



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AUG 26 2011

Stefan Passantino
McKenna Long & Aldridge
1900 K Street, N.S.
Washington, DC 20006

RE: MUR 6447
Steele for Maryland, Inc., and
Michael Steele, in his official
capacity as treasurer
Michael Steele for Maryland and
Belinda Cook, in her official
capacity as treasurer

Dear Mr. Passantino:

On August 17, 2011, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of your clients, Steele for Maryland, Inc., and Michael Steele, in his official capacity as treasurer, and Michael Steele for Maryland and Belinda Cook, in her official capacity as treasurer, in settlement of violations of 2 U.S.C. §§ 434(b), 441a(f), and 441i(e)(1)(A), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. §§ 110.3(d) and 110.4(c)(2), regulations promulgated pursuant to the Act. 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 respondents 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) 694-1548.

Sincerely,


Elena Paoli
Attorney

Enclosure
Conciliation Agreement

11044301985

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3 In the Matter of)

4)
5 Steele for Maryland, Inc. and Michael)
6 Steele, in his official capacity as treasurer)

MUR 6447

7)
8 Michael Steele for Maryland and)
9 Belinda Cook, in her official capacity)
10 as treasurer, f/k/a Michael for Maryland¹)

11
12
13 **CONCILIATION AGREEMENT**

14
15 This matter was initiated by the Federal Election Commission ("Commission"), pursuant
16 to information ascertained in the normal course of carrying out its supervisory responsibilities.
17 The Commission found reason to believe that Steele for Maryland, Inc., and its treasurer
18 knowingly and willfully violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.4(c)(2) and violated
19 2 U.S.C. §§ 434(b), 441a(f), 441i(e)(1)(A) and 11 C.F.R. § 110.3(d). The Commission also
20 found reason to believe that Michael Steele for Maryland and Belinda Cook, in her official
21 capacity as treasurer, violated 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d) (both parties
22 collectively "Respondents").

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

26 I. The Commission has jurisdiction over the Respondents and the subject matter of this
27 proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C.
28 § 437g(a)(4)(A)(i).

¹ The Commission made findings as to "Michael for Maryland." During conciliation, the Commission learned that the committee's correct name is "Michael Steele for Maryland."

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individual's residential premises ... to the extent that the cumulative value ... does not exceed \$1,000 with respect to any single election, and ... does not exceed \$2,000 in any calendar year."

2 U.S.C. § 431(8)(B)(ii); 11 C.F.R. §§ 100.75 and 77.

5. Cash contributions that in the aggregate exceed \$100 are prohibited. 2 U.S.C. § 441g. Committees must return cash contributions over \$100 to the contributor. 11 C.F.R. § 110.4(c)(2).

6. Each treasurer of a political committee must file reports of receipts and disbursements with the Commission. 2 U.S.C. § 434(a); 11 C.F.R. § 104.1. These reports must accurately reflect the committee's cash on hand, receipts, and disbursements. 2 U.S.C. §§ 434(b)(1), (2) and (4). Commission regulations also contain special disclosure requirements for contributions received during certain time frames before an election. Senate campaign committees are required to file a notice with the Secretary of the Senate within 48 hours of receiving a contribution of \$1,000 or more less than 20 days before an election but more than 48 hours before the election ("48-hour notice requirement"). 11 C.F.R. § 104.5(f).

7. Federal candidates and officeholders, or entities directly or indirectly established, financed, maintained or controlled by them, are prohibited from soliciting, receiving, directing, transferring or spending funds in connection with a Federal election unless the funds are subject to the limitations, prohibitions and reporting requirements of the Act. 2 U.S.C. § 441i(e)(1)(A). Further, transfers of funds or assets from a candidate's campaign or account for a non-federal campaign committee to his or her principal campaign committee for a federal election are prohibited. 11 C.F.R. § 110.3(d). If a candidate has an account for a non-federal election, those funds must be kept separate from federal funds and may not be transferred to his or her federal account or used to pay for expenditures related to his or her federal election activities.

Facts

8. In 2006, Michael Steele was a Senate candidate in the Maryland Primary and General Elections and the Lieutenant Governor of Maryland. Monica Turner, Steele's sister, volunteered on her brother's campaigns by stuffing envelopes, appearing in advertisements, providing monetary support, and hosting fundraisers. Paul Ellington was Steele's chief of staff in the lieutenant governor's office, and he worked on Steele's Senate campaign since the exploratory phase by helping Steele choose a campaign manager and consulting firm, interacting with volunteers, and providing input on which interviews Steele should give. Ellington also was involved in campaign strategy and traveled with Steele on fundraising trips. Belinda Cook worked on Steele's Senate campaign in various roles.

