

BEFORE THE
FEDERAL ELECTION COMMISSION
OF THE
UNITED STATES OF AMERICA

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OFFICE OF GENERAL
COUNSEL

In the Matter of:

Gregory W. Meeks

Friends for Gregory Meeks (C00430991)

MUR

6506

Build America PAC (C00377143)

Complaint

NATIONAL LEGAL AND POLICY CENTER, a corporation organized and existing under the District of Columbia Non-Profit Corporation Act and having its offices and principal place of business at 107 Park Washington Court, Falls Church, VA 22046, files this complaint with the Federal Election Commission pursuant to 2 USC § 4378.

The primary purpose of the National Legal and Policy Center, a charitable and educational organization described in section 501(c)(3) of the Internal Revenue Code, is to foster and promote ethics in government and public life.

Respondents include an individual candidate, a candidate's committee, and a political action committee. The complaint documents several questionable filings related to extravagant campaign fundraisers held in Las Vegas, NV. and St. Croix, V.I., as well as an improper voided contribution.

The Federal Election Campaign Act of 1971, as amended, and FEC regulations permit an elected official to accept in-kind contributions to finance campaign fundraisers. The Act also permits an elected official to use campaign funds to pay for expenses related to fundraising activity.

Under no circumstances may a candidate for federal office accept in-kind contributions from a corporation. Elected officials are also prohibited from using campaign funds for personal use. The Federal Election Campaign Act of 1971 also requires accurate filings for all expenses incurred by the elected official's campaign committee.

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Respondents

GREGORY W. MEEKS, 2234 Rayburn House Office Building, Washington, DC 20515, ("Meeks") represents the 6th Congressional District of New York.

FRIENDS FOR GREGORY MEEKS, 153-01 Jamaica Avenue, Suite 535, Jamaica, N.Y. 11432, (FEC Committee ID #C00430991) is the Congressional campaign committee supporting Meeks' re-election campaign.

BUILD AMERICA PAC 153-01 Jamaica Ave. Suite 535, Jamaica, N.Y. 11432, (FEC Committee ID #C00377143)

Facts

The facts supporting this complaint are taken from materials publicly available, principally Federal Election Commission records and other public records. Citations for the sources of material facts relied upon in this complaint are provided.

What makes this complaint particularly egregious is the fact that Representative Meeks' campaign committee was previously fined for violating many of the provisions of the Federal Election Campaign Act of 1971.

Specifically, in a Conciliation Agreement entered into by Rep. Meeks, his campaign committee and campaign treasurer pertaining to FEC Matter Under Review 5895, the Commission found reason to believe that the Respondents in that matter "violated 2 U.S.C. §§ 434(b), 441a(f), 441b(a), 432(c)(5), 432(d) and 439a(b) and that Gregory W. Meeks violated 2 U.S.C. § 439a(b)(collectively "Respondents").¹

The apparent violations set forth in the instant complaint represent a repeat of at least three of the same types of violations cited by the FEC in the Conciliation Agreement.

The Meeks campaign committee in that matter paid a civil penalty of \$63,000, was required to refund or disgorge to the U.S. Treasury \$7,070 in prohibited contributions and contributions from limited liability corporations, was required to amend disclosure reports for a two-year period in which cash on hand, receipts and disbursements were misrepresented, and the Congressman was asked to refund to the Committee the \$9,812 in car lease payments for which there was no mileage log to document the uses of the vehicle.²

¹ Federal Election Commission Conciliation Agreement for MUR 5895, accepted by the Federal Election Commission on November 27, 2007, page 1.

² *Op cit*, page 7

Caribbean Fund Raiser for Meeks by Stanford Financial Group

On July 18, 2008 Stanford Financial Group hosted a fund raiser for Friends for Gregory Meeks in St. Croix, V.I.

The invitation distributed advertising the fund raiser stated:

*You are cordially invited by
Sir Allen Stanford, Chairman and CEO
Stanford Financial Group
to join
Congressman Gregory Meeks
House Financial Services Committee; House Foreign Affairs Committee*

The invitation went on to list suggested giving levels of \$1,000, \$2,500 and \$5,000 and list the location as:

Stanford Financial Group
56-58 Hill Street
Christiansted, St. Croix³

Friends for Gregory Meeks reimbursed Stanford Financial Group \$3,591.05 for "food/beverage fundraiser" on July 23, 2008.⁴ No disbursements were filed in relation to this fundraiser for travel, site rental, or lodging.

