

McDermott Will & Emery

Boston Brussels Chicago Dallas Düsseldorf Frankfurt Houston London Los Angeles Miami
Milan Munich New York Orange County Paris Seoul Silicon Valley Washington, D.C.
Strategic alliance with MWE China Law Offices (Shanghai)

Stephen M. Ryan
Attorney at Law
sryan@mwe.com
+1 202 756 8333

May 31, 2018

VIA EMAIL TO CELA@fec.gov

CONFIDENTIAL COMMUNICATION

Federal Election Commission
Office of Complaints Examination and
Legal Administration
Attn: Kathryn Ross, Paralegal
999 E Street, N.W.
Washington, DC 20463

Re: MUR 7369

To the Office of Complaints Examination and Legal Administration:

On behalf of Respondents Mike Crapo for U.S. Senate and Paul Kilgore, in his official capacity as treasurer; Freedom Fund and Lance Kolbet, in his official capacity as treasurer (collectively, "the Committees"); Idaho Conservative Growth Fund¹ and Meredith Leshner, in her official capacity as treasurer; and the Honorable Michael Crapo (collectively, "Respondents"), we respectfully submit the following joint response to the Complaint and supplemental information filed in the above-referenced matter on April 20, 2018, and May 16, 2018, respectively. As detailed below, the Respondents initiated an internal review of all events held at 223 C Street NE ("the townhouse") nearly one month before any complaints were filed with the Commission regarding the Respondents' use of the townhouse. The Respondents fully disclosed the details of the events at issue in the Complaint²—in addition to *sua sponte* disclosures of all other events held at the townhouse—to the Commission and paid the owner of the townhouse for each use of the space, thereby remedying any inadvertent reporting oversight. Accordingly, the Commission should exercise its discretion and dismiss the allegations in the above-referenced matter.

Senator Crapo and the Committees take seriously their responsibility to comply with all Commission regulations. At Senator Crapo's direction, the Committees initiated an internal

¹ Idaho Conservative Growth Fund ("ICGF") has never utilized the townhouse for an event, and thus, the Commission should dismiss any allegations raised in the complaint against the ICGF and its treasurer.

² The Complaint and supplemental information contain a number of false allegations. For example, the Complaint states that the Committees held fundraisers at the townhouse on June 28, 2017; July 27, 2017; September 27, 2017; and October 25, 2017. See Compl. ¶ 11. None of the Respondents held events at the townhouse on those dates.

review on March 26, 2018, of their use of the townhouse.³ This review began nearly one month before any complaints were filed with the Commission. After completing the internal review, Crapo for Senate and Freedom Fund filed detailed FEC Form 99 documents with the Commission on April 25, 2018, and April 26, 2018, respectively. As stated in the Form 99 documents filed with the Commission, the Committees paid for all catering, cleaning, telephone calls, and staff expenses associated with each use of the townhouse. All of these expenditures were reported to the Commission in the Committees' regular filings.

Due to administrative oversight, the Committees did not pay for or report the costs of each use of the townhouse rental space, which the Committees initially understood to be in-kind contributions from Ms. Vicki Hart.⁴ In April 2018, Ms. Hart informed the Committee that the cost of the townhouse rental space used by the Committees is \$100 per use. Considering that the Committees' events at the townhouse lasted just 60 minutes to 90 minutes—and no one from the Committees ever used the townhouse for an overnight stay—this amount is well within the fair market value for the rental space.

Prior to the initiation of the internal review in March 2018, none of the Respondents had any knowledge that the owner of the townhouse was an LLC that is treated as a corporation for tax purposes. On April 20, 2018, the Committees reimbursed 223 C Street, LLC, which is governed by Ms. Hart, for all events held in the space.⁵ The Committees then disclosed these expenditures in their Form 99 documents filed the following week.⁶

Given that the Committees have remedied any inadvertent oversight and reporting errors, the Respondents respectfully request that the Office of General Counsel exercise its prosecutorial discretion and dismiss this matter, close the file, and take no further action against the Respondents. The Office of General Counsel's exercise of its discretion to dismiss this matter would be consistent with Commission precedent.⁷

³ See Ex. A, Crapo for Senate, Form 99 (April 26, 2018); Ex. B, Freedom Fund, Form 99 (April 25, 2018).

⁴ On May 12, 2015, Ms. Hart provided the Committees' fundraiser, Ms. Amy Mathis, with a letter indicating that she was making a personal in-kind contribution of \$1,000 to the Committee for the use of the townhouse from January 2015 to June 2015. See Ex. C, Letter from V. Hart to A. Mathis (May 12, 2015). Crapo for Senate disclosed this in-kind contribution on its July 2015 Quarterly Report to the FEC.

