



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 31, 2020

Anthony Herman
Daniel N. Shallman
COVINGTON & BURLING
850 Tenth St, NW
Washington, DC 20001

Re: ADR 958 & 959 – Youth Policy Institute and Dixon Slingerland

Dear Mr. Herman and Mr. Shallman:

On October 3, 2019, the Federal Election Commission (FEC/Commission) received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and [issue an admonishment] take no action against either Youth Policy Institute or Dixon Slingerland. In its memorandum to the Commission, dated June 18, 2020, this office stated:

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

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. § 30122. 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. Singerland 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 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.

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.

Accordingly, the Commission closed its file in this matter on July 24, 2020.

The FEC is obligated by federal regulations to make a finding to terminate its proceedings public, as well as the basis therefore. 11 C.F.R. § 111.20. In addition, the Commission will also place on the record copies of the complaint, correspondence exchanged between Respondents and the Commission, and reports prepared for the Commission by this office to assist in its consideration of this matter. Accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC's Public Information Office.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 52 U.S.C. § 30109(a)(8).

Sincerely,

A handwritten signature in black ink, appearing to read "KJ Roche".

Krista J. Roche, Director
Alternative Dispute Resolution Office