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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of)

Patricia D. Cornwell)

Anchin, Block & Anchin LLP)

CELA

MUR 6454

SECOND GENERAL COUNSEL'S REPORT

I. ACTIONS RECOMMENDED

We recommend that the Commission (1) find reason to believe that Patricia D. Cornwell violated 2 U.S.C. §§ 441a and 441f by making excessive contributions and contributions in the name of another; (2) enter into conciliation with Cornwell prior to a finding of probable cause to believe that Cornwell violated 2 U.S.C. §§ 441a and 441f; (3)

(4) take no action against Anchin, Block & Anchin LLP ("Anchin") and close the file as to Anchin.

II. FACTUAL AND LEGAL ANALYSIS

A. Statement of Facts

1. Background

Anchin is an accounting and business management firm headquartered in New York. On April 6, 2010, Anchin made a *sua sponte* submission to the Commission ("Anchin Submission") disclosing that, between June 2007 and April 2008, its former principal, Evan H. Snapper, used funds of a former client, Patricia D. Cornwell, to reimburse contributions made through 21 conduits to three federal candidate committees, totalling \$62,100. The recipient committees were the Jim Gilmore for President and Senate Committees and the Hillary Clinton for President Committee ("Clinton Presidential Committee"). The Anchin Submission claims that Snapper acted in each instance at Cornwell's direction and with her knowledge and authorization.

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1 Cornwell filed a Response on May 3, 2010, in which she asserts that she never
2 instructed Snapper to make contributions to the Gilmore Presidential and Senate committees, did
3 not authorize him to reimburse these contributions from her funds, and did not know he had done
4 so. Cornwell Resp. at 9-10. As to the contributions to the Clinton Presidential Committee,
5 Cornwell admits that she authorized Snapper to use her funds to reimburse her close family and
6 friends for tickets they purchased to attend an Elton John concert, which was a fundraiser for the
7 Committee. She contends, however, that she believed that "the activities that Anchin proposed
8 and carried-out were wholly legal and appropriate." *Id.* at 7. She further claims that she was
9 unaware Snapper had "identified and recruited a number of additional individuals not known to
10 Cornwell" to purchase tickets that also were reimbursed with her funds. *Id.*

11 On February 1, 2011, the Commission found reason to believe that Snapper knowingly
12 and willfully violated 2 U.S.C. § 441f. The Commission also authorized pre-probable cause to
13 believe conciliation with Snapper. Following negotiations with Snapper, on March 24, 2011, the
14 Commission approved a conciliation agreement in which Snapper admitted the violation and
15 agreed to pay a \$65,000 civil penalty. The Commission then closed the file as to Snapper.

16 In addition to proceedings before the Commission, the Department of Justice ("DOJ")
17 initiated a grand jury investigation into the three alleged reimbursement schemes. On December
18 3, 2010, DOJ charged Snapper in a one-count criminal information filed in the United States
19 District Court for the District of Columbia in connection with the allegations. The information
20 alleged that Snapper knowingly and willfully caused the Clinton Presidential Committee to file
21 materially false reports with the Commission, a felony violation of 18 U.S.C. §§ 2, 1001.
22 Snapper entered a guilty plea on January 3, 2011, and on June 29, 2011, was sentenced to three
23 years probation, 90 days home confinement, 200 hours community service, and a \$3,000

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1 criminal fine. On July 28, 2011, DOJ informed the Commission that the grand jury had ended its
2 investigation and no further charges were anticipated.

3 While the Grand Jury proceeding was pending, on July 9, 2010, Anchin supplemented
4 its Submission with a substantial production of records, including emails and other documents
5 related to the Cornwell financial accounts under the firm's management (the "Anchin
6 Supplemental Submission"). On September 2 and 23, 2011, Anchin further supplemented its
7 Submission (the "Anchin Second Supplemental Submission") with transcripts from depositions
8 of Snapper, Cornwell, and others conducted in connection with a civil suit that Cornwell and her
9 company had filed against Anchin and Snapper in the United States District Court for the District
10 of Massachusetts.

11 **2. The Anchin/Cornwell Business Relationship and Civil Lawsuit**

12 Cornwell is a novelist who, from 2004 to 2009, was a client of Anchin. During that
13 period, Anchin provided her with various business services. Anchin Submission at 2. In
14 addition to preparing and filing Cornwell's taxes, Anchin assisted her in locating, buying, and
15 selling personal and real property, made withdrawals from her bank accounts to pay most of her
16 personal expenses, and helped her to identify and retain other professionals to assist her as
17 needed. Snapper Dep. at 222:1-225:17 (July 6, 2011).

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1 As a principal in Anchin's Business Management Unit, Snapper supervised the "client
2 services" side of the Cornwell account on behalf of the firm.² *Id.* Anchin and Cornwell had no
3 written contract memorializing the terms and conditions of Anchin's management obligations.
4 Anchin Supplemental Submission at 1-2. According to Cornwell, she gave Anchin power of
5 attorney to conduct the entirety of her financial affairs. Cornwell Resp. at 3; *see also* Snapper
6 Dep. at 595:13-19 (July 7, 2011); Yohalem Dep. at 82:14-18, 84:12-20 (Mar. 30, 2011). In the
7 civil litigation, Anchin disputes the scope of the power of attorney, characterizing it as "limited."
8 Anchin Supplemental Submission at ABA/FEC 150 (Defendant Anchin's Answer to Third
9 Amended Complaint ¶ 40, *Cornwell Entm't Inc. v. Anchin, Block & Anchin, LLP*, 09-cv-11708
10 (D. Mass. May 7, 2010) ("Answer to Third Amended Complaint")). Cornwell further asserts
11 that all of her income and other earnings were routed directly to bank accounts under Anchin's
12 control, and that Anchin would draw on those accounts to pay her debts, including Anchin's fees
13 and expenses. Cornwell Resp. at 3.

14 Cornwell claims that Anchin did not provide her with monthly or periodic balance
15 sheets, cash flow reports, or other reports regarding her finances. *Id.* Anchin's Supplemental
16 Submission, however, contains quarterly and annual investment reports and billing statements
17 provided to Cornwell. Notably, these statements include a schedule of political and charitable
18 contributions that the firm made on Cornwell's behalf in 2006 and 2007, which reflect certain
19 reimbursements for the Gilmore contributions. Anchin Second Supplemental Submission at
20 ABA/FEC 544-49. The Anchin records also include copies of cash flow reports for March,

² Cornwell's finances were previously managed by Yohalem Gillman & Company LLP, where Snapper was a partner. Yohalem Gillman and Anchin eventually merged, and following the merger, Cornwell moved her account to Anchin. Cornwell Resp. at 2-3. Ira Yohalem became the head of the Business Management Unit at Anchin, and Snapper reported to Yohalem. Anchin Submission at 2 (July 9, 2010). Snapper was considered a "principal" rather than "partner" because he was not a certified public accountant; but he nonetheless was party to the partnership agreement. Sadan Dep. at 9:12-24, 11:18-12:5 (Mar. 24, 2011); Snapper Dep. at 32:15-18 (July 6, 2011); Yohalem Dep. at 22:14-19 (Mar. 10, 2011).

1 April, and September 2008, which identify certain disbursements made to reimburse the cost of
2 tickets to the 2008 Elton John Clinton fundraiser. *Id.* at ABA/FEC 631- 34, 637- 40; *see also*
3 Fasinski Dep. at 66:10-11, 127:6-128:2, 136:1-137:17, 143:22-147:23, 165:14-24, 271:4-272:24,
4 279:9-13 (Mar. 8, 2011); Snapper Dep. at 241:1-5, 244:2-20, 253:9-20, 278:15-279:20, 549:14-
5 25 (July 6 & 7, 2011).

6 Dissatisfied with Anchin's representation, Cornwell terminated her relationship with the
7 firm effective August 31, 2009. Cornwell Resp. at Ex. 18 (Third Amended Complaint ¶ 23,
8 *Cornwell Entm't Inc.*, 09-cv-11708 (D. Mass. Apr. 14, 2010) ("Third Amended Complaint")).
9 Shortly thereafter, Cornwell filed suit against Anchin, seeking an accounting and restitution for
10 Anchin's alleged mismanagement and conversion of her personal and corporate funds. *See*
11 *generally Cornwell Entm't Inc.*, 09-cv-11708 (D. Mass. filed Oct. 13, 2009).