The host, R. Allen Stanford, has been accused by the federal government of masterminding a \$7 billion-dollar fraud. He has been indicted in connection with one of the largest Ponzi schemes ever uncovered. Published accounts have stated that the federal government is probing Stanford's ties to several Congressmen, including Meeks.⁵

A Vegas Fund Raiser with Everything but Contributors

Build America PAC, an unaffiliated PAC associated with Congressman Meeks and used as a leadership PAC, disbursed committee funds for travel, catering, site rental, and lodging on December 28, 2010.⁶ The disbursements were apparently for a fund

³ Stanford Financial Group fund raising invitation for Congressman Meeks is attached

⁴ Friends for Gregory Meeks, FEC Form 3, 12-Day Pre-Primary Report covering July 1, 2008 through August 20, 2008, Schedule B, Itemized Disbursements, Page 28.

⁵ "Feds probe banker Allen Stanford's ties to Congress," by Michael Sallah and Rob Barry, *Miami Herald*, Dec. 27, 2009, page 1. "Gregory Meeks' trip to Venezuela on behalf of Stanford's bank raises ethics questions," by Rob Barry, Michael Sallah and Geraldo Reyes, *Miami Herald*, Dec. 27, 2009.

⁶ Build America PAC, FEC Form 3x, Year End Report covering Nov. 23, 2010 through December 31, 2010, page 11.

raising event in Las Vegas, NV. A disbursement of \$8,063.28 was made to the ARIA Resort on Las Vegas Blvd. in Las Vegas NV., for catering, site rental, and lodging. \$1,043.49 was disbursed to American Airlines for "travel".

Several things about this event for Rep. Meeks' leadership PAC seem odd.

First, as someone who raised and spent millions of dollars for a major PAC, I have difficulty believing that a fund raiser in Las Vegas just after Congressional elections for a second-tier leadership PAC is going to attract many donors. Most business PACs are tapped out at that time and when they do fund raisers, typically they are in Washington, DC, not someplace that involves travel time and expense.

Second, and even odder, is the fact that according to the same FEC Report showing the casino disbursement, the Detailed Summary Report shows that Build America PAC took in no contributions whatsoever from individuals, party committees or PACs for the reporting period.⁷

Even if the prior reporting period (Oct. 1, 2010 through Nov. 22, 2010) is examined, Build America PAC took in only a handful of contributions after the November election date and the total amount raised came to far less than was spent on the casino disbursement alone – and that is assuming that every individual and PAC that contributed did so at the Vegas fund raiser, a stretch to put it mildly.⁸

The inexplicable nature of the huge casino disbursement with no apparent political purpose becomes even more questionable when one looks at a \$15,119.92 disbursement by Build America PAC to ARIA Resort in Las Vegas, Nevada on January 27, 2011 – just one month after the Dec. 28, 2010 disbursement.⁹

As with the earlier payment, the PAC lists the purpose as

Catering, site rental, lodging for PAC

All of the same arguments that applied to the first payment apply to this second and much larger one. There was no indication from contributions received that there was ever any kind of fund raiser at the ARIA Resort & Casino. By the way, the ARIA Resort & Casino promotes itself as "offering 150,000 square feet of gaming."¹⁰

Nor is it possible for Build America to claim that the ARIA Resort & Casino disbursements in December 2010 and January 2011 totaling more than \$23,000 were

⁷ *Op cit*, page 3, Line 11, (a) through (d).

⁸ Build America PAC, FEC Form 3x, 30-Day Post Election Report, filed Dec 2, 2010.

⁹ Build America PAC, FEC Form 3x, Period covering January 1, 2011 through June 23, 2011, Schedule B, Itemized Disbursements, page 19.

¹⁰ www.ariasvegas.com/casino/

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somehow from a much earlier event since Build America PAC's filings in the intervening period do not show any debt owed to American Express or the casino.

And, as previously mentioned, Rep. Meeks failed to disclose some \$3500 in blackjack winnings on his 2008 Financial Disclosure Report required by the Ethics in Government Act. He finally disclosed it in a late amended filing made on Nov. 17, 2010.¹¹

If Meeks was using his leadership PAC to subsidize his personal gambling vacations in Las Vegas, it is hard to imagine a more indefensible personal misuse of political committee funds.

How do you void a check many years after it cleared?

On January 3, 2011 Build America PAC voided a \$5,000 check paid to the Democratic Congressional Campaign Committee.¹²

By voiding the check, \$5,000 was added to the cash on hand of Build America PAC.

