



FEDERAL ELECTION COMMISSION
Washington, DC 20463

BY E-MAIL AND USPS

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JUN 11 2019

RE: MUR 7600

Utah State Democratic Committee
and Daisy Thomas, in her official
capacity as treasurer

Dear Mr. Reiff:

On January 29, 2018, the Federal Election Commission (the "Commission") notified your clients, the Utah State Democratic Committee and its treasurer (the "Committee") that in the normal course of carrying out its supervisory responsibilities, the Commission became aware of information suggesting that your clients may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On April 25, 2019, the Commission found reason to believe that the Committee violated 52 U.S.C. § 30104(a) and (b) and 11 C.F.R. § 104.3(a) and (b). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is enclosed for your information.

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Pre-probable cause conciliation is not mandated by the Act or the Commission's regulations, but is a voluntary step in the enforcement process that the Commission is offering to your client as a way to resolve this matter at an early stage and without the need for briefing the issue of whether or not the Commission should find probable cause to believe that your client violated the law.

Enclosed is a conciliation agreement for your consideration

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If your clients are interested in engaging in pre-probable cause conciliation, please contact Wanda D. Brown, the attorney assigned to this matter, at (202) 694-1650 or (800) 424-9530, within seven days of receipt of this letter. During conciliation, you may submit any factual or legal materials that you believe are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within 60 days. *See* 52 U.S.C. § 30109(a); 11 C.F.R. Part 111 (Subpart A). Conversely, if your clients are not interested in pre-probable cause conciliation, the Commission may conduct formal discovery in this matter or proceed to the next step in the enforcement process. Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

Pre-probable cause conciliation, extensions of time, and other enforcement procedures and options are discussed more comprehensively in the Commission's "Guidebook for Complainants and Respondents on the FEC Enforcement Process," which is available on the Commission's website at <http://www.fec.gov/respondent.guide.pdf>.

Please note that your clients have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act.

We look forward to your response.

On behalf of the Commission,



Ellen L. Weintraub
Chair

Enclosures
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**

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3 **FACTUAL AND LEGAL ANALYSIS**

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5 **RESPONDENTS:** Utah State Democratic Committee and **MUR: 7600**
6 Daisy Thomas in her
7 official capacity as treasurer
8

9 **I. INTRODUCTION**

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14 **The Commission opens**
15 **a Matter Under Review (“MUR”) and finds reason to believe that the Committee violated**
16 **52 U.S.C. § 30104(a) and (b) and 11 C.F.R. § 104.3(a) and (b) by failing to report joint**
17 **fundraising receipts from the Hillary Victory Fund and transfers to the Democratic National**
18 **Committee.**

19 **II. FACTUAL AND LEGAL ANALYSIS**

20 **A. BACKGROUND**

21 **The Committee is a state committee of the Democratic Party.³ On December 9, 2016, the**
22 **Committee amended its 12-day Pre-General Election Report to disclose additional receipts**
23 **totaling \$221,920 on Schedule A, Line 12, “Transfers from Affiliated/Other Party Committees,”**

³ Utah State Democratic Committee, *Statement of Organization*.

1 and additional disbursements totaling \$150,030 on Schedule B, Lines 21(b) and 22.⁴ The
2 Committee also disclosed \$3,023,312.59 in transfers received from two joint fundraisers, but
3 only itemized \$2,514,102.34 in receipts as its share of contributions received through the joint
4 fundraisers during the 2016 calendar year, leaving a discrepancy of \$509,210.25.⁵

5 On February 13, 2017, RAD sent a Request for Additional Information (“RFAI”) to the
6 Committee that, among other items, requested clarification regarding the increase in receipts and
7 disbursements disclosed in the amended 2016 12-day Pre-General Election Report.⁶ The
8 Committee did not respond to that RFAI.

9 In its response to the , the Committee asserts that it is working with an outside
10 consultant to fix and file amended reports, and notes that the additional activity reported relates
11 to a transfer received from a joint fundraising committee.⁷ The Committee further acknowledges
12 that it has had issues with reporting that were related to an outside consultant that did not
13 respond to RAD’s RFAIs, and that it would soon be submitting amendments to its reports to
14 address its reporting deficiencies.⁸ Finally, the Committee requests that this matter be referred to
15 the Commission’s Alternative Dispute Resolution Office (“ADRO”).⁹

⁴ see also Utah State Democratic Committee, FEC Form 3X, *Report of Receipts and Disbursements for Other than an Authorized Committee*, 12-day Pre-General Report, <http://docquery.fec.gov/pdf/747/201612099040591747/201612099040591747.pdf> (filed Dec. 9, 2016).

⁵ *Id.*

⁶ See RFAI, <http://docquery.fec.gov/pdf/825/201702130300077825/201702130300077825.pdf> (Feb. 13, 2017).

⁷ Resp. at 1 (Mar. 23, 2018).

⁸ *Id.* Despite the Committee’s assurances that it had submitted amendments to correct the joint fundraising transfers, and that it would be submitting amended reports to correct all other reporting errors, the Committee has not submitted amendments to its disclosure reports after the date of its Response.

⁹ *Id.*

1 **B. LEGAL ANALYSIS**

2 The Federal Election Campaign Act of 1971, as amended (“Act”), requires committee
3 treasurers to file reports of receipts and disbursements in accordance with the provisions of
4 52 U.S.C. § 30104.¹⁰ These reports must include, *inter alia*, the amount and nature of these
5 receipts and disbursements.¹¹

6 The Committee violated the Act when it failed to disclose \$809,210.25 in financial
7 activity on its 2016 12-day Pre-General Election Report. These transactions were disclosed
8 approximately two months late, after the 2016 general election. Accordingly, the Commission
9 opens a MUR and finds reason to believe that the Utah State Democratic Committee and Daisy
10 Thomas in her official capacity as treasurer violated 52 U.S.C. § 30104(a) and (b) and 11 C.F.R.
11 § 104.3(a) and (b).

¹⁰ See 52 U.S.C. § 30104(a)(1); 11 C.F.R. § 104.1(a).

¹¹ See 52 U.S.C. § 30104(b)(2), (4); 11 C.F.R. § 104.3(a), (b).