

16L-10

REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: June 6, 2016

ANALYST: Nataliya Ioffe

- I. COMMITTEE: Pawlowski2016.com
C00576520
Lisa Pawlowski, Treasurer
43 N. 11th Street
Allentown, PA 18101
- II. RELEVANT STATUTES: 52 U.S.C. § 30104(b)
52 U.S.C. §30114
11 CFR § 102.9
11 CFR § 102.15
11 CFR § 104.3

III. BACKGROUND:

Other Violations of the Federal Election Campaign Act (Unauthorized Use of Committee Funds)

Pawlowski2016.com (“the Committee”) disclosed a \$76,500.00 disbursement entry on its 2015 October Quarterly Report with a notation that its purpose was unknown. The Committee subsequently filed a statement indicating that this disbursement represented the unlawful conversion of campaign funds to personal use by a former campaign manager (Attachment 2).

On October 15, 2016, the Committee filed a 2015 October Quarterly Report, covering the period from July 1, 2015 through September 30, 2015 (Image 201510230200311172). Schedule B supporting Line 21 (“Other Disbursements”) disclosed a \$76,500.00 payment to “H Street Strategies LLC” made on July 2, 2015, with the description “Purpose(s) unknown; documentation unavailable” (Image 201510230200311202).

On December 21, 2015, a Request for Additional Information (RAFI) was sent to the Committee referencing the 2015 October Quarterly Report. The RAFI requested clarification of the purpose of the \$76,500.00 disbursement (Image 201512210300008910).

On January 22, 2016, the Committee filed an Amended 2015 October Quarterly Report (Image 201601280200004304). The report included memo text for the July 2, 2015 \$76,500.00 disbursement to H Street Strategies LLC, which stated, in full: "Payment never authorized by treasurer of committee; purpose(s) known only to payee's CEO who is estranged from committee and whereabouts unknown" (Image 201601280200004338). The report also included a cover letter, which stated, in part:

"This \$76,500 payment was not authorized by treasurer of the committee, either before or after it was made on July 2, 2015. The purpose(s) are known only to the CEO of the payee who is estranged from the committee and whose whereabouts are unknown to the committee. On or about July 2, 2015, payee ceased its business operations and abandoned its office location.

The description has been updated in the attached amended October Quarterly Report. The full text of the description has been added in a memo affiliated with the corresponding transaction" (Image 201601280200004304).

On March 15, 2016, Bradley Litchfield, the Committee's counsel, contacted Reports Analysis Division (RAD) Management. Mr. Litchfield indicated that the Committee's former campaign manager made an unauthorized disbursement of \$76,500.00 from the Committee's account. RAD Management advised Mr. Litchfield that the Committee should amend the report to disclose the transaction as unauthorized disbursement of funds and provide additional information about the embezzlement. RAD Management also indicated that per RAD procedures, the matter would be referred to another Commission office (Attachment 2).²

On May 23, 2016, the RAD Analyst called Lisa Pawlowski, the Committee's treasurer, to follow up on the matter of unauthorized use of campaign funds. The RAD Analyst asked Ms. Pawlowski whether the Committee was planning to provide any additional information for the public record concerning the \$76,500.00 disbursement, before the matter was referred for further review to another Commission office. Ms. Pawlowski indicated the Committee was preparing a letter, and advised the RAD Analyst to contact the Committee's attorneys, David McNitt or Bradley Litchfield (Attachment 2).

² The Committee previously requested guidance through a Request for Commission Consideration of a Legal Issue on whether they would be permitted to submit a supplemental response to an RAFI that would not be placed on the public record. The Committee subsequently withdrew the request.

On the same date, the RAD Analyst called David McNitt, who confirmed that Bradley Litchfield was finalizing a letter to the FEC concerning this matter. Mr. McNitt indicated that the letter would be filed with the Secretary of the Senate's Office, and a courtesy copy would be provided to RAD (Attachment 2).

On May 26, 2016, the Committee filed a Miscellaneous Text Document (FEC Form 99), which stated, in part:

“As Ms. Pawlowski explained in a letter to you dated January 22, 2016, this payment was never authorized by her as treasurer. Within a day or two after July 2, the payee abandoned its office location and business operations. The chief executive officer and co-owner of the payee was Michael Fleck. He also abruptly moved away from the Allentown area with no forwarding address or other contact information provided to the committee. Until July 2, Mr. Fleck had been the campaign manager of the Ed Pawlowski, U.S. Senate campaign for the 2016 election cycle.