A thorough review of all of Build America PAC's FEC filings shows three checks in the amount of \$5,000 contributed to the DCCC:

| Date of Build America PAC Contribution to DCCC | Date DCCC Deposited Checks from Build America |
|-------------------------------------------------------|------------------------------------------------------|
| October 5, 2002 | October 11, 2002 |
| April 1, 2003 | April 7, 2003 |
| March 30, 2004 | March 31, 2004 |

Each \$5,000 check from Build America PAC was deposited by the DCCC shortly after it was received according to the FEC filings of the DCCC.

Yet, Build America PAC claims that on January 3, 2011 it voided a prior \$5,000 check to DCCC. The stated purpose was:

Void: stale dated check¹³

A check that was deposited many years prior cannot possibly be voided as a stale, dated check. Simply by reviewing the DCCC's FEC filings, anyone can see that each of

¹¹ "Rep. Gregory Meeks reveals \$3.5G jackpot from Vegas blackjack tables," by Benjamin Lesser, *New York Daily News*, December 3, 2010.

¹² Build America PAC, FEC Form 3x, Period covering January 1, 2011 through June 23, 2011, Schedule B, Itemized Disbursements, page 26.

¹³ Build America PAC, FEC Form 3x, Period covering January 1, 2011 through June 13, 2011, Schedule B, Itemized Disbursements, Page 26.

the \$5,000 checks from Build America PAC in 2002, 2003 and 2004 were deposited shortly after they were recorded as written. Nothing suggests that the checks were not received. Nothing suggests that the donations were in any way refunded to Build America PAC.

Apparent Violations

Stanford Financial Group's Fund Raiser

We do not have to wonder if Rep. Meeks would take illegal corporate contributions for his principal campaign committee. The FEC has determined that that is exactly what happened – and stated that in the Conciliation Agreement for MUR 5895.¹⁴

Specifically, the FEC stated:

V. Meeks for Congress and its treasurer, in her official capacity committed the following violations:

...

3. accepted a total of \$7,070 in contributions from prohibited sources and from limited liability companies, in violation of 2 U.S.C. § 434(b). The Committee will cease and desist from violating 2 U.S.C. § 434(b).

Did R. Allen Stanford's Stanford Financial Group make an illegal corporate contribution to Friends for Gregory Meeks?

The weight of evidence suggests that not only did it make such an illegal contribution, but it was substantial.

Stanford Financial Group is recognized as a corporation therefore none of its treasury funds can be accepted by the Friends for Gregory Meeks campaign committee.

Friends for Gregory Meeks paid a total of \$3,591.05 for food/beverage to the Stanford Financial Group on July 23, 2008.¹⁵ Lodging and site rental were not paid by the campaign committee for the St. Croix fund raiser. Travel costs were apparently also not paid for by the campaign as no disbursement was made to an airline that provided flights to St. Croix.

The \$3,591.05 expenditure by the Committee to Stanford Financial would appear to be a reimbursement for services paid for by the corporation. While the reimbursement is in line with Federal Election law and regulations, the amount seems to be less than what should have paid for the services provided at the fund raiser.

¹⁴ Federal Election Commission Conciliation Agreement for MUR 5895, accepted by the Federal Election Commission on November 27, 2007, pages 6 and 7.

¹⁵ Friends for Gregory Meeks, FEC Form 3, 12-Day Pre-Primary Report covering July 1, 2008 through August 20, 2008, Schedule B, Itemized Disbursements, Page 28.

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Two past newspaper articles chronicle the amount of money Stanford Financial may have spent on the Meeks fundraiser in St. Croix. A September 18, 2011 New York Post article covered the details surrounding the July 18, 2008 fund raiser for Friends for Gregory Meeks. The article stated, "cigar guests dined on lobster, caviar and foie gras and sipped Cristal and Mondavi Opus 1, a Napa Valley red that retails for \$200 a bottle. An organizer of the party said the cost of the catering alone topped \$25,000."¹⁶

A December 27, 2009 Miami Herald article also cites R. Allen Stanford's personal chef describing past parties Stanford threw for Gregory Meeks, his wife, and other elected officials. "A total of \$311,307 was spent on trips to places like Montego Bay, St. Croix, and Key Biscayne. 'We were rolling out food, caviar, wine, lobster,' recalled Stanford's personal chef, Jonas Hagg."¹⁷

Further, an examination of the same FEC report in which the Friends for Gregory Meeks committee listed their \$3,591.05 payment to Stanford Financial Group for "food/beverage fundraiser" shows thousands of dollars of contributions to the campaign from individuals listing Stanford Financial Group as their employer and listing addresses on the mainland.