12 Snapper claims that when Anchin was preparing its response to the lawsuit, he informed
13 the firm's Executive Committee about the reimbursed contributions that are disclosed in the *sua*
14 *sponte* submission. Snapper Dep. at 41:4-42:9 (July 6, 2011). Anchin thereafter reported the
15 activity to DOJ and subsequently to the FEC through its *sua sponte*.³

16 3. Reimbursed Contributions to Jim Gilmore's Presidential Campaign

17
18 On June 12, 2007, Snapper and his wife each made individual contributions of \$2,300 to
19 the Jim Gilmore for President Committee. Anchin Submission at 5 & Ex. 2; MUR 6454
20 (Snapper), Conciliation Agreement ¶ 9 (Mar. 31, 2011) ("Snapper Conciliation Agreement");
21 Factual Basis for Plea ¶ 5, *United States v. Snapper*, 10-cr-0325 (D.D.C. Jan. 3, 2011) ("Snapper

³ After Cornwell learned that DOJ was conducting a criminal investigation into the alleged reimbursement schemes, she amended her complaint in the civil action to address the reimbursements. The amended allegations include claims that Anchin mishandled her political contributions, misinformed her regarding requirements relating to political contributions, and improperly reimbursed its own employees for political contributions from Cornwell's corporate and personal accounts without her knowledge. Cornwell Resp. at Ex. 18 ¶ 35(i). Anchin's answer in the civil suit denies each of those allegations. Anchin Supplemental Submission at ABA/FEC 149 (Answer to Third Amended Complaint ¶ 35).

1 Factual Basis"). To reimburse himself for the \$4,600 in contributions, on June 12, 2007,
2 Snapper drew a check from Cornwell's account in the amount of \$5,000 payable to cash.
3 Submission at Ex. 2, ABA/FEC 120; Snapper Conciliation Agreement ¶ 10. The memo line of
4 the draft falsely indicated that the money was a Bat Mitzvah gift to Snapper's daughter from
5 Cornwell. Submission at 5; Snapper Conciliation Agreement ¶ 10.

6 Snapper and Cornwell present conflicting accounts of why Snapper contributed to
7 Gilmore's Presidential campaign. Cornwell acknowledges that Gilmore was a personal friend.
8 Cornwell Resp. at 8; Snapper Conciliation Agreement ¶ 8. She claims that she did not want to
9 contribute to Gilmore's Presidential campaign, however, because she supported Hillary Clinton
10 for President. Cornwell Resp. at 9. She acknowledges that she, nonetheless, informed Snapper
11 that she would encourage others to support Gilmore's campaign. *Id.* Cornwell further contends
12 that, although she "expected that Mr. Snapper might decide on his own to donate to Mr.
13 Gilmore's campaign," she "never instructed Mr. Snapper to donate to Gilmore's Presidential
14 campaign, nor did she ever authorize him to reimburse himself from her funds." *Id.*

15 Cornwell's deposition testimony taken in connection with the lawsuit is generally
16 consistent with her claims in the Response. In the deposition, she testified that she asked
17 Snapper to help Gilmore in his Presidential race, and that she told Snapper "if you can do
18 anything for him, I hope you will." She further testified that she did not "have any idea whether
19 [Snapper] actually did or did not [contribute] in that particular race." Cornwell Dep. at 640:18-
20 641:1 (Aug. 18, 2011). Likewise, when asked if it were true that she "asked Mr. Snapper to
21 make a contribution to Mr. Gilmore in his name, and . . . authorized him to reimburse that
22 contribution from [her] funds," Cornwell stated, "No. That is not a fact. . . ." *Id.* at 640:10-18.
23 She went on to say, however, that although she did not recall "ever telling [Snapper] . . . to

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1 reimburse himself for a contribution for him and his wife," even if she had, she "would never
2 have known that that was illegal. [Snapper] never said it was illegal. [Snapper] never gave . . .
3 any instruction about campaign laws that would say you cannot reimburse people for concert
4 tickets or that you can't reimburse people, period, for a contribution." *Id.* at 641:2-12.

5 In sharp contrast, Anchin alleges that Cornwell not only requested that Snapper
6 contribute to the Gilmore campaign, but also authorized the reimbursements of the contributions.
7 Anchin Submission at 4-5. When deposed in the lawsuit, Snapper testified that, during a
8 telephone conversation, Cornwell asked him and his wife to make a contribution to the Gilmore
9 Presidential campaign because she did not want to support Gilmore directly. See Snapper Dep.
10 at 26:7-17, 45:4-15, 351:2-9 (July 6, 2011). Snapper further testified that a few days after the
11 contributions were made, he discussed with Cornwell by telephone the precise manner in which
12 the reimbursement would be made:

13 I said I was going to reimburse myself for the Gilmore contribution for my wife
14 and myself. I said in order -- I'm going to make it payable to cash. I'm going to
15 note it to my daughter's Bat Mitzvah. I was in Bat Mitzvah mode. It was
16 Saturday, her Bat Mitzvah. Ms. Cornwell was kind enough to congratulate me,
17 and said it was very nice that Lydia was getting Bat Mitzvahed. I wrote the check
18 out. I had Ira Yohalem sign the check. I didn't want to sign it personally.

19 *Id.* at 25:13-24; *see also id.* at 24:21-25.⁴ Snapper acknowledged in his testimony that no writing
20 reflected either that Cornwell specifically directed Snapper and his wife to contribute or that she
21 authorized Snapper to reimburse those contributions with her funds. *Id.* at 19:19-22, 22:13-15,
22 159:10-12.

⁴ Ira Yohalem, Snapper's supervisor, testified in his deposition that he signed the check without questioning its propriety: "I didn't spend any time analyzing why the check was made out to Evan or not. There was no memo attached to it. Evan had a relationship with Ms. Cornwell. I know his daughter was being Bat Mitzvahed, so I didn't think about who the check was made payable to, but I did know she was being Bat Mitzvahed, and that's what was written on the check, and that that was the purpose of it, so I signed the check." Yohalem Dep. at 129:10-19 (Mar. 10, 2011). He further testified that he relied on Snapper's statement that it was a gift from Cornwell and on his prior experience regarding client gift-giving to partners' children. *Id.* at 119:14-23, 121:5-24, 129:10-130:18.

1 4. **Reimbursed Contributions to Jim Gilmore's Senate Campaign**

2
3 Snapper and his wife made another round of contributions supporting Gilmore in
4 November 2007, this time to Gilmore's campaign for a seat in the United States Senate after
5 Gilmore had abandoned his Presidential bid. Those Senate campaign contributions totalled
6 \$9,200, consisting of \$2,300 each to the primary and general elections. Anchin Submission at
7 Ex. 2. Snapper signed the donor cards with instructions to charge the contributions to his credit
8 card. Anchin Second Supplemental Submission at ABA/FEC 581-82. He then reimbursed
9 himself with funds drawn from the Cornwell account under his control at Anchin. Anchin
10 Submission at Ex. 2, ABA/FEC 133-34, 136-38.

11 Cornwell acknowledges that, at least initially, she instructed Snapper and Laurie Fasinski,
12 a director in the Business Management Unit of Anchin who was Snapper's subordinate on the
13 Cornwell account, to facilitate making a contribution in Cornwell's name to the Senate
14 campaign. In an email on November 19, 2007, Cornwell forwarded Gilmore's Senate
15 announcement to Snapper and Fasinski and stated, "I will want to contribute to this. He is a
16 good man and I don't mind supporting him for senate for VA – just didn't want to get involved
17 in the presidential race, as I'm for Hillary. So can you make the first contribution?" Cornwell
18 Resp. at PC/FEC 0050. The same day Fasinski responded, "Ms. C., I will orchestrate." Anchin
19 Submission at ABA/FEC 536.

20 A week later, on November 26, 2007, Anchin drafted a check in the amount of \$4,600
21 from Cornwell's account made payable to Jim Gilmore for Senate, and prepared a donor card to
22 the committee in her name, although it does not bear any signature. *Id.* at ABA/FEC 605, 607.
23 Anchin did not send the check or donor card, however, as a result of a series of email and
24 apparent telephone exchanges on November 26 and 27, 2007, with Cornwell. Before the check

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1 was issued, Cornwell states that she changed her mind about directly contributing to Gilmore's
2 Senate campaign. Cornwell Resp. at 9-10; *id.* at PC/FEC 0050.

3 During the evening of November 26, 2007, Fasinski emailed Cornwell a summary of the
4 2007 charitable and political contributions made from Cornwell's funds to date. Cornwell Dep.
5 at Ex. 86. The summary, dated November 25, shows a 2007 contribution to Gilmore for \$4,600,
6 but does not specify whether the contribution related to the Presidential or Senate race. *See id.* at
7 ABA/FEC 544-49. Before responding to Fasinski's email, Cornwell apparently called her and
8 left a message regarding the contributions to Gilmore. Fasinski responded to the voice-mail
9 message by email, explaining, "Sorry as I am on the train and no privacy. If you get this before
10 we talk, I am almost positive the Gilmore checks are on Evan's desk for signature and have not
11 been sent. I will pull from the batch being processed." Anchin Second Supplemental
12 Submission at ABA/FEC 550. At approximately the same time, Cornwell emailed Fasinski
13 asking, "Have we contributed yet? If not. [sic] Let me know asap as I'm a bit concerned.
14 Please hold off if money hasn't been sent. I'm not sure this is going to be a good idea." *Id.* at
15 ABA/FEC 178.⁵

16 A few hours after this exchange about the pending Senate contributions, Cornwell sent an
17 email to Fasinski concerning the contributions summary that identified a \$4,600 disbursement
18 from her accounts for Gilmore. In that email Cornwell stated, "Actually, I don't think Gilmore
19 showed up, did he, since that wasn't direct? (Ask Evan)." Cornwell Dep. at Ex. 87. Cornwell's
20 discussion of the \$4,600 contribution in the past tense in this email strongly suggests that
21 Cornwell had in mind the previous \$4,600 contribution to the *Presidential* campaign, particularly

⁵ The apparent voicemail message and email traffic about the Senate contribution appear to have occurred simultaneously. Indeed, after receiving Cornwell's email directing Fasinski to "hold off," Fasinski responded, "Ms. C. Please see my email just sent. Thank you." *Id.* at ABA/FEC 179.

