

FEDERAL ELECTION COMMISSION
FIRST GENERAL COUNSEL’S REPORT

MUR 7796

DATE COMPLAINT FILED: Sept. 14, 2020

DATE OF NOTIFICATION: Sept. 17, 2020

LAST RESPONSE RECEIVED: N/A

DATE ACTIVATED: May 13, 2021

EPS:

EXPIRATION OF SOL:

Feb. 25, 2024 - Aug. 2, 2025

ELECTION CYCLE: 2020

COMPLAINANT:

Daniel L. Schmitt

RESPONDENTS:

Robert “Buzz” Patterson

Buzz Patterson for Congress and Louis “Lou” G.

Baglietto in his official capacity as treasurer

**RELEVANT STATUTES AND
REGULATIONS:**

52 U.S.C. § 30104(a), (b)

52 U.S.C. § 30114(b)(1)

11 C.F.R. § 104.3(a), (b)

INTERNAL REPORTS CHECKED:

Disclosure Reports

FEDERAL AGENCIES CHECKED:

None

I. INTRODUCTION

The Complaint alleges that 2020 California 7th Congressional District candidate Robert “Buzz” Patterson and his principal campaign committee, Buzz Patterson for Congress and Louis “Lou” Baglietto in his official capacity as treasurer (the “Patterson Committee”) failed to report receipts and disbursements with the Federal Election Commission, in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”). The Complaint also alleges that Patterson and the Patterson Committee converted campaign funds to personal use by paying Patterson a salary to which he was not entitled. For the reasons set forth below, we recommend that the Commission find reason to believe that the Patterson Committee failed to report receipts

1 and disbursements and authorize an investigation to determine the amount of the unreported
2 activity. We also recommend that the Commission find no reason to believe that Buzz Patterson
3 personally failed to report receipts and disbursements. Finally, we recommend that the
4 Commission take no action at this time with regards to the personal use allegation as to the
5 alleged candidate salary.

6 **II. FACTUAL BACKGROUND**

7 Buzz Patterson was a 2020 candidate for U.S. Congress in California's 7th Congressional
8 District. Buzz Patterson for Congress is Patterson's authorized committee, and Lou Baglietto is
9 the Patterson Committee treasurer.¹ According to the Complaint, the Patterson Committee has
10 failed to file reports with Commission since October 2019.² The Commission's records indicate
11 that the Patterson Committee filed only one report as of the date of the Complaint — the 2019
12 October Quarterly Report.³ Subsequently, on October 15, 2020, the Patterson Committee filed a
13 2019 Year-End Report.⁴ According to the Commission's records, the Patterson Committee has
14 not filed any reports since that date.⁵ Respondents did not respond to the Complaint.

¹ Buzz Patterson Statement of Candidacy (July 1, 2019); Buzz Patterson for Congress Amended Statement of Organization (Feb. 4, 2020). Patterson came in second in the Mar. 3, 2020 Bipartisan Primary, but lost the Nov. 3, 2020 general election. *See* Statement of Primary Vote at 16, CALIFORNIA SECRETARY OF STATE (Mar. 3, 2020), <https://elections.cdn.sos.ca.gov/sov/2020-primary/sov/complete-sov.pdf>; Statement of General Election Vote at 25, CALIFORNIA SECRETARY OF STATE (Nov. 3, 2020), <https://elections.cdn.sos.ca.gov/sov/2020-general/sov/complete-sov.pdf>.

² Compl. at 1 (Sept. 14, 2020); *2019-2020 Committee Filings*, Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings> (last visited: Aug 5, 2021).

³ *See* Patterson for Congress 2019 October Quarterly Report (Oct. 15, 2019).

⁴ *See* Patterson for Congress 2019 Year-End Report (Oct. 15, 2020). About eight months before this filing, the Commission's Reports Analysis Division ("RAD") sent a Notice of Failure to File to the Patterson Committee stating that the Patterson Committee may have failed to file a 2019 Year-End Report. *See* Buzz Patterson for Congress, Notice of Failure to File (Feb. 18, 2020).

