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ONE HUNDRED ELEVENTH CONGRESS

## U.S. House of Representatives

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November 12, 2010

The Honorable Mike Ross  
U. S. House of Representatives  
2436 Rayburn House Office Building  
Washington, DC 20515

Re: Your 2007 Sale of Holly's Health Mart and Real Property to USA Drug

Dear Colleague:

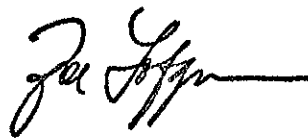
As you are aware, media reports in *ProPublica*, on September 24, 2009, and *Politico* on September 22, 2009, claim that you and your wife sold your building and property located at 1430 West First Street in Prescott, Arkansas to USA Drug in 2007 for approximately \$167,000 more than fair market value. The articles claim that Nevada County assessed the value of the property at \$237,710 in 2004 and an independent appraiser valued the property at \$198,500 in August 2009. On November 30, 2009, the Committee wrote you regarding the 2007 sale of Holly's Health Mart and your property to USA Drug and the allegations in these articles.

The Committee's letter explained that while the Committee does not assume that statements appearing in news articles are true, failure to file or falsifying financial disclosure statements could implicate the Ethics in Government Act (EIGA), 18 USC § 1001, which impose civil penalties and/or imprisonment, and House Rule XXIII requiring Members to conduct themselves in a way that reflects creditably on the House. In addition, the House Gift Rule generally prohibits Members from knowingly accepting gifts. The term "gift" is broadly defined, and includes a "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value." A Member may not knowingly accept a gift, unless it falls within one of the exceptions set forth in the rule. Under House Rule XXV, clause 5(a)(3)(A), the restrictions of the gift rule do not apply to anything for which a Member pays the market value. As such, the Committee warns Members that there can be an improper gift when "he or she is sold property at less than market value, or receives more than market value in selling property."

On December 14, 2009, you responded to the Committee's letter through counsel, providing documents relating to the 2007 sale of Holly's Health Mart and the commercial property at 1430 West First Street North to USA Drug, your negotiations with USA Drug, the earnings of Holly's Health Mart and the value of the property at 1430 West First Street North in Prescott, Arkansas.

The Committee reviewed the materials you provided, in addition to other relevant information and found that you and your wife sold your building and property at 1430 West First Street North in Prescott, Arkansas to USA Drug for fair market value. The appraisals cited in the *ProPublica* article are dated and the independent appraisal improperly employs the sales comparison methodology to assess their value. The documents you provided indicate that the fair market value of your building and property was approximately \$420,000, the price USA Drug paid for them. The Committee also found no evidence that you violated House Rules or any relevant legal standards regarding your 2007 Financial Disclosure statements. The value and the sale of your building and the property were both appropriately disclosed on your Financial Disclosure statement for Calendar Year 2007.

Accordingly, after a careful review of the *ProPublica* and *Politico* articles, the legal memo and responsive documents you provided through counsel, along with other information known to the Committee, the Committee is closing this matter without further action. If you have any questions about this matter please contact the Committee's Chief Counsel, R. Blake Chisam, at (202) 225-7103.



Zoe Lofgren  
Chair

Sincerely,



Jo Bonner  
Ranking Republican Member