1 since she and Fasinski had just conferred separately about "holding off" on making the Senate
2 contributions.

3 Early the following morning, November 27, 2007, Cornwell again emailed Fasinski and
4 asked that Snapper "handle this situation (Senate contribution) the same way he handled the
5 presidential one. Staci [Cornwell's spouse] and I can't have our names attached to this, but it's
6 fine to suggest others support him." Cornwell Resp. at PC/FEC 0057-58. At 6:38 a.m., Fasinski
7 responded, "I understand. I will take care of with Evan," Anchin Submission at ABA/FEC 552,
8 and at 7:30 a.m., Snapper followed suit, stating "Not a problem. I will handle." Cornwell Resp.
9 at PC/FEC 0058. Later that day, the Snappers made their \$9,200 contributions to the Gilmore
10 for Senate Committee. A paper copy of Cornwell's November 27, 2007, email to Fasinski,
11 contains Fasinski's handwritten comment, "Did [E]van take care of," and Snapper's handwritten
12 response, "Done." Anchin Submission at ABA/FEC 177.

13 Cornwell relies on her early morning November 27, 2007, email to Fasinski asking that
14 Snapper "handle this situation (Senate contribution) the same way he handled the presidential
15 one" to support her position that she did not authorize the reimbursements for the Senate
16 contributions, but instead declined to make a contribution and intended only to encourage others
17 to support Gilmore in his campaign. Cornwell Resp. at 10. When asked during her deposition
18 what she meant by the statement in her earlier email to Fasinski, "Actually, I don't think Gilmore
19 showed up, did he, since that wasn't direct? (Ask Evan)," Cornwell explained that she decided
20 not to support Gilmore for Senate after he informed her about his opposition to gay marriage.
21 She testified that she told Gilmore that she could not support him, but that she would "ask Evan,
22 since he's a Republican, if there's anything he can do for you or if he can get any of his friends
23 to do anything for you." Cornwell Dep. at 638:20-640:8 (Aug. 18, 2011). She added:

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1 So this was my indirect way of helping Jim Gilmore. . . . And then Evan and his
2 wife gave to Jim Gilmore, and I notified Jim and his wife . . . that Evan and his
3 wife had given to Jim. And so when I saw this in a financial statement or
4 whatever this thing was that I got, I was puzzled by it and I was asking Laurie, "I
5 didn't give directly to Jim, did I?" I was confused by it.

6 *Id.* Cornwell's testimony about the email in relation to the Senate contributions, however,
7 conflicts with the timing of events surrounding those contributions and, particularly, the series of
8 emails in which Cornwell instructed Fasinski not to contribute directly to the Senate race and
9 then described the \$4,600 on the schedule in the past tense – indicating that she, at least, was
10 referring to Snapper's donations to the Presidential campaign in June 2007.

11 Notably, Snapper likewise relies on Cornwell's early morning November 27, 2007, email
12 from Cornwell to Fasinski asking that Snapper "handle this situation (Senate contribution) the
13 same way he handled the presidential one" to support his position that Cornwell directed him to
14 reimburse the contributions to the Senate campaign. *See* Snapper Dep. at 42:14-44:25 (July 6,
15 2011). Snapper testified, "[S]he put it in writing to 'treat it the same way as you did the
16 presidential election.'" *Id.*

17 Snapper further testified that Cornwell told Gilmore that his and his wife's contributions
18 would be coming from her, so Gilmore would know that she was supporting him without
19 "publicly disclosing" herself. Snapper Dep. at 45:4-15 (July 6, 2011). During Snapper's
20 deposition, Cornwell's counsel referred to an email in which Cornwell informs Gilmore that
21 "two good, loyal Republicans, Mr. and Mrs. Snapper, have made a contribution" to his
22 campaign. *See id.* Snapper testified that he had not seen that email before, but that Cornwell
23 told him verbally that she let Gilmore know that he and his wife had contributed. *Id.* at 45:4-
24 46:25.

25 **5. Reimbursed Contributions to the Clinton Presidential Committee**

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1 According to the Submission, Cornwell directed Snapper to reimburse \$48,300 in
2 contributions to the 2008 Presidential campaign committee of Hillary Clinton made through the
3 purchase of 20 individual tickets to an Elton John fundraising concert. The face value of each
4 ticket was the then-applicable \$2,300 contribution limit for an election cycle. The 20 conduits
5 included Cornwell's relatives and friends, Anchin employees and their spouses, other Anchin
6 associates, and Snapper himself.⁶ Anchin Submission at Ex. 1; Snapper Conciliation Agreement
7 ¶ 16. Cornwell admits that she authorized reimbursements for tickets purchased by her family,
8 friends, and Snapper and Fasinski, but contends she was unaware that other Anchin-related
9 individuals were going to attend or be reimbursed from her funds. Cornwell Resp. at 6-8.

10 The record shows that Cornwell was aware that she had already met her federal
11 contribution limit for the 2008 Clinton Presidential campaign. A few months before Cornwell
12 and Snapper learned that Elton John would be performing in concert to raise funds for Clinton,

13

⁶ An additional \$2,300 contribution from Michele Snapper to the Clinton campaign was not reimbursed from Cornwell's funds, and that amount has not been included in the \$48,300 figure. Anchin Submission at Ex. 1 n.2. The Submission also provides a list of the conduits, describes the amount of the reimbursed contributions, and attaches copies of donor cards and reimbursement paperwork, such as checks and credit card records. The donor cards, which were putatively signed by each of the conduits (although not Cornwell), provide express warnings immediately above the signature line concerning the then-applicable individual contribution limit for an election cycle, that contributions must be made from a contributor's personal funds, and that individuals are strictly prohibited from reimbursing another person for making a contribution. Anchin Submission at ABA/FEC 86-118.

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1 Cornwell had emailed Snapper concerning another Clinton fundraiser scheduled for January 24,
2 2008. Cornwell asked whether she and her spouse Staci Gruber could "make a contribution or
3 are we maxxed [*sic*] out? If not, I'd want the max donation for this event, from each of us.
4 (Doubt we'd go)." Anchin Submission at ABA/FEC186. Snapper responded, "I believe you are
5 maxed out. I will check if this counts toward your total." *Id.*

6 According to Snapper, he subsequently informed Cornwell that the federal contribution
7 limits to candidates were \$4,600, or \$2,300 each for the primary and general election cycles, and
8 that she and Gruber had reached their contribution limits for Clinton's Presidential campaign.
9 Snapper Dep. at 78:1-18 (July 6, 2011); *see also* Snapper Conciliation Agreement ¶ 13.
10 Cornwell then asked him to contact the committee to inquire whether she could otherwise assist
11 in the campaign. *See id.* at 70:20-71:25, 75:5-23, 91:4-17. Snapper testified that he called the
12 campaign and informed a staffer that Cornwell wanted to be involved. The campaign
13 subsequently sent Snapper an email announcing that, on April 9, 2008, Elton John would be
14 performing live in concert at Radio City Music Hall to support the Clinton Presidential
15 campaign. *See id.* at 35:19-36:9, 70:13-72:24.

16 On March 17, 2008, Snapper forwarded the email to Cornwell. Cornwell contends that
17 she did not ask Snapper to do so. Cornwell Resp. at 5, PC/FEC 0001-0012. Initially, Cornwell
18 responded to Snapper expressing distress that she had not received the invitation herself, since
19 she had donated to Clinton previously. Anchin Submission at 235, 238. Unlike her prior email
20 correspondence regarding Clinton fundraising, she did not raise the question of contribution
21 limits in her reply.

22 Anchin contends that, in addition to her desire to assist Clinton in the Presidential race
23 itself, Cornwell had an additional motive for reimbursing contributions to this particular event:

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1 namely, the prospect of receiving recognition from the Clintons and personal notoriety for
2 becoming a "Chair" of the event by raising \$50,000. Anchin Submission at 3. The invitation
3 and donor cards for the fundraiser solicited individuals to pledge to recruit other donors to
4 provide total contributions in varying levels; the highest level was \$50,000. In return,
5 individuals who met the \$50,000 goal would receive prominent recognition in the event program
6 as a "Chair" of the event committee, would get premium seating, and an invitation to attend a
7 reception after the concert with Bill and Hillary Clinton and Sir Elton John. Cornwell Resp. at
8 PC/FEC 0010-0012; Anchin Submission at ABA/FEC 86-108. As Snapper testified:

9 . . . Patricia wanted to be a platinum sponsor at the Elton John concert. She
10 wanted to be involved with Hillary Clinton. She wanted to make a difference
11 because Hillary was losing to Obama. She did not want to contribute to a PAC,
12 which would have been a lot easier and legal, because we had done this with
13 Martha Coakley. When we did it with Martha Coakley, they didn't thank Patricia
14 enough apparently. So she was against PACs because there wasn't enough credit
15 given. She asked me to contact the Hillary campaign and let them know that she
16 was interested in helping find out what she could do to help the campaign. I did
17 that. I was then contacted by the campaign a few weeks after my initial contact
18 with them and was told about the Elton John concert, which I then forwarded to
19 Patricia. And I also forwarded her the thing about the platinum -- whatever they
20 call them -- sponsors, and that she would need to fundraise and get, I think, 22
21 people to get a platinum status and get her meeting with Hillary and her name on
22 the program and all of that.