⁵ RAD sent a Notice of Failure to File to the Committee for each missed report. *See* Buzz Patterson for Congress, Notice of Failure to File (Feb. 21, 2020); Buzz Patterson for Congress, Notice of Failure to File (Apr. 30, 2020); Buzz Patterson for Congress, Notice of Failure to File (July 30, 2020); Buzz Patterson for Congress, Notice of Failure to File (Oct. 21, 2020); Buzz Patterson for Congress, Notice of Failure to File (Oct. 23, 2020); Buzz

1 Publicly available information reveals an interview with the Patterson Committee's
2 treasurer Baglietto, in which Baglietto is quoted taking responsibility for the failure to file
3 reports with the Commission and indicates there is approximately \$300,000 in previously
4 undisclosed campaign donations.⁶ Baglietto made representations to the reporter that he was
5 "trying to submit all old and upcoming filings."⁷ In a subsequent press article, Patterson is
6 reported saying that "his campaign treasurer had a corrupted file that wouldn't let him transmit to
7 the FEC, that the treasurer provided an updated CD to the FEC last week and that updated data
8 would be visible in a day or two."⁸ Patterson noted that "nothing has been done for any
9 intentional reason. We expect fines. My treasurer is going to cover those."⁹

10 The Complaint also alleges that Patterson and the Patterson Committee converted
11 campaign funds to personal use by paying Patterson a salary, which was greater than the salary
12 he received the previous year.¹⁰ In support of this allegation, the Complaint cites a press article
13 citing a breach of contract lawsuit filed by a campaign consultant, which alleges that instead of
14 paying the consultant, the Patterson Committee used its funds to pay Patterson a candidate
15 salary.¹¹ The Complaint pairs the underlying allegation in the lawsuit with Patterson's 2019

Patterson for Congress, Notice of Failure to File (Dec. 18, 2020); Buzz Patterson for Congress, Notice of Failure to File (Feb. 16, 2021); Buzz Patterson for Congress, Notice of Failure to File (Apr. 30, 2021); Buzz Patterson for Congress, Notice of Failure to File (Aug. 2, 2021).

⁶ Jeff Burdick, *Treasurer: Patterson for Congress to file \$300K in undisclosed donations, takes blame for FEC errors*, THE SACTO POLITICO (Oct. 13, 2020), <https://www.sactopolitico.com/post/patterson-fec-filing-failure>.

⁷ *Id.*

⁸ Graham Womack, *Democratic Incumbent Ami Bera Tries To Stave Off Republican Challenger Buzz Patterson*, SACRAMENTO NEWS & REVIEW, (Oct. 21, 2020), <https://sacramento.newsreview.com/2020/10/21/a-trump-referendum-in-7th-congressional-district/>.

⁹ *Id.*

¹⁰ Compl. at 2.

¹¹ *Id.* (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.ocregister.com/2020/05/07/medical->

1 financial disclosure report, which did not disclose any earned income in 2019, and concludes that
2 the salary being paid to Patterson was a prohibited personal use because it exceeded his income
3 from the prior year.¹²

4 **III. LEGAL ANALYSIS**

5 The treasurer of a political committee is required to file reports of receipts and
6 disbursements.¹³ The available information sets forth facts indicating that the Patterson
7 Committee has not filed any reports since the 2019 Year-End Report, thereby failing to file the
8 2020 Pre-Primary Report, 2020 April Quarterly Report, 2020 July Quarterly Report, 2020
9 October Quarterly Report, 2020 Pre-General Report, 2020 Post-General Report, 2020 Year-End
10 Report, 2021 April Quarterly Report and the 2021 July Quarterly Report. The available
11 information indicates that the Patterson Committee failed to file these nine reports, even though
12 Patterson was the Republican candidate in the general election and earned 43.4% of the vote.¹⁴
13 Therefore, we recommend that the Commission find reason to believe that the Patterson

[importer-launched-by-gop-consultants-prompts-complaints-federal-investigation](#) (citing the lawsuit which “claims Patterson owes him nearly \$50,000 in unpaid fees and also accuses Patterson of trying to pay himself out of campaign funds and of having issues with alcohol.”)).

¹² Compl., Ex. 5.

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

¹⁴ See Factual & Legal Analysis at 3-4, MUR 7104 (Frederick John LaVergne for Congress, *et al.*) (finding reason to believe Committee violated § 30104(a), (b) because the Committee failed to file reports even though the candidate was the Democratic candidate in the general election and earned nearly 40% of the vote); see also note 1 above.

