

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
 3 In the Matter of)
 4)
 5 Robert “Buzz” Patterson)
 6 Buzz Patterson for Congress and) **MUR 7796**
 7 Louis G. Baglietto in his)
 8 official capacity as treasurer)
 9 Louis G. Baglietto)
 10)

11 **SECOND GENERAL COUNSEL’S REPORT**

12
 13
 14 **I. ACTIONS RECOMMENDED**

15 We recommend that the Commission: (1) find reason to believe that Louis G. Baglietto
 16 in his personal capacity violated 52 U.S.C. §§ 30102(c), (d), 30104(a), (b) of the Federal
 17 Election Campaign Act of 1971, as amended (the “Act”), and 11 C.F.R. §§ 102.9, 104.3(a), (b)
 18 of the Commission’s regulations; (2) find no reason to believe that Robert “Buzz” Patterson and
 19 Buzz Patterson for Congress and Louis G. Baglietto in his official capacity as treasurer (the
 20 “Committee”) violated 52 U.S.C. § 30114(b)(1) by converting campaign funds to personal use;
 21 (3) authorize pre-probable cause conciliation with the Committee; (4) authorize pre-probable
 22 cause conciliation with Baglietto in his personal capacity; (5) approve the attached proposed
 23 conciliation agreements; (6) issue the appropriate letters; and (7) close the file as to Patterson.

24 **II. INTRODUCTION**

25 On December 2, 2021, the Commission found reason to believe that the Committee,
 26 which is the principal campaign committee of 2020 California 7th Congressional District
 27 candidate Robert “Buzz” Patterson,¹ violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a),
 28 (b) by failing to file any reports of receipts and disbursements during 2020 and 2021 and

¹ Buzz Patterson for Congress, Statement of Organization (July 1, 2019).

1 authorized an investigation.² The Commission took no action at that time, pending further
2 development of the record, on a separate allegation that Patterson and the Committee converted
3 campaign funds to personal use by paying Patterson an unreported candidate salary to which he
4 was not entitled.³ Louis G. Baglietto has been the treasurer of the Committee since December
5 11, 2019, and was the subject of findings in his official capacity as treasurer only.⁴ As noted
6 below, he recently became a Respondent in his personal capacity.

7 The Office of General Counsel (“OGC”) conducted an investigation to gather
8 information regarding the amount of receipts and disbursements the Committee failed to report.⁵
9 On July 27, 2022, we informed the Commission that because the investigation appeared to
10 indicate that Baglietto “recklessly failed to fulfill duties specifically imposed by the Act” on
11 treasurers, we intended to notify Baglietto in his personal capacity.⁶ Baglietto confirmed that he
12 received the notification but did not file a response.⁷

13 **III. SUMMARY OF INVESTIGATION**

14 During the investigation, the Committee provided its bank records, reimbursement
15 information for expenses paid for by Patterson, and contribution records from its third-party
16 contribution processor Anedot.⁸ Patterson also provided his personal financial information
17 including his tax returns to establish his salary. During the investigation, OGC held several

² Certification ¶¶ 1, 5 (Dec. 8, 2021).

³ *Id.* ¶ 3.

⁴ Buzz Patterson for Congress, Amended Statement of Organization (Dec. 11, 2019). From July 1, 2019, to December 11, 2019, Gary Crummitt was the treasurer for the Committee. Buzz Patterson for Congress, Statement of Organization (July 1, 2019).

⁵ First Gen. Counsel's Rpt. (“FGCR”) at 7 & Cert. ¶ 5.

⁶ Memo to the Commission (July 27, 2022).

⁷ Email from Louis Baglietto to Richard Weiss, Attorney, FEC (Aug. 4, 2022, 8:34 PM EST).

⁸ The materials obtained in the investigation from Baglietto and Patterson are available in .

1 conference calls with both Baglietto and Patterson in which they spoke at length about how the
2 Committee operated. The results of OGC's investigation are summarized below.

3 The investigation revealed, by analyzing the Committee's bank statements and
4 contribution data from Anedot, that the Committee had approximately \$233,000 in unreported
5 receipts and \$233,000 in unreported disbursements during the course of the 2020 election cycle.⁹

6 Baglietto was unable to provide any invoices or receipts in response to OGC's requests
7 during the investigation.¹⁰ Text messages supplied by Patterson demonstrate that Baglietto did
8 not require any documentation, but would rather electronically transfer money after receiving
9 text messages requesting reimbursement of a specific amount.¹¹ Baglietto also told OGC that he
10 did not require the submission of any invoices or receipts in order to process reimbursement
11 payments.¹² Patterson provided copies of text messages in which he asked or reminded Baglietto
12 to file disclosure reports at least 20 different times.¹³ Each time Baglietto provided different
13 explanations for why the reports had not yet been filed and promised to get it done, but
14 ultimately never did.¹⁴

15 OGC spoke directly with Baglietto over the phone on two occasions. Baglietto initially
16 represented to OGC that he had a corrupted computer program and computer problems, which

⁹ See Committee Bank Records ; Buzz Patterson for Congress Raw Anedot Data; Buzz Patterson Books.

