\$224.44)          | (\$3,541.73)        |
| Additions and Withdrawals            |  |                     |                     |
| Other Additions and Withdrawals      |  | \$0.00              | \$6,548.08          |
| <b>NET ADDITIONS AND WITHDRAWALS</b> |  | <b>\$0.00</b>       | <b>\$6,548.08</b>   |
| Income and Expenses                  |  |                     |                     |
| Taxable Income                       |  |                     |                     |
| Dividends                            |  | \$854.08            | \$5,033.73          |
| Capital Gains                        |  | \$217.19            | \$2,325.78          |
| Taxable Interest                     |  | \$0.00              | \$596.60            |
| Long-Term Capital Gain               |  | \$0.00              | \$0.00              |
| <b>NET TAXABLE INCOME</b>            |  | <b>\$1,071.28</b>   | <b>\$7,956.11</b>   |
| TOTAL INCOME                         |  | \$1,071.28          | \$7,956.11          |
| <b>NET INCOME AND EXPENSES</b>       |  | <b>\$1,071.28</b>   | <b>\$7,956.11</b>   |
| <b>ENDING BALANCE</b>                |  | <b>\$0.00</b>       | <b>\$0.00</b>       |

**ALERT:**  
 All income is tax deferred until it is distributed from the account.

## PORTFOLIO ALLOCATION



Money Markets 3.29%  
 Equities 73.42%  
 Fixed Income 23.11%  
 Accrued Interest 0.18%

Allocations for equities, fixed income, and other categories may include mutual funds, and may be net of short positions. NIS has made assumptions concerning how certain mutual funds are allocated. Closest-net to the actual allocation. The chart may not reflect your actual portfolio allocation. Consult your broker/dealer prior to making investment decisions.

Account Number:   
Account Name: **DEAL**  
Statement Date: 12/01/2008 to 12/31/2008

Horizons

Investors Barrios Group, L.L.C.  
1301 Charvet Street East, 9th, 3rd Floor  
Miami, FL 33132  
Phone: 770.319.1978  
Fax: 770.319.1676

DETAIL

| PORTFOLIO VALUE                     |                             |           |                      |                         |                       |                            |
|-------------------------------------|-----------------------------|-----------|----------------------|-------------------------|-----------------------|----------------------------|
| CASH AND CASH EQUIVALENTS 3.29%     |                             |           |                      |                         |                       |                            |
| Decision                            | Symbol/Usup<br>Account Type | Quantity  | Price on<br>12/31/08 | Current<br>Market Value | Prior<br>Market Value | Estimated<br>Annual Income |
| Money Markets                       |                             |           |                      |                         |                       |                            |
| FIDELITY CASH RESERVES              | FDRXX                       | 4,341.72  | \$1.00               | \$4,341.72              | \$4,111.26            |                            |
| 7 DAY AVG NET YIELD 1.95%           | CASH                        |           |                      |                         |                       |                            |
| Total Cash and Cash Equivalents     |                             |           |                      | \$4,341.72              |                       |                            |
| ACCURED INTEREST 0.18%              |                             |           |                      |                         |                       |                            |
| Decision                            | Symbol/Usup<br>Account Type | Quantity  | Price on<br>12/31/08 | Current<br>Market Value | Prior<br>Market Value | Estimated<br>Annual Income |
| Accrued Interest                    |                             |           |                      |                         |                       |                            |
| Fixed Income                        |                             |           |                      | \$138.89                | \$197.22              |                            |
| Total Accrued Interest              |                             |           |                      | \$138.89                | \$197.22              |                            |
| EQUITIES 28.70%                     |                             |           |                      |                         |                       |                            |
| Decision                            | Symbol/Usup<br>Account Type | Quantity  | Price on<br>12/31/08 | Current<br>Market Value | Prior<br>Market Value | Estimated<br>Annual Income |
| Equity                              |                             |           |                      |                         |                       |                            |
| BLACKROCK OCEAT STRATEGIES FDI NC   | DSJ                         | 2,298.054 | \$2.54               | \$5,837.06              | \$6,423.42            |                            |
| Dividend Option Reinvested          |                             |           |                      |                         |                       |                            |
| Capital Gain Option Reinvested      |                             |           |                      |                         |                       |                            |
| Next Dividend Payable: 01/09/09     |                             |           |                      |                         |                       |                            |
| CITICORP CREDIT CAPITAL W/ CAP SECS | CHZ2                        | 500       | \$17.02              | \$8,510.00              | \$7,400.00            | \$988.75                   |
| Dividend Option Reinvested          |                             |           |                      |                         |                       |                            |
| Estimated Yield: 10.25%             |                             |           |                      |                         |                       |                            |
| GMAC LLC NT 2.5%                    | GMN                         | 500       | \$11.80              | \$5,900.00              | \$2,250.00            | \$906.25                   |
| CALLABLE ON 02/01/2009 @ 25.0000    |                             |           |                      |                         |                       |                            |
| Estimated Annual Income: \$1,895.00 |                             |           |                      |                         |                       |                            |
| Next Dividend Payable: 02/09/09     |                             |           |                      |                         |                       |                            |