1 Committee violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b) and authorize an
2 investigation.

3 Although candidates may have liability for reporting violations by their Committees that
4 result from their personal conduct, the available information does not support a finding that
5 Patterson had personal liability for the reporting violations.¹⁵ Accordingly, we recommend that
6 the Commission find no reason to believe that Buzz Patterson violated 52 U.S.C. § 30104(a), (b)
7 and 11 C.F.R. § 104.3(a), (b).

8 The Act prohibits any person from converting campaign funds to personal use, defining
9 “personal use” as using funds “to fulfill any commitment, obligation, or expense of a person that
10 would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of
11 Federal office.”¹⁶ The Act and the Commission’s regulation enumerate certain expenses that are
12 considered *per se* “personal use” and thus prohibited, including salary payments to a candidate
13 that do not meet specified criteria.¹⁷

14 A candidate’s principal campaign committee may pay a salary to the candidate that will
15 not constitute personal use of campaign funds so long as it does not exceed the lesser of the
16 minimum salary paid to a Federal officeholder holding the Federal office that the candidate seeks
17 or the earned income that the candidate received during the year prior to becoming a candidate.¹⁸
18 Any earned income that a candidate receives from salaries or wages from any other source,

¹⁵ See Factual & Legal Analysis at 2, MUR 6556 (Paul Broun) (concluding that the candidate had no personal liability for reporting violations); *see also* 52 U.S.C. § 30104(a)(1), (2) (applying reporting liability solely to a political committee and its treasurer).

¹⁶ 52 U.S.C. § 30114(b); *see also* 11 C.F.R. § 113(g).

¹⁷ 52 U.S.C. § 30114(b)(2); 11 C.F.R. § 113.1(g)(1)(i)(I).

¹⁸ 11 C.F.R. § 113.1(g)(1)(i)(I).

1 however, shall count against the minimum salary paid to a federal officeholder holding the seat
2 sought by the candidate.¹⁹ Moreover, a committee shall not pay a salary to a candidate before
3 the filing deadline for access to the primary election ballot for the Federal office that the
4 candidate seeks, as determined by state law.²⁰ During the time period in which a principal
5 campaign committee may pay a salary to a candidate, such payment must be computed on a *pro-*
6 *rata* basis.²¹ If the candidate wins the primary election, his or her principal campaign committee
7 may pay him or her a salary from campaign funds through the date of the general election.²² The
8 payment of salary to candidates that do not meet these conditions is considered *per se* personal
9 use.²³

10 The Complaint alleges that the Patterson Committee paid Patterson a salary and that it
11 exceeded the permissible amount. The Complaint's allegation is based on a press article that
12 reported that a former consultant to the Patterson Committee sued Patterson for unpaid fees and
13 alleged in the lawsuit that Patterson paid himself out of campaign funds.²⁴ The Complaint
14 combines the allegation in the lawsuit with the financial disclosure report Patterson filed with the
15 Clerk of the House of Representatives, which did not disclose any earned income.²⁵ The two

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*; see also Disclaimers, Fraudulent Solicitation, Civil Penalties, and Personal Use of Campaign Funds; Final Rule, 67 Fed. Reg. 76,962, 76,972 (Dec. 13, 2002).

²⁴ Compl. at 2 (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.ocregister.com/2020/05/07/medical-importer-launched-by-gop-consultants-prompts-complaints-federal-investigation/>).

²⁵ Compl. at 2.

1 reports filed with the Commission by the Patterson Committee do not disclose any salary
2 payments to Patterson. At this point, the record contains insufficient information regarding the
3 Patterson Committee's disbursements for the remainder of the campaign due to the Patterson
4 Committee's failure to file reports with the Commission. We therefore recommend the
5 Commission take no action at this time with regard to the candidate salary allegation, pending
6 the results of the investigation of the failure to report receipts and disbursements.