Contributions from Monica Turner

9. In 2006, Monica Turner hosted two fundraisers at her Bethesda, Maryland, home to support Steele's Senate campaign. On July 8, 2006, prior to the primary election, Turner and Shawnda Wilkinson, the co-chair of Women of Steele, co-hosted a fundraising event. The invitation and response form state, "Paid For By Steele for Maryland, Inc." The invitation requests that contribution checks be made payable to "Steele for Maryland, Inc." Turner paid for the following Federal Committee expenses in connection with the July fundraiser:

Table One: Expenses for July Event

PAYEE	PURPOSE	AMOUNT	METHOD
Class Act Catering	Catering services	\$5,462.35	Check #6110 ²
Rosa Vargas	Event help	\$250	Check #6111
Joy Sayoto	Event help	\$150	Check #6112
Roland [illegible]	Event security	\$250	Check #6114
Autopark Valet	Event valet service	\$466	Visa credit card
TOTAL		\$6,578.35	

Approximately 80 people attended the July 8, 2006 fundraiser and contributed \$44,450.

10. On October 21, 2006, prior to the general election, Turner hosted an event billed as a combination birthday party/fundraiser for Steele. The invitation and response form state, "Paid for By Steele for Maryland, Inc." The return address shows Turner's name and the campaign headquarters address. Turner paid for the following expenses in connection with the Oct. 21, 2006, fundraiser:

Table Two: Expenses for October Event

PAYEE	PURPOSE	AMOUNT	METHOD
Class Act Catering	Catering services	\$7,000	Check #6710
Rosa Vargas	Event help	\$300	Check #6711
[Illegible]	Event help	\$300	Check #6714
[Illegible]	Event security	\$250	Check #6713
TOTAL		\$7,850	

Approximately 95 people attended the October fundraiser and contributed \$48,570.

11. The Federal Committee was apparently low on funds throughout Fall 2006, and Turner paid for additional services and materials procured by it. The following are other expenditures paid by Turner on behalf of the Federal Committee:

² The checks listed in Tables One, Two and Three refer to checks drawn on Monica Turner's personal checking account.

Table Three: Additional Expenses Paid by Turner

PAYEE	PURPOSE	DATE PAID ³	AMOUNT	METHOD
Mike Richardson	Radio ad sound editor	Oct. 5, 2006	\$300	Check #6621
Eric Taylor	Email advertising blast	Oct. 10, 2006	\$1,500	Check #6701
Lorraine Treanor	Campaign office help	Oct. 13, 2006	\$800	Check #6705
Eric Taylor	Email advertising blast	Nov. 8, 2006	\$3,000	Check #6748
Eric Taylor	Email advertising blast	Nov. 8, 2006	\$2,000	Check #6750
Mike Richardson	Radio ad sound editor	Nov. 20, 2006	\$150	Check #6783
TOTAL			\$7,750	

12. Lastly, Turner made two cash contributions to the Federal Committee. On October 28, 2006, Turner gave Ellington \$6,000 in cash to purchase campaign needs such as telephones and advertising. On November 4, 2006, Turner wrote a check to herself for \$8,500, cashed it, and gave the money to Ellington because the campaign needed to reserve radio advertising spots before the election.

Table Four: Cash Contributions

PURPOSE	DATE	CASH AMOUNT
"Campaign needs"	Oct. 28, 2006	\$6,000
Radio airtime	Nov. 4, 2006	\$8,500
TOTAL		\$14,500

³ The dates in this table refer to the payment date.

1 13. In sum, Turner made in-kind and cash contributions to Steele and his Federal
2 Committee totaling \$36,678.35. The Federal Committee did not report any contribution from
3 Turner in its FEC disclosure reports. The Federal Committee also did not report any debt in
4 connection with Turner's contributions.

5 14. The Federal Committee stated that around the time of the July 2006 fundraiser,
6 Steele campaign staff told Turner that she would be reimbursed for amounts beyond the
7 maximum contribution limit. Turner, however, may not have been apprised about
8 reimbursement until the close of the election campaign when Ellington and/or Cook informed
9 Turner that the Federal Committee had a legal obligation to reimburse her for all the expenses
10 she incurred on behalf of the campaign. Turner states that Ellington suggested it would be
11 beneficial to the campaign if the reimbursement check were made out to Brown Sugar
12 Unlimited, a corporation owned by Turner, and either he or Belinda Cook asked Turner to create
13 the invoices. Ellington states, however, that he was unaware that Turner had a company in that
14 name. Brown Sugar, in fact, had been dissolved as a Maryland corporation in March 2006.
15 According to the Federal Committee, although Turner had signed articles of cancellation for
16 Brown Sugar with the State of Maryland, Turner believed that the corporation was dormant, not
17 dissolved. Turner said she refused to create invoices from Brown Sugar, but she said she would
18 send an email itemizing her expenses. On November 13, 2006, Turner sent an email to Cook and
19 Steele listing her expenses, minus the maximum individual contribution amount for both
20 elections (\$4,200), for a total of \$33,462. Sometime thereafter, the Federal Committee sent
21 Turner copies of three purported invoices from Brown Sugar Unlimited. The invoices, dated
22 December 22, 2006, requested payment from the Federal Committee, as follows:

