

May 6, 2009

Congresswoman Diana DeGette  
600 Grant Street Suite 202  
Denver, CO 80203

Congresswoman DeGette:

“Corruption is not only about stealing: it can also relate to the abuse of power in decision-making processes. It is a form of behavior that deviates from ethics, morality, tradition, law and civic virtue.” (Source: Namibia’s Zero Tolerance for Corruption Campaign  
[http://www.anticorruption.info/corr\\_def.php](http://www.anticorruption.info/corr_def.php) )

Congresswoman DeGette, on April 2, 2009 I delivered to your Denver office a letter detailing House Budget Committee Chairman John Spratt’s February 9, 2009 intentional deception tactic with a financial projection, a tactic of deception understood in the accounting profession and illegal in a part of the private sector. Deception with a financial projection occurs when there is not an inclusion of meaningful cautionary statements indicating that actual results could differ materially from those being projected. On February 9, 2009 Chairman Spratt referenced the 2001 CBO ten-year \$5.6 trillion budget surplus projection without referencing any of the CBO’s 11 pages of uncertainties associated with the projected results. The uncertainties with the 2001 projection were so extensive the CBO stated in the January 2001 report the budget could return to deficits without changing any of President Clinton’s policies. The facts supporting my assertion the tactic of deception with a financial projection is well understood in the accounting profession, is illegal in a part of the private sector, and is intentionally and knowingly being used by Chairman Spratt are documented in my April 2, 2009 letter to you (copy available at my non-commercial website: <http://www.democraticdeception.com>.)

The Chairman of the House Budget Committee’s intentional use of the tactic of deception with a financial projection must be considered a behavior that deviates from civic virtue and therefore must be considered corruption.

As a result of your delay in addressing my letter of April 2, 2009 concerning Chairman Spratt’s intentional deception tactic on February 9, 2009, you have provided Chairman Spratt an opportunity on April 27, 2009 to again use the tactic of deception. Attached is a copy of Chairman Spratt’s opening comments on April 27, 2009 containing the tactic of deception with a projection. The notes in Red on the attachment are my comments. You will see again there is no reference to any of the CBO’s 11 pages of uncertainties associated with the \$5.6 trillion ten-year budget surplus projection.

Congresswoman DeGette, the Code of Ethics for Government Service, as stated in the House Ethics Manual available to you on the Office of Congressional Ethics website, requires you to “Expose corruption wherever discovered.”

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Congresswoman DeGette, the CBO deemed it necessary to include 11 pages of uncertainties associated with the \$5.6 trillion ten-year budget surplus projection. Again on April 27, 2009 when referencing the 2001 CBO projected results Chairman Spratt knowingly did not include any meaningful cautionary statements that actual results could differ materially from those being projected.

As stated earlier, the tactic of deception with a projection by omitting meaningful cautionary statements about the attainability of the projected results is well understood in the accounting profession and is illegal in a part of the private sector. Congresswoman DeGette, do you condone for use by Members of Congress the aforementioned projection deception tactic or do you consider the tactic being used by House Budget Committee Chairman Spratt to be corruption?

Congresswoman DeGette, unless you are condoning for Members of Congress using the aforementioned projection deception tactic, you must expose the tactic as corruption. As stated earlier, your Code of Ethics for Government Service requires you to "Expose corruption wherever discovered." Based on your usage of the tactic on June 22, 2006 (see my April 2, 2009 letter) and your obligation to "Expose corruption wherever discovered," I must consider your silence to my April 2, 2009 letter to be you effectively condoning the aforementioned projection deception tactic for Members of Congress.

Please answer my above question concerning the use by Members of Congress of a projection deception tactic that omits meaningful cautionary statements that actual results could differ materially from those being projected and, in the case being cited, the uncertainties included the possibility of returning to deficits without any changes in President Clinton's policies.

Regards,

*Original signed and delivered May 6, 2009*

Gregory R. Brice, CPA  
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Denver, CO 80210

Attachment  
Cc: The Denver Post

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FOR IMMEDIATE RELEASE  
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REP. JOHN SPRATT  
D-South Carolina  
Budget Committee Chairman

YouTube Channel

Washington D.C. - The Budget Committee's primary task each year is to develop an outline of the budget for Congress to follow. We convene this conference to accomplish that task.