7 **IV. PROPOSED INVESTIGATION**

8 We plan to conduct a limited investigation to determine the amounts and categories of
9 receipts and disbursements that the Patterson Committee failed to report. By its very nature, the
10 inquiry into the Committee's receipts and disbursements, information that it was required to
11 disclose, will also reveal if the Patterson Committee made salary payments to Patterson.²⁶ We
12 will seek to conduct our investigation through voluntary means but recommend that the
13 Commission authorize the use of compulsory process, including the issuance of appropriate
14 interrogatories, document subpoenas, and deposition subpoenas, as necessary.

15 **V. RECOMMENDATIONS**

- 16 1. Find reason to believe that Buzz Patterson for Congress and Louis "Lou" G.
17 Baglietto in his official capacity as treasurer violated 52 U.S.C. § 30104(a), (b) and
18 11 C.F.R. § 104.3(a), (b) by failing to file required reports of receipts and
19 disbursements;
20
- 21 2. Find no reason to believe that Robert "Buzz" Patterson violated 52 U.S.C.
22 § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b) by failing to file required reports of
23 receipts and disbursements;
24
- 25 3. Take no action at this time with regards to the allegation that Robert "Buzz"
26 Patterson and Buzz Patterson for Congress and Louis "Lou" G. Baglietto in his

²⁶ If there were candidate salary payments that appear to exceed Patterson's prior income, we will make additional recommendations to the Commission at the appropriate time.

1 official capacity as treasurer violated 52 U.S.C. § 30114(b)(1) by converting
 2 campaign funds to personal use;

3
 4 4. Approve the attached Factual and Legal Analyses;

5
 6 5. Authorize compulsory process; and

7
 8 6. Approve the appropriate letters.
 9

10 Lisa J. Stevenson
 11 Acting General Counsel

12
 13 Charles Kitcher
 14 Associate General Counsel
 15 for Enforcement

16
 17
 18 08.05.21

19 Date

Stephen Gura

20 _____
 21 Stephen Gura
 22 Deputy Associate General Counsel
 23 for Enforcement

Mark Shonkwiler

24 _____
 25 Mark Shonkwiler
 26 Assistant General Counsel

Richard L. Weiss

27 _____
 28 Richard L. Weiss
 29 Attorney

30
 31
 32
 33 Attachments:

- 34 1. Factual and Legal Analysis for Robert "Buzz" Patterson
 35 2. Factual and Legal Analysis for Buzz Patterson for Congress and Louis "Lou" G.
 36 Baglietto in his official capacity as treasurer

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Robert “Buzz” Patterson MUR 7796

I. INTRODUCTION

The Complaint alleges that 2020 California 7th Congressional District candidate Robert “Buzz” Patterson failed to report receipts and disbursements with the Federal Election Commission, in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”). The Complaint also alleges that Patterson converted campaign funds to personal use by paying Patterson a salary to which he was not entitled. For the reasons set forth below, the Commission finds no reason to believe that Buzz Patterson personally failed to report receipts and disbursements. Finally, the Commission is deferring any action with regard to the personal use allegation as to the alleged candidate salary until it has more information regarding any salary payments Patterson received from his principal campaign committee.

II. FACTUAL BACKGROUND

Buzz Patterson was a 2020 candidate for U.S. Congress in California’s 7th Congressional District. Buzz Patterson for Congress (the “Patterson Committee”) is Patterson’s authorized committee, and Louis “Lou” G. Baglietto is the Patterson Committee treasurer.¹ According to the Complaint, Patterson personally failed to file reports with Commission since October 2019.²

¹ Buzz Patterson Statement of Candidacy (July 1, 2019); Buzz Patterson for Congress Amended Statement of Organization (Feb. 4, 2020). Patterson came in second in the Mar. 3, 2020 Bipartisan Primary, but lost the Nov. 3, 2020 general election. See Statement of Primary Vote at 16, CALIFORNIA SECRETARY OF STATE (Mar. 3, 2020), <https://elections.cdn.sos.ca.gov/sov/2020-primary/sov/complete-sov.pdf>; Statement of General Election Vote at 25, CALIFORNIA SECRETARY OF STATE (Nov. 3, 2020), <https://elections.cdn.sos.ca.gov/sov/2020-general/sov/complete-sov.pdf>.

² Compl. at 1 (Sept. 14, 2020); *2019-2020 Committee Filings*, Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings> (last visited: Aug. 5, 2021).