¹⁰ See Memo. to File from Richard Weiss, Attorney, FEC (Mar. 7, 2022); *see also* Committee Bank Records (summarizing phone call with Baglietto and Patterson).

¹¹ See Text Messages between Patterson and Baglietto (*E.g.* Patterson texted, "please reimburse ASAP via Zelle...total \$183.48" and without sending any receipts Baglietto texted back "done.").

¹² See Memo. to File from Richard Weiss, Attorney, FEC (Mar. 7, 2022) (summarizing phone call with Baglietto and Patterson); *see also* Committee Bank Records .

¹³ *E.g.*, Text Messages between Patterson and Baglietto at 17, 21 ("Lou, are you able to overnight a CD to the FEC today?" and "How's the FEC stuff coming?").

¹⁴ *E.g.*, *id.* at 21, 24, ("Should have it straightened out by this weekend " and "Working on it.").

1 was why he failed to file disclosure reports.¹⁵ However, in subsequent conversations, Baglietto
2 indicated that he simply did not have the motivation to file the reports and that it was too much
3 work for him.¹⁶ Baglietto also told OGC that it “was all my fault and I take responsibility.”¹⁷
4 Baglietto also texted Patterson, “I Lou Baglietto will take full responsibility for any judgment the
5 FEC may make.”¹⁸

6 Baglietto appears to have held himself out as an experienced and qualified political
7 consultant with experience in “campaign treasury” through his company, The Baglietto
8 Company, and would seem to be familiar with the responsibilities of a committee treasurer.¹⁹
9 Baglietto said that he had been the treasurer for several state candidates in the past, but that this
10 was his first time acting as the treasurer for a federal committee.²⁰ Baglietto describes himself as
11 a volunteer for the Committee, however there is one check from the Committee to Baglietto for
12 \$500 for a “stipend” and there are text messages on two different dates from Patterson to
13 Baglietto telling Baglietto to pay himself \$1,000.²¹ Baglietto also wrote \$6,101 in numerous
14 checks to himself for various reimbursements and possibly additional stipends.²² However,
15 when asked by OGCh he has been unable to explain what each check was for and what specific
16 expenses were being reimbursed. He also did not provide any invoices or receipts for those
17 expenses.

¹⁵ Memo. to File from Richard Weiss, Attorney, FEC (Jan. 26, 2022).

¹⁶ Memo. to File from Richard Weiss, Attorney, FEC (Mar. 7, 2022).

¹⁷ *Id.*

¹⁸ Text Messages between Patterson and Baglietto at 23.

¹⁹ Lou Baglietto, LINKEDIN, <https://www.linkedin.com/in/lou-baglietto-336bb73> (last visited Oct. 26, 2022).

²⁰ Memo. to File from Richard Weiss, Attorney, FEC (Jan. 26, 2022).

²¹ Committee Bank Records; *see also* Text Messages between Patterson and Baglietto.

²² Committee Bank Records.

1 In January 2022, after receiving notification of the Commission findings in this matter,
2 the Committee filed four late disclosures as to \$38,450.55 in disbursements.²³ However,
3 Baglietto did not personally file these reports and the investigation revealed that these reports are
4 not complete.²⁴ The Committee hired another consultant, Thomas Datwyler, who filed the four
5 late and incomplete disclosure reports on January 11, 2022.²⁵ Datwyler attempted to repair the
6 Committee's filing problems without the assistance of Baglietto; however, according to
7 Patterson, it apparently became too challenging and ultimately Datwyler ended his relationship
8 with the Committee.²⁶

9 Patterson explained that he did receive a small number of stipends from the Committee,
10 but could not recall the exact amounts of the stipends nor did he maintain records as to the exact
11 amounts.²⁷ Patterson stated that he believes that he received \$5,000 in stipends.²⁸ Patterson kept
12 a log of all reimbursable campaign expenses that he provided during the investigation, which
13 totals \$56,719.08.²⁹ This log consisted of reimbursements for travel and meals for campaign

²³ The Committee made the \$38,450.55 in disclosures on January 11, 2022, which was during the course of the investigation and after they were notified of the reason to believe finding and the investigation. Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2020> (last visited Oct. 26, 2022) (listing, *inter alia*, Committee reports for the 2020 election cycle); Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2022> (last visited Oct. 26, 2022) (listing, *inter alia*, Committee reports for the 2022 election cycle).