The fundraiser was just one example of many lavish events R. Allen Stanford held for Congressman Meeks. The New York Daily News best describes the relationship between the two men, "Since 2007, Stanford and his employees have been regular contributors to Meeks' campaign.... The Queens Democrat, sometimes accompanied by his wife, Simonne-Marie, took six trips to sun-drenched locales from Antigua to St. Lucia... Since 2003, the group has spent at least \$22,347 on airfare, hotels and meals for Meeks and his wife to various locales... During a Jan. 11-15, 2006 trip to Montego Bay, Jamaica, Meeks and his wife stayed at the luxurious Ritz Carlton, running up \$2,711 in lodging expenses, \$5,365.46 on airfare, and \$1,470 on meals. They flew in a Stanford jet." With all of these facts in mind, Friends for Gregory Meeks covering all of the expenses of a St. Croix fundraiser for \$3,591.05 is almost farcical.

Was the casino visit a personal gambling junket paid by a leadership PAC?

We don't have to wonder if Rep. Meeks would use political committee funds for purely personal expenses.

The FEC has determined that that is exactly what happened – and stated that in the Conciliation Agreement for MUR 5895.

Specifically, the FEC stated:

¹⁶ "Meeks on crony express sought favors for pal from a tycoon, records show," by Isabel Vincent and Melissa Klein, *New York Post*, September 18, 2011

¹⁷ "Feds probe banker Allen Stanford's ties to Congress," by Michael Sallah and Rob Barry, *Miami Herald*, Dec. 27, 2009, page 1.

V. Meeks for Congress and its treasurer, in her official capacity committed the following violations:

...

5. used \$16,958 of campaign funds to pay for the personal expenses of the Candidate in violation of 2 U.S.C. § 439a(b). The Committee will cease and desist from violating 2 U.S.C. § 439a(b).

On December 28, 2010 Build America PAC paid for a fundraising event at the ARIA Resort & Casino in Las Vegas, NV. Exactly \$8,063.28 was disbursed for catering, site rental, and lodging. Also, \$1,043.49 was disbursed to American Airlines for travel. As noted, Build America PAC didn't raise a single penny during the reporting period in question from individuals; party committees or PACs, let alone anything that even remotely appeared connected to the casino activities. The lack of contributors would appear to show that Build America PAC paid a substantial amount to a casino but nothing to tie that expenditure to the permitted purposes of the PAC.

The New York Daily News revealed in a December 3, 2010 article that Congressman Meeks has a history of gambling in Las Vegas and failing to properly report his winnings on Financial Disclosure documents. The article stated, "Rep. Gregory Meeks has for the past two years failed to report \$3,500 worth of what he's calling blackjack winnings." It went on to quote him, "I know that I won some money in Las Vegas, so report it. What's the big deal?"

The Commission's regulations define personal use as, "the use of any funds in a campaign account of a present or former candidate to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal officeholder." Since Build America PAC didn't appear to have raised any contributions at the ARIA casino, it would appear the expenses would have existed, "irrespective of the candidate's campaign or duties as a Federal officeholder."

A state dated check can be voided – but the \$5,000 check to the DCCC had been deposited many years earlier

We also do not need to wonder if the Meeks campaign committee would ever misstate cash on hand, receipts and disbursements.

The FEC has determined that that is exactly what happened – and stated that in the Conciliation Agreement for MUR 5895.

Specifically, the FEC stated:

V. Meeks for Congress and its treasurer, in her official capacity committed the following violations:

...

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1. misstated the Committee's cash on hand, receipts and disbursements in the aggregate amount of \$278,636 in the years 2003 and 2004 in violation of 2 U.S.C. § 434(b). The Committee will cease and desist from violating 2 U.S.C. § 434(b).

On January 3, 2011 Build America PAC voided a \$5,000 check to the Democratic Congressional Campaign Committee, adding \$5,000 to the committee's cash on hand. After thoroughly reviewing all of Build America PAC's FEC filings, three contributions of \$5,000 each were disbursed to the DCCC. The dates were, October 5, 2002, April 1, 2003, and March 30, 2004. All three disbursements have corresponding contribution records in DCCC filings. The dates are, October 11, 2002; April 7, 2003; and March 31, 2004.

It is virtually impossible for Build America PAC to void a check many years after it was cashed by the Democratic Congressional Campaign Committee. It would appear this \$5,000 addition to Build America PAC's cash on hand is erroneous.

Perhaps the obvious question is why would Build America PAC try to misrepresent a \$5,000 check as being stale, dated and voided when it was clear that it was not. Perhaps the committee did what the Meeks campaign committee was found to have done in MUR 5895, i.e., accepted improper or illegal contributions and rather than refunding them, decided to make the cash on hand amount work by pretending to have voided a \$5,000 check. This would add \$5,000 to the account balance to cover a possibly illegal \$5,000 contribution.