1 The Commission’s records indicate that the Patterson Committee filed only one report as of the
2 date of the Complaint — the 2019 October Quarterly Report.³ Subsequently, on October 15,
3 2020, the Patterson Committee filed a 2019 Year-End Report.⁴ According to the Commission’s
4 records, the Patterson Committee has not filed any reports since that date.⁵ Patterson did not
5 respond to the Complaint.

6 Publicly available information reveals an interview with the Patterson Committee’s
7 treasurer Baglietto, in which Baglietto is quoted taking responsibility for the failure to file
8 reports with the Commission and indicates there is approximately \$300,000 in previously
9 undisclosed campaign donations.⁶ Baglietto made representations to the reporter that he was
10 “trying to submit all old and upcoming filings.”⁷ In a subsequent press article, Patterson is
11 reported saying that “his campaign treasurer had a corrupted file that wouldn’t let him transmit to
12 the FEC, that the treasurer provided an updated CD to the FEC last week and that updated data

³ See Patterson for Congress 2019 October Quarterly Report (Oct. 15, 2019).

⁴ See Patterson for Congress 2019 Year-End Report (Oct. 15, 2020). About eight months before this filing, the Commission’s Reports Analysis Division (“RAD”) sent a Notice of Failure to File to the Patterson Committee stating that the Patterson Committee may have failed to file a 2019 Year-End Report. See Buzz Patterson for Congress, Notice of Failure to File (Feb. 18, 2020).

⁵ RAD sent a Notice of Failure to File to the Committee for each missed report. See Buzz Patterson for Congress, Notice of Failure to File (Feb. 21, 2020); Buzz Patterson for Congress, Notice of Failure to File (Apr. 30, 2020); Buzz Patterson for Congress, Notice of Failure to File (July 30, 2020); Buzz Patterson for Congress, Notice of Failure to File (Oct. 21, 2020); Buzz Patterson for Congress, Notice of Failure to File (Oct. 23, 2020); Buzz Patterson for Congress, Notice of Failure to File (Dec. 18, 2020); Buzz Patterson for Congress, Notice of Failure to File (Feb. 16, 2021); Buzz Patterson for Congress, Notice of Failure to File (Apr. 30, 2021); Buzz Patterson for Congress, Notice of Failure to File (Aug. 2, 2021).

⁶ Jeff Burdick, *Treasurer: Patterson for Congress to file \$300K in undisclosed donations, takes blame for FEC errors*, THE SACTO POLITICO (Oct. 13, 2020), <https://www.sactopolitico.com/post/patterson-fec-filing-failure>.

⁷ *Id.*

1 would be visible in a day or two.”⁸ Patterson noted that “nothing has been done for any
2 intentional reason. We expect fines. My treasurer is going to cover those.”⁹

3 The Complaint also alleges that Patterson converted campaign funds to personal use by
4 paying Patterson a salary, which was greater than the salary he received the previous year.¹⁰ In
5 support of this allegation, the Complaint cites a press article citing a breach of contract lawsuit
6 filed by a campaign consultant, which alleges that instead of paying the consultant, the Patterson
7 Committee used its funds to pay Patterson a candidate salary.¹¹ The Complaint pairs the
8 underlying allegation in the lawsuit with Patterson’s 2019 financial disclosure report, which did
9 not disclose any earned income in 2019, and concludes that the salary being paid to Patterson
10 was a prohibited personal use because it exceeded his income from the prior year.¹²

11 III. LEGAL ANALYSIS

12 The treasurer of a political committee is required to file reports of receipts and
13 disbursements.¹³ The available information sets forth facts indicating that the Patterson
14 Committee has not filed any reports since the 2019 Year-End Report, thereby failing to file the
15 2020 Pre-Primary Report, 2020 April Quarterly Report, 2020 July Quarterly Report, 2020

⁸ Graham Womack, *Democratic Incumbent Ami Bera Tries To Stave Off Republican Challenger Buzz Patterson*, SACRAMENTO NEWS & REVIEW, (Oct. 21, 2020), <https://sacramento.newsreview.com/2020/10/21/a-trump-referendum-in-7th-congressional-district/>.