Mr. Fleck signed the subject check as he then had check signing authority on the campaign account. The check itself includes a memo line on which Fleck wrote: ‘April thru August [2015] consulting, rent and travel.’ The committee has no invoices or other similar records from the payee that might document the subject payment. Nor does the committee have any contract, informal or formal, with the payee LLC, or with Fleck himself regarding compensation for campaign consulting services, office rent or travel expense reimbursement procedures. On the next business day after learning that the unauthorized check had cleared the committee's bank account, Ms. Pawlowski closed the account, as well as other accounts held by the committee that might be accessible by Fleck.

Given the above facts and circumstances, the committee and its treasurer, Lisa Pawlowski, believe that the subject \$76,500 payment represents the unlawful conversion of campaign funds to personal use by a Michael Fleck in violation of 52 U.S.C. §30114 and relevant regulations of the Federal Election Commission” (Image 201605260200190666).³

To date, no further communications have been received from the Committee regarding this matter.

³ A courtesy copy of this letter was also e-mailed to RAD on May 26, 2016.

O Index (2015-2016)																
Cmte. ID: C00576520 Cmte. Name: PAWLOWSKI2016.COM																
Treasurer Name: LISA PAWLOWSKI Address: 43 N 11TH STREET, ALLENTOWN, PA 18101																
Cmte. Type: S (SENATE) Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE) Filing Frequency: QUARTERLY FILER																
Form Tp	Rpt Tp	A/I	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debts	Loans	Debts & Loans	
MS-T			11/2/2015	3	201511020300031347				-	-	-	-	-	-	-	-
MS-T			5/26/2016	5	201605260200190666				-	-	-	-	-	-	-	-
RQ2	Q2	A	9/22/2015	4	201509220300005072	4/1/2015	6/30/2015	9/22/2015	-	-	-	-	-	-	-	-
RQ2	Q3	N	12/21/2015	2	201512210300008910	7/1/2015	9/30/2015	12/21/2015	-	-	-	-	-	-	-	-
F3	Q2	N	7/15/2015	91	201507200200211525	4/1/2015	6/30/2015		\$0	\$383,717	\$41,856	\$341,861	-	-	-	\$0
F3	Q2	A	8/19/2015	100	201508240200238370	4/1/2015	6/30/2015		\$0	\$421,367	\$45,326	\$376,041	-	-	-	\$0
F3	Q3	N	10/15/2015	34	201510230200311172	7/1/2015	9/30/2015		\$376,041	\$2,250	\$272,034	\$106,256	-	-	-	\$0
F3	Q3	A	1/22/2016	38	201601280200004304	7/1/2015	9/30/2015		\$376,041	\$2,250	\$276,534	\$101,756	-	-	-	\$0
F3	YE	N	1/29/2016	8	201602160200071158	10/1/2015	12/31/2015		\$101,758	\$0	\$1,500	\$100,256	-	-	-	\$0
F3	12P	N	4/14/2016	11	201604140200097446	1/1/2016	4/6/2016		\$100,256	\$0	\$81,312	\$18,944	-	-	-	\$0
F2		N	4/17/2015	4	15020163040				-	-	-	-	-	-	-	-
F1		N	4/17/2015	7	15020163044				-	-	-	-	-	-	-	-
F1		A	7/15/2015	7	201507200200211270				-	-	-	-	-	-	-	-
Totals										\$423,617	\$404,672					

O Index (2013-2014)																
Cmte. ID: C00576520 Cmte. Name: PAWLOWSKI2016.COM																
Treasurer Name: LISA PAWLOWSKI Address: 43 N 11TH STREET, ALLENTOWN, PA 18101																
Cmte. Type: S (SENATE) Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE) Filing Frequency: QUARTERLY FILER																
Form Tp	Rpt Tp	A/I	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debts	Loans	Debts & Loans	

No records were found for this cycle.

O Index (2011-2012)																
Cmte. ID: C00576520 Cmte. Name: PAWLOWSKI2016.COM																
Treasurer Name: LISA PAWLOWSKI Address: 43 N 11TH STREET, ALLENTOWN, PA 18101																
Cmte. Type: S (SENATE) Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE) Filing Frequency: QUARTERLY FILER																
Form Tp	Rpt Tp	A/I	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debts	Loans	Debts & Loans	

No records were found for this cycle.