



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

September 26, 2024

E. Stewart Crosland
51 Louisiana Avenue NW
Washington, DC 20001

Re: ADR 1168 (Pre-MUR 630, RR 20L-04, and AR 19-01R)
Steve Chabot For Congress and Natalie K. Baur, Treasurer (C00301838)

Dear E. Stewart Crosland:

Enclosed is the signed copy of the Negotiated Settlement resolving the above-shown matter. The Negotiated Settlement was approved by the Commission on September 17, 2024 – the effective date of the agreement.

Note the specific time frames for compliance detailed in the agreement. Please forward to this office, a statement confirming Respondent's compliance with each term. The letter should note the dates on which Respondents satisfied each of the terms and contain the ADR case number. For your convenience, a compliance chart is attached.

As you are aware, the Negotiated Settlement will be made part of the record that is released to the public. The Commission will also place on the record copies of the complaint/referral, correspondence exchanged between your office and this office prior to our negotiations, and reports prepared for the Commission by this office to assist in its consideration of this matter. The Commission is obliged by Federal statute to place on the public record documents in closed enforcement and alternative dispute resolution cases; accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC's Public Records Office.

This agreement resolves this matter. I appreciate your assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,

A handwritten signature in black ink, appearing to read "Joshua A. Rebollozo".

Joshua A. Rebollozo
Assistant Director
Alternative Dispute Resolution Office

ADR 1168 Compliance Chart**Type**

Certify the closure of the Committee's federal account and work with Commission staff to terminate its political committee status

Date Due

October 17, 2024



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Case Number: ADR 1168
Source: Pre-MUR 630, RR 20L-04, and AR 19-01R
Case Name: Steve Chabot For Congress

NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission (FEC or the Commission) pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Following review of the matter, and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended, (FECA) and resolve this matter, the Commission entered into negotiations with E. Stewart Crosland, Esq., representing Steve Chabot For Congress and Natalie Baur, in her official capacity of Treasurer (the Committee or Respondents). It is understood that this settlement will have no precedential value relative to any other matters coming before the Commission.

Negotiations between the Commission and Respondents addressed the issues raised in this referral. The parties agree to resolve the matter according to the following terms:

1. The Commission enters into this settlement as part of its responsibility for administering the FECA, and in an effort to promote compliance on the part of Respondents. The Commission's use of alternative dispute resolution procedures (ADR) is guided by "The Administrative Dispute Resolution Act of 1996," 5 U.S.C. § 572 and is an extension of 52 U.S.C. § 30109.
2. Respondents voluntarily enter into this settlement with the Commission.
3. The Commission transferred [REDACTED] a referral from the Audit Division, and a referral from the Reports Analysis Division (RAD) to the Alternative Dispute Resolution Office (ADRO) arising out of an eight-year embezzlement scheme perpetrated against the Committee by James R. Schwartz II, the former campaign manager of and consultant to the Committee. In particular, [REDACTED]
4. A criminal Information was filed by the United States against Schwartz on April 27, 2021, alleging, among other things, that Schwartz had "knowingly devised and intended to devise a continuing scheme and artifice to defraud [the Committee] of money and property by embezzling funds in excess of Schwartz's authorized pay and compensation, through materially false or fraudulent pretenses, representations, and promises..." The Information alleged that Schwartz took substantial steps to conceal his scheme from the Committee and the Commission.
5. On May 27, 2021, Schwartz pleaded guilty to wire fraud and the falsification of records in connection with embezzling \$1.4 million from the Committee, including related

misrepresentations made in reports he prepared and filed on behalf of the Committee and falsified documents provided to the Audit Division. He was sentenced to 24 months in prison.