The fact that over the years Build America PAC had made three \$5,000 contributions to the DCCC would further muddy the waters as to which check was being voided. It is interesting to note that the January 3, 2011 entry claiming the voided check failed to identify which of the three prior \$5,000 contributions to the DCCC was being voided. Since all three contributions were listed as being deposited by the DCCC, it shows there was no stale dated check.

But it gets even more curious since in the same FEC report in which Build America placed the entry on the voiding of the check, there are a total of \$11,000 in voided checks.¹⁸

Conclusion

The apparent violations by Congressman Meeks, Friends for Gregory Meeks, and Build America PAC show a pattern of gross disregard for the Federal Election Campaign Act of 1971 as well as the FEC Regulations..

Even more compelling is the fact that Congressman Meeks appears to have violated three categories of federal election law which were found to have been violated

¹⁸ Build America PAC, FEC Form 3x, Period covering January 1, 2011 through June 13, 2011, Detailed Summary Page, page 4, Line 23.

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previously in the Conciliation Agreement for MUR 5895 which was accepted by the Federal Election Commission on November 27, 2007.

Each of the violations carried with it a requirement that Rep. Meeks and his committee would cease and desist from violating the cited provision of law.

The case for a thorough audit and investigation of the apparent violations is further strengthened by the surrounding fact situations for each apparent violation.

In the case of the apparent corporate contribution to Friends for Gregory Meeks by Stanford Financial Group, R. Allen Stanford is hardly a small-time corporate exec who may be confused by federal election law – or federal laws of any type.

He stands accused by the Department of Justice as masterminding a \$7 Billion Ponzi scheme. Stanford's close ties to Meeks have been amply documented and include private jet trips, expensive Caribbean junkets for Meeks and his wife and numerous other benefits.

And the published reports in a major newspaper of a Virgin Island fund raiser featuring lobster, caviar, foie gras and \$200 bottles of wine for eighty guests make the Friends for Gregory Meeks claim of a food/beverage reimbursement to Stanford Financial Group of \$3,591.05 something that does not pass the straight face test. This is further buttressed by the statement by an organizer of the event that the cost of catering alone topped \$25,000.

There's little question that Stanford Financial Group subsidized the lavish Caribbean fund raiser – something corporations are flatly prohibited from doing.

The case that the more than \$23,000 spent by Build America PAC for lodging and catering at ARIA Resort & Casino in December 2010 and January 2011 could not possibly have been a fund raising event is also compelling.

The mysterious Las Vegas fundraiser at the ARIA Resort that didn't have a single apparent contributor seems to also fit the larger pattern described in this complaint. Political fundraisers are very organized, and Congressman Meeks pays top dollar to fundraising consultants for events like the one held at the ARIA resort. In fact, Build America PAC paid over \$13,000 for fundraising consulting during this reporting period. It is simply unheard of for a political action committee to allow individuals to attend a lavish event without contributing a penny.

Congressman Meeks' history of gambling in Las Vegas while disregarding financial disclosure requirements for his winnings show the ARIA Resort & Casino event may have been for personal use. The Commission's definition of personal use of campaign funds seems to apply to a lavish fundraiser that was held for individuals where no funds were raised.

Accounting issues usually arise when campaign regulations are being trampled. The Commission previously found the Meeks campaign lacking fundamental campaign accounting standards, resulting in corporate donations as well as campaign expenditures and political donations being hidden from required public scrutiny. The Build America PAC voided DCCC check seems to fit this pattern. The voided check resulted in the committee having an extra \$5,000 cash on hand. Yet a thorough review of every campaign filing shows it to be virtually impossible for the campaign to void a check that was cashed years before.

Respondent has previously been found to have violated the same campaign laws and regulations cited in this complaint, and agreed to cease and desist from such violations. The fact that it would appear respondent has disregarded the previous conciliation agreement with the Commission make this complaint a matter deserving of a full and prompt investigation by the Federal Elections Commission.

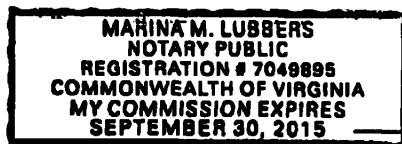
Anything less would undermine the confidence of the public in the integrity of campaign finance system.

Complainant, upon information and belief and relying upon the public documents referenced herein, swears under penalty of perjury that the statements and facts of this Complaint are true and correct to the best of his knowledge and belief.