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¹¹ *Id.* (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.ocregister.com/2020/05/07/medical-importer-launched-by-gop-consultants-prompts-complaints-federal-investigation> (citing the lawsuit which “claims Patterson owes him nearly \$50,000 in unpaid fees and also accuses Patterson of trying to pay himself out of campaign funds and of having issues with alcohol.”)).

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1 October Quarterly Report, 2020 Pre-General Report, 2020 Post-General Report, 2020 Year-End
2 Report, 2021 April Quarterly Report, and the 2021 July Quarterly Report. The available
3 information indicates that the Patterson Committee failed to file these nine reports even though
4 Patterson was the Republican candidate in the general election and earned 43.4% of the vote.¹⁴

5 Although candidates may have liability for reporting violations by their Committees that
6 result from their personal conduct, the available information does not support a finding that
7 Patterson had personal liability for the reporting violations.¹⁵ Accordingly, the Commission
8 finds no reason to believe that Buzz Patterson violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R.
9 § 104.3(a), (b).

10 The Act prohibits any person from converting campaign funds to personal use, defining
11 “personal use” as using funds “to fulfill any commitment, obligation, or expense of a person that
12 would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of
13 Federal office.”¹⁶ The Act and the Commission’s regulation enumerate certain expenses that are
14 considered *per se* “personal use” and thus prohibited, including salary payments to a candidate
15 that do not meet specified criteria.¹⁷

16 A candidate’s principal campaign committee may pay a salary to the candidate that will
17 not constitute personal use of campaign funds so long as it does not exceed the lesser of the

¹⁴ See Factual & Legal Analysis at 3-4, MUR 7104 (Frederick John LaVergne for Congress, *et al.*) (finding reason to believe Committee violated § 30104(a), (b) because the Committee failed to file reports even though the candidate was the Democratic candidate in the general election and earned nearly 40% of the vote); *see also* note 1 above.

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1 minimum salary paid to a Federal officeholder holding the Federal office that the candidate seeks
2 or the earned income that the candidate received during the year prior to becoming a candidate.¹⁸
3 Any earned income that a candidate receives from salaries or wages from any other source,
4 however, shall count against the minimum salary paid to a federal officeholder holding the seat
5 sought by the candidate.¹⁹ Moreover, a committee shall not pay a salary to a candidate before
6 the filing deadline for access to the primary election ballot for the Federal office that the
7 candidate seeks, as determined by state law.²⁰ During the time period in which a principal
8 campaign committee may pay a salary to a candidate, such payment must be computed on a *pro-*
9 *rata* basis.²¹ If the candidate wins the primary election, his or her principal campaign committee
10 may pay him or her a salary from campaign funds through the date of the general election.²² The
11 payment of salary to candidates that do not meet these conditions is considered *per se* personal
12 use.²³

13 The Complaint alleges that the Patterson Committee paid Patterson a salary and that it
14 exceeded the permissible amount. The Complaint's allegation is based on a press article that
15 reported that a former consultant to the Patterson Committee sued Patterson for unpaid fees and

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1 alleged in the lawsuit that Patterson paid himself out of campaign funds.²⁴ The Complaint
2 combines the allegation in the lawsuit with the financial disclosure report Patterson filed with the
3 Clerk of the House of Representatives, which did not disclose any earned income.²⁵ The two
4 reports filed with the Commission by the Patterson Committee do not disclose any salary
5 payments to Patterson. At this point, the record contains insufficient information regarding the
6 Patterson Committee's disbursements for the remainder of the campaign due to the Patterson
7 Committee's failure to file reports with the Commission. Therefore, the Commission does not
8 resolve the candidate salary allegation at this time. However, the Commission anticipates being
9 able to determine the amounts and categories of receipts and disbursements that went unreported,
10 which will also reveal if Patterson received excessive salary payments.

²⁴ Compl. at 2 (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.ocregister.com/2020/05/07/medical-importer-launched-by-gop-consultants-prompts-complaints-federal-investigation>).

²⁵ Compl. at 2.

