

IN THE
FEDERAL ELECTION COMMISSION
Washington, District of Columbia

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2018 APR 24 PM 12:10

In re

**DUNBAR FOR CONGRESS, INC.,
CYNTHIA DUNBAR,
SCOTT SAYRE, and
SAYRE ENTERPRISES, INC.,**

Respondents.

Matter Under Review No. _____

MUR # 7373

COMPLAINT

OFFICE OF
GENERAL COUNSEL

2018 APR 24 PM 2:29

This is a complaint against Cynthia Dunbar, who is a candidate for the Republican nomination for United States Representative from Virginia's Sixth Congressional District, and Dunbar for Congress, Inc., her authorized committee, for accepting source prohibited and excessive contributions from Ms. Dunbar's political patron, Scott Sayre via his company Sayre Enterprises, Inc., and failing to report them as required by law.

In Advisory Opinion 2015-09, the Federal Election Commission stated that an individual becomes a federal candidate "when he or she makes a private determination that he or she will run for federal office." In the case of Ms. Dunbar, she clearly made that determination following her election as the Republican National Committeewoman for Virginia in 2016. Indeed, soon after her election and throughout 2017, it was common knowledge in the Sixth District and throughout Virginia that Ms. Dunbar was going to run for Congress in 2018. The only question was whether she would challenge incumbent United States Representative Bob Goodlatte for renomination, or run for an open seat. That question was answered on the afternoon of November 9, 2017, when Rep. Goodlatte announced his retirement. Ms. Dunbar declared her candidacy mere hours later.

Ms. Dunbar says she is running for Congress from Virginia's Sixth District to "drain the swamp," but she is an attorney, lobbyist and career political consultant from Texas. After working for several years as a lobbyist in Fort Bend County, Texas, Ms. Dunbar won election to the Texas Board of Education and served a single four-year term, which she then parlayed into a job with an education curriculum company. Eventually, she moved to Virginia and soon involved herself in Virginia Republican politics.

Ms. Dunbar does not appear to be a particularly wealthy individual. On her Candidate Financial Disclosure Report, filed with the House Ethics Committee on March 11, 2018, Ms. Dunbar

discloses that she earned \$15,700.00 in income in 2017,¹ and nothing in the first two months of 2018. She reports a few checking accounts with balances between \$1,001 and \$15,000, and one joint account with a balance of between \$15,001 and \$50,000. She also discloses student loan debts aggregating between \$60,002 and \$145,000. And yet, somehow, on December 31, 2017, Ms. Dunbar was able to loan \$28,390.52 in personal funds to Dunbar for Congress, Inc.²

The answer may lie on Schedule J of Ms. Dunbar's Financial Disclosure Report,³ where she reports compensation in excess of \$5,000 paid by one source.⁴ According to Ms. Dunbar's filing, there were three such sources in 2017. The first two sources are Judicial Crisis Network, a Washington, D.C.-based advocacy organization, and Ed for Virginia, a state political campaign. Payments to Ms. Dunbar by these organizations to Ms. Dunbar would be consistent with her training as a lawyer and decades of experience as a political operative.

The third source, however, stands out. It is Sayre Enterprises from Natural Bridge, Virginia. Sayre Enterprises is a manufacturer of tactical military, outdoor and reflective gear, cots and fitted sheets. Its owner and namesake is Scott Sayre, the Chairman of the Sixth Congressional District Republican Committee, who is strongly supporting Ms. Dunbar in her campaign.⁵

¹ As noted in footnote 4, below, this figure likely is artificially low, because Ms. Dunbar has concealed some of her income by reporting it on Schedule J of her Financial Disclosure Report instead of Schedule C.

² To put the amount of this loan in context, it is nearly twice her earned income from 2017, and more than half the maximum amount of her share of personal funds that could have existed in her largest depository account, the joint account with BB&T Bank.

³ http://clerk.house.gov/public_disc/financial-pdfs/2017/10019542.pdf.

⁴ *Ms. Dunbar should have reported all three sources on Schedule C, Earned Income. Of course, had she done so, Ms. Dunbar would have had to have revealed the entire amount each source paid to her, so perhaps that's the reason she attempted to conceal that information by putting the sources on Schedule J, instead.* Regardless, the House Ethics Committee should require Ms. Dunbar to amend her filing, hopefully before the Sixth Congressional District GOP Convention on May 19, 2018.