⁵ See Ex. D, Crapo for Senate Checks to 223 C Street LLC (April 20, 2018); Ex. E, Freedom Fund Checks to 223 C Street LLC (April 20, 2018).

⁶ See Ex. A, Crapo for Senate Form 99 (April 26, 2018); Ex. B, Freedom Fund Form 99 (April 25, 2018).

⁷ See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545, 12,546 (Mar. 16, 2007) ("Pursuant to the exercise of its prosecutorial discretion, the Commission will dismiss a matter when it does not merit the further use of Commission resources, due to factors such as the small amount of the alleged violation, the vagueness or weakness of the evidence, or likely difficulties with an investigation."); Factual & Legal Analysis, MUR 6847 (Friends of Bob Johnson), at 3 (June 11, 2015)

Office of Complaints Examination
And Legal Enforcement
Page 3

Thank you for your consideration of this request.

Sincerely,


Stephen M. Ryan


Sam C. Neel

Counsel for Respondents

Enclosures

UNCONFIDENTIAL

(finding that the committee accepted a \$10,000 contribution that exceeded contribution limits by \$2,200—but exercising its prosecutorial discretion and dismissing the matter in part because of “the small amount at issue, the remedial action taken by the Committee in refunding the excessive portion of the contribution, and in furtherance of the Commission’s priorities relative to other matters pending on the Enforcement docket”); Factual & Legal Analysis, MUR 6847 (Friends of Bob Johnson), at 3 (June 11, 2015) (finding that the committee accepted a contribution of \$250 in excess of legal limits—but exercising its prosecutorial discretion to dismiss the matter); Factual & Legal Analysis, MUR 6497 (McCaskill for Missouri), at 7 (Dec. 20, 2012) (acknowledging that the complaint alleged that the committee failed to report in-kind contributions resulting from Senator McCaskill’s use of a private plane two times (although she reimbursed the U.S. Treasury \$88,000 for 89 flights) at an average cost of \$989 per flight—but dismissing the matter because the “the amount involved is likely *de minimis*” and because the Commission did “not believe, that investigating this allegation is a prudent use of the Commission’s limited resources.”); First General Counsel’s Report, MUR 4352 (Toricelli for U.S. Senate), at 14-15 (Nov. 8, 1996) (recommending the issuance of admonishments while taking no further action against respondents).

EXHIBIT A

NON-CONFIDENTIAL



April 26, 2018

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

ID Number: C00330886

To Whom It May Concern:

Over the last month, the Committee conducted an internal review of its use of the townhouse located at 223 C Street NE Washington, DC 20002. The review found the following:

- In 2014, the Committee used the townhouse once for a kitchen cabinet meeting and 15 times for campaign election review meetings (16 total).

1. 06/26/14	July Quarterly	Idaho election review
2. 07/09/14	October Quarterly	Idaho election review
3. 07/10/14	October Quarterly	Crapo Kitchen Cabinet Lunch
4. 07/15/14	October Quarterly	Idaho election review
5. 07/16/14	October Quarterly	Idaho election review
6. 07/24/14	October Quarterly	Idaho election review
7. 07/29/14	October Quarterly	Idaho election review
8. 07/30/14	October Quarterly	Idaho election review
9. 07/30/14	October Quarterly	Idaho election review
10. 07/31/14	October Quarterly	Idaho election review
11. 09/09/14	October Quarterly	Idaho election review
12. 09/10/14	October Quarterly	Idaho election review
13. 09/17/14	October Quarterly	Idaho election review
14. 09/18/14	October Quarterly	Idaho election review
15. 09/23/14	October Quarterly	Idaho election review
16. 09/24/14	October Quarterly	Idaho election review

- In 2015, the Committee used the townhouse twice for a kitchen cabinet meeting, 22 times for campaign election review meetings and phone calls, and 10 times for fundraising events (34 total).

