



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

JUL 26 2019

Joseph Macaluso
Capital Development
3334 Herrier Street
Oakland, CA 94602

RE: MUR 7511

Dear Mr. Macaluso:

The Federal Election Commission reviewed the allegations contained in your complaint received on October 10, 2018. On July 19, 2019, based upon the information provided in the complaint, and information provided by the respondents, the Commission decided to exercise its prosecutorial discretion to dismiss the allegations as to Alison Hartson 2018 and Alison Hartson, in her official capacity as treasurer, and close its file in this matter. Accordingly, the Commission closed its file in this matter on July 19, 2019. A copy of the General Counsel's Report, which more fully explain the basis for the Commission's decision, is enclosed.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016), effective September 1, 2016.

The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. *See* 52 U.S.C. § 30109(a)(8). If you have any questions, please contact Don Campbell, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

BY: Jeff S. Jordan
Assistant General Counsel

Enclosure
General Counsel's Report

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BEFORE THE FEDERAL ELECTION COMMISSION
ENFORCEMENT PRIORITY SYSTEM
DISMISSAL REPORT

MUR: 7511

Respondents: Alison Hartson 2018
and Alison Hartson,
as treasurer (the "Committee")¹

Complaint Receipt Date: October 10, 2018

Response Date: March 26, 2019

**Alleged Statutory
Regulatory Violations:**

**52 U.S.C. § 30104(b)(8);
11 C.F.R. §§ 104.3(d), 104.11(a)-(b), 116.10(a)**

The Complaint alleges that the Committee failed to report a disputed debt for campaign consulting services provided by Complainant's company, Capital Development, from November 2017 through January 2018.² Respondents state that the Committee terminated its relationship with Capital Development in February 2018.³ The Committee acknowledges that it did not initially disclose the disputed debt on its reports because it was unaware that a disputed debt had to be reported. The Committee has amended its reports to disclose the disputed debt.⁴

¹ Hartson was a candidate for U.S. Senate from California in 2018. She lost in the June 5, 2018, primary election with 2.2% of the vote. At the time of the Complaint, the Committee's treasurer was Saikat Chakrabarti.

² Compl. at 1 (October 10, 2018). On February 22, 2018, Complainant instituted arbitration proceedings with the American Arbitration Association regarding the disputed debt, and the matter is currently pending. See Compl. Attach. at 3-46. The Committee states that it will inform the Commission when the matter resolves. Resp. at 2 (March 26, 2019).

³ Resp. at 1.

⁴ *Id.* The Committee reports the disputed debt on its Amended 2018 Reports, and on its original 2018 Year-End and 2019 April Quarterly Reports. See Alison Hartson 2018 Amended 2018 April Quarterly Report at 186-87 (filed January 9, 2019), available at <https://docquery.fec.gov/pdf/687/201901099143776687/201901099143776687.pdf>; Amended 2018 Pre-Primary Report at 215-16 (filed January 9, 2019), available at <https://docquery.fec.gov/pdf/161/201901099143778161/201901099143778161.pdf>; Amended 2018 July Quarterly Report at 214-15 (filed January 9, 2019), available at <https://docquery.fec.gov/pdf/377/201901099143778377/201901099143778377.pdf>; Amended 2018 October Quarterly Report at 37-38 (filed January 10, 2019), available at <https://docquery.fec.gov/pdf/592/201901099143778592/201901099143778592.pdf>; 2018 Year-End Report at 14-15, (filed January 8, 2019), available at <https://docquery.fec.gov/pdf/207/201901089143772207/201901089143772207.pdf>; and 2019 April Quarterly Report at 7-8 (filed April 15, 2019), available at <https://docquery.fec.gov/pdf/347/201904159146343347/201904159146343347.pdf>.

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Based on its experience and expertise, the Commission has established an Enforcement Priority System using formal, pre-determined scoring criteria to allocate agency resources and assess whether particular matters warrant further administrative enforcement proceedings. These criteria include (1) the gravity of the alleged violation, taking into account both the type of activity and the amount in violation; (2) the apparent impact the alleged violation may have had on the electoral process; (3) the complexity of the legal issues raised in the matter; and (4) recent trends in potential violations and other developments in the law. This matter is rated as low priority for Commission action after application of these pre-established criteria. Given that low rating, and the fact that the Committee amended its reports to include the disputed debt, we recommend that the Commission dismiss the Complaint consistent with the Commission's prosecutorial discretion to determine the proper ordering of its priorities and use of agency resources.⁵ We also recommend that the Commission close the file and send the appropriate letters.

Lisa J. Stevenson
Acting General Counsel

Charles Kitcher
Acting Associate General Counsel

6.26.19

Date

BY: Stephen Gura
Stephen Gura
Deputy Associate General Counsel

Jeff S. Jordan
Jeff S. Jordan
Assistant General Counsel

Donald E. Campbell
Donald E. Campbell
Attorney

⁵ Heckler v. Chaney, 470 U.S. 821, 831-32 (1985).