⁵ Mr. Sayre has attempted to rig the rules of the upcoming convention to attempt to elect Ms. Dunbar by plurality on the first ballot, in violation of the Rules of the Republican Party of Virginia. <https://bit.ly/2GZjJ1l>. *He also widely is believed to have given Ms. Dunbar preferential access to the list of convention delegates, while deliberately withholding it from the other candidates in the election, which is also worthy of FEC investigation.* <https://bit.ly/2viiyVa>. Specifically, did Mr. Sayre and the Sixth Congressional District Republican Committee use "soft money" raised under Virginia's no-limits system of campaign finance to develop a list and then give the list to one candidate weeks or months before giving it to others, with the intention to confer the benefit of a "head start" on that candidate's delegate persuasion efforts?

On her Candidate Financial Disclosure Report, Ms. Dunbar claims that she provided “research and development” services to Sayre Enterprises. To be clear, this is an attorney-cum-lobbyist-cum-political consultant claiming to have provided R&D services to a “trusted name in American manufacturing” that “continues to innovate, seek out new products, and offer the latest generation of high performance solutions to our high performance customers.”⁶ More importantly, she did so at a time when she and everyone—including her benefactor, Mr. Sayre—knew that she was off and running for Congress in 2018.

Specifically, in a Facebook post⁷ blasting questions about Mr. Sayre’s financial patronage as a “salacious smear,” Ms. Dunbar wrote:

“Sayre Enterprises retained the services of Cynthia Dunbar as an independent contractor for a three month project in the summer of 2017. The project ended well before either Mr [sic] Sayre or Mrs [sic] Dunbar announced their candidacy [sic] for their respective offices.”⁸

The issue, however, is not when Ms. Dunbar announced her candidacy, but rather when she commenced it. As the attached email message (Ex. 1) proves, Ms. Dunbar’s campaign for Congress was well underway in May 2017. In early May, Mr. Sayre solicited and received a voter outreach plan for Ms. Dunbar’s campaign. For the time frame “May/June > November 2017,” the plan recommended: “ID new local activists and voters.” It included a number of “action items” in furtherance of that goal, all of which are inconsistent with thinking about running or engaging in testing the waters activities. Instead, they are the types of things that candidates do, including:

Action Items:

- Use rVotes database to overlay voter histories with various data sets to find likely voters and friendly voters
- Match Voter Target lists with Facebook and digital device users
- Engage in Issue ID with targeted voters on and off of Facebook and digital devices
- Identify and grow volunteer bases
- Digital tracking & integration with Facebook and various web pages to create custom audiences of voters
- Build Facebook ads based off of targeted voters, tracking, and interaction information
- Engage volunteer bases and newly discovered friendly voters to build voter networks by locality

When Mr. Sayre received this plan, he didn’t reply to the consultant and say, “Thanks, we will be back in touch if Ms. Dunbar decides to run,” or, “We’re not there yet but will let you know when we’re ready.” Instead, he forwarded the plan to Matt Tederick, who is now (and at the

⁶ <https://www.sayreinc.com/aboutus.asp>.

⁷ <https://www.facebook.com/DunbarForCongress/posts/1960547707316847>.

⁸ Mr. Sayre is a candidate for re-election to his position as Chairman of Virginia’s Sixth Congressional District Republican Committee.

time was) Ms. Dunbar's Political Director, and said "Can you *and the team* consider this proposal for *the campaign*." (Emphasis added.)⁹

Upon information and belief, "the team" was a group of Republican political consultants and activists who were meeting regularly in a conference room at the office of Sayre Enterprises. "The campaign" is, undoubtedly, Ms. Dunbar's campaign.

Federal election law provides:

If any person, including a relative or friend of the candidate, gives or loans the candidate money in connection with his or her campaign, *the funds are not considered personal funds of the candidate even if they are given to the candidate directly. Instead, the gift or loan is considered a contribution from the donor to the campaign, subject to the per-election limit and reportable by the campaign.* This is true even if the candidate uses the funds for personal living expenses while campaigning. 100.52; See AOs 1985-33 and 1982-64; see also AO 1987-01.

FEC Campaign Guide for Candidates at p. 30 (emphasis added).