²⁴ Compare Buzz Patterson for Congress, FEC.GOV, https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00710624&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 26, 2022) (Committee receipts for the 2020 and 2022 election cycles); and, Buzz Patterson for Congress, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00710624&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 26, 2022) (Committee disbursements for the 2020 and 2022 election cycles); with the Committee's Bank Statements; and Buzz Patterson for Congress Raw Anedot Data..

²⁵ Memo. to File from Richard Weiss, Attorney, FEC (Jan. 20, 2022).

²⁶ Memo. to File from Richard Weiss, Attorney, FEC (Mar. 7, 2022).

²⁷ Email from Buzz Patterson to Richard Weiss Attorney, FEC (May 8, 2022, 6:21 PM EST).

²⁸ *Id.* Patterson provided some personal documentation showing \$5,000 in stipends in 2020, but did not have any clear explanation for the remaining \$6,508 that was unaccounted for on his list of campaign expenses. *Id.*

²⁹ List of Reimbursements.

1 staff and volunteers.³⁰ According to the Committee bank records, Baglietto disbursed
2 \$68,227.08 to Patterson in 2020 and 2021.³¹ This leaves an \$11,508 discrepancy between the
3 amount the bank records show disbursed to Patterson and the amount of reimbursements on
4 Patterson's log. While Patterson states that he believes that the stipends were less than \$11,508,
5 there is no documentation to determine what exactly that \$11,508 was spent on.³² Therefore, the
6 stipends, at most, could have totaled \$11,508. These stipend disbursements occurred after the
7 filing deadline for access to the primary election ballot in California. Although Patterson did not
8 disclose any income on his Financial Disclosure Statement, he provided documentation that he
9 received \$16,750 in earned income in 2019 from book royalties, book sales, and appearances on
10 Facebook and speaking events.³³

11 Spreadsheets of transactions from the Committee's third-party payment processor
12 Anedot, show that the Committee paid \$10,798.90 to LGM Consulting Group, LLC ("LGM"),
13 between July 2, 2019, and December 31, 2019.³⁴ Counsel for LGM confirmed that the
14 Committee retained LGM and paid them \$10,978.90 in commissions in 2019.³⁵ The Committee
15 did not disclose any disbursements to this entity on its disclosure reports.³⁶ Additionally, the
16 investigation revealed that the Committee reported a \$2,500 personal loan from Patterson to the

³⁰ *Id.*; *see also* 52 U.S.C. § 30114(b); *see also* 11 C.F.R. § 113(g).

³¹ Committee Bank Records. Of the \$11,508, \$9,763.12 was disbursed in 2020 and \$1,744.88 was disbursed in 2021. *Id.*

³² Email from Buzz Patterson to Richard Weiss Attorney, FEC (May 8, 2022, 6:21 PM EST).

³³ Buzz Patterson, 2019 Income Tax Return Schedule C.

³⁴ Buzz Patterson for Congress Raw Anedot Data.

³⁵ DBR Letter to FEC; LGM_Buzz Patterson Signed Agency Agreement.

³⁶ *FEC Expenditures, Filtered Results*, FEC.GOV https://www.fec.gov/data/disbursements/?data_type=process&committee_id=C00710624&recipient_name=LGM (last visited Oct. 26, 2022) (reflecting zero payments to LGM).

1 Committee on September 30, 2019.³⁷ Patterson denies ever making a loan from his personal
2 funds to the Committee.³⁸

3 **IV. LEGAL ANALYSIS**

4 **A. Reporting Issues**

5 The treasurer of a political committee is required to file reports of receipts and
6 disbursements.³⁹ Among other requirements, the treasurer shall file reports of receipts and
7 disbursements that must specifically identify the cash-on-hand balance at the beginning of the
8 reporting period, the total amount of receipts, and the total amount of disbursements.⁴⁰ The Act
9 requires a committee to disclose the name and address of each person who makes a contribution
10 to the reporting committee whose contribution or aggregate contributions value in excess of \$200
11 together with the date and amount of any such contribution.⁴¹ The Act requires a committee to
12 disclose the name and address of each person to whom an expenditure exceeding \$200 is made,
13 along with the date, amount, and purpose of the particular expenditure.⁴² Debts and obligations,
14 including loans made by the candidate, must be reported continuously until repaid,⁴³ and are
15 reported as debts owed to or by the committee on Schedule D.⁴⁴

³⁷ See Buzz Patterson for Congress, 2019 October Quarterly Report at 35 (Oct. 15, 2019) (disclosing a \$2,500 personal loan to the Committee from Patterson personally).

