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Cc: [Christal Dennis](#); [Newton, Megan](#); [Crosland, Stewart](#)
Subject: RE: AR19-01R
Date: Tuesday, June 22, 2021 9:22:02 AM
Attachments: [AR19-01R - Response of Steve Chabot for Congress & Treasurer Natalie Baur.pdf](#)

Please see the attached response in regard to AR19-01R.

Thank you.

E. Stewart Crosland
Partner

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BEFORE THE FEDERAL ELECTION COMMISSION

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) **AR19-01R**
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**RESPONSE OF STEVE CHABOT FOR CONGRESS
AND NATALIE BAUR, TREASURER**

Steve Chabot for Congress and Treasurer Natalie Baur (collectively, “the Campaign”) hereby submit this response in the above-captioned Audit Referral, which identifies various reporting failures by the Campaign during the 2017–2018 election cycle. Each of the items identified in the Audit Referral is attributable to the malfeasance or misfeasance of the Campaign’s former campaign manager—and “de facto treasurer”—James Schwartz II, a once trusted member of the Campaign who in late May 2021 pleaded guilty to committing crimes against the Campaign and FEC, including wire fraud and falsification of records in connection with embezzling \$1,440,475.00 from the Campaign. [REDACTED]

[REDACTED] *see also* Ex. 2 (DOJ Press Release, *Cincinnati political consultant pleads guilty to embezzling \$1.4M from Congressional campaign*, May 28, 2021).¹ [REDACTED]

[REDACTED]

Federal law enforcement’s investigation into Mr. Schwartz found that, throughout the period covered by the FEC’s 2017–2018 audit, he had “prepared and submitted reports” filed with the FEC on behalf of the Campaign. Ex. 1, Criminal Information ¶ 9. While Mr. Schwartz had

¹ In fact, Mr. Schwartz was found even to have fabricated Campaign bank statements and other records in connection with the FEC’s 2017–2018 audit at issue here. Ex. 1, Criminal Information ¶ 17.

held out his father as the Campaign's Treasurer, it turns out that was never true. *Id.* ¶ 13. Instead, the criminal investigation revealed that Mr. Schwartz "was actually serving as the de facto treasurer for" the Campaign at the time of the reporting failures identified in the Audit Referral. *Id.* ¶¶ 8, 13. The Campaign does not know specifics of each of these reporting failures—whether they somehow were intended by Mr. Schwartz to further his scheme or simply were the result of his neglect—but it is clear that Mr. Schwartz failed to report this information properly to the FEC on behalf of the Campaign.

[REDACTED]

[REDACTED] As the victim of Mr. Schwartz's crimes, the Campaign cooperated with law enforcement throughout its investigation, and is committed to working with the FEC to correct the public record to the fullest extent possible. The Campaign also has taken proactive steps to improve its compliance and recordkeeping operation, including retaining a new Treasurer, Mr. Baur, who has implemented internal controls consistent with the FEC's *Best Practices for Committee Management* in an effort to avoid future issues. We thus respectfully request that the Commission treat this matter, and all others arising from Mr. Schwartz's unauthorized activities, consistent with its treatment of similar matters where a committee has been the victim of misappropriation or other financial misfeasance.

Respectfully submitted,



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 Natalie Baur*

EXHIBIT 2



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* OHIO

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Department of Justice

U.S. Attorney's Office

Southern District of Ohio

FOR IMMEDIATE RELEASE

Friday, May 28, 2021

Cincinnati political consultant pleads guilty to embezzling \$1.4M from Congressional campaign

CINCINNATI – A political and media consultant pleaded guilty in federal court today to wire fraud and falsification of records related to the embezzlement of more than \$1.4 million from a United States Congressional campaign.

A bill of information was filed on April 27 charging James R. Schwartz II, 41, of Cincinnati.

According to court documents, from approximately 2011 through 2019, Schwartz worked as a consultant on behalf of a Congressional campaign through his companies Fountain Square Group LLC and Prime Media LLC. Schwartz also served as the de facto treasurer for the campaign.

The plea document details that Schwartz embezzled funds from the Congressional campaign by writing checks to himself and his companies from the campaign that were for more money than he and his companies had actually earned. He allegedly concealed the embezzled funds by misrepresenting the amounts paid to him and his companies in reports to the Federal Election Commission. It is alleged that Schwartz fabricated bank statements and other documents in submissions to the Federal Election Commission in order to conceal his embezzling.

Committing wire fraud and falsifying records in a federal investigation are crimes punishable by up to 20 years in prison.

Vipal J. Patel, Acting United States Attorney for the Southern District of Ohio, and Chris Hoffman, Special Agent in Charge, Federal Bureau of Investigation (FBI), Cincinnati Division, announced the charges. Assistant United States Attorney Matthew C. Singer is representing the United States in this case.

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Topic(s):

Financial Fraud

Component(s):

USAO - Ohio, Southern

Contact:

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Updated May 28, 2021