Account carried with National Financial Services L.L.C. Member NYSE, SIPC

| <b>EQUITIES: 28.70%</b>   |           |              |                 |               |  |  |  |
|---|-----------|--------------|-----------------|---------------|--|--|--|
| Symbol/Cap  | Price on  | Current      | Prior           | Estimated     |  |  |  |
| Account Type  | Quarterly | Market Value | Market Value    | Annual Income |  |  |  |
| SUBSISTURST HMC INC<br>Subordinated Revenue Bonds   | \$19,206  | \$4,860.65   | \$5,716.40      | \$54.68       |  |  |  |
| CASH  |           |              |                 |               |  |  |  |
| Diversified Open Interest   |           |              |                 |               |  |  |  |
| Capital Gain Option Reinvest  |           |              |                 |               |  |  |  |
| UNITED COMITY BIC INC BLAIRSVILLE   | 294.438   | \$2,716.27   | \$2,694.46      | \$73.60       |  |  |  |
| GA CASH   |           |              |                 |               |  |  |  |
| Discontinued Vols - 2.65%   |           |              |                 |               |  |  |  |
| Capital Gain Option Reinvest  |           |              |                 |               |  |  |  |
| Discontinued Option Reinvest  |           |              |                 |               |  |  |  |
| North Carolina Payroll 01/02/09   | 500       | \$10,025.00  | \$9,403.00      | \$703.13      |  |  |  |
| SEC23 TRUPS 5.625% DUE 09/01/2033   |           |              |                 |               |  |  |  |
| Estimated Yield: 7.01%  |           |              |                 |               |  |  |  |
| Net Dividend Payable 02/02/09   |           | \$37,868.68  |                 | \$5,906.41    |  |  |  |
| Total Equity  |           | \$37,868.68  |                 | \$5,906.41    |  |  |  |
| <b>FIXED INCOME: 7.58%</b>  |           |              |                 |               |  |  |  |
| For an explanation of fixed income pricing, please see the last page. Redemption schedules, bond ratings, and other information are provided where available. If information does not appear below, it may be due to the fact that the investment is not available. The ratings on this statement are provided by Standard & Poor's credit agency to rate the quality based on the respective rating agency's assessment. |           |              |                 |               |  |  |  |
| Accrued Interest - Represents interest accumulated since the last coupon date on certain fixed income securities which may not yet have been paid by the issuer or received by NFIS. There is no guarantee that the accrued interest will be paid by the issuer.  | Estimated | Estimated    | Estimated Prior | Estimated     |  |  |  |
| FEDERAL RESERVE NOTE  | Quantity  | Market Value | Market Value    | Annual Income |  |  |  |
| US Treasury / Agency Securities   |           |              |                 |               |  |  |  |
| FEDERAL NATLMT ASSN MTN   | 31387256  |              |                 |               |  |  |  |
| 5.00000% 03/02/2017 CALL  | 10,000    | \$10,006.30  | \$10,006.30     | \$500.00      |  |  |  |
| CASH  |           |              |                 |               |  |  |  |
| CPN INT SEMANNUAL   |           |              |                 |               |  |  |  |
| ON JUL 08 JAN 09  |           |              |                 |               |  |  |  |
| Net Interest Payable 01/02/09   |           |              |                 |               |  |  |  |
| Accrued Interest - Represents interest accumulated since the last coupon date on certain fixed income securities which may not yet have been paid by the issuer or received by NFIS. There is no guarantee that the accrued interest will be paid by the issuer.  |           |              |                 |               |  |  |  |
| Estimated Yield: 7.01%  |           |              |                 |               |  |  |  |
| Net Dividend Payable 02/02/09   |           | \$37,868.68  |                 | \$5,906.41    |  |  |  |
| Total Fixed Income  | 10,000    | \$10,006.30  |                 | \$500.00      |  |  |  |