Of course, Ms. Dunbar likely will attempt to argue that Mr. Sayre did not give her money "in connection with her campaign," because he paid her for her consulting services. However, as the Commission has anticipated:

Moreover, under FEC regulations barring personal use of campaign funds, a third party's payment of a candidate's expenses is considered a contribution, unless the payment would have been made irrespective of the candidacy. *To be paid "irrespective of the candidacy," and thus not considered a contribution, compensation must:*

- Result from bona fide employment that is *genuinely independent of the candidacy*;
- Be *exclusively* made in consideration for services provided by the employee; and
- Not exceed the amount paid to *any other similarly qualified person* for the same work over the same period of time. 113.1(g)(6). See AOs 2006-13, 2004-17, 2004-08, 1980-115 and 1979-74.

⁹ In another email message to Mr. Sayre and Mr. Tederick (Ex. 2), a consultant laid out an endorsement strategy for Ms. Dunbar that "gives us data points to scoop up mass meeting and convention delegates in the fight for Roanoke County next year." "[E]very additional contact," the consultant wrote, "(especially by phone from Cynthia - which we can track in rVotes) is an added bonus both in building goodwill with those 3, as well as extra folks who can join our cadre."

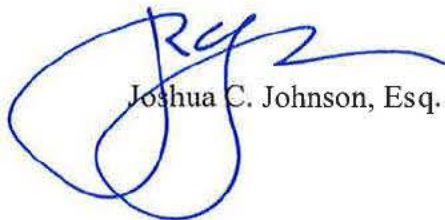
FEC Campaign Guide for Candidates at p. 15 (emphasis added).¹⁰

Analyzing these factors, it strains credulity to believe that Sayre Enterprises' payments to Ms. Dunbar were genuinely independent of her candidacy, when Mr. Sayre and Ms. Dunbar's political personas, interests and activities were (and remain) so inextricably intertwined. Mr. Sayre knew that Ms. Dunbar was a candidate at the time his company retained her to provide "research and development" services—because upon information and belief his company was hosting her campaign meetings in its conference room, and because he was actively procuring campaign plans and recruiting supporters on her behalf. Additionally—and importantly—Mrs. Dunbar, an attorney turned career lobbyist and political operative, was patently unqualified for the work.¹¹

Under federal election law, because Ms. Dunbar obviously already had made the private determination to run for federal office—as evidenced by her and Mr. Sayre's actions—the amounts Sayre Enterprises paid to Ms. Dunbar were contributions to her campaign, in violation of the prohibition against corporate campaign contributions and in excess of the amount limitations. Moreover, Ms. Dunbar having already certified in her filing to the House Ethics Committee that she received funds "in excess of \$5,000" from Sayre Enterprises, she should have filed FEC Form 2 within 15 days of receipt of Sayre Enterprises' payment, at the very latest, and her campaign committee should have filed FEC Form 1 within ten days thereafter.

So how much did Scott Sayre pay Cynthia Dunbar, and when did he pay it? And what valuable service did she provide Sayre Enterprises in exchange for it? As Ms. Dunbar herself says: "Seek the truth; ask for proof."¹²

Respectfully submitted,



Joshua C. Johnson, Esq.

¹⁰ Ms. Dunbar also should not be heard to argue that she was, at most, testing the waters in the Spring, Summer and Fall of 2017. First, because she wasn't—and second, because even if she was, she still would have had to finance her efforts using either her personal funds, received as compensation at fair market rates for bona fide services actually rendered, or campaign funds that she raised subject to the amount limitations and source prohibitions of federal law.

¹¹ It appears unlikely that Sayre Enterprises has ever hired a political operative for R&D work previously and conversely, it is equally unlikely that Ms. Dunbar has performed R&D work for any other company - and certainly not for a military supply manufacturer.

¹² <https://bit.ly/2H31052>.

COMMONWEALTH OF VIRGINIA)

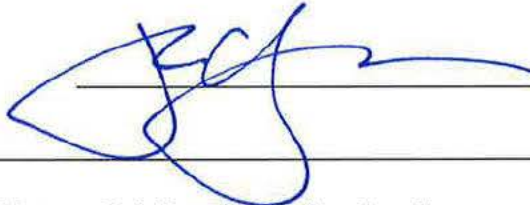
CITY/COUNTY OF)

Virginia)

to wit:

AFFIDAVIT

The allegations of fact and other statements in the attached Complaint against Cynthia Dunbar, Dunbar for Congress, Inc., Scott Sayre and Sayre Enterprises, Inc. are true, complete and accurate to the best of my knowledge, information and belief.

JOSHUA C. JOHNSON

Subscribed and sworn before me, a Notary Public of and for the Commonwealth of Virginia, by Joshua C. Johnson, Esq., on April 19, 2018.