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENT:** Buzz Patterson for Congress MUR 7796
 4 and Lou Baglietto in his official
 5 capacity as treasurer
 6

7 **I. INTRODUCTION**

8 The Complaint alleges that the principal campaign committee of 2020 California 7th
 9 Congressional District candidate Robert “Buzz” Patterson, Buzz Patterson for Congress and
 10 Louis “Lou” G. Baglietto in his official capacity as treasurer (the “Patterson Committee”) failed
 11 to report receipts and disbursements with the Federal Election Commission, in violation of the
 12 Federal Election Campaign Act of 1971, as amended (the “Act”). The Complaint also alleges
 13 that the Patterson Committee converted campaign funds to personal use by paying Patterson a
 14 salary to which he was not entitled. For the reasons set forth below, the Commission finds
 15 reason to believe that the Patterson Committee failed to report receipts and disbursements. The
 16 Commission is deferring any action with regards to the personal use allegation as to the alleged
 17 candidate salary until it has more information regarding the Patterson Committee’s unreported
 18 disbursements.

19 **II. FACTUAL BACKGROUND**

20 Buzz Patterson was a 2020 candidate for U.S. Congress in California’s 7th Congressional
 21 District. Buzz Patterson for Congress is Patterson’s authorized committee, and Lou Baglietto is
 22 the Committee’s treasurer.¹ According to the Complaint, the Patterson Committee has failed to

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1 file reports with Commission since October 2019.² The Commission’s records indicate that the
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6 Publicly available information reveals an interview with the Patterson Committee’s
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8 reports with the Commission and indicates there is approximately \$300,000 in previously
9 undisclosed campaign donations.⁶ Baglietto made representations to the reporter that he was
10 “trying to submit all old and upcoming filings.”⁷ In a subsequent press article, Patterson is
11 reported saying that “his campaign treasurer had a corrupted file that wouldn’t let him transmit to

CALIFORNIA SECRETARY OF STATE (Nov. 3, 2020), <https://elections.cdn.sos.ca.gov/sov/2020-general/sov/complete-sov.pdf>.

² Compl. at 1 (Sept. 14, 2020); *2019-2020 Committee Filings*, Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings> (last visited: Aug 5, 2021).

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⁶ Jeff Burdick, *Treasurer: Patterson for Congress to file \$300K in undisclosed donations, takes blame for FEC errors*, THE SACTO POLITICO (Oct. 13, 2020), <https://www.sactopolitico.com/post/patterson-fec-filing-failure>.

⁷ *Id.*

1 the FEC, that the treasurer provided an updated CD to the FEC last week and that updated data
2 would be visible in a day or two.”⁸ Patterson noted that “nothing has been done for any
3 intentional reason. We expect fines. My treasurer is going to cover those.”⁹

4 The Complaint also alleges that the Patterson Committee converted campaign funds to
5 personal use by paying Patterson a salary, which was greater than the salary he received the
6 previous year.¹⁰ In support of this allegation, the Complaint cites a press article citing a breach
7 of contract lawsuit filed by a campaign consultant, which alleges that instead of paying the
8 consultant, the Patterson Committee used its funds to pay Patterson a candidate salary.¹¹ The
9 Complaint pairs the underlying allegation in the lawsuit with Patterson’s 2019 financial
10 disclosure report, which did not disclose any earned income in 2019, and concludes that the
11 salary being paid to Patterson was a prohibited personal use because it exceeded his income from
12 the prior year.¹²

13 III. LEGAL ANALYSIS

14 The treasurer of a political committee is required to file reports of receipts and
15 disbursements.¹³ The available information sets forth facts indicating that the Patterson

⁸ Graham Womack, *Democratic Incumbent Ami Bera Tries To Stave Off Republican Challenger Buzz Patterson*, SACRAMENTO NEWS & REVIEW, (Oct. 21, 2020), <https://sacramento.newsreview.com/2020/10/21/a-trump-referendum-in-7th-congressional-district/>.

⁹ *Id.*

¹⁰ Compl. at 2.

¹¹ *Id.* (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.ocregister.com/2020/05/07/medical-importer-launched-by-gop-consultants-prompts-complaints-federal-investigation> (citing the lawsuit which “claims Patterson owes him nearly \$50,000 in unpaid fees and also accuses Patterson of trying to pay himself out of campaign funds and of having issues with alcohol.”)).

¹² Compl., Ex. 5.