Over the last eight years, we have witnessed an enormous reversal in our budget. We have seen a ten-year surplus of \$5.6 trillion dissipate, disappear, and devolve into massive deficits. In the meanwhile, our economy has been overtaken by the worst set-backs since the 1930s.

By CBO's reckoning, the federal government will run an unprecedented deficit this year: \$1.845 trillion. Two-thirds of that deficit derives from tax and spending policies left over from the Bush Administration. Much of this year's deficit derives from costly actions like the Troubled Asset Relief Program, the consolidation of Fannie Mae and Freddie Mac into the federal budget, and the American Recovery and Reinvestment Act. The good news is, these actions are not likely to recur, if we can stabilize the economy.

In that regard, the President has recognized that we have two deficits. The second deficit is an economy running at \$1 trillion below its potential, which is 7 percent below what it would at full employment. To move our economy closer to capacity, the President and Congress have launched \$787 billion in tax cuts and spending increases. In its Analysis of the President's Budget, the Congressional Budget Office says, "...the adoption of the American Recovery and Reinvestment Act and very aggressive actions by the Federal Reserve and Treasury will help end the recession this fall."

Let's hope that CBO is right, because it is all but impossible to balance the budget when the economy is in recession. But we have to contain it due to a stark reality: the deficit this year will be 12 percent of GDP. Our economy cannot sustain deficits of that magnitude.

Recognizing that, President Obama has sent us a plan to cut the deficit by two-thirds - that is, using OMB's estimates, paring the deficit down to \$533 billion by 2013 from \$1.752 trillion for this year. That's an enormous reduction, \$1.2 trillion over four years. But that reduction is credible because of the extraordinary costs that swell this year's deficit, which are likely to be non-recurring. Some economists would say that it's also sustainable because the deficit would be 3 percent of GDP in 2013, roughly the rate of growth. But few of us would say the job will be finished when the deficit drops to \$533 billion.

We agree that we must face up to the long-term liabilities hanging over our country - and by that I mean the out-year deficits as well as our long-run liabilities to Social Security and Medicare. The budget process is an annual process, and since we revisit the budget every year, we can take steps to correct its course, which we surely will do with deficits of today's gravity looming over us. While the House and Senate have both passed five-year budgets, we are mindful of the following five years, and we will be making corrections to see that the deficit stays on a downward trajectory. We basically believe that those mid-course corrections can best be made when we have emerged from recession and have a better view of the economy that bounces back.

Both the House and Senate budget resolutions share strong similarities. Both advance the four priorities laid out by the President - building up our economy by investing in education, energy, and health care, and at the same time, cutting the deficit by half or more over the next four years. Like the President's budget resolution, both the House and the Senate resolutions provide for middle-income tax relief. I am confident that the conference agreement will also advance these priorities.

Two of the major differences in the House and Senate budgets are reconciliation and non-defense discretionary funding. On non-defense appropriations, I feel confident that we will be able to find middle ground between the House and Senate. On reconciliation, I am hopeful that the conferees will agree to instructions for health care and education - while moving the reporting date later than in the House-passed resolution. Reconciliation instructions would not preclude the committees of jurisdiction from moving legislation in these policy areas under traditional procedures - but they would provide fall-back to ensure that these policy initiatives can move through the Congress if negotiations come to an impasse.

All in all, the House and Senate have passed resolutions that are broadly similar, and I believe that we can come to agreement on a conference measure that embodies the principles and priorities in both resolutions and in the President's budget.

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The most blatant attempt at intentional deception with a projection that is possible to exist is on display with this comment and press release from Chairman Spratt. The \$5.6 trillion ten-year budget surplus projection being referenced was so uncertain the CBO included in the 2001 report the possibility the budget would return to deficits even without changing President Clinton's policies.

In the same press release the Chairman acknowledges the possibility of error by the CBO. In the circled statement above, the Chairman does not even state it is a CBO projection, let alone it is subject to error.

At what point does the tactic of intentional deception with a projection, a tactic understood in the accounting profession and illegal in a part of the private sector, become a violation of the Code of Ethics for Government Service?

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