Account Number: **DEAL**  
Account Name: **DEAL**  
Statement Date: 12/01/2008 to 12/31/2008

**HORIZONS**  
Investment Brokerage Group, LLC  
1350 Chandra Street East, 10th, 3rd Floor  
Baltimore, MD 21202  
Phone: 410.516.1979  
Fax: 790.319.6176

MUTUAL FUNDS 60.25%

| Description                    | Symbol/Class<br>Account Type | Quantity  | Price on<br>12/31/08 | Current<br>Market Value | Prior<br>Market Value | Estimated<br>Annual Income |
|--------------------------------|------------------------------|-----------|----------------------|-------------------------|-----------------------|----------------------------|
| Equity                         |                              |           |                      |                         |                       |                            |
| AMERICAN AMKED CLASS R         | BAUX                         | 3,555.673 | \$13.73              | \$49,111.39             | \$53,736.41           | \$1,622.22                 |
| AMERICAN AMKED CLASS R         | CASH                         |           |                      |                         |                       |                            |
| Capital Gain Option Reinvest   |                              |           |                      |                         |                       |                            |
| CALAMOS GROWTH FUND CLASS C    | CNGCX                        | 116.118   | \$26.93              | \$4,142.96              | \$4,667.13            |                            |
| CALAMOS GROWTH FUND CLASS C    | CASH                         |           |                      |                         |                       |                            |
| Capital Gain Option Reinvest   |                              |           |                      |                         |                       |                            |
| Total Equity                   |                              |           |                      | \$58,084.25             |                       | \$1,622.22                 |
| PIONEER GLOBAL HIGH YIELD FUND | PGBHX                        | 2,507.213 | \$6.57               | \$16,432.97             | \$16,981.60           | \$7,492.36                 |
| PIONEER GLOBAL HIGH YIELD FUND | CASH                         |           |                      |                         |                       |                            |
| 15.10% Dividend Yield          |                              |           |                      |                         |                       |                            |
| Capital Gain Option Reinvest   |                              |           |                      |                         |                       |                            |
| PIONEER HIGH YIELD CLASS C     | PWCCX                        | 661.657   | \$6.15               | \$4,069.19              | \$4,151.38            | \$372.63                   |
| PIONEER HIGH YIELD CLASS C     | CASH                         |           |                      |                         |                       |                            |
| 15.10% Dividend Yield          |                              |           |                      |                         |                       |                            |
| Capital Gain Option Reinvest   |                              |           |                      |                         |                       |                            |
| Total Fixed Income             |                              |           |                      | \$20,502.16             |                       | \$7,794.99                 |
| Total Mutual Funds             |                              |           |                      | \$78,586.41             |                       | \$4,417.21                 |
| Total Securities               |                              |           |                      | \$127,461.69            |                       | \$7,823.62                 |

TOTAL PORTFOLIO VALUE

\$132,942.30

\$7,823.62

ACCOUNT ACTIVITY

TRADING

Account Number: [REDACTED]  
Account Name: DEAL  
Statement Date: 12/01/2008 to 12/31/2008

Horizons

Investment Services Group, LLC  
1390 Cherry Street, Suite 501-206, 1st Floor  
Newark, NJ 07102-4200  
Phone: 770-315-9779  
Fax: 770-315-6768

| Securities Purchased     |              |              |   |                        |
|--------------------------|--------------|--------------|---|------------------------|
| Settlement Date          | Account Type | Transaction  | Description   | Quantity      Amount   |
| 1/2/08                   | CASH         | REINVESTMENT | PIONEER HIGH-YIELD CLASS C<br>REINVESTED @ \$8.32                               | 4.793      (\$30.79)   |
| 1/2/08                   | CASH         | REINVESTMENT | PIONEER GLOBAL HIGH-YIELD FUND<br>CLB REINVESTED @ \$8.87                       | 29.354      (\$207.12) |
| 1/2/08                   | CASH         | REINVESTMENT | AMERICAN BALANCED CLASS B<br>REINVESTED @ \$12.23                               | 2.568      (\$30.07)   |
| 1/2/08                   | CASH         | REINVESTMENT | BLACKROCK DEBT STRATEGIES FUND<br>COM REINVEST @ \$2.092 TRADE<br>DATE 12/10/08 | 52.102      (\$107.81) |
| 1/2/08                   | CASH         | REINVESTMENT | AMERICAN BALANCED CLASS B<br>REINVESTED @ \$12.23                               | 30.992      (\$419.94) |
| Net Securities Purchased |              |              |   | (\$846.84)             |