23 Snapper Dep. at 35:8-36:9 (July 6, 2011). Cornwell maintains, however, that she was unaware
24 that she and her spouse would be listed as Chairs of the event on the program, and that they did
25 not even attend the event because of a scheduling conflict. Cornwell Resp. at 7.

26 As further evidence of her lack of knowledge concerning campaign finance restrictions,
27 Cornwell notes that she suggested to Snapper that she could purchase a large block of tickets,
28 then simply donate them back to the campaign to be resold. Snapper then informed her in an
29 email that doing so was prohibited by federal campaign regulations. Cornwell Resp. at 6;

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1 Anchin Submission at ABA/FEC 225; Snapper Conciliation Agreement ¶ 14. On this point,

2 Snapper testified:

3 A: She said, let me think about it. Then, she sent me an email that she wanted to
4 buy 50 tickets and give them out to her friends. Then I called her and explained to
5 her that she couldn't do that. She's already maxed out, that what she needs to do
6 is find other people to become a fundraiser, and if she can find 21 people to buy
7 these tickets, that's what we needed to do, that she was already at the maximum.

8
9 Q: And what did she say?

10
11 A: She said, Okay. Let's see who we can get, and then I can reimburse them. So
12 let's get 20 people, and then I will reimburse them for the tickets.

13
14 Q: What did you say?

15
16 A: I said, that's probably not a great idea, but we both understood clearly what
17 the rules were. And she made it sound that -- you know, everyone does this, and
18 just get it done, and I need to take the lead.

19
20 Q: Who needs to take the lead, you?

21
22 A: I need to take the lead, yes, and make sure all this smooths through.

23
24 Q: So you knew this conduct was illegal?

25
26 A: As did Ms. Cornwell.

27 Snapper Dep. at 37:20-38:20 (July 6, 2011).

28 Snapper further testified:

29 Q. Did you say to Ms. Cornwell, this conduct is illegal?

30
31 A. In those words? No.

32
33 Q. Now, when she asked you to get tickets, did you understand that she believed
34 that this was something different from campaign contributions?

35
36 A. No. Because I explained to her when she wanted to buy the 50 tickets that it
37 was campaign contributions.

38 *Id.* at 39:4-13.

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1 Cornwell states that Snapper suggested that if Cornwell were to identify members of her
2 family and friends who might want to attend the concert, Anchin could obtain tickets for them.
3 Cornwell Resp. at 6. Snapper testified, however, that this idea came from Cornwell. Snapper
4 Dep. at 37:2-40:8, 47:4-48:19 (July 6, 2011). According to Snapper, Cornwell secured a total of
5 nine family members and friends who were willing to purchase tickets for the Elton John concert
6 with the understanding that they would be reimbursed with her funds.⁷ Cornwell directed them
7 to contact Snapper to handle the details of purchasing tickets and obtaining reimbursement. See
8 Snapper Factual Basis for Plea ¶ 15; Snapper Dep. at 168:5-169:10.

9 According to the Response, at some point, Fasinski "informed Ms. Cornwell that Anchin
10 could arrange for others to attend the Elton John concert, with the tickets being ultimately paid
11 for by Ms. Cornwell." Cornwell Resp. at 6. Cornwell states that Fasinski informed her that
12 Anchin had done this for other clients on previous occasions. *Id.* Anchin denies that Fasinski
13 told Cornwell that Anchin had reimbursed contributions for other clients, or that it is aware of
14 any previous occasions when Anchin clients reimbursed conduit contributions through Anchin
15 accounts. Anchin Supplemental Submission at 4; *see also* Anchin Submission at 7.⁸ Further,
16 during her deposition in the lawsuit, Fasinski testified that she had no recollection of "Cornwell
17 asking . . . whether it was okay to buy multiple tickets" or of Fasinski allegedly responding,
18 "'yes, as long as you were discrete about it.'" Fasinski Dep. at 617:23-618:3 (Mar. 9, 2011).

19 Cornwell admits that she was aware that she was reimbursing the cost of the concert
20 ticket contributions attributed to her family and friends. See Cornwell Resp. at 6-8. Among

⁷ Specifically, Cornwell allegedly obtained the agreement of three members of her family – her brother, Jim Daniels, his wife, and their son – as well as six members of the family of Cornwell's friend, Charla Coleman. The remaining 11 conduits used in the Clinton-related scheme were all recruited by Snapper.

⁸ No documentation memorializes the alleged conversation between Cornwell and Fasinski, and no counsel inquired about the alleged statements during Fasinski's deposition.

1 other things, Snapper forwarded to Cornwell an email message from Charla Coleman,
2 Cornwell's friend who purchased six tickets in the names of members of the Coleman family,
3 that stated, "As far as repaying us, my American Express bill isn't due until May 15 and how
4 ever [*sic*] you want to handle that will be fine by us." Anchin Supplemental Submission at
5 ABA/FEC 249. Fasinski also informed Cornwell on March 20 and 31, 2008, that she and
6 Snapper were working to obtain tickets to the concert for Cornwell's friends. Cornwell Resp. at
7 PC/FEC 0024, 0026-27. In response, Cornwell wrote, "Thanks!" and "Excellent!" *Id.* at
8 PC/FEC 0024, 0026.

9 Ultimately, Snapper secured 22 concert tickets at a cost of \$2,300 each (the maximum
10 contribution limit for individuals). Snapper reimbursed the cost of all but one (the ticket
11 purchased in the name of Snapper's wife) from Cornwell's accounts. Anchin Submission at Ex.
12 1; *see also* Snapper Conciliation Agreement ¶¶ 16-19. Snapper testified that he expected
13 Cornwell to provide a list of additional people whom he would be required to reimburse to reach
14 the \$50,000 threshold for Cornwell to become an event Chair, but that Cornwell did not provide
15 any additional contributors. Consequently, it was left to him, within two or three days of the
16 concert, to recruit additional conduits to reach that status. He approached Anchin employees,
17 their spouses, and other individuals associated with Anchin to buy tickets, on the understanding
18 they would be reimbursed with Cornwell's funds. *See* Snapper Dep. at 110:19-111:25, 319:1-9
19 (July 9, 2011).

20 Cornwell maintains that she was unaware that Snapper was recruiting a large group of
21 Anchin employees and associates to attend the concert at her expense. Cornwell Resp. at 7. The
22 available information, however, indicates that Cornwell knew that some Anchin personnel and
23 perhaps others would attend and be reimbursed from her funds. On April 7, 2008, Fasinski

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1 asked Cornwell by email how Cornwell wanted to handle the extra concert tickets. Cornwell
2 replied that Fasinski should offer the extra tickets to Cornwell's friends first, but not to "take
3 back those you've promised to yourselves and others" and "the rest you and Evan can use, as
4 planned." Anchin Second Supplemental Submission at ABA/FEC 258. Fasinski responded,
5 "thank you again for giving me and Evan the opportunity to go." *Id.* at ABA/FEC 268.

6 Cornwell also knew that she received credit from the Clinton campaign for raising the
7 funds associated with the reimbursed tickets. The day after the concert, Snapper, Fasinski, and
8 Yohalem sent e-mails to Cornwell explaining as much. *Id.* at ABA/FEC 295, 301, and 306.
9 Specifically, Snapper offered his thanks to Cornwell for letting him "represent" her at the
10 concert, and stated that his seats were in the center of the front row, that he met "Bill and
11 Hillary" after the concert, and that "Hillary couldn't thank you enough for the help you gave the
12 campaign in raising all the money last night. I have a copy of last night [sic] program and you
13 and Staci are list [sic] directly under Elton John as one of the Chairs of the event." *Id.* at
14 ABA/FEC 301 and 297. Yohalem also thanked Cornwell for her "generosity," and told her that
15 "[w]hile you received prominent mention, you were missed by all of us." *Id.* at ABA/FEC 306.
16 Finally, Fasinski stated that "those that went on with the tickets that you gave were beyond
17 excited" and that Hillary Clinton told her after the concert, "Patricia has been amazing and has
18 raised so much money for me!!!!" *Id.* at ABA/FEC 295.

