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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515-6328

October 11, 2007

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The Honorable Stevan Pearce
U.S. House of Representatives
1607 Longworth House Office Building
Washington, DC 20515

Dear Colleague:

This responds to your letter of September 20, 2007 in which you sought the Committee's guidance on whether a certain transaction that occurred in 2003 was required to be disclosed on your annual financial disclosure statement. According to your letter and information subsequently provided to Committee counsel, the background on this matter is as follows.

Prior to serving in Congress, you were owner and president of Lea Fishing Tools, Inc., a Subchapter C Corporation located in Hobbs, New Mexico, which was engaged in the business of leasing oil field equipment. Following your election to the House in 2002, you continued to serve as the company's president and remained an owner. In your 2002 financial disclosure statement, you reported that the company was located in Hobbs, New Mexico and described the nature of its activities as "equipment rental." You further indicated that you owned stock in the company valued in the range of \$1,000,001-5,000,000. In 2003, Lea Fishing Tools sold its oil field rental equipment to Key Energy Services, Inc. in exchange for cash and a number of shares of that company's stock. The cash and stock proceeds from this sale were then used to reinvest in other rental equipment and investments. Later that same year, Lea Fishing Tools changed its name to "Trinity Industries, Inc." In your 2003 financial disclosure statement, you reported that the company conducted business in New Mexico and Texas and described the nature of its activities as "equipment rental." The value of the stock you held in Trinity Industries was reported in the range of \$5,000,001-25,000,000. You have similarly reported your interest in Trinity Industries in your 2004 through 2006 financial disclosure statements. Your question is whether the transaction between Lea Fishing Tools and Key Energy Services should have been disclosed on the transaction schedule of your 2003 financial disclosure statement.

Pursuant to Section 102(a)(5) of the Ethics in Government Act of 1978, as amended, a filer must disclose a brief description, the date, and category of value of any purchase, sale or exchange during the preceding calendar year which exceeds \$1,000 in (1) real property, other than property used solely as a personal residence of the reporting individual or his spouse; or (2) stocks, bonds, commodities futures, and other forms of

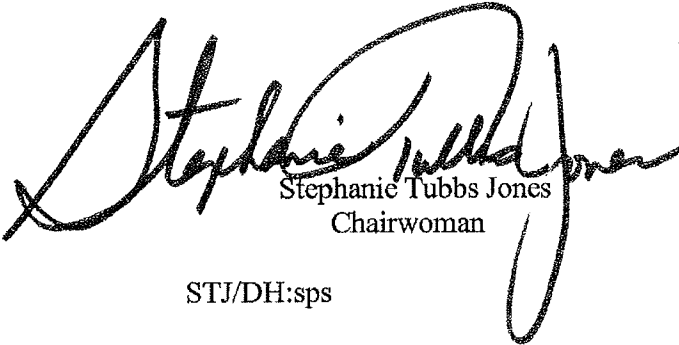
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securities. Transactions that involve the assets of a business that is actively engaged in a trade or business (as opposed to a business such as a limited partnership established only to purchase real estate) do not require disclosure.¹


Because, based on the facts that you have presented to us, Lea Fishing Tools was "actively engaged in [the] trade or business" of leasing oil field equipment, transactions involving the sale or purchase of its assets were not required to be disclosed on your personal financial statement. Consequently, you were not required to report the 2003 sale of certain assets by Lea Fishing Tools to Key Energy Services.

If you have any further questions, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,



Stephanie Tubbs Jones
Chairwoman



Doc Hastings
Ranking Republican Member

STJ/DH:sps

¹ See Comm. on Standards of Official Conduct, *Instructions for Completing Financial Disclosure Statement Form A*, at 20 (2003). The Committee's current instructions are to the same effect.