



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Matthew T. Sanderson  
Caplin & Drysdale, Chartered  
One Thomas Circle, N.W.  
Suite 1100  
Washington, DC 20005

**MAY 31 2011**

RE: MUR 6235  
Cannon for Congress and  
Christopher Cannon, in his official  
capacity as treasurer

Dear Mr. Sanderson:

On May 24, 2011, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. §§ 102.9(e)(3), 110.1(b)(3)(i), and 110.2(b)(3)(i). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1624.

Sincerely,

Joshua Smith  
Attorney

Enclosure  
Conciliation Agreement

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COMMISSION

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OFFICE OF GENERAL  
COUNSEL  
MUR 6235

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of )  
Cannon for Congress and )  
Christopher B. Cannon, in his official capacity as treasurer )

**CONCILIATION AGREEMENT**

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

The Commission found reason to believe that Cannon for Congress and its treasurer ("Committee") violated 2 U.S.C. § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. §§ 102.9(e)(3), 110.1(b)(3)(i), and 110.2(b)(3)(i).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Committee and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The Committee enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

Applicable Law

1. At the time of the activities in this matter, the Act prohibited persons from making contributions to any candidate and his authorized political committee with respect to any election for federal office which, in the aggregate, exceed \$2,300. 2 U.S.C. § 441a(a)(1)(A).
2. The Act prohibits any multicandidate political committee from making contributions to any candidate and his authorized political committee with respect to any election for federal office which, in the aggregate, exceed \$5,000. 2 U.S.C. § 441a(a)(2)(A).
3. The Act prohibits any candidate or political committee from knowingly accepting any contributions that exceed the limits established by 2 U.S.C. § 441a. 2 U.S.C. § 441a(f).
4. A committee may accept a contribution designated in writing for a particular election, but made after that election, only if the contribution does not exceed the net debts outstanding for that election. To the extent that such contribution exceeds the net debts outstanding, the committee shall return or deposit the contribution within ten days from the date of receipt, and if deposited, then within 60 days from the date of receipt, the committee must (1) refund the contributions using a committee check or draft; or (2) obtain a written redesignation by the contributor for another election in accordance with 11 C.F.R. § 110.1(b)(5); or (3) obtain a written reattribution to another contributor in accordance with 11 C.F.R. § 110.1(k)(3). 11 C.F.R. § 110.1(b)(3)(i); *see also* 11 C.F.R. § 110.2(b)(3).
5. A committee calculates its net debts outstanding from a particular election based on the total amount of debts and obligations incurred for an election, less the sum of:
  - (1) the total cash on hand available to pay the debts and obligations, (2) the total

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1 amounts owed to the candidate or committee; and (3) the amount of personal loans  
2 made by the candidate that in aggregate exceed \$250,000 per election. 11 C.F.R.  
3 § 110.1(b)(3)(ii).

4 6. A committee may accept contributions that are designated for use in connection with  
5 the general election prior to the date of the primary election if the committee employs  
6 an acceptable accounting method to distinguish between contributions received for  
7 the primary election and contributions received for the general election. 11 C.F.R.  
8 § 102.9(e)(1).

9 7. An authorized committee's records must demonstrate that, prior to the primary  
10 election, recorded cash on hand was at all times equal to or in excess of the sum of  
11 general election contributions received less the sum of general election disbursements  
12 made. 11 C.F.R. § 102.9(e)(2).