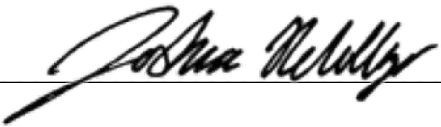
6. It is estimated that the total misrepresentation of funds to the Commission, within the statute of limitations,¹ totals \$2,882,516.89, which includes inaccurate reporting of receipts and disbursements, mathematical discrepancies, the disclosure of inaccurate and negative cash-on-hand balances, the failure to properly itemize contributions from individuals, and missing 48-Hour Notices.
7. Political committees, through their treasurers, must report all financial activity, including maintaining an accurate account of all receipts, disbursements, and cash-on-hand balances, pursuant to the FECA. 52 U.S.C. §§ 30102 (c), 30104(b); 11 C.F.R. § 104.3.
8. If any contribution of \$1,000 or more is received by any authorized committee of a candidate after the 20th day, but more than 48 hours, before 12:01 a.m. of the day of the election, the principal campaign committee of that candidate shall notify the Commission, the Secretary of the Senate and the Secretary of State, as appropriate, within 48 hours of receipt of the contribution. The notification shall be in writing and shall include the name of the candidate and office sought by the candidate, the identification of the contributor, and the date of receipt and amount of the contribution. The notification shall be filed in accordance with 11 C.F.R. § 100.19. The notification shall be in addition to the reporting of these contributions on the post-election report. 52 U.S.C. § 30104(a)(6); 11 C.F.R. § 104.5(f).
9. The FECA requires that a committee disclose the identification of all individuals who contribute in excess of \$200 in an election cycle. Identification is defined as the full name, complete mailing address, occupation and name of employer. 52 U.S.C. § 30104(b)(3); 11 C.F.R. §§ 100.12, 104.3(a)(4), 104.7(b).
10. The Committee acknowledges it lacked effective internal controls in its accounting and financial operations. The Committee has since implemented procedures that satisfy the internal control recommendations in the Commission's 2007 policy statement. Respondents contend that after discovery of Schwartz's embezzlement scheme, the Committee made internal changes, including opening a new bank account and hiring a campaign reports and compliance specialist to take over as treasurer, Ms. Baur, who implemented the Commission's recommendations of methods to prevent unauthorized withdrawals of committee funds.
11. The Committee further represents that it worked cooperatively with federal investigators to assist their investigation of Schwartz.
12. The Committee also voluntarily agreed to toll repeatedly the statute of limitations in various matters before the Commission during the course of the ongoing criminal investigation and as the Commission worked to assess the reporting issues resulting from Schwartz's crimes. In total, the Committee voluntarily entered into at least 10 separate tolling agreements with the Commission.

[REDACTED]

13. Lastly, former Congressman Steve Chabot lost in the 2022 general election and has stated that he intends to retire and not run for federal office again. The Committee has informed the Commission that it has been in the process of winding down since November 2022. The Committee has filed four attempted termination reports with the commission looking to terminate its political committee status, including a termination report filed on July 23, 2024, presently pending before the Reports Analysis Division.
14. As the Committee wishes to promptly terminate its political committee status, in an effort to resolve these matters, the Committee will not rescind its already filed termination report, and upon the Commission's approval of the Committee's termination, the Committee will certify to the closure of the Committee's bank account within thirty (30) days. Until termination has been approved, the Committee will continue reporting consistent with its designated reporting schedule.
15. Respondents agree that all information provided to resolve this matter is true and accurate to the best of their knowledge and that they sign this settlement under penalty of perjury pursuant to 28 U.S.C. § 1746.
16. The parties agree that if Respondents fail to comply with the terms of this settlement, the Commission may undertake civil action in the U.S. District Court for the District of Columbia to secure compliance. Unpaid civil money penalties are subject to the Debt Collection Act of 1982 as amended by the Debt Collection Improvement Act of 1996 (DCIA), 31 U.S.C. § 3701 et seq. The Commission will transfer debt to the United States Department of the Treasury (Treasury) for collection.
17. This settlement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms of this settlement as set forth above and shall certify compliance with the above settlement terms in writing to the Alternative Dispute Resolution Office on or before the date each term becomes due.
18. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 1097 (Pre-MUR 630, RR 20L-04, and AR 19-01R), and resolves those issues identified above. No other statement, promise or agreement, either written or oral, made by either party, not included herein, shall be enforceable.

FOR THE COMMISSION:

Joshua A. Rebollozo, Assistant Director
Alternative Dispute Resolution Office



September 17, 2024

Date Signed

FOR THE RESPONDENTS:



E. Stewart Crosland, Esq.
Representing Steve Chabot For Congress
and Natalie Baur, Treasurer

August 29, 2024

Date Signed