| NET TRADING              |              |              |  |                          |
|--------------------------|--------------|--------------|--|--------------------------|
| CORE FUND ACTIVITY       |              |              |  |                          |
| Core Funds Purchased     |              |              |  |                          |
| Settlement Date          | Account Type | Transaction  | Description                                    | Quantity      Amount     |
| 1/2/08                   | CASH         | YOU BOUGHT   | FIDELITY CASH RESERVE'S @ 1                    | (137.19)      (\$137.19) |
| 1/2/08                   | CASH         | REINVESTMENT | FIDELITY CASH RESERVE'S<br>REINVESTED @ \$1.00 | 7.25      (\$7.25)       |
| Net Core Funds Purchased |              |              |  | (\$224.44)               |
| NET CORE FUND ACTIVITY   |              |              |  |                          |
| NET CORE FUNDS PURCHASED |              |              |  | (\$224.44)               |

# HORIZONS

### Taxable Income

[illegible]

## Total Income

Total Income

**NET INCOME**

**NET INCOME**

## MESSAGES

Effective December 10, 2008, NTS has procured Lloyds of London to protect your assets in excess of the coverage provided by the Securities Investor Protection Corporation, SIPC. This protection becomes available in the event that SIPC funds are exhausted and is the highest level of excess SIPC coverage currently available. Effective February 16, 2009, CAPCO, the firm that currently provides excess SIPC protection for NTS accounts will no longer be providing coverage as of that time. Lloyds of London will be the sole provider of excess SIPC coverage for your brokerage account. For additional details regarding the changes to your excess SIPC coverage, visit [www.mprclearing.com](http://www.mprclearing.com) or contact your broker/dealer.

Due to changes in IRS Regulations, the yearly deadline for mailing 1099 Tax Reporting Statements has been changed from January 31 to February 15. NF S will mail most 2008 tax forms beginning in late January through mid February 2009.



PRIMEVEST FINANCIAL SERVICES  
DECEMBER 2008 STATEMENT OF ACCOUNT

Report for: November 20, 2008 to December 31, 2008 (13) PAGES of 4

Customer Account Number: [REDACTED] Customer: Deal J

PORTFOLIO VALUE SUMMARY

|                    | As of 1/2/2008 | As of 12/31/08 |
|--------------------|----------------|----------------|
| Equities           | \$56,223.72    | \$51,514.96    |
| Money Market Funds | 25,755.19      | 25,814.66      |
| Sub Total          | \$81,978.91    | \$77,329.62    |
| Total              | \$81,978.91    | \$77,329.62    |

For account details, refer to the investment section of the statement.

INCOME AND TAX ACTIVITY SUMMARY

|                     | This Statement | Year to Date |
|---------------------|----------------|--------------|
| Money Market Income | \$59.47        | \$543.35     |
| Dividends - Taxable | 0.00           | 3,489.36     |
| Total Income        | \$59.47        | \$4,032.71   |

MARKET VALUE OF YOUR PORTFOLIO

|                   |             |                               |
|-------------------|-------------|-------------------------------|
| Equities          | \$51,514.96 | Current Market Value          |
|                   | \$56,223.72 | Last Statement's Market Value |
| Cash & Equivalent | \$25,814.66 |                               |
|                   | \$25,755.19 |                               |

PORTFOLIO VALUE SECTION

EQUITIES

| Description        | Symbol/ Cusip | Account Type | Quantity | Market Price | Market Value | % of Portfolio | Estimated Market Value |
|--------------------|---------------|--------------|----------|--------------|--------------|----------------|------------------------|
| BB & T CORPORATION | BBT           | CASH         | 1.616    | 27.4600      | 51,514.96    | 96.62          | 3,526.88               |
| TOTAL - EQUITIES   |               |              | 1.616    |              | \$51,514.96  | 96.62          | \$3,526.88             |



# DECEMBER 2008 STATEMENT OF ACCOUNT

Report Period: November 23, 2008 to December 31, 2008 PAGE 01 of 4

Securities provided by PRIMEVEST Financial Services, Inc.