1. 01/05/15	April Quarterly	Idaho election review
2. 01/20/15	April Quarterly	Idaho election review
3. 01/22/15	April Quarterly	Idaho election review

4.	01/29/15	April Quarterly	Idaho election review
5.	02/03/15	April Quarterly	Idaho election review
6.	02/05/15	April Quarterly	Idaho election review
7.	02/11/15	April Quarterly	Idaho election review
8.	02/24/15	April Quarterly	Idaho election review
9.	02/25/15	April Quarterly	FR Lunch
10.	02/26/15	April Quarterly	Idaho election review
11.	03/03/15	April Quarterly	Idaho election review
12.	03/10/15	April Quarterly	Idaho election review
13.	03/12/15	April Quarterly	Idaho election review
14.	03/17/15	April Quarterly	Idaho election review
15.	03/24/15	April Quarterly	Idaho election review
16.	04/14/15	July Quarterly	Phone calls
17.	04/15/15	July Quarterly	Phone calls
18.	04/16/15	July Quarterly	Crapo Kitchen Cabinet Lunch
19.	04/23/15	July Quarterly	Phone calls
20.	04/29/15	July Quarterly	Phone calls
21.	05/05/15	July Quarterly	FR Lunch
22.	05/12/15	July Quarterly	FR Dinner
23.	05/13/15	July Quarterly	FR Lunch
24.	05/13/15	July Quarterly	Phone calls
25.	07/09/15	October Quarterly	Crapo Kitchen Cabinet Lunch
26.	07/14/15	October Quarterly	FR Dinner
27.	07/23/15	October Quarterly	FR Lunch
28.	09/16/15	October Quarterly	FR Lunch
29.	09/29/15	October Quarterly	CFS data update meeting
30.	09/29/15	October Quarterly	Meeting
31.	09/30/15	October Quarterly	FR Lunch
32.	10/22/15	Year-End	FR Lunch
33.	11/05/15	Year-End	Meeting
34.	11/18/15	Year-End	FR Lunch

- In 2016, the Committee used the townhouse once for a kitchen cabinet meeting, 4 times for campaign calls and meetings, and 12 fundraising events (17 total).

1.	01/20/16	April Quarterly	FR Lunch
2.	02/10/16	April Quarterly	FR Lunch
3.	02/25/16	April Quarterly	FR Lunch
4.	04/06/16	Pre-Primary	FR Lunch
5.	04/14/16	Pre-Primary	Crapo Kitchen Cabinet
6.	04/28/16	July Quarterly	FR Lunch
7.	05/12/16	July Quarterly	FR Lunch
8.	05/26/16	July Quarterly	FR Lunch
9.	06/09/16	July Quarterly	Campaign update call
10.	06/15/16	July Quarterly	Meeting
11.	06/16/16	July Quarterly	Phone calls
12.	06/29/16	July Quarterly	Meeting
13.	06/30/16	July Quarterly	FR Lunch
14.	07/14/16	October Quarterly	FR Lunch

15. 09/07/16	October Quarterly	FR Dinner
16. 09/08/16	October Quarterly	FR Lunch
17. 10/05/16	Pre-General	FR Dinner

- In 2017, the Committee used the townhouse 9 times for fundraising events (9 total).

1. 03/01/17	April Quarterly	FR Lunch
2. 03/08/17	April Quarterly	FR Dinner
3. 04/26/17	July Quarterly	FR Lunch
4. 05/04/17	July Quarterly	FR Breakfast
5. 05/24/17	July Quarterly	FR Lunch
6. 06/29/17	July Quarterly	FR Lunch
7. 07/11/17	October Quarterly	FR Coffee
8. 09/28/17	October Quarterly	FR Lunch
9. 11/30/17	Year-End	FR Lunch

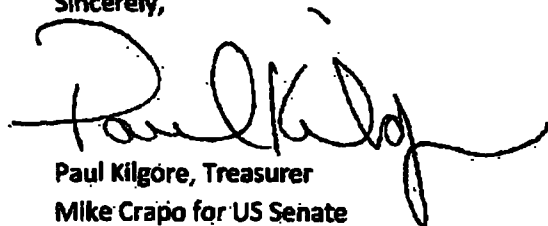
- In 2018, the Committee used the townhouse twice for fundraising events (2 total).

1. 02/08/18	April Quarterly	FR Lunch
2. 02/28/18	April Quarterly	FR Dinner

The internal review found that the Committee paid for all catering, cleaning, telephone calls, and staff expenses associated with each use of the townhouse. However, the Committee did not pay for or report the costs of each use of the townhouse rental space, which the Committee understood to be in-kind contributions from Ms. Vicki Hart. On May 12, 2015, Ms. Hart provided the Committee with a letter indicating that she was making a personal in-kind contribution of \$1,000 to the Committee for the use of the townhouse from January 2015 to June 2015. The Committee disclosed this in-kind contribution on its July 2015 Quarterly Report to the FEC. Ms. Hart recently informed the Committee that the cost of the event space is \$100 per use. On 4/20/2018, the Committee reimbursed 223 C Street, LLC, which is governed by Ms. Hart, \$6,700 for the 67 campaign-related events held in the space during the 2016 election cycle and \$1,100 for the 11 campaign-related events held in the space during the 2022 election cycle.

