

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

June 18, 2020

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia C. Orrock *PCO*
Chief Compliance Officer

Krista J. Roche *KJR*
Director, ADR Office

SUBJECT: Recommendation to Dismiss
ADR 958 & 959 – Youth Policy Institute and Dixon
Slingerland

The Office of General Counsel (OGC) transferred MUR 7653 and P-MUR 627 on January 31, 2020, and the ADR Office designated the matters as ADR 958 and ADR 959. The ADR Office recommends the Commission exercise prosecutorial discretion and dismiss these matters. *Heckler v. Chaney* 470 U.S. 821 (1985). We include a summary and discussion for your review.

Summary and Analysis of Case: Youth Policy Institute (YPI), a 501(c)(3) non-profit organization, filed a *sua sponte* submission on October 3, 2019, as well as a Complaint on October 23, 2019. The *sua sponte* submission and Complaint (collectively submissions) provide that YPI's former CEO, Dixon Slingerland, used its funds to make \$15,000 in contributions to federal political committees without its permission or knowledge. According to the submissions, YPI became aware of the contributions during the course of an annual independent audit in April 2019 when auditors identified various expenditures by Mr. Slingerland that were believed to be irregular. YPI then formed a Special Committee to investigate five years of credit card statements and reimbursement reports. That investigation revealed three political committees¹ to whom Mr. Slingerland made \$5,000 contributions in May and October 2018 using the YPI credit card.

¹ YPI identified one committee as the Democratic Midterm Victory Fund. FEC records indicate the committee is currently operating as the Democratic Victory Fund (C00660985). YPI identified a second committee as Kaine Victory Fund (C00629378), which has since terminated. YPI identified a third committee as the American Possibilities Fund. FEC records indicate the committee operated as the

On October 3, 2019, YPI notified all three committees that the funds used to make the contributions came from YPI instead of Mr. Slingerland and requested refunds. One of the \$5,000 contributions was refunded.² In addition, YPI made staffing changes, including terminating the employment of Mr. Slingerland in September 2019 and accepting the resignation of the CFO who approved expenses for Mr. Slingerland. According to the submissions, YPI's current leadership "implemented new stringent controls" including "new procedures governing the expense review process and new thresholds for approval of expenditures, including requiring multiple signatories for checks over a certain amount." Further, YPI issued "new oversight directives" and is providing training to executives on its updated controls that will include education on campaign finance law.

In a Response filed on November 29, 2019, Mr. Slingerland indicates that his YPI credit card was "indistinguishable, except in the card number," from his personal credit card. He states that on occasion he inadvertently used the wrong card and that this type of error was routinely resolved without issue. Mr. Slingerland acknowledges that while he attempted to make the three political contributions in question, he inadvertently used YPI's credit card instead of his own. He further indicates that he offered reimbursement to YPI for those contributions, but that YPI refused to accept payment. Mr. Slingerland states that since 2004 he made 150 or more political contributions, and FEC records indicate that 173 such contributions totaling \$289,677 were made by Mr. Slingerland.

The Complaint includes two alleged violations against Mr. Slingerland. The first contention is that Mr. Slingerland knowingly permitted his name to be used to make a contribution in the name of another in violation of the prohibition against such conduct found in 52 U.S.C. § 30112. In his response Mr. Slingerland disputes this claim. He states that the prohibition does not apply because (a) he made the contribution in his own name, as reported by the recipient committees, and (b) he did not "knowingly permit" his name to be used to make a contribution in the name of another because his use of the wrong credit card was inadvertent.

The second count in the Complaint involves the allegation that Mr. Slingerland caused the political committees that received the contributions in question to file erroneous reports with the FEC, causing a violation of 52 U.S.C. § 30104(b)(3)(A). In his response, Mr. Slingerland claims that his mistaken belief that he used his own credit card does not rise to a violation of this provision, nor is this provision regularly applied to individual contributors.

The ADR Office recommends the Commission exercise prosecutorial discretion and dismiss the matter. *Heckler v. Chaney* 470 U.S. 821 (1985). Mr. Slingerland claims his usage of the wrong credit card was inadvertent, and there are no facts that contradict such

American Possibilities PAC (C00639500), which has since terminated. All committees disclosed the receipt of the contributions and reported Dixon Slingerland as the contributor.

² On behalf of Kaine Victory Fund which was no longer active at the time of the refund request, the Democratic Party of Virginia issued \$4,600 to YPI, and Kaine for Virginia issued the remaining \$400 to YPI.

claim. To remedy the issue Mr. Slingerland offered to provide reimbursement to YPI, and that offer was not accepted. For its part, YPI has completed an internal audit, notified the three political committees and requested the funds be returned, implemented new internal controls, and provided executives campaign finance training in response to this error.

RECOMMENDATIONS:

1. Dismiss ADR 958 (MUR 7653) and ADR 959 (P-MUR 627).
2. Approve the appropriate letters.