



FEDERAL ELECTION COMMISSION

Washington, D.C. 20463

August 7, 2020

Via Electronic Mail

Email: Treasurer@Jill2016.com

Jill Stein for President
Steven Welzer, Treasurer

RE: MUR 7769
Jill Stein for President and
Steven Welzer, in his
official capacity as treasurer

Dear Mr. Welzer:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting Jill Stein for President and you, in your official capacity as treasurer, (the "Committee") may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On May 1, 2019, the Commission notified the Committee of this information and gave you an opportunity to respond. On July 2, 2020, the Commission found reason to believe that the Committee violated 2 U.S.C. § 30104(b) by failing to report receipts, disbursements, and outstanding debts in connection with the 2016 presidential primary election. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is enclosed for your information.

We have also enclosed a brief description of the Commission's procedures for handling possible violations of the Act. In addition, please note that you 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. Please be advised that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.¹

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 you as a way to resolve this matter at an early stage and without the need for

¹ The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

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briefing the issue of whether or not the Commission should find probable cause to believe that you violated the law. Enclosed is a conciliation agreement for your consideration

Please note that you 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.

If you are interested in engaging in pre-probable cause conciliation, please contact Ray Wolcott, the attorney assigned to this matter, at (202) 694-1302 or at rwolcott@fec.gov, 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 sixty days. *See* 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Conversely, if you 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,"

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which is available on the Commission's website at
http://www.fec.gov/em/respondent_guide.pdf.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed Designation of Counsel form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

We look forward to your response.

On behalf of the Commission,

A handwritten signature in black ink, reading "J.E. Trainor, III". The signature is fluid and cursive, with the initials "J.E." and the name "Trainor" clearly legible, followed by "III".

James E. "Trey" Trainor III
Chairman

Enclosures
Factual and Legal Analysis

cc: Candidate Jill Stein
Harry Lesky, Committee Counsel in Repayment Determination

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Jill Stein for President and Steven Welzer MUR 7769
In his official capacity as treasurer

I. INTRODUCTION

This matter arises from an audit of Jill Stein for President (“Committee”) undertaken as required by 26 U.S.C. § 9038(a) because the Committee received matching funds for the 2016 presidential primary election. The referral includes two findings from the Final Audit Report that met the criteria for referral to the Office of General Counsel (“OGC”) and alleges that the Committee violated the Federal Election Campaign Act of 1971, as amended (the “Act”) and Commission regulations by failing to report \$222,297 in receipts, \$127,995 in disbursements, and \$17,015 in debts and obligations related to the 2016 presidential primary.¹

As discussed below, the Commission finds reason to believe that Jill Stein for President and Steven Welzer in his official capacity as treasurer violated 52 U.S.C. § 30104(b) by failing to report the receipts, disbursements, and debts and obligations identified in the referral.

II. FACTS

Jill Stein was a candidate in the 2016 Green Party presidential primary election and the party’s nominee in the general election.² The Committee was established on July 9, 2015, and was Stein’s principal campaign committee.³ In March, 2016, the Committee notified the Commission that it had met the threshold to receive matching funds for the 2016 presidential

¹ AR 19-01 at 1 (Apr. 30, 2019); Certification (Apr. 16, 2019). Although the audit revealed additional likely misstatements related to the general election and recount, the referral is limited to only activity that Audit determined was attributable to the primary election because the audit scope was limited to primary election activity.

² Statement of Candidacy (July 9, 2015).

³ Statement of Organization (July 9, 2015).

primary, and the Commission subsequently authorized several rounds of matching funds.⁴ The Commission determined that the Committee was eligible to receive matching funds for the period from April 13 – August 6, 2016.⁵

An audit was conducted pursuant to 26 U.S.C. § 9038(a), which requires the Commission to conduct an examination and audit of qualified campaign expenses for candidates and committees who receive matching funds under 26 U.S.C. § 9037.⁶ Based on the audit, the Commission found that during the 2016 election cycle, the Committee understated its receipts by \$211,920, understated its disbursements by \$146,997, and failed to disclose \$17,015 in debts and obligations.⁷ In preparing the Referral, the Audit Division performed additional analysis of the Committee’s 2015-2016 receipts and disbursements to more precisely apportion activity between the primary, general, and recount elections.⁸ Based on this analysis, the amount of referable primary election activity was adjusted and the Referral included \$222,297 in understated receipts and \$127,995 in understated disbursements—a net difference of \$8,625 less activity than was

⁴ See Letter from Steven Welzer, Treasurer, Jill Stein for Pres., to Matthew Petersen, Chairman, FEC (Mar. 23, 2016); Letter from Jill Stein, candidate, and Steven Welzer, Treasurer, Jill Stein for Pres., to Matthew Petersen, Chairman, FEC (Apr. 4, 2016); Certification (May 19, 2016); Certification (July 22, 2016); Certification (Aug. 1, 2016); Certification (Jan. 13, 2017).

⁵ See Final Audit Report of the Commission of Jill Stein for President at 3 (Apr. 22, 2019) (“Final Audit Report”). The Commission determined that the date of ineligibility (“DOI”) for matching funds was the date on which the Green Party nominated its candidate for the 2016 presidential general election. Certification (Aug. 12, 2016).

⁶ Final Audit Report at 1. Although the audit was initiated solely to verify the Committee’s eligibility for matching funds, Audit determined that it needed to conduct a Title 52 examination to reconcile all of the Committee’s accounts because the Committee reported all of its 2016 cycle activity on the same disclosure reports, many of the Committee’s transactions had incorrect or missing election designations, and there were a large number of unitemized transactions. Final Audit Report at 1 n. 3.

⁷ Final Audit Report at 17-22.

⁸ The Audit Division’s Referral included only those transactions that could positively and definitively be attributed to the primary election with a specific transaction date. The net result was an \$8,626 reduction in the total unreported activity attributable to the primary election.

1 identified in the Final Audit Report.⁹ The Committee did not respond to the notification of the
2 Referral.

3 **III. Legal Analysis**

4 The Act requires committee treasurers to file reports of receipts and disbursements in
5 accordance with the provisions of 52 U.S.C. § 30104(b). The available information indicates
6 that during the 2016 election cycle, the Committee understated its receipts by \$222,297 and its
7 disbursements by \$127,995 in connection with the presidential primary election. The Committee
8 has stated its intention to file amended reports to correct the misstatements, but has not done
9 so.¹⁰ The Act also requires candidate committees to report the amount and nature of outstanding
10 debts and obligations owed by or to the committee.¹¹ A debt or obligation of \$500 or more must
11 be disclosed in the report that covers the date on which the debt was incurred.¹² Here, the
12 available information indicates that the Committee failed to disclose \$17,015 in debts and
13 obligations.¹³

14 Accordingly, the Commission finds reason to believe that the Committee violated
15 52 U.S.C. § 30104(b) by failing to report receipts, disbursements, and outstanding debts in
16 connection with the 2016 presidential primary election.

⁹ See AR 19-01 at 1 n. 1; Final Audit Report at 19 n. 23-24.

¹⁰ According to the Final Audit Report, the Committee stated that it is in the process of amending its reports to correct the misstatements, but as of the date of the Report, no amendments had been filed. Final Audit Report at 6. A review of the Committee's filings on the Commission's website confirms that the most recent disclosure report was its 2016 Year End Report, filed on February 2, 2017.

¹¹ 52 U.S.C. § 30104(b)(8); 11 C.F.R. § 104.3(d).

¹² See 11 C.F.R. § 104.11(b).

¹³ Final Audit Report at 6; Certification (Apr. 16, 2019).