19 Similarly, after the event Hillary Clinton wished to reach Cornwell by telephone to thank
20 her personally. *Id.* at ABA/FEC 301. Cornwell provided the campaign with the best times and
21 phone numbers to reach her. Although that contact did not occur, Clinton left a voicemail
22 message on Cornwell's phone expressing her gratitude. Cornwell Resp. at PC/FEC 0015-16;
23 Anchin Second Supplemental Submission at ABA/FEC 308.

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1 Snapper reimbursed the concert ticket contributions from Cornwell's accounts. To
2 conceal the fact of the reimbursements, he paid the donors in a combination of cash and checks,
3 paid credit card companies directly, and misstated the purpose of the payments in the accounting
4 records that Anchin maintained for Cornwell's bank accounts.⁹

5 Cash flow reports that Anchin prepared for Cornwell for March and April 2008 reflected
6 disbursements not only to the friends and family members that she personally enlisted as
7 conduits, but also the reimbursement to Yohalem's wife; a disbursement for \$4,500 to a credit
8 account in the name of a spouse of an Anchin employee who attended the event; disbursements
9 identified in part as "reimbursed motorcycle expense" payable to Jim Daniels and his son, Jimmy
10 Daniels, Cornwell's brother and nephew; and two disbursements of \$7,000 to Philip and Charla
11 Coleman, Cornwell's friends who purchased six tickets at Cornwell's personal request. Anchin
12 Second Supplemental Submission at ABA/FEC 637-40, 694. Many of those records reflect false
13 information concerning the purpose for the disbursements. *Id.*

14 Snapper contends that, although he was aware of the illegality of the reimbursement
15 scheme, Cornwell also knew it violated the law:

16 A. I was complicit with my client. I definitely had fault in the matter, but it was
17 not my idea. I was not a Hillary Clinton supporter. And, actually, Ms. Cornwell
18 thought it was hilarious that my name would be — have a Hillary donation. She

⁹ For example, Snapper provided Yohalem and his wife a check made out in the wife's name, with the statement "design services" on the internal accounts payable invoice and check stub maintained by Anchin. The face of the check did not include any notation concerning its purpose. Anchin Submission at ABA/FEC at 124; Anchin Second Supplemental Submission at ABA/FEC 625 and 700. Snapper testified that this deception was Yohalem's idea. Snapper Dep. at 102:13-23 (July 6, 2011). Yohalem denied it, testifying that he did not see any notation on the check itself. Yohalem Dep. at 163-64 (Mar. 10, 2011). Similarly, Anchin's internal accounting records reflected a disbursement to another conduit for "Elton John Tickets," but later Snapper had it altered so that it merely would state "reimbursement." Anchin Submission at ABA/FEC 121-23. Snapper testified that he also directed Anchin personnel to code certain reimbursements from Cornwell's account as "non-deductible entertainment." Snapper Dep. at 130:19-131:4 (July 6, 2011). Also to disguise the reimbursements, Snapper instructed Anchin clerical personnel to reduce the amount of certain reimbursements so that they would not be identical to the contribution limit at the time, then withdrew cash from Cornwell's account to cover the rest of the reimbursement. *Id.* at 123:14-126:24, 149:1-11.

1 said. "Oh, won't that be funny, you are going to be listed as a Hillary donator."
2 That was a big joke.

3
4 Q. So while you admit some fault, you contend that Ms. Cornwell initiated the
5 scheme; is that right?

6
7 A: That is right.

8
9 Q. And that she directed to bundle these contributions and get reimbursed?

10
11 A. That's correct, yes.

12 Snapper Dep. at 46:20-47:10 (July 6, 2011). Snapper further testified that there is no writing
13 reflecting the conversations between him and Cornwell regarding the reimbursements because he
14 knew the scheme was illegal and he wanted to "protect" his client (and, consequently, himself).
15 *Id.* at 49:10-:23.

16 While Cornwell admits she knew she was reimbursing at least the nine tickets purchased
17 by her friends and family and the two tickets Snapper and Fasinski purchased, she maintains that
18 she was unaware that the ticket purchases constituted contributions subject to federal campaign
19 finance limits. Cornwell Resp. at 2, 8. In support, Cornwell relies on an email she sent to Ilana
20 Kloss, offering her and Billy Jean King the use of some of the additional tickets that Cornwell
21 had agreed to reimburse. In that correspondence, Cornwell informed Kloss that, for the Elton
22 John concert, "unlike other political fundraisers, there isn't a limit to what you can donate." *Id.* at
23 PC/FEC 0020. Cornwell further stated that Snapper never instructed her that campaign laws
24 provided that reimbursements for concert tickets or contributions were prohibited. Cornwell
25 Resp. at 2, 6-8; *see also* Cornwell Dep. at 640:14-641:14 (Aug. 18, 2011). Nonetheless, as
26 noted, an email shows that Snapper did inform Cornwell that her initial plan to purchase and
27 return a block of tickets to the concert was prohibited by campaign finance laws.

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B. Legal Analysis

1. Patricia D. Cornwell

The Act provides that “no person shall make a contribution in the name of another person.” 2 U.S.C. § 441f. In addition, during the relevant time period, the Act provided that individuals could not contribute more than \$2,300 to any candidate with respect to any election. 2 U.S.C. § 441a(a).¹⁰

There is no doubt that Cornwell violated sections 441f and 441a(a) with respect to conduit contributions to the Clinton Presidential campaign in April 2008. Cornwell admits both that she knew she had “maxed out” her contribution limit for that particular campaign and that she directed Snapper to use her funds to reimburse the contributions of at least her friends, family, and a limited number of Anchin personnel. It is a closer question with respect to the contributions to Gilmore’s Presidential and Senatorial campaigns. But on balance, the available information suffices at least to conclude that there is reason to believe she knew about and authorized Snapper’s use of her funds to reimburse contributions to the Gilmore campaign committees in June and November 2007, respectively.

a. Clinton Presidential Committee Contributions

With respect to the \$48,300 in contributions to the Clinton Presidential effort, it is undisputed that Cornwell knew that her funds would be used to reimburse at least nine \$2,300

¹⁰ Cornwell did not receive notification of a possible section 441a(a) violation. In this matter, however, the section 441a(a) violation directly results from the section 441f violation. Consequently, notice of a possible section 441a(a) violation would not have altered Cornwell’s response because the information relevant to whether there is reason to believe she violated section 441f dictates the conclusion as to section 441a(a). Moreover, no additional civil penalty will accrue for a section 441a(a) violation that is premised on the same set of facts as a 441f violation. *See, e.g.*, MUR 6054 (Scarborough/Suncoast Ford); MUR 6186 (Leggio).

1 Elton John concert tickets for her family and friends, at a cost of \$20,700.¹¹ Contemporaneous
2 emails also reflect that Cornwell told Fasinski not to “take back those you’ve promised to
3 yourselves and others” and “the rest you and Evan can use, as planned.” Anchin Second
4 Supplemental Submission at ABA/FEC 258. Thus, Cornwell knew at least that Snapper and
5 Fasinski would be reimbursed for tickets, along with possibly additional tickets. In addition,
6 information reflecting reimbursements of some of the contributions appeared in cash flow reports
7 prepared for Cornwell by Anchin (some of which quite plainly falsely described the basis for the
8 disbursement, as Cornwell likely would have recognized had she reviewed them). See
9 ABA/FEC 631-34; 637-40. Accordingly, we recommend that the Commission find reason to
10 believe that Cornwell violated Sections 441f and 441a(a) by making contributions in the name of
11 another and by making excessive contributions to the Clinton Presidential Committee.

12 Cornwell maintains that she did not realize that paying for the concert tickets constituted
13 illegal activity. We do not believe that the available evidence supports a reason to believe
14 finding that these violations were knowing and willful. This too is a close call, however, and
15 there is record evidence suggesting that these violations were in fact knowing and willful.
16 Cornwell admitted in her response that Snapper told her that, in view of her having maxed out to
17 the Clinton campaign, buying tickets and donating them back to the campaign violated federal
18 campaign laws. Cornwell Resp. at 5-6. Moreover, Anchin personnel made clear in their “thank
19 you” emails that Cornwell received recognition from the Clinton campaign for raising money for
20 the campaign. Cornwell Resp. at 5, PC/FEC 0001; see also Anchin Submission at ABA/FEC
21 77-78, 80; Anchin Second Supplemental Submission at ABA/FEC 295, 301, 306. This strongly
22 indicates that Cornwell knew she was involved in fundraising – not merely purchasing tickets to

¹¹ As noted, the friends were six members of the Coleman family, while the members of Cornwell’s family were her brother, Jim Daniels, along with his wife and their son.

1 an Elton John concert – at the same time she knew that she was the source of the funds raised for
2 the event in the names of the putative ticket purchasers.