13 8. If a candidate is not a candidate in the general election, a committee shall return,  
14 refund to the contributors, redesignate in accordance with 11 C.F.R. § 110.1(b)(5), or  
15 reattribute in accordance with 11 C.F.R. § 110.1(k)(3), any contributions designated  
16 for the general election within 60 days of the primary election. 11 C.F.R.  
17 §§ 102.9(e)(3), 110.1(b)(3)(i), and 110.2(b)(3)(i). *See* AO 1992-15 (Russo for  
18 Congress) at 2 ("Nonetheless, the Commission concludes that for losing primary  
19 candidates, like Mr. Russo, who receive contributions before the primary election that  
20 are designated for the general election, redesignation within 60 days of the primary  
21 election date would be permissible."); AO 2007-03 (Obama for America) at 3 ("If a  
22 candidate fails to qualify for the general election, any contributions designated for the  
23 general election that have been received from contributors who have already reached

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16. The Committee provided a copy of the notice sent to contributors that were eligible for redesignation.

17. The Committee did not employ an accounting method to distinguish between contributions received for the primary election and contributions received for the general election, and it used contributions designated for the general election to pay for primary election costs.

18. The Committee could not reattribute the general election contributions because reattribution would not remedy the Committee's acceptance of contributions designated for an election in which Cannon was not participating.

19. The Committee did not refund excessive contributions within 60 days of the primary election.

V. The Committee committed the following violations:

1. The Committee violated 2 U.S.C. § 441a(f) by knowingly accepting \$30,400 in contributions designated for the general election from individuals and multicandidate committees.

2. The Committee violated 11 C.F.R. §§ 102.9(e)(3), 110.1(b)(3)(i), and 110.2(b)(3)(i) by failing to refund, redesignate, or reattribute \$83,595.50 in contributions designated for the general election within 60 days of the primary.

VI. The Committee will take the following actions in order to settle and end Matter

Under Review 6235:

1. In ordinary circumstances, the Commission would seek a substantially higher civil penalty based on the violations outlined in this agreement. However, the Commission is taking into account the fact that the Committee is defunct, has almost no cash on hand according to the evidence available, and has a limited ability to raise any

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1 additional funds. The Committee will pay a civil penalty to the Federal Election  
2 Commission in the amount of Five Thousand Dollars (\$5,000), pursuant to 2 U.S.C.  
3 § 437(g)(5)(A).

4 2. The Committee will convey a copy of the agreement to former Congressman Cannon,  
5 who has verified to the Committee that, in the event he ever decides to run for Federal  
6 office again, he will cause his authorized committee to set aside an additional \$15,000  
7 in campaign proceeds and pay that amount as an additional civil penalty relating to  
8 the matter herein, as well as refund to the contributors, or in the alternative, disgorge  
9 to the U.S. Treasury, the \$30,400 in excessive contributions identified herein as  
10 received in violation of 2 U.S.C. § 441a(f).

11 3. The Committee will cease and desist from violating 2 U.S.C. § 441a(f), 11 C.F.R.  
12 §§ 102.9(e), 110.1(b)(3)(i), and 110.2(b)(3)(i).

13 4. Within 30 days of the date this agreement becomes effective, the Committee will send  
14 one additional notice regarding redesignation to the contributors of \$51,500 in  
15 multicandidate committee contributions that were designated for the 2008 general  
16 election, in violation of 11 C.F.R. §§ 102.9(e), 110.1(b)(3)(i), and 110.2(b)(3)(i).

17 VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.  
18 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance  
19 with this agreement. If the Commission believes that this agreement or any requirement thereof  
20 has been violated, it may institute a civil action for relief in the United States District Court for  
21 the District of Columbia.

22 VIII. This agreement shall become effective as of the date that all parties hereto have  
23 executed same and the Commission has approved the entire agreement.

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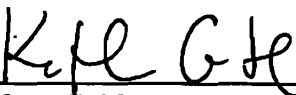
IX. Except as provided, Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

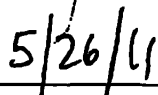
X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:


Christopher Hughey  
Acting General Counsel

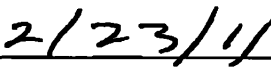
BY:

  
Kathleen Guith  
Acting Associate General Counsel  
For Enforcement

  
Date

FOR THE RESPONDENTS:

  
Christopher Cannon  
Cannon for Congress

  
Date

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