NATIONAL LEGAL AND POLICY CENTER


Kenneth F. Boehm
Chairman

Subscribed and sworn before me this 28th day of October 2011.




Notary Public

SEAL:

My commission expires: 9/30/2015

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Friends for Gregory Meeks

You are cordially invited by

*Sir Allen Stanford, Chairman and CEO
Stanford Financial Group*

to join

Congressman Gregory Meeks

House Financial Services Committee; House Foreign Affairs Committee

Friday, July 18, 2008
6:00 pm

Stanford Financial Group

56-58 Hill Street
Christiansted, St. Croix

Suggested Contribution Levels:

| | |
|------------|---------|
| Host: | \$5,000 |
| Co-Host: | \$2,500 |
| Supporter: | \$1,000 |

Please make checks payable to:
Friends for Gregory Meeks
1010 Vermont Ave., N.W, Suite 814
Washington, DC 20005

**** Primary - September 2008 ****

For questions or to RSVP please contact Tom Giordano at (202) 547-5797
or via email at tom@bergerstrategies.com.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20468

Via Facsimile & First Class Mail

Fax No.: (202) 434-1690

FEB - 4 2008

Brian G. Svoboda, Esq.
Perkins Coie
607 14th Street, NW
Washington, DC 20005-2011

RE: MUR 5895
Meeks for Congress, *et al.*

Dear Mr. Svoboda:

On November 27, 2007, the Federal Election Commission accepted the signed conciliation agreement submitted on behalf of your clients, Meeks for Congress and Patsy A. Simmons, in her official capacity as treasurer ("the Committee") and Hon. Gregory W. Meeks in settlement of violations of 2 U.S.C. §§ 434(b), 441a(f), 441b(a), 432(c)(3), 432(d) and 430a(b), provisions of the Federal Election Campaign Act of 1971, as amended ("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). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date, and that Congressman Meeks has six months from the agreement's effective date to refund the vehicle lease payments to the Committee as specified in Sections VI.4 and IX. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Christine C. Gallagher
Attorney

Enclosure
Conciliation Agreement

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MUR 5895

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

**Gregory W. Meeks
Meeks for Congress and Patsy A. Simmons,
in her official capacity as treasurer**

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities and after an audit of Meeks for Congress's 2004 election cycle activities. The Commission found reason to believe that Meeks for Congress and Joan E. Flowers, in her official capacity as treasurer violated 2 U.S.C. §§ 434(b), 441a(f), 441b(a), 432(c)(5), 432(d) and 439a(b) and that Gregory W. Meeks violated 2 U.S.C. § 439a(b) (collectively "Respondents").¹

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

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

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

¹ Patsy A. Simmons replaced Joan E. Flowers as treasurer following the Commission's reason-to-believe findings in this matter.

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COUNSEL

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

1. Meeks for Congress and Patsy A. Simmons, in her official capacity as treasurer ("the Committee") is the principal campaign committee for Gregory W. Meeks within the meaning of 2 U.S.C. § 431(5).

2. Patsy A. Simmons, the Committee's current treasurer, replaced the previous treasurer Joan E. Flowert on January 20, 2007.

3. Gregory W. Meeks is a U.S. Congressman representing New York's 6th District. He was a candidate for that Federal office during the 2004 election cycle.

4. The Committee is required to file reports of receipts and disbursements in accordance with the provisions of the Federal Election Campaign Act of 1971, as amended, ("the Act"). See 2 U.S.C. § 434. Each report must disclose: the amount of cash on hand at the beginning and end of the reporting period; the total amount of receipts for the reporting period and for the election cycle; the total amount of disbursements for the reporting period and for the election cycle; and certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 2 U.S.C. § 434(b)(1), (2), (3), and (4).

5. During the 2004 election cycle, political committees were prohibited from receiving more than a total of \$2,000 per election from any one person. 2 U.S.C. § 441a(a)(1)(A); 11 C.F.R. §§ 110.1(a) and (b).

6. Contributions which on their face exceed the Act's contribution limitations, and contributions which do not appear to be excessive on their face, but which exceed the Act's contribution limits when aggregated with other contributions from the same contributor, may be either deposited into an appropriate campaign depository or refunded to the contributor. 11 C.F.R. § 103.3(b)(3). For those contributions deposited, the treasurer must, among other

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things, notify the contributor in writing within 60 days of the treasurer's receipt of the contribution, that a portion of the contribution that was redesignated and that the contributor may request a refund of the contribution. 11 C.F.R. § 110.1(b).