3 Moreover, Cornwell was an experienced contributor. During the 2007-2008 election
4 cycle alone, when the conduit contributions occurred, she contributed an additional \$68,500 to
5 candidates and political parties.¹² Prior to 2007, she made an aggregate of \$57,000 in
6 contributions to multiple candidates and party committees, and an \$80,000 contribution exempt
7 from federal limits to the Republican National State Election Committee.¹³ Documentation
8 submitted by Anchin shows that she took the initiative in instructing Anchin to make several
9 political contributions on her behalf, and even made appearances for some candidates she
10 supported. *See, e.g.*, Anchin Second Supplemental Submission at ABA/FEC 297, 376, 544-49,
11 944. Snapper testified that Cornwell “was more involved in campaigns than most clients I
12 have.” Snapper Dep. at 46:11-12 (July 6, 2011). Despite this record evidence, for the following
13 reasons, we do not recommend that the Commission make knowing and willful findings as to
14 Cornwell regarding the excessive contributions made to the Clinton Presidential Committee.

15 The Act addresses violations of law that are knowing and willful. 2 U.S.C.
16 §§ 437g(a)(5)(B) and 437g(d). The phrase “knowing and willful” indicates that “actions [were]
17 taken with full knowledge of all of the facts and a recognition that the action is prohibited by
18 law.” 122 Cong. Rec. H3778 (daily ed. May 3, 1976). The courts have held that the knowing
19 and willful standard requires knowledge that one is violating the law. *FEC v. John A. Dramesi*
20 *for Congress Committee*, 640 F. Supp. 985 (D.N.J. 1986). A knowing and willful violation may

¹² According to disclosure reports, from 2007 through 2008, Cornwell made contributions to the Democratic National Committee, Friends of Hillary, Hillary Clinton for President, the Niki Tsongas Committee, and the Obama Victory Fund.

¹³ According to disclosure reports, from 1998 through 2000, Cornwell made contributions to Friends of George Allen, Friends of Hillary, Senator John Warner Committee, Orrin Hatch Presidential Exploratory Committee Inc., Republican National Committee, and Robb for the Senate.

1 be established "by proof that the defendant acted deliberately and with knowledge that the
2 representation [to the FEC] was false." *United States v. Hopkins*, 916 F.2d 207, 214 (5th Cir.
3 1990). In *Hopkins*, the court found that the defendant officers "knew that corporations could not
4 make political contributions" and that an inference of a knowing and willful violation could be
5 drawn "from the defendants' elaborate scheme for disguising their corporate political
6 contributions" as individual contributions, and that they "deliberately conveyed information they
7 knew to be false to the Federal Election Commission." *Id.* at 214-15. The court also found that
8 the evidence did not have to show that a defendant "had specific knowledge of the regulations"
9 or "conclusively demonstrate" a defendant's "state of mind," if there were "facts and
10 circumstances from which the jury reasonably could infer that [a defendant] knew her conduct
11 was unauthorized and illegal." *Id.* at 213 (quoting *United States v. Bordelon*, 871 F.2d 491, 494
12 (5th Cir. 1989)).

13 Here, while the available information shows that Cornwell knew that she had "maxed
14 out" her contribution to Clinton's Presidential Committee, that she was reimbursing numerous
15 concert tickets for a fundraiser, and that she was receiving recognition from the campaign for her
16 fundraising efforts, her claim that she did not know she was violating the law receives some
17 support from her email stating that she thought the concert fundraiser had no contribution limits.
18 See Cornwell Resp. at PC/FEC at 0020-0021. That statement suggests that she may have been
19 confused on this point, perhaps in the (mistaken) belief that the concert tickets were treated
20 differently than straight campaign contributions. In addition, Snapper admitted that he did not
21 explicitly advise her that reimbursing individuals for the cost of the concert tickets was illegal,
22 and she may have relied on Snapper's acquiescence and participation in the reimbursement
23 scheme as some indication of its lawfulness. See Cornwell Resp. at 6-7; see also, e.g., MUR

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6504 (Gardner) (Commission conciliated on a non-knowing and willful basis with respondents who admitted reimbursing contributions but denied knowing their conduct was illegal).

Thus, in short, we do not recommend that the commission find reason to believe that Cornwell's violations of the Act in connection with the Clinton fundraising event were knowing and willful.

b. Gilmore Contributions

As to the Gilmore contributions, Snapper testified that Cornwell asked him to make the contributions in his and his wife's names to the Presidential campaign, and that he specifically told her he would disguise the reimbursement as a Bat Mitzvah gift to his daughter. Snapper Dep. at 24:21-26:25 (July 6, 2011). In the Response, Cornwell denied that she knew Snapper had contributed or that he had used her funds to reimburse those contributions.

We need not rely on Snapper's testimony to conclude that Cornwell likely knew about – and authorized – the reimbursements.¹⁴ The documentary submissions in this matter provide persuasive evidence that Cornwell likely knew she had reimbursed the Snappers' \$4,600 contribution to Gilmore's Presidential campaign. In response to her review of the November 25, 2007, Anchin schedule that identified a \$4,600 contribution from her funds to Gilmore, Cornwell sent an email to Fasinski on November 26, 2007, stating: "Actually, I don't think Gilmore showed up, did he, since that wasn't direct? (Ask Evan)." Cornwell Dep. at Ex. 87. At that time, the only \$4,600 contribution to Gilmore was the contribution of Snapper and his wife for the Presidential race reimbursed by her funds; and Cornwell had just asked Fasinski to hold off on

¹⁴ As noted, Cornwell named Snapper as a defendant in his personal capacity in the civil suit in which Snapper was deposed, and accordingly his testimony arguably could have been influenced by a motive to advance his legal position in that matter. Further, Snapper has pleaded guilty to a felony false statement offense, the object of which was to cause a campaign committee to provide false information to the FEC. Nonetheless, we need not rest our conclusions in this report on any uncorroborated contention of Snapper, for substantial documentary and circumstantial evidence supports the reason-to-believe recommendations here.

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1 sending the Senate contribution. Indeed, even if the schedule had been drafted with the
2 forthcoming Senate contribution in mind, the relevant fact is the effect the schedule had on
3 Cornwell's state of mind, and there can be little doubt that Cornwell's response reflects her belief
4 that the schedule referenced a past, completed disbursement, *i.e.*, the one that the Snappers had
5 made to Gilmore's prior Presidential campaign, which had been reimbursed with Cornwell's
6 funds. Had Cornwell, an author, intended to say that she had not made a contribution to
7 Gilmore, it is difficult to believe she would not have said so directly, rather than to describe the
8 Gilmore contribution as one that would not "show up" because it "wasn't direct[.] (Ask Evan)."
9 Given the timing of that comment, and that she confuses both the statement and the Anchin
10 schedule as related to Gilmore's Senate campaign, we do not find her explanation persuasive,
11 particularly not at the reason-to-believe stage.

12 Snapper also testified that Cornwell authorized him to reimburse his and his wife's
13 contributions to the Senate campaign. Snapper Dep. at 42:19-43:25 (July 6, 2011). The same
14 email exchange on November 26 and 27, 2007, presents compelling evidence of her knowledge –
15 and authorization – of the reimbursements. Indeed, it is the progression of these communications
16 that perhaps most clearly tends to demonstrate that she understood she was going to reimburse
17 Snapper's contributions to the Senate campaign. After first informing Snapper and Fasinski that
18 she wished to support the Gilmore for Senate Campaign Committee, she changed her mind when
19 she received the schedule of her 2007 contributions listing a \$4,600 payment to Gilmore. With
20 her email of the previous evening ("Actually, I don't think Gilmore showed up, did he, since that
21 wasn't direct? (Ask Evan)") fresh in mind, early the next morning she told Fasinski: "What
22 would be best is if Evan can handle this situation (Senate contribution) the same way he handled
23 the presidential one. Staci and I can't have our names attached to this, but it's fine to suggest

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1 that others support him. He's a good person." Cornwell's language is again telling. She does
2 not say that she no longer wishes to support Gilmore or contribute to his campaign, or that she
3 would appreciate it if Snapper would make a contribution. Rather, she directs Fasinski and, thus,
4 Snapper to "handle this situation (Senate contribution) the same way he handled the presidential
5 one," and states why: she and her spouse "can't have our names attached to this." This exchange
6 not only tends to prove that Cornwell knew how Snapper handled the Presidential contribution,
7 but also that her intent was to conceal her name by making the contribution in the name of
8 another. Cornwell adapted similar language during her deposition, testifying that she could not
9 "openly and directly" support Gilmore's campaign for the Senate. See Cornwell Dep. at 639:13-
10 24 (Aug. 18, 2011). In addition, although the Gilmore contributions preceded the Clinton
11 contributions, her acknowledgement that she knowingly reimbursed friends and family in the
12 Clinton situation supports an inference that she previously may have agreed to reimburse the
13 contributions to her friend, Gilmore, who she had reason not to support "directly."

14 Accordingly, we also recommend that the Commission find reason to believe that Patricia
15 D. Cornwell violated 2 U.S.C. §§ 441a(a) and 441f by making excessive contributions to the
16 2008 Gilmore for President and Senate Committees in the names of others.

17 We do not recommend that the Commission find reason to believe that these violations
18 were knowing and willful. We make this recommendation based on (1) Cornwell's testimony
19 that she was not aware that reimbursing the contributions Snapper made to the Gilmore
20 campaigns would violate the law, Cornwell Dep. at 640:9-641:22 (Aug. 18, 2011), and
21 (2) Snapper's testimony that he never explicitly informed her about the legal restrictions on such
22 contributions.

