



# FACT

FOUNDATION FOR  
ACCOUNTABILITY  
AND CIVIC TRUST

August 15, 2019

House Committee on Ethics  
U.S. House of Representatives  
1015 Longworth House Office Building (LHOB)  
Washington, DC 20515

RE: Investigation into Candidate Kulkarni's Financial Disclosure Report

Dear Chairman Ted Deutch, Ranking Member Kenny Merchant, and Committee Members,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We request the Committee investigate whether House Candidate Sri Preston Kulkarni has failed to file a "true, complete, and correct" Financial Disclosure Report as required by 5 U.S.C. App. 4 § 101(c).<sup>1</sup> The information Kulkarni set forth in his personal financial disclosure report is directly contradicted by his campaign's own statements about his assets.

In his 2019 financial disclosure report, Kulkarni states: (1) he has no assets valued at more than \$1,000; (2) he earned income of \$6,000 from Mires Ran Clark and Associates in 2019; (3) he has credit card debt in the amount of \$10,000 to \$15,000 incurred in June 2019; and (4) he has student loan debt of \$50,001 to \$100,000 incurred in September 2016.<sup>2</sup> Presumably because he reported no assets and little income, Kulkarni's campaign addressed his finances. However, contradictory to his financial disclosure report, Kulkarni's campaign stated he does in fact have assets: "A spokesperson for Kulkarni's campaign" stated Kulkarni is "relying on savings while he runs this campaign."<sup>3</sup>

As required by federal law, congressional candidates must file a personal financial disclosure report.<sup>4</sup> The report must include a "full and complete statement" of the candidate's personal financial information,<sup>5</sup> including assets with a value greater than \$1,000 or that generated more than \$200 of unearned income during the reporting period.<sup>6</sup> Assets that must be

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<sup>1</sup> House R. 23, H. Comm. On Rules, Rules of the House of Representatives, 116<sup>th</sup> Congress (Jan. 11, 2019).

<sup>2</sup> Sri Preston Kulkarni, Financial Disclosure Report, filed on July 16, 2019, available at [http://clerk.house.gov/public\\_disc/financial-pdfs/2019/10028765.pdf](http://clerk.house.gov/public_disc/financial-pdfs/2019/10028765.pdf).

<sup>3</sup> David Yates, *House Candidate Reports Only \$6K in Income, Hired as a Consultant for Mires Ran Clark & Associates*, SE Texas Record, July 29, 2019, available at <https://setexasrecord.com/stories/512808261-house-candidate-reports-only-6k-in-income-hired-as-a-consultant-for-mires-ran-clark-associates>.

<sup>4</sup> 5 U.S.C. App. 4 §101(b) (requiring candidates to file a report within thirty days of qualifying as a candidate by either raising or spending more than \$5,000).

<sup>5</sup> 5 U.S.C. App. 4 §102(a).

<sup>6</sup> The following must be disclosed: "(1) Assets (real and personal property) held for investment or the production of income valued at more than \$1,000 at the close of the reporting period; and (2) Unearned income that exceeds \$200 during the reporting period." U.S. House of Reps., Comm. on Ethics, *Instruction Guide Financial Disclosure Statements and Periodic Transaction Reports*, at 14, (Calendar Year 2018) available at

reported include real property, stocks, bonds, retirement accounts, and personal bank accounts.<sup>7</sup> Each person required to file a report is directly “responsible for the completeness and accuracy of the information contained in the individual’s FD Statement or PTR, even if someone else prepared, or assisted in preparing, all or part of it.”<sup>8</sup> Furthermore, it is unlawful for any person to knowingly and willfully fail to report any required information or fail to file, with penalties of a fine up to \$50,000 and imprisonment of not more than one year.<sup>9</sup>

In this case, House candidate Kulkarni reported he had no assets, yet his own campaign stated he has “savings” that he is relying on during his campaign. Kulkarni’s contradictory statements alone demonstrate his personal financial disclosure report does not appear to be “accurate and complete.”<sup>10</sup> Moreover, this does not appear to be a singular omission—Kulkarni failed to disclose his student loan debt incurred in 2016 on his personal financial disclosure report filed in 2018.<sup>11</sup>

Federal law does not allow for federal candidates to omit information on their reports and for very important reasons.<sup>12</sup> The financial disclosure requirement is part of the law to ensure an ethical and transparent government. It is not just a technical requirement—the timely and accurate filing permits citizens to assess any conflicts of interest the candidate may have during his or her campaign for office. The Committee must act and immediately investigate Kulkarni’s failure to disclose information and impose any supported fine. Additionally, if the Committee finds information indicating the omissions were deliberate, it must refer the matter to the Attorney General for further action.

Sincerely,



Kendra Arnold  
Executive Director, Foundation for Accountability & Civic Trust

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<https://ethics.house.gov/sites/ethics.house.gov/files/CY%202018%20Instruction%20Guide%20for%20Financial%20Disclosure%20Statements%20and%20PTRs.pdf>

<sup>7</sup> The complete list of examples is: “real property, farms, underlying assets in brokerage accounts, underlying assets in IRAs, 401(k) Plans, and Other Non-Federal Retirement Accounts, pensions, 529 College Savings Accounts, corporate securities, mutual funds, exchange-traded funds (ETFs), real estate investment trusts (REITs), government securities and agency debt, asset-backed securities, futures and options, hedge funds and private equity funds, cryptocurrencies, annuities, insurances policies, bank accounts, ownership interests in privately-held companies, debts owed to the filer, trusts, investment clubs, collectibles, intellectual property/royalties.” *Id.*

<sup>8</sup> *Id.* at 9.

<sup>9</sup> 5 U.S.C. App. 4 § 104(a)(2).

<sup>10</sup> “The Committee on Ethics is required to review all FD Statements and PTRs to determine whether they are filed in a timely manner, appear accurate and complete, and comply with applicable laws and rules.” *Id.* at 9.

<sup>11</sup> David Yates, *House Candidate Reports Only \$6K in Income, Hired as a Consultant for Mires Ran Clark & Associates*, SE Texas Record, July 29, 2019; Sri Preston Kulkarni, Financial Disclosure Report, filed on February 2, 2018, available at [http://clerk.house.gov/public\\_disc/financial-pdfs/2018/10019828.pdf](http://clerk.house.gov/public_disc/financial-pdfs/2018/10019828.pdf).

<sup>12</sup> 5 U.S.C. App. 4 § 104(a)(2)(A).