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

1 Committee has not filed any reports since the 2019 Year-End Report, thereby failing to file the
2 2020 Pre-Primary Report, 2020 April Quarterly Report, 2020 July Quarterly Report, 2020
3 October Quarterly Report, 2020 Pre-General Report, 2020 Post-General Report, 2020 Year-End
4 Report, 2021 April Quarterly Report, and the 2021 July Quarterly Report. The available
5 information indicates that the Patterson Committee failed to file these nine reports, even though
6 Patterson was the Republican candidate in the general election and earned 43.4% of the vote.¹⁴
7 Therefore, the Commission finds reason to believe that the Patterson Committee violated
8 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b) and authorize an investigation.

9 The Act prohibits any person from converting campaign funds to personal use, defining
10 “personal use” as using funds “to fulfill any commitment, obligation, or expense of a person that
11 would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of
12 Federal office.”¹⁵ The Act and the Commission’s regulation enumerate certain expenses that are
13 considered *per se* “personal use” and thus prohibited, including salary payments to a candidate
14 that do not meet specified criteria.¹⁶

15 A candidate’s principal campaign committee may pay a salary to the candidate that will
16 not constitute personal use of campaign funds so long as it does not exceed the lesser of the
17 minimum salary paid to a Federal officeholder holding the Federal office that the candidate seeks
18 or the earned income that the candidate received during the year prior to becoming a candidate.¹⁷

¹⁴ See Factual & Legal Analysis at 3-4, MUR 7104 (Frederick John LaVergne for Congress, *et al.*) (finding reason to believe Committee violated § 30104(a), (b) because the Committee failed to file reports even though the candidate was the Democratic candidate in the general election and earned nearly 40% of the vote); *see also* note 1 above.

¹⁵ 52 U.S.C. § 30114(b); *see also* 11 C.F.R. § 113(g).

¹⁶ 52 U.S.C. § 30114(b)(2); 11 C.F.R. § 113.1(g)(1)(i)(I).

¹⁷ 11 C.F.R. § 113.1(g)(1)(i)(I).

1 Any earned income that a candidate receives from salaries or wages from any other source,
2 however, shall count against the minimum salary paid to a federal officeholder holding the seat
3 sought by the candidate.¹⁸ Moreover, a committee shall not pay a salary to a candidate before
4 the filing deadline for access to the primary election ballot for the Federal office that the
5 candidate seeks, as determined by state law.¹⁹ During the time period in which a principal
6 campaign committee may pay a salary to a candidate, such payment must be computed on a *pro-*
7 *rata* basis.²⁰ If the candidate wins the primary election, his or her principal campaign committee
8 may pay him or her a salary from campaign funds through the date of the general election.²¹ The
9 payment of salary to candidates that do not meet these conditions is considered *per se* personal
10 use.²²

11 The Complaint alleges that the Patterson Committee paid Patterson a salary and that it
12 exceeded the permissible amount. The Complaint's allegation is based on a press article that
13 reported that a former consultant to the Patterson Committee sued Patterson for unpaid fees and
14 alleged in the lawsuit that Patterson paid himself out of campaign funds.²³ The Complaint
15 combines the allegation in the lawsuit with the financial disclosure report Patterson filed with the

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*; see also Disclaimers, Fraudulent Solicitation, Civil Penalties, and Personal Use of Campaign Funds; Final Rule, 67 Fed. Reg. 76,962, 76,972 (Dec. 13, 2002).

²³ Compl. at 2 (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.ocregister.com/2020/05/07/medical-importer-launched-by-gop-consultants-prompts-complaints-federal-investigation>).

1 Clerk of the House of Representatives, which did not disclose any earned income.²⁴ The two
2 reports filed with the Commission by the Patterson Committee do not disclose any salary
3 payments to Patterson. At this point, the record contains insufficient information regarding the
4 Patterson Committee's disbursements for the remainder of the campaign due to the Patterson
5 Committee's failure to file reports with the Commission. Therefore, the Commission does not
6 resolve the candidate salary allegation at this time. However, because the Patterson Committee
7 failed to file reports with the Commission, the Commission finds reason to believe that the
8 Patterson Committee violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b) and
9 authorizes discovery to determine the amounts and categories of receipts and disbursements that
10 the Patterson Committee failed to report, which will also reveal if the Patterson Committee made
11 excessive salary payments to Patterson.

²⁴ Compl. at 2.