7. Candidates and committees may not accept contributions from the treasury funds of corporations (this means any incorporated organization, including a non-stock corporation, an incorporated membership organization, and an incorporated cooperative) or limited liability companies ("LLCs") that elect to be treated as corporations under IRS rules. 2 U.S.C. § 441b(a); 11 C.F.R. § 110.1(g)(3).

8. For each disbursement, the treasurer of a political committee must keep records on the: amount; date; name and address of the payee; purpose (a brief description of why the disbursement was made); and if the disbursement was made on behalf of a candidate, the candidate's name and the office sought by the candidate. If the disbursement was in excess of \$200, the records must include a receipt or invoice from the payee, or a cancelled check or share draft to the payee. If the disbursement was by credit card, the record must include the monthly statement or customer receipt and the cancelled check used to pay the credit card bill. 2 U.S.C. § 432(c)(5) and 11 C.F.R. § 102.9(b).

9. The treasurer of a political committee must preserve all records and copies of reports for 3 years after the report is filed. 2 U.S.C. § 432(d).

10. Use of campaign funds for personal use is prohibited. 2 U.S.C. § 439a(b).

11. The Commission's regulations define "personal use," as the use of any funds in a campaign account of a present or former candidate to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal

1 officeholder. 11 C.F.R. § 113.1(g). "Federal Office" is defined as to include the office of a
2 Representative in Congress. 2 U.S.C. § 431(3).

3 12. In the years 2003 and 2004, the Committee misstated its cash on hand, receipts
4 and disbursements on its disclosure reports filed with the Commission pursuant to 2 U.S.C.
5 § 434(b). In 2003, receipts were understated in the amount of \$95,495 and disbursements were
6 understated in the amount of \$21,306. In 2004, receipts were understated in the amount of
7 \$110,942 and disbursements were understated in the amount of \$46,515. The Committee
8 misstated the cash on hand balances throughout 2003 and 2004 because of these errors described
9 above. On December 31, 2004, the cash on hand balance was understated by \$64,379.

10 13. During the 2004 election cycle, the Committee received contributions from
11 various individuals, totaling \$22,900 in excess of their primary election limit and disclosed them
12 as general election contributions. The Committee did not inform the contributors in writing of the
13 redesignations and offer them refunds as required by 11 C.F.R. §§ 103.3(b) and 110.1(b).

14 14. Since the issuance of the Commission's audit report, the Committee has refunded
15 the \$22,900 in excessive contributions at issue in this matter. The Committee failed to send
16 written notice to the contributors of presumptive redesignation as set forth in 11 C.F.R.
17 §§ 103.3(b) and 110.1(b)(5)(ii)(B)(6).

18 15. The Committee received contributions totaling \$7,070 from the treasury funds of
19 various corporations and LLCs during the 2004 election cycle. The Committee failed to
20 ascertain the entity status of the LLCs as required by 11 C.F.R. §§ 110.1(g)(5) and 103.3(b).

21 16. The Committee used \$16,958 of campaign funds for what appeared to be personal
22 expenses of the Candidate, including payments to a personal trainer (\$6,230), miscellaneous
23 undocumented credit card expenses for personal expenses of the Candidate (\$916), and vehicle

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1 lease payments and repairs (\$9,812). The Congressman reimbursed the Committee for the
2 miscellaneous credit card expenses at issue after they were identified in the Commission's audit
3 of the Committee.

4 17. Respondents contend that, before the Commission's audit of the Committee's
5 2004 election cycle, the Committee had inadequate recordkeeping and financial control practices,
6 that a volunteer handled the Committee's day-to-day financial operations, and that the Committee
7 has since retained an experienced political compliance consulting firm to handle its accounting
8 and to prepare its reports, and to amend and correct its prior reports.

9 18. Respondents contend that the Congressman had a membership at the fitness
10 center, the fees for which he paid personally, and that the Congressman assumed that the personal
11 trainer services were covered by the dues he had previously paid. According to Respondents, the
12 Committee's former treasurer, Joan E. Flowers, made the payments to the personal trainer
13 without Congressman Meek's knowledge, and that upon learning of the payments, the
14 Congressman reimbursed the Committee for them. Respondents provided a sworn affidavit from
15 Ms. Flowers in which she stated that during the relevant time period, she was both the treasurer of
16 Meeks for Congress and the Chief Executive Officer of the fitness center where the personal
17 trainer worked. According to her affidavit, Ms. Flowers maintained an office at the fitness center
18 and performed some Committee paperwork through that office, including paying Committee bills.
19 After the personal trainer completed his services he prepared a voucher and gave it to the staff
20 person at the fitness center. The staff person would put the vouchers in an envelope and placed
21 them in Ms. Flowers' office. Ms. Flowers then placed the vouchers in a folder for the
22 Committee's bills. She would write a check to the personal trainer from the Committee's account
23 and either hand the check personally to the trainer or leave it in an envelope at the fitness center

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1 for him to pick up. Ms. Flowers' affidavit further states that she paid the personal trainer bills
2 without getting approval from the Congressman.