Please contact us if you need any additional information.

Sincerely,



Paul Kilgore, Treasurer
Mike Crapo for US Senate

101-10301-1N2000

PAGE 1 / 1

C00390674

DC 20001

The internal review found that the Committee paid for all catering, cleaning, and staff expenses associated with each use of the townhouse. However, the Committee did not pay for or report the costs of the townhouse rental space, which the Committee understood to be in-kind contributions from Ms. Vicki Hart. Ms. Hart recently informed the Committee that the cost of the event space is \$100 per use. On 4/20/2018, the Committee reimbursed 223 C Street, LLC, which is governed by Ms. Hart, \$200 for the two fundraising events held in the space in 2014 and \$100 for the one fundraising event held in the space in 2017.

EXHIBIT C

10-100-111111-10

HART
HEALTH

STRATEGIES

Amy H. Mathis
Barracks Row Strategies
25 East Masonic View Avenue
Alexandria, VA 22301

Dear Amy,

I wanted to let you know that I will be making a personal in-kind contribution to Senator Crapo's campaign for the use of the townhouse. My contribution for January, 2015 to June, 2015 will be \$1,000.

Please feel free to contact me if you have any questions.

Many thanks.

Vicki Hart

Vicki Hart, RN, MPH

3823 Fordham Road N.W., Washington, DC 20016

EMAIL: vhart@hhstrategies.com PHONE: (202) 441-3515 FAX: (202) 237-2529

EXHIBIT D

10-100M-11-101

Mike
Crapo
for U.S. Senate

P.O. BOX 1948 ★ BOISE, IDAHO 83701-1948

ZIONS BANK
WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS®
1-800-789-BANK(2265)
zionsbank.com

31-5/1240

7402

4/20/2018

PAY TO THE
ORDER OF 223 C Street, LLC

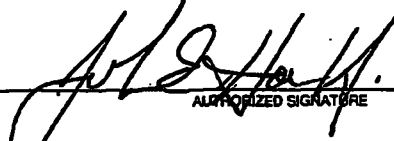
\$ **1,100.00

One Thousand One Hundred Only*****

DOLLARS

223 C Street, LLC
c/o Elliott Berke
1200 New Hampshire Avenue, NW
Suite 800

MEMO Washington, DC 20036
event space rental


AUTHORIZED SIGNATURE

⑈00007402⑈ ⑆ [REDACTED] [REDACTED]

Security features. Details on back.

Mike
Crapo
for U.S. Senate

P.O. BOX 1948 ★ BOISE, IDAHO 83701-1948

ZIONS BANK
WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS®
1-800-789-BANK(2265)
zionsbank.com

31-5/1240

7403

4/20/2018

PAY TO THE
ORDER OF 223 C Street, LLC


\$ **6,700.00

Six Thousand Seven Hundred Only*****

DOLLARS

223 C Street, LLC
c/o Elliot Berke
1200 New Hampshire Ave, Suite 800
Washington, DC 20036

MEMO event space rental


AUTHORIZED SIGNATURE

⑈00007403⑈ ⑆ [REDACTED] [REDACTED]

Security features. Details on back.

EXHIBIT E

Introduction

FREEDOM FUND

MIKE CRAPO, HONORARY CHAIRMAN
701 8TH STREET NW
SUITE 500
WASHINGTON, DC 20001

1985

DATE April 20, 2018

68-947-560

PAY
TO THE
ORDER OF223 C Street, LLC

\$ 100.00

One hundred only

DOLLARS

Chain Bridge Bank


Chain Bridge Bank, N.A.
McLean, Virginia 22101 • www.chainbridgebank.com

*Meredith K. Leshner*FOR 2014 rental use

⑈001985⑈

FREEDOM FUND

MIKE CRAPO, HONORARY CHAIRMAN
701 8TH STREET NW
SUITE 500
WASHINGTON, DC 20001

1986

DATE April 20, 2018

68-947-560

PAY
TO THE
ORDER OF223 C Street, LLC

\$ 200.00

Two hundred only

DOLLARS

Chain Bridge Bank


Chain Bridge Bank, N.A.
McLean, Virginia 22101 • www.chainbridgebank.com

*Meredith K. Leshner*FOR 2017 rental use

⑈001986⑈