Customer Account Number: [REDACTED]

**Statement for the Account of:**  
 COMMUNITY BANK & TRUST AS CUST  
 JOHN NATHAN DEAL IRA  
 LA 01 06 01  
 Taxpayer ID: 000094  
 On File  
 4685 NOPANE RD  
 GAINESVILLE GA 30506

**Financial Professional:**  
 JANICE BARTEN  
 COMMUNITY BANK & TRUST  
 PO BOX 1000  
 CORNELIA, GA 30531  
 Phone Number: 706-776-2285  
 Office # 15 # 840  
 VA 17

COMMUNITY BANK & TRUST AS CUST  
 JOHN NATHAN DEAL IRA  
 UA 01 06 01  
 4685 NOPANE RD  
 GAINESVILLE GA 30506

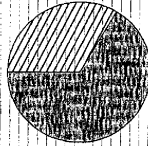
## TOTAL PORTFOLIO VALUE

As of 11/28/08 \$81,978.91  
 As of 12/31/08 \$77,329.62  
 Net Change in Account Value \$(4,649.29)

## CUSTOMER NOTICE

Resolve to take control of your financial future in 2009. Contact your financial professional today for personalized solutions and keen attention.  
 Special Note regarding Postage and Handling Fees: PrimeVest now offers delivery of client documents. You can eliminate all postage and handling fees when you register for delivery. Sign up today!

## PORTFOLIO ALLOCATION



\* Assets representing less than 1% of value are not included in the total.

## MARKET INDICES

| Index            | As of 11/28/08 | As of 12/31/08 | % Change |
|------------------|----------------|----------------|----------|
| Dow Jones        | 8,820.04       | 6,716.39       | (0.60)%  |
| NASDAQ           | 1,535.57       | 1,377.03       | (2.16)%  |
| S&P 500          | 896.24         | 905.25         | 0.78%    |
| AMEX             | 1,364.01       | 1,397.53       | 2.45%    |
| 30-Year Treasury | 3.46%          | 2.69%          | (12.70)% |
| 10-Year Treasury | 2.86%          | 2.24%          | (24.07)% |

Securities and insurance products offered by PrimeVest Financial Services, Inc. • Member FINRA/SIPC • Not FDIC-insured • May go down in value • Not financial institution guaranteed • Not a deposit • Not insured by any federal government agency • PrimeVest is an independent, registered broker-dealer • PrimeVest is NOT affiliated with the major institution or any financial institution subsidiary • Certain brokered CDs may be FDIC-insured

an ING company

an **ING** company

State of Georgia

County of Douglas

### AFFIDAVIT

Personally appeared before the undersigned attesting officer authorized by law to administer oaths, **Donnie Pierce**, who deposes and on oath says:

My name is **Donnie Pierce**. I reside at 5030 Fieldview Drive, Douglasville, GA 30135.

I was the Chief of Salvage Inspections for the Department of Revenue for the State of Georgia from January 1, 1997 until my retirement on March 31, 2009.

In January of 2009, I was in a meeting with the Commissioner of the Department of Revenue, Bart Graham and the Director of Motor Vehicles, Doug Hooper. At that time I was advised that vehicle inspections were going to be privatized but that no plan as to the details of how that would be done had been established.

As a result of that meeting, the Salvage Vehicle Inspectors who worked under my supervision began to ask for information about what direction the program was going to take, since they were concerned about their jobs. Rebuilders and Salvage Station Operators around the state also began to inquire about the future of the program. I was never able to get any information from Commissioner Graham or Director Hooper. I was very frustrated by this situation and it was a contributing factor in my decision to retire at the end of March 2009. At the time I retired there was still no information about the direction that salvage vehicle inspections was going to take.

Although the privatization of the program was scheduled to start at the beginning of the fiscal year, which was July 1, 2009, it was not in place and the number of Salvage Vehicle Inspectors has been reduced to about half of the original number.

During the period following the January 2009 meeting, I talked to many of the Salvage Station Operators, including Ken Cronan of Gainesville Salvage Disposal. I asked Mr. Cronan if he would ask his business partner, Congressman Nathan Deal, to try to get some answers about the future of the program so that I could let my Inspectors, the Station Operators and the rebuilders around the state know what to expect.