Table Five: Brown Sugar Unlimited "Invoices"

Invoice #1	"July and October Fundraising Event"	\$14,762.35
Invoice #2	"September 12 – November 7, 2006 Consulting Services, Urban Campaign Strategy"	\$18,000.00
Invoice #3	"Web Site Consulting Services, Urban Web Site Advertising Design"	\$4,500.00
TOTAL		\$37,262.35

15. On February 6, 2007, the Federal Committee wrote a check to Brown Sugar Unlimited for \$37,262.35. The Committee disclosed the payment to Brown Sugar on its 2007 April Quarterly Report. Turner deposited the reimbursement check into her personal bank account.

Payments by State Committee

16. Two printing shops, Form Masters and GOP Shoppe, produced promotional materials such as yard signs, buttons, bumper stickers, and mailings for Steele's 2006 Senate campaign. The Federal Committee owed money to the printing shops for these services.

17. On or about February 17, 2007, the State Committee paid GOP Shoppe \$29,973.30. On April 18, 2007, the State Committee paid Form Masters \$7,707.

18. These expenditures were not subject to the limitations, prohibitions, and reporting requirements of the Act. See 2 U.S.C. § 441i(e)(1)(A). The Federal Committee should have made these expenditures.

19. In March 2009, the Federal Committee paid the vendors, the vendors reimbursed the State Committee, and the Federal Committee amended seven affected disclosure reports to show that the Federal Committee had outstanding debts to the vendors and that the Federal Committee ultimately paid the vendors.

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1 V. Respondents committed the following violations:

2 1. The Federal Committee Respondents violated 2 U.S.C. § 441a(f) by accepting
3 \$22,250 in excessive contributions. The Commission concludes that these violations are
4 knowing and willful. While the Federal Committee Respondents maintain that they did not
5 commit the violations in a knowing and willful manner, the Federal Committee Respondents
6 agree not to contest the Commission's conclusion for the purpose of settling this matter
7 expeditiously.

8 2. The Federal Committee Respondents violated 11 C.F.R. § 110.4(c)(2) by
9 accepting \$14,500 in contributions in cash. The Commission concludes that these violations are
10 knowing and willful. While the Federal Committee Respondents maintain that they did not
11 commit the violations in a knowing and willful manner, the Federal Committee Respondents
12 agree not to contest the Commission's conclusion for the purpose of settling this matter
13 expeditiously.

14 3. The Federal Committee Respondents violated 2 U.S.C. § 441a(f) by accepting
15 \$8,228.35 in excessive contributions.

16 4. The Federal Committee Respondents violated 2 U.S.C. § 434(b) by failing to
17 accurately report contributions and disbursements.

18 5. The Federal Committee Respondents received \$37,680.13 in prohibited non-
19 federal funds and transfers of assets from the State Committee Respondents, in violation of
20 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).

21 6. The State Committee Respondents violated 2 U.S.C. § 441i(e)(1)(A) and
22 11 C.F.R. § 110.3(d) by using \$37,680.13 in non-federal funds to pay for expenditures in

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1 connection with a election for federal office, thereby transferring state campaign assets to the
2 Federal Committee Respondents.

3 VI. The Federal Committee Respondents will cease and desist from violating 2 U.S.C.
4 § 441a(f), 2 U.S.C. § 434(b), 2 U.S.C. § 441i(e)(1)(A), 11 C.F.R. § 110.4(c)(2), and 11 C.F.R.
5 § 110.3(d).

6 VII. The State Committee Respondents will cease and desist from violating 2 U.S.C.
7 § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).

8 VIII. Respondents will pay a civil penalty to the Federal Election Commission in the
9 amount of Fifty-Four Thousand dollars (\$54,000), pursuant to 2 U.S.C. §§ 437g(a)(5)(A) and
10 437g(a)(5)(B).

11 IX. The Commission, on request of anyone filing a complaint under 2 U.S.C.
12 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance
13 with this agreement. If the Commission believes that this agreement or any requirement thereof
14 has been violated, it may institute a civil action for relief in the United States District Court for
15 the District of Columbia.

16 X. This agreement shall become effective as of the date that all parties hereto have
17 executed same and the Commission has approved the entire agreement.

18 XI. Respondents shall have no more than 30 days from the date this agreement
19 becomes effective to comply with and implement the requirements contained in this agreement
20 and to so notify the Commission.

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XII. 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:

K. H. Guith
Kathleen Guith
Acting Associate General Counsel
for Enforcement

8-24-11
Date

FOR THE RESPONDENTS:

Michael Steele
Steele for Maryland, Inc., and Michael Steele,
in his official capacity as Treasurer

7/12/11
Date

Belinda Cook
Michael Steele for Maryland and Belinda Cook,
in her official capacity as Treasurer

7/9/11
Date