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House Ethics Committee Revises Guidelines for Donations to Legal Expense Trust Funds After Releasing Young Report

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In December, the House Ethics Committee (the Committee) dismissed allegations that Representative Don Young (R-AK) violated House Rules by accepting excessive contributions to his legal expense trust from a number of corporations collectively held by the same small group of individuals.

According to the Committee's report, Congressman Young created his legal expense trust fund on December 31, 2007, to assist with the payment of legal expenses related to a Department of Justice investigation into the Congressman's conduct. During the quarterly reporting period ending on March 31, 2011, the trust reported that 12 limited liability corporations (LLCs) collectively held by the same small group of individuals each made $5,000 contributions to the trust. Importantly, regulations governing legal expense trust funds limit contributions to "$5,000 in a calendar year from any individual or organization."

In reviewing the matter, the Committee determined that each LLC was a separate legal entity authorized to make its own $5,000 contribution. According to a December 20, 2011, statement issued by the Chairman and Ranking Member of the Committee, this conclusion was based on the fact that each of the 12 entities "was separately registered with the Louisiana Secretary of State a number of years before the contributions in question were made," provides "different services or products related to the maritime industry," and "has a unique tax identification number."

Notwithstanding its conclusion in the Young matter, however, the Committee's leadership expressed "concern that the identical ownership of the twelve entities challenges the principles of the contribution limits." Accordingly, the Committee revised its regulations to clarify that contributions by certain types of entities, including LLCs, will be attributed to the owners of such entities.