



FEDERAL ELECTION COMMISSION
 WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
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 Hughes for Congress, *et al.*) MUR 7383
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STATEMENT OF REASONS OF COMMISSIONER ELLEN L. WEINTRAUB

Federal candidates are prohibited from converting campaign funds to personal use. The ban on personal use “reduces corruption and promotes public confidence in the campaign finance and political system.”¹ Donors seeking to exercise their First Amendment rights to political expression should not have to worry that their contributions are going to end up lining someone’s pocket. I have long advocated for robust enforcement of this particularly important prohibition,² and the Commission has pursued such violations even when the amount at issue was relatively small.³

In this matter, the former treasurer for Dave Hughes for Congress, the authorized committee for Dave Hughes, a candidate for Congress in the 7th District of Minnesota, filed a complaint alleging personal use violations along with several concerning reporting lapses. Specifically, regarding the personal use allegations, it appears that Hughes failed to keep accurate records related to the purpose of his disbursements made with Committee funds and the record demonstrates that he appears to have converted thousands of dollars into personal use.⁴ When given the opportunity to respond to the personal use allegations in the Complaint, Hughes did not comment on these transactions.⁵ These include two unexplained checks made payable to Hughes for \$4,500 and \$1,000.⁶ While my colleagues believe it is “conceivable”⁷ that Hughes used the funds permissibly, that is not the standard at the reason to believe stage. Instead, the Commission has stated that it will find reason to believe

¹ *Fed. Election Comm’n v. O’Donnell*, 209 F. Supp. 3d 727, 740 (D. Del. 2016).
² *See, e.g.*, Statement of Reasons of Vice Chair Ellen L. Weintraub in MUR 7100 (Trump, *et al.*), dated June 15, 2018; Statement of Reasons of Commissioner Ellen L. Weintraub in MUR 6511 (Andrews, *et al.*), dated June 23, 2014; Certification in MUR 6498 (Lynch for Congress, *et al.*), dated Dec. 14, 2015; Certification in MUR 5895 (Meeks for Congress, *et al.*), dated Jan. 10, 2007.
³ *See, e.g.*, _____, 7292 (Clifford “Cliff” B. Stearns, *et al.*) (converting \$12,239 to personal use).
⁴ First Gen. Counsel’s Report at 8.
⁵ *Id.* at 5 (citing Resp. (Sept. 11, 2018)).
⁶ *Id.* at 9.
⁷ Statement of Reasons of Vice Chair Allen Dickerson and Commissioners Sean J. Cooksey and James E. “Trey” Trainor, III in MUR 7383 (Hughes for Congress and Dave Hughes), dated Sept. 21, 2021.

MUR 7383 (Hughes for Congress, *et al.*)
Statement of Commissioner Ellen L. Weintraub

“in cases where the available evidence in the matter is *at least sufficient* to warrant conducting an investigation.”⁸ We should determine what is true, not imagine what may be “conceivable.”

The Complaint also identified several additional reporting violations, including misreporting certain disbursements, misreporting the Committee’s cash on hand, and improperly disclosing a commercial loan as a personal loan from the candidate. The available information demonstrated reason to believe that the law had been violated, and I voted accordingly.⁹

Consider, for example, the improperly reported commercial loan. A candidate’s campaign committee must report all loans derived from an advance on the candidate’s brokerage account, credit card, home equity line of credit, or other line of credit available to the candidate.¹⁰ As the Commission has noted, committees are required to provide the details of commercial loans to ensure that the financing is “done in accordance with applicable law, under commercially reasonable terms, and . . . in the normal course of business.”¹¹ These regulations ensure that the public knows to whom candidates are indebted and that they are not receiving in-kind contributions in the form of below-market-rate loans. The record indicates that Hughes used funds borrowed from a credit union to make loans totaling \$40,000 to his campaign, but inaccurately reported the loans as being made with his “personal funds.” Simply reporting a “loan” on the Committee’s reports fails to accurately disclose the nature of the loan and fails to comply with the Commission’s regulations.

I voted to move forward in this matter to ensure that there was no impermissible intermingling of campaign and personal funds and to ensure that the Committee’s reports provide the required degree of accuracy and transparency.¹² Particularly with respect to personal use violations, the Commission should hold candidates to the highest standards to ensure compliance with the law and deter future misconduct.

September 22, 2021
Date


Ellen L. Weintraub
Commissioner

⁸ See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12545, 12545 (Mar. 16, 2007) (emphasis added).

⁹ Chair Broussard, Commissioner Walther, and I voted to find reason to believe that the committee violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(d)(4); Vice Chair Dickerson, Commissioners Cooksey and Trainor dissented. Amend. Certification, MUR 7383 (Hughes for Congress, *et al.*), dated Aug. 19, 2021.

¹⁰ 11 C.F.R. § 100.83(e).

¹¹ Explanation and Justification of Regulations on Brokerage Loans and Lines of Credit, 67 Fed. Reg. 38353, 38353 (June 4, 2002).

¹² Amend. Certification, MUR 7383 (Hughes for Congress, *et al.*), dated Aug. 19, 2021.