³⁸ Memo. to File from Richard Weiss, Attorney, FEC (June 9, 2022).

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

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

⁴¹ 52 U.S.C. § 30104(b)(3)(A); *accord* 11 C.F.R. § 104.3(a).

⁴² 52 U.S.C. § 30104(b)(5)(A); *accord* 11 C.F.R. § 104.3(b).

⁴³ 52 U.S.C. § 30104(b)(G), (H); 11 C.F.R. § 104.11.

⁴⁴ 11 C.F.R. § 104.3(d).

1 1. The Committee Failed to Report \$10,798.90 in Disbursements and
2 Misreported a Loan in 2019

3 Initially, prior to the investigation and separate from the missing reports discussed below,
4 the Committee filed two reports — the 2019 October Quarterly Report and the 2019 Year-End
5 Report.⁴⁵ However, those reports contained inaccuracies. The investigation revealed that the
6 Committee failed to disclose \$10,798.90 of disbursements to LGM that occurred between July 2,
7 2019, and December 31, 2019, and should have been reported on both of the aforementioned
8 reports.⁴⁶ Additionally, the investigation revealed that the Committee incorrectly reported a
9 \$2,500 personal loan from Patterson to the Committee on September 30, 2019.⁴⁷ Patterson
10 denies ever making a loan from his personal funds to the Committee.⁴⁸ OGC finds Patterson's
11 representations here to be credible because he has no incentive to mislead us regarding this fact
12 given that there is nothing improper about Patterson loaning his Committee money. Patterson
13 represented that he reviewed his bank statements and could not find evidence of ever making any
14 loan.⁴⁹

⁴⁵ Patterson for Congress 2019 October Quarterly Report (Oct. 15, 2019); 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 Committee stating that the Committee may have failed to file a 2019 Year-End Report. Buzz Patterson for Congress, Notice of Failure to File (Feb. 18, 2020).

⁴⁶ Compare spreadsheet of contributions to the Committee supplied by Anedot which includes \$10,798.90 in commissions for LGM Consulting Group, LLC, with Patterson for Congress 2019 October Quarterly Report (Oct. 15, 2019); Patterson for Congress 2019 Year-End Report (Oct. 15, 2020); see also Letter from Daniel Rosenthal, attorney for LGM Consulting Group, LLC to Richard Weiss, Attorney, FEC (June 9, 2022) (confirming that LGM Consulting Group, LLC did enter into a contract with the Committee and took a percentage based Commission on all contributions processed through Anedot as a result of LGM's efforts).

⁴⁷ See Buzz Patterson for Congress, 2019 October Quarterly Report at 35 (Oct. 15, 2019) (disclosing a \$2,500 personal loan to the Committee from Patterson personally).

⁴⁸ Memo. to File from Richard Weiss, Attorney, FEC (June 9, 2022) (discussing whether Patterson made a loan to the Committee).

⁴⁹ *Id.*

1 2. The Committee Failed to Timely Report \$233,093.69 in Receipts and
 2 \$233,086.26 in Disbursements During 2020 and 2021

3 The investigation revealed that between January 1, 2020, and December 31, 2021, the
 4 Committee received and failed to timely disclose approximately \$233,093.69 in contributions.⁵⁰
 5 The investigation further revealed that between January 1, 2020, and December 31, 2021, the
 6 Committee made and failed to disclose approximately \$233,086.26 in disbursements.⁵¹ In
 7 January 2022, after receiving notification of the Commission's reason-to-believe findings in this
 8 matter, the Committee filed late disclosures as to \$38,919.19 in receipts.⁵² The Committee also
 9 filed late disclosures as to \$38,450.55 in disbursements.⁵³ Therefore, the Committee has yet to
 10 report \$194,174.50 in receipts and \$194,635.71 in disbursements.

11 **B. The Commission Should Find Reason to Believe that Baglietto Violated the**
 12 **Act in His Personal Capacity**

13 Under the Act, each treasurer is required to keep an accurate account of and disclose,
 14 among other things, committee receipts, disbursements, and cash-on-hand balances.⁵⁴ To
 15 accomplish this, the Act imposes on committees a series of recordkeeping and reporting

⁵⁰ This figure was calculated using the spreadsheet of contributions to the Committee supplied by Anedot and the Committee's bank statements.