23 **2. Anchin, Block & Anchin LLP**

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1 It is undisputed that none of Anchin's own funds were used to make reimbursements, and
2 it appears that Anchin did not exercise complete control over Cornwell's accounts, particularly
3 with respect to making political contributions. In addition, Anchin has represented, and
4 Snapper confirms, that its Executive Committee did not know of the reimbursements until
5 Snapper revealed them in the context of Cornwell's lawsuit. We have no information to the
6 contrary.

7 After the Executive Committee learned of the violations, Anchin promptly reported them
8 to DOJ and the Commission, cooperated with the criminal investigation, filed a written *sua*
9 *sponte* submission with the Commission, and supplemented it with documentation and
10 deposition testimony from the private litigation. While Anchin did not immediately terminate
11 Snapper – he resigned when he signed his plea agreement – Anchin promptly curtailed his
12 authority, did not allow him to have signatory authority or power of attorney on any accounts,
13 removed him from internal partnership activities, and closely supervised him. Anchin
14 Submission at 6; *see also* Sadan Dep. at 63:2-64:4 (Mar. 24, 2011). All of the conduits still
15 employed by the firm attended compliance training. *Id.* at 66:5-67:25. Anchin also asked
16 counsel to review its internal controls and to strengthen its compliance program to prevent
17 future prohibited conduct. Anchin Submission at 6. For these reasons and the reasons
18 discussed below, we recommend that the Commission take no action as to Anchin and close the
19 file as to it.

20 The prohibitions in section 441f of the Act extend to knowingly helping or assisting any
21 person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(1)(iii). In several
22 MURs initiated by *sua sponte* submissions, where the funds of the wrongdoer's employers were
23 used to reimburse political contributions, the Commission has pursued the employer for section

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1 441f assisting violations. *See, e.g.*, MUR 6515 (Professional Fire Fighters of Wisconsin) (open
2 matter); MUR 6143 (Galen Capital Group) (open matter); MUR 6504 (Gardner); MUR 5948
3 (Critical HealthCare); MUR 5849 (Bank of America); MUR 5818 (Fieger Firm); MUR 5784
4 (Morton Grove); MUR 5765 (Crop Production Services, Inc.); MUR 5405 (Apex); and MUR
5 5398 (LifeCare); *see also* MUR 6223 (St. John Properties);

6 MUR 5666 (MZM); and MUR 5504 (Karoly) (non *sua sponte* matters). In contrast, the
7 Commission has never pursued a section 441f violation against the wrongdoer's employer
8 where the wrongdoer used personal funds, not the employer's funds, to make the
9 reimbursements, even when the employer's personnel acted as conduits. *See, e.g.*, MUR 5955
10 (Wellpoint/Valdez) (*sua sponte*); MUR 5927 (Beacon Mutual); MUR 5871 (Thomas Noe);
11 MUR 5758 (O'Donnell & Mortimer LLP) (open matter); MUR 5092 (Michael Lazaroff). In all
12 of these matters, the source of the reimbursement funds is the dispositive factor.

13 Here, unlike prior section 441f matters, the funds used to reimburse contributions were
14 neither Anchin's nor Snapper's personal funds. Rather, Snapper used client funds managed by
15 Anchin to make the reimbursements allegedly with the client's consent.

16 Count III of Cornwell's Third Amended Complaint in her private litigation alleges that
17 Snapper and Yohalem, and possibly others, acted as trustees and officers of various affiliated
18 entities in whose name assets were acquired and held, and that Anchin and its partners owed a
19 fiduciary duty to Cornwell because they held full power of attorney to handle her personal and
20 business affairs. *See* Snapper Dep. at 595:13-599:20 (July 7, 2011); Yohalem Dep. at 82:14-18
21 (Mar. 10, 2011). The Answer to the Third Amended Complaint generally denies Cornwell's
22 allegations of breach of fiduciary duty, except to admit that Snapper and Yohalem acted as
23 trustees and officers of various affiliated entities and held limited powers of attorney to handle

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1 Cornwell's affairs. *See* Anchin Supplemental Submission at ABA/FEC 150 (Answer to Third
2 Amended Complaint ¶ 40).

3 The precise scope of Anchin's control over Cornwell's financial affairs and the extent of
4 its duty to advise her about illegality will presumably be resolved in the private litigation. The
5 salient consideration in this matter is that the record reflects that Cornwell maintained some
6 degree of control over her funds, at least in as much as she regularly directed Anchin, through
7 Fasinski and Snapper, to make political contributions on her behalf and according to her
8 instructions. Moreover, deposition testimony and other documents reflect further that Cornwell
9 was in frequent contact with Anchin personnel (Cornwell Dep. at 72:7-75:13 (Aug. 17, 2011);
10 Snapper Dep. at 142:12-25, 266:21-25, 410:8-412:25 (July 6 & 7, 2011); Fasinski Dep. at
11 107:15-18 (Mar. 8, 2011); Yohalem Dep. at 238-39 (Mar. 10, 2011)); that Cornwell had the
12 right to request from Anchin any information or documents she wished to review (Cornwell
13 Dep. at 96:7-18, 155:7-156:22 (Aug. 17, 2011)); that Cornwell received certain statements
14 concerning Anchin's activities with her accounts, including statements that reflected
15 withdrawals to reimburse conduits (Cornwell Dep. at 152:2-153:21, 185:1-186:22, 636:18-
16 638:24 (Aug. 17 & 18, 2011); Fasinski Dep. at 66:5-15, 127:3-128:23, 136:6-137:14, 143:6-
17 147:23, 165:14-24, 271:4-272:24, 279:4-18 (Mar. 8, 2011); Snapper Dep. at 241:1-5, 244:2-20,
18 253:9-23, 261:4-262:25, 278:15-279:29, 548:22-549:25 (July 6 & 7, 2011); *see also* Anchin
19 Second Supplemental Submission at ABA/FEC 544-49, 631-34, 637-40); and that Cornwell
20 was entitled to terminate her financial relationship with Anchin, in part or in full, at any time
21 (Cornwell Dep. at 189:9-16 (Aug. 17, 2011); Yohalem Dep. at 135:18-136:8, 225:21-226:24
22 (Mar. 10, 2011)).

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1 For purposes of enforcing the Act, therefore, this matter appears to be closer to that line
2 of cases in which the Commission concluded that it would not pursue employers whose funds
3 were not used to reimburse conduits for political contributions. Cf. MUR 5758 (O'Donnell)
4 (open matter) (even where it appeared state law would support Section 441f violation for the
5 law firm under vicarious liability theory, the Commission took no further action as to the firm).
6 For these reasons, we recommend that that Commission take no action as to Anchin and close
7 the file as to it.

8 3. Conduits

9 A number of individuals made contributions to the Clinton Presidential Committee by
10 purchasing tickets to the Elton John concert that were reimbursed with Cornwell's funds. In
11 addition to Snapper, and his spouse, and several lower-level Anchin
12 employees, third parties related to Anchin (such as vendors), and some of their spouses, and
13 family and friends of Cornwell, all made contributions in their names that were reimbursed with
14 Cornwell's funds. See Anchin Submission at Ex. 1. Apart from Snapper,
15 , we did not notify any of the conduits about Anchin's *sua sponte* submission at the
16 outset. Nor have we notified any of them following the termination of the grand jury
17 investigation because the deposition testimony we received from Anchin does not present a
18 compelling case for pursuing these individuals.

19 Snapper, who had already pleaded guilty to a felony in connection with the scheme, was
20 the only conduit who testified that he knew that reimbursing contributions in the name of others
21 was unlawful. Snapper Dep. at 38:24-25 (July 6, 2011). He also testified that he was the only
22 person who approached the conduits associated with Anchin (excluding spouses) about attending
23 the Elton John concert with reimbursed tickets. See *id.* at 110:19-111:5, 123:14-21. And he

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1 testified that he was the only person who directed the manner in which each of the conduits
2 (including Cornwell's family and friends) would be reimbursed, and with one exception, decided
3 what entries would be made in Anchin's records to conceal those reimbursements. *See id.*

4 The only other conduits who played an active role in the reimbursement scheme beyond
5 acting merely as conduits were and For the reasons set forth below, however,
6 we do not recommend a finding of reason to believe as to either of them, or any of the other
7 conduits.

8 a.

9 signed the reimbursement check drawn on Cornwell's account payable to
10 Snapper in the amount of \$5,000, which was designated as a Bat Mitzvah gift from Cornwell to

11 Snapper's daughter. Dep. at 119:14-124:8 (Mar. 10, 2011). No information suggests,

12 however, that knew the true purpose of the check was to reimburse federal campaign

13 contributions. testified that he knew Snapper's daughter was celebrating her Bat

14 Mitzvah, and because the memo on the check read "Happy Bat Mitzvah," he signed it without

15 further thought. *Id.* at 125:22-24. further testified that "[s]ince it was Evan, it would

16 appear, if I were looking at it then, I would have signed the check since he had -- he and Ms.