3 19. Respondents provided documentation that the Congressman paid 50% of the
4 monthly vehicle lease payments to the vendor. Respondents contend that this amount represented
5 the portion of the vehicle's usage for personal activities by the Congressman, and that his monthly
6 payments were made within the thirty (30) day period as prescribed by 11 C.F.R.
7 § 113.1(g)(1)(ii)(D). However, Respondents have failed to provide documentation demonstrating
8 the actual usage of the vehicle associated with campaign and officeholder activities and with
9 personal activities. See 11 C.F.R. § 113.1(g)(8).

10 V. Meeks for Congress and its treasurer, in her official capacity committed the
11 following violations:

12 1. misstated the Committee's cash on hand, receipts and disbursements in the
13 aggregate amount of \$278,636 in the years 2003 and 2004, in violation of 2 U.S.C. § 434(b). The
14 Committee will cease and desist from violating 2 U.S.C. § 434(b);

15 2. accepted \$22,900 in contributions in excess of the Act's limitations, in
16 violation of 2 U.S.C. § 441a(f). The Committee will cease and desist from violating 2 U.S.C.
17 § 441a(f);

18 3. accepted a total of \$7,070 in contributions from prohibited sources and
19 from limited liability companies, in violation of 2 U.S.C. § 441b(a). The Committee will cease
20 and desist from violating 2 U.S.C. § 441b(a);

21 4. failed to keep proper records in connection with its operating expenditures
22 and its contributions to other political committees in violation of 2 U.S.C. §§ 432(c)(5) and

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1 432(d). The Committee will cease and desist from violating 2 U.S.C. §§ 432(c)(5) and 432(d);
2 and

3 5. used \$16,958 of campaign funds to pay for the personal expenses of the
4 Candidate in violation of 2 U.S.C. § 439a(b). The Committee will cease and desist from
5 violating 2 U.S.C. § 439a(b).

6 6. failed to keep a contemporaneous mileage log to document the uses of the
7 vehicle at issue pursuant to 11 C.F.R. § 113.1(g)(8). The Committee will cease and desist from
8 violating 11 C.F.R. § 113.1(g)(8).

9 VI. 1. Meeks for Congress will pay a civil penalty to the Federal Election Commission in
10 the amount of Sixty-Three Thousand Dollars (\$63,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

11 2. The Committee will refund to the contributor, or in the alternative, disgorge to the
12 U.S. Treasury, the \$7,070 in prohibited contributions and the contributions from limited liability
13 companies received in violation of 2 U.S.C. § 441b(a), to the extent such contributions have not
14 already been refunded.

15 3. The Committee will appropriately amend its 2003 and 2004 disclosure reports to
16 rectify the misstatements it made to cash on hand, receipts and disbursements in violation of
17 2 U.S.C. § 434(b), to the extent such reports have not already been appropriately amended.

18 4. Gregory W. Meeks will refund to the Committee the \$9,812 in vehicle lease
19 payments for which there was no mileage log documenting the uses of the vehicle.

20 VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
21 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance
22 with this agreement. If the Commission believes that this agreement or any requirement thereof

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1 has been violated, it may institute a civil action for relief in the United States District Court for
2 the District of Columbia.

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

5 IX. Gregory W. Meeks shall have no more than 6 months from the date this agreement
6 becomes effective to refund the vehicle lease payments to the Committee, as specified in Section
7 VI.4, and to so notify the Commission. Respondents shall have no more than 30 days from the
8 date this agreement becomes effective to comply with and implement all remaining requirements
9 contained in this agreement and to so notify the Commission.

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

14 FOR THE COMMISSION:

15
16 Thomasenia F. Duncan
17 General Counsel

18 BY: Kathleen M. Girth
19 ~~Ann Marie Duncan~~ Kathleen M. Girth
20 Acting Assistant General Counsel for Enforcement
21

2-4-08
Date

22 FOR THE RESPONDENTS:

23
24 Patsy A. Simmons
25 Name: Patsy A. Simmons
26 Position: Treasurer
27

10/5/07
Date

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