⁵¹ This figure was calculated using the spreadsheet of contributions to the Committee supplied by Anedot which includes commissions and fees for Anedot and two of the Committee's vendors — LGM Consulting Group, LLC and Powerful LLC, and the Committee's bank statements.

⁵² *FEC Committee Filings 2019-2020*, Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2020> (last visited Oct. 26, 2022) (reflecting the Committee's filings for 2019-2020); *FEC Committee Filings 2020-2021*, Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2022> (last visited Oct. 26, 2022) (reflecting the Committee's filings for 2020-2021).

⁵³ The Committee made the \$38,450.55 in disclosures on January 11, 2022, which was during the course of the investigation and after it was notified of the reason to believe finding and the investigation. Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2020> (last visited Oct. 26, 2022) (reflecting the Committee's filings for 2019-202); Buzz Patterson for Congress, FEC.GOV, (last visited Oct. 26, 2022) (reflecting the Committee's filings for 2020-2021).

⁵⁴ 52 U.S.C. §§ 30102(c), 30104(a), (b).

1 requirements to be executed by the committee's treasurer. Among other requirements, the
2 treasurer shall file reports of receipts and disbursements that must specifically identify the cash-
3 on-hand balance at the beginning of the reporting period, the total amount of receipts, and the
4 total amount of disbursements.⁵⁵ The Act requires a committee to disclose the name and address
5 of each person to whom an expenditure exceeding \$200 is made, along with the date, amount,
6 and purpose of the particular expenditure.⁵⁶ Further, a political committee's disclosure report
7 must identify any person who makes a loan to the committee during the reporting period,
8 together with the identification of any endorser or guarantor of such loan, and the date and
9 amount or value of such loan.⁵⁷ The treasurer is required to preserve all records and accounts for
10 three years after the report to which such records and accounts relate is filed.⁵⁸

11 The Commission has issued a Statement of Policy under which it will decline to hold a
12 current or former treasurer personally liable in an enforcement matter unless the available
13 information suggests that the treasurer "knowingly and willfully violated an obligation that the
14 Act or regulations specifically impose on a treasurer or where a treasurer recklessly failed to
15 fulfill duties imposed by law, or where the treasurer has intentionally deprived himself or herself
16 of operative facts giving rise to the violation."⁵⁹

⁵⁵ *Id.* § 30104(b).

⁵⁶ *Id.* § 30104(b)(1), (2), (4), (5), (6)(B); 11 C.F.R. § 104.3(a), (b); 11 C.F.R. § 104.14.

⁵⁷ 52 U.S.C. § 30104(b)(3)(E); 11 C.F.R. § 104.3(a)(4)(iv).

⁵⁸ 52 U.S.C. § 30102(c), (d); 11 C.F.R. § 102.9.

⁵⁹ Statement of Policy Regarding Treasurers in Enforcement Proceedings, 70 Fed. Reg. 3, 4 (Jan. 3, 2005) (the "Treasurer Policy"); *see also* Factual & Legal Analysis ("F&LA") at 4, MUR 5652 (Susan Arceneaux) (finding reason to believe assistant treasurer violated the Act in her personal capacity where she recklessly failed to fulfill the duties of the Act and regulations which gave rise to the Committee's violations in treasurer's absence); F&LA at 10-11, MUR 7905 (Robert Lucero) (finding reason to believe the treasurer violated the Act in his personal capacity where he recklessly failed to fulfill the duties imposed on treasurers based on the number of apparent reporting and recordkeeping violations).

1 The Act and Commission regulations allow a treasurer to show that “best efforts have
2 been used to obtain, maintain and submit the information required” with respect to the reports
3 and records of a political committee.⁶⁰ When the Committee treasurer uses such best efforts, any
4 reports filed by such committee “shall be considered in compliance with [the] Act.”⁶¹

5 As the Committee’s treasurer, Baglietto bears responsibility for the missing and
6 incomplete disclosure reports.⁶² As noted above, for a period of 21 months while Baglietto was
7 treasurer, the Committee did not file any disclosure reports, resulting in \$194,174.50 in
8 unreported receipts and \$194,635.71 in unreported disbursements.⁶³ Yet, according to text
9 messages we obtained, on at least 20 different occasions, Patterson asked or reminded Baglietto
10 to file disclosure reports.⁶⁴ During this time, it appears that Baglietto not only failed to file
11 disclosure reports, but also did not keep or maintain any