Notary Public

My commission expires:

1/31/20

ELIZABETH ANN MAJESKI
NOTARY PUBLIC
REG. #7706979
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES JAN. 31, 2020

EXHIBIT 1

Fwd: Crux Digital Management Proposal1 message

----- Forwarded message -----

From: Scott Sayre
Date: Wed, May 10, 2017 at 6:58 AM
Subject: Fwd: Crux Digital Management Proposal
To: Matt Tederick
Cc: Mike Troxel

Can you and the team consider this proposal for the campaign?

Begin forwarded message:

From: Mike T
Date: May 2, 2017 at 3:30:21 PM EDT
To: Scott Sayre
Subject: Crux Digital Management Proposal

Scott,

Here's a brief 1-page layout of some action items and timelines for specific activities for now through 2018 and beyond, as well as some other resources that can be brought to bear to augment those.

Mike

2 attachments

ATT00001.htm
1K



Crux Consulting Digital Management Proposal.pdf
21K

Crux Consulting Digital Management Proposal

Purpose: Digital Targeting, Management, Integration, and Implementation for Voter Outreach

Action Items:

- Use rVotes database to overlay voter histories with various data sets to find likely voters and friendly voters
- Match Voter Target lists with Facebook and digital device users
- Engage in Issue ID with targeted voters on and off of Facebook and digital devices
- Identify and grow volunteer bases
- Digital tracking & integration with Facebook and various web pages to create custom audiences of voters
- Build Facebook ads based off of targeted voters, tracking, and interaction information
- Engage volunteer bases and newly discovered friendly voters to build voter networks by locality

Other Available Resources:

- Robocalls
- IVR Polls
- Live Calls
- Patch Through Calls
- Live Audio Townhalls

Timeline (assuming a convention nomination):

- May/June > November 2017: ID new local activists and voters
- November 2017 > January 2018: Ramp up activist contacts & deploy voter contact networks
- February > April 2018: Engage in delegate mining by local activist networks
- May 2018: Convention Delegate Whipping
- June > November 2018: Engage in mass data mining of federal election cycle voters
- December 2018 > November 2019: Continue to grow local activist networks and data sets to prepare for 2020 election cycle

EXHIBIT 2

Fwd: Cynthia endorsements1 message

From: **Mike T**
Date: Tue, May 30, 2017 at 2:56 PM
Subject: Cynthia endorsements
To: Matt Tederick, Matthew Tederick
Cc: Scott Sayre

Matt,

I think Cynthia needs to endorse Tim Griffin in Lynchburg, Harry Griego, Scott Faw, and Al Bedrosian in Roanoke County, and John Sharp in Bedford County.

Cynthia needs to endorse Tim because it's a great way for her to introduce herself to Tim's people, she's a lawyer, and Ben Cline and Tom Garrett have already endorsed him. Additionally, she can take the opportunity to point out the multitude of anti-gun, pro-abortion, leftist democrat donors and supporters that Tim's opponent has (phrased however she wants). It sets her apart from the get go as pro-life, pro-gun, and anti-Democrat collusion (as well as use McAuliffe, Kaine, Warner, and Herring as boogymen strawmen to burn).

Additionally, Cynthia needs to endorse our guys down in Roanoke County because they are a) running against the massive debt down there and b) it gives us data points to scoop up mass meeting and convention delegates in the fight for Roanoke County next year. Given that Trixie and crew are doing their darnedest to take our guys out, every additional contact (especially by phone from Cynthia - which we can track in rVotes) is an added bonus both in building goodwill with those 3, as well as extra folks who can join our cadre.

Cynthia endorsing John Sharp in Bedford aligns her with Nate B, as well as Kathy Byron and Steve Newman, and helps put her name out there with Bedford's longest elected conservative Supervisor. He's absolutely loving rVotes and, with Josiah's oversight, is keeping careful track of data. That will reap dividends next year as well.

Finally, I believe Cynthia should endorse Karen K in her supervisor race in Shenandoah. Karen already has the Republican nomination, but Cynthia's endorsement will both help bolster support from undecideds for Karen, as well as build name ID for Cynthia amongst Karen's supporters up and down the district. I think we all remember that support for her at the convention in 2012 where Robert got booed.

I think those are 6 key strategic endorsements that help accomplish the flip side of our Think Local, Win Bigger strategy - which is for our electeds to align themselves with like minded local candidates and leverage data, reach, and name ID for future elections.

Mike