When I had the January 2009 meeting with Commissioner Graham I expressed concern that a private inspection system would not adequately address the two purposes of the inspection program, namely, that stolen parts were not being used to rebuild the vehicles, and more importantly that the rebuilding be done in a manner that insures the safety of the rebuilt vehicle. I was advised by Commissioner Graham that the Department of Revenue was not in the business of enforcing safety standards or in dealing with stolen vehicles. I was very concerned since the inspectors who worked for me were trained to look for both matters. Unfortunately, from what I have been told, my fears about how privatized inspections are now working in Georgia have been confirmed.

*Donnie Pierce*  
(Signature)

Donnie Pierce  
(Type Name)

Sworn to and subscribed  
before me this 25<sup>th</sup> day  
of January, 2010.

*Theresa G. Freeman*  
Notary Public





State of Georgia

County of Douglas

### AFFIDAVIT

Personally appeared before the undersigned attesting officer authorized by law to administer oaths, **Stephen E. Austin**, who deposes and on oath says:

My name is **Stephen E. Austin**. I am the owner of Austin's Used Truck Parts and Equipment Company, Inc. located at 2545 Cochran Industrial Boulevard, Douglasville, GA 30134, in Douglas County Georgia.

I have made my property available as a site for the State Salvage Vehicle Inspectors to conduct the inspection of rebuilt vehicles for approximately ten years.

Early in 2009, the State inspectors told me that the inspection program was going to be privatized, but they had no details about when the current program would terminate or what would replace it. Rebuilders who would routinely use my facility began asking me for information which I could not provide. I placed numerous telephone calls to Doug Hooper, the Director of Motor Vehicles in the Georgia Department of Revenue, but was never able to talk to him. I also called Bart Graham, the Commissioner of the Department of Revenue but was never able to speak with him either, since he would not return my telephone calls.

After repeated unsuccessful efforts to get information from the Department of Revenue about the future direction of the Salvage Vehicle Inspection Program, I posted on my business website the telephone numbers of the Department of Revenue, including the numbers for Commissioner Graham and Director Hooper, so that the rebuilders who were asking me for information could attempt to get some answers for themselves. I was told by many of them that they could not get any answers either.

On February 12, 2009, I wrote a letter to my State Representative, Bill Hembree, a copy of which is attached as Exhibit A. I also sent a copy of the letter to Governor Sonny Perdue, State Insurance Commissioner John Oxendine, State Representative Allen Powell and two investigative reporters at major television networks in Atlanta. Representative Powell is the only one who responded to my letter. He telephoned me and said that he was trying to get money put into the budget to continue the program.

Shortly thereafter, the State reduced the number of inspection days in half to one day a month and capped the number of vehicles that would be allowed to be inspected. Since this restricted the number of vehicles, I adopted a policy of giving priority to licensed dealers which meant that private individuals were not coming to my facility. I then received a telephone call from Director Hooper telling me that my station was going to be closed and that the remaining two monthly inspections would be cancelled. Therefore, the last inspection at my property occurred on April 14, 2009.

During all of this time, I had numerous conversations with other inspection station owners, including Ken Cronan of Gainesville. I encouraged them to contact their local elected officials as I had done in my letter of February 12, 2009. All of us were concerned about the safety of the driving public and knew the history of private inspections in Georgia, as referred to in my attached letter.

Stephen E. Austin  
(Signature)

STEPHEN E. AUSTIN  
(Type Name)

Sworn to and subscribed  
before me this 25<sup>th</sup> day  
of January, 2010.

Theresa D. Freeman  
Notary Public



Austin's Used Truck Parts and Equipment Company, Inc  
 2545 Cochran Industrial Boulevard  
 Douglasville, Georgia 30134

February 12, 2009

Dear Representative Bill Hembree,

I would like to share critical information with you about the salvage inspection of salvage vehicles in Georgia. Since 1986, the State of Georgia has inspected salvage vehicles in order to replace the salvage title with a clean or rebuilt title. Most of the rules that govern this process are outlined in "TITLE 40. MOTOR VEHICLES AND TRAFFIC CHAPTER 3. CERTIFICATES OF TITLE, SECURITY INTERESTS, AND LIENS ARTICLE 2. CERTIFICATES OF TITLE ,O.C.G.A. § 40-3-37 (2008)". The process is also outlined on our web page at [www.austinstrucks.com](http://www.austinstrucks.com) under *inspections*.

The inspection process began in 1986, using GBI agents as inspectors. The inspectors then became part of the Georgia Department of Revenue, (DOR). The inspectors were moved, early in 2000, to the Georgia Department of Motor Vehicle Services, (DMVS). Again in 2007, the inspectors were moved back to The DOR after the dismantling of the DMVS.

Commissioner Bart Graham, with the DOR, wants to dissolve the inspection process altogether due to budget cuts. Attached, you will find a two page informative letter sent to me from Gene Sapp, the owner of the Clarke County Salvage Inspection Station. In his letter you will find the number of vehicles inspected through the stations since 1988, and the revenue generated for the state. These figures are from Donnie Pierce, Chief of Inspections. Mr. Graham has stated to Rep. Alan Powell, and the appropriations committee that the inspection section cost his office \$725,000 per year to operate. You can see by the letter that in 2008 there were 17,437 vehicles inspected, generating a gross income for the department of \$1,743,700, an obvious net of over one million dollars. This does not even include the \$18.00 title transfer fee.

An attempt is being made to write the inspection section out of the DOR budget. The section should not be dissolved because one person either does not want it, or lacks the understanding of its purpose. I, along with others, suggest that the section should be moved into the Georgia Department of Public Safety, (DPS). The vehicles being rebuilt are driven on Georgia's roads everyday. To dissolve the process will jeopardize the safety of the reconstructed vehicles. There is a need to inspect these vehicles. The inspectors from the state are all well qualified to inspect these vehicle and ensure that they are repaired correctly. How does one justify the dissolution of a section that protects the public safety, as well as generating revenue for the state?

There is talk to privatize the stations. Do you remember 30 plus years ago when cars had to have a safety sticker on the left hand lower corner of your windshield? After years of misuse, that inspection process was dissolved. Privatization is not the answer. It will

only lead to corruption. The State of Georgia has a section that works very well. The State of Florida and South Carolina have sent agents to our state to study our process. We, the State of Georgia, have the toughest salvage rules. The insurance companies like the system. They receive a better return on salvage vehicles, roughly 38% of original value, compared to other states that only see a 18 - 24% of original value.

There is a need for the section. As my representative, please check into this budget out. Your findings will confirm that it generates revenue for the state as well as ensuring public safety. Please seek out the person or persons who will help this section stay operational. I am willing to help any way I can. I also request an appointment with you in regard to this issue. Please contact me by cell phone (770) 827- [REDACTED] home (770) 949- [REDACTED], or email at [REDACTED]@aol.com.

Respectfully,

Stephen E Austin

## **EXHIBIT 15**





October 26, 2009

John (Nathan) & Sandra D. Deal  
 [REDACTED]  
 Gainesville, GA 30506

Dear Nathan & Sandra,

This letter is written regarding your 2006, 2007, and 2008 individual income tax returns. At your request and due to an ethics investigation, our firm analyzed the individual financial information related to your income tax returns for the stated years.

During tax years 2006, 2007, and 2008, a W-2 was received by Nathan from both Recovery Services, Inc. and the House of Representatives – Members Services. Based on various discussions, it is now apparent that the income from Recovery Services, Inc. should have been reported as passive income and not as earned income. To correct the issue, we recommend the tax returns for 2006, 2007, and 2008 be amended to reclassify the income from Recovery Services, Inc. from earned (W-2) to passive income. In the following paragraph, we will detail the tax implications for the proposed amended tax returns.

Since the original reporting was issued on a W-2 form, a W-2c will need to be prepared for each year in question. The W-2c will correct the earned income amount to zero for each year. Also, a 1099-MISC will need to be prepared to show the income as passive for each year. When the W-2c is prepared, the result will be that payroll taxes (social security tax and Medicare tax) are overpaid. For 2006, the overpaid payroll taxes are \$4,303.13, for 2007 \$5,737.50, and for 2008 \$5,737.50. For income tax purposes, there is no change to federal and state liabilities. The income tax rates are the same regardless of the character of the income being passive or earned.

This letter sets forth our recommended changes to your individual income tax returns. We ask that you review this information and notify our office as soon as possible regarding moving forward and preparing the amended returns.

Thank you for your time and attention to this matter.

Yours truly,

HENRY & COMPANY, LLP

Frank M. Henry

705 Washington St., Bldg. A, Suite 6 • P.O. Box 1037  
 Gainesville, Georgia 30505  
 (770) 536- [REDACTED] • Fax: (770) 536-5887  
 e-mail: [REDACTED]@henryandcompany.com