17 Cornwell -- he had the relationship with her and there was a reason for -- I wouldn't have

18 questioned the reason for the check." *Id.* at 119:17-23. He also testified that clients have given

19 gifts to partners' children in the past. *Id.* at 121:10-24. He further testified, "I don't think there's

20 a policy that addresses [client gifts to partners' children] specifically in a manual" *Id.* at

21 113:21-114:5, 126:8-127:24.

22 also accepted the reimbursement check for his and his wife's Clinton

23 contributions drawn on Cornwell's account and made payable to his wife. The reimbursement is

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1 falsely described on the accounts payable invoice and check stub as "design services," but there
2 is no notation on the check itself describing the purpose of the check. Anchin Submission at
3 ABA/FEC 124; Anchin Second Supplemental Submission at ABA/FEC 625, 700. Although
4 Snapper testified that it was idea to code his reimbursement as design services from
5 his spouse, denies that. Dep. at 133:6-:15, 163:7-164:15 (Mar. 10, 2011).¹⁵
6 Moreover, Snapper admitted that he ultimately directed lower level personnel to code the
7 reimbursement in the entry ledger. See Snapper Dep. at 101:13-102:23 (July 6, 2011).
8 testified that he was not involved in recruiting conduits or in facilitating the reimbursement of
9 others' contributions. See *id.* at 13:22-14:10, 105:20-106:8, 133:2-15. And we have no
10 information to the contrary.

11 Prior to the 2008 contribution to the Clinton Presidential campaign, had made
12 only one federal contribution, in 2003. , who is not an attorney, testified that he did not
13 know during the relevant time period that receiving reimbursements for contributions to a
14 candidate for federal election was illegal. See Dep. at 103:19-:23 (Mar. 10, 2011).

15 In sum, under these circumstances, it appears that did not play an active role in
16 the reimbursement scheme, and consequently, his conduct does not warrant proceeding against
17 him. See MUR 5871 (Nee) (Commission found reason to believe as to (and conciliated with)
18 those conduits who not only actively participated in the conduit scheme, but also recruited others
19 to participate, but took no further action as to other conduits).

20 b.

¹⁵ Ehud Sadan, Associate Managing Partner and member of the Executive Committee at Anchin, testified that Anchin believes when he says he did not know the reimbursement to his wife was disguised. Sadan Dep. at 65:4-:24 (Mar. 24, 2011).

1 reported to Snapper. *See* Dep. at 29:14-:16 (Mar. 8, 2011). In
2 Cornwell's response, she claims that told her that Anchin could obtain concert tickets at
3 Cornwell's ultimate expense, and that Anchin had made similar arrangements for other clients.
4 Anchin, however, denies that told Cornwell that Anchin had participated in other
5 reimbursement schemes, and states that its review of internal records revealed no such activities
6 in the past. Anchin Supplemental Submission at 3-4. Cornwell did not repeat the allegation in
7 her deposition testimony. And denied during her deposition that she ever told Cornwell
8 that multiple tickets could be purchased to the fundraising concert if they were "discreet."
9 Dep. at 617:23-618:5 (Mar. 9, 2011). The only documentary evidence of
10 participation is that she apparently assisted Snapper, her supervisor, in physically obtaining
11 tickets for the Elton John event, *see* PC/FEC 0024,0026-27, but like , she testified that
12 she did not recruit conduits or facilitate the reimbursement of others' contributions.
13 Dep. at 613:23-615:23, 627:21-24 (Mar. 9, 2011). We have no information to the contrary.
14 , who also is not an attorney, further testified that she did not know at the time that
15 receiving reimbursements for contributions to a federal election was illegal. *Id.* at 608:13-23.
16 A review of the Commission's disclosure reports shows that has never made a
17 reportable federal contribution other than that associated with her reimbursed contribution to
18 Clinton as a conduit here. Under those circumstances, it appears that her conduct does not
19 warrant proceeding against her. *See, e.g.*, MUR 5871 (Noe) (the Commission found reason to
20 believe as to, and conciliated with, those conduits who not only actively participated in the
21 conduit scheme, but also recruited others to participate, but took no further action as to other
22 conduits); MUR 5666 (MZM) (the Commission found reason to believe and conciliated with one
23 conduit, a senior manager of MZM, who reimbursed other less-senior conduits and himself with

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1 MZM funds for political contributions, but took no further action as to other less-senior
2 employee conduits).

3 c.
4

5 Anchin provided us with the deposition testimony of several other Anchin conduits.

6 , a business management account manager, testified that Snapper approached her about the
7 Elton John concert and told her that she needed to buy a ticket and would be reimbursed, but did
8 not tell her it was a fundraising concert for the Hillary Clinton Presidential Committee. See

9 Dep. at 30:9 -31:22 (June 1, 2011). She signed the authorization forms for herself and her
10 husband, to charge \$2,300 each to her credit card. See id. at 26:12-25. She and her
11 husband both attended the concert, but denied ever knowing it was a fundraising event. See id. at
12 27:16-21, 30:23-25; see also Dep. at 10:5-:8 (June 1, 2011). also denied
13 knowing that receiving reimbursements for her and her husband's contributions was unlawful. See

14 Dep. at 32:22-:25 (June 1, 2011). Her husband, testified that his
15 signature was not on the authorization form, he was not aware that a contribution was being made
16 in his name, he was not aware that the concert was a political fundraiser, and he was not aware that
17 his wife was reimbursed. See Dep. at 8:18-13:9 (June 1, 2011).

18 also testified that he was not familiar with campaign finance laws. See id. at 12:4-:7.

19 , an account manager, testified that he was not aware that the transaction
20 was unlawful and that Snapper was his supervisor at the time he approached him about
21 purchasing a ticket and getting reimbursed. See Dep. at 18:10-19:21, 30:7-:10 (June 1,
22 2011). , a former senior manager, also denied knowing that being reimbursed for
23 his federal contribution was illegal, and testified that he signed his wife's name to the
24 authorization form. See Dep. at 14:10-:19, 16:23-17:18 (June 1, 2011).

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1 Each of these present or former Anchin employees testified that they never gave federal
2 contributions before, and Commission disclosure records confirm this testimony. *See*
3 Dep. at 14:13-:23 (June 1, 2011); Dep. at 38:6-:11 (June 1, 2011); Dep. at 29:24-
4 30:3 (June 1, 2011); and Dep. at 17:14-:18 (June 1, 2011). According to Ehud Sadan,
5 Associate Managing Partner and member of the Executive Committee at Anchin, Anchin took no
6 disciplinary action as to any of the Anchin conduits, other than Snapper, because Anchin
7 believed the other employees simply made an innocent "mistake." *See* Sadan Dep. at 39:5-
8 41:25, 64:5-65:24 (Mar. 24, 2011).

9 While we do not have sworn statements from all of the conduits, including any from
10 Cornwell's family and friends, we have no information suggesting that any of them actively
11 participated in the reimbursement scheme; it appears they simply acted as conduits. The
12 Commission's usual practice is not to make findings or take no further action concerning lower
13 level conduit employees, spouses, and family members, and that outcome strikes us as
14 appropriate here.

15
16); MUR 5955 (Valdez) (Commission took no further action as to conduit respondents,
17 who were corporate officers who reported to Valdez); MUR 5871 (Noe) (Commission made no
18 findings and took no action as to conduits who were subordinates/employees or family member
19 conduits, except admonishment); MUR 5504 (Karoly) (Commission took no action as to
20 reimbursed spouses); MUR 5666 (MZM) (Commission took no further action as to less-senior
21 employee conduits).

22 **4. Gilmore and Clinton Committees**

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1 There is no available information indicating that the three political committees, Jim
2 Gilmore for President, Jim Gilmore for Senate, and the Clinton Presidential Committee, were
3 aware they had received contributions in the name of another or excessive contributions from
4 Cornwell. As noted, during Snapper's deposition, Cornwell's counsel referred to an email in
5 which Cornwell informs Gilmore that "two good, loyal Republicans, Mr. and Mrs. Snapper, have
6 made a contribution" to his campaign. Snapper Dep. at 45:21-25 (July 6, 2011). This wording
7 does not suggest that the contributions Gilmore would be receiving were from Cornwell's funds.
8 Therefore, we do not recommend proceeding against these committees.

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IV. RECOMMENDATIONS

1. Find reason to believe that Patricia D. Cornwell violated 2 U.S.C. §§ 441a(a) and 441f.
2. Enter into conciliation with Patricia D. Cornwell prior to a finding of probable cause to believe.
3. . . .
4. Approve the attached Factual and Legal Analysis.
5. Take no action as to Anchin, Block & Anchin LLP.
6. Close the file as to Anchin, Block & Anchin LLP.

7. Approve the appropriate letters.

April 10, 2012
Date

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Anthony Herman
General Counsel

Kathleen M. Guith
Kathleen M. Guith
Deputy Associate General Counsel for Enforcement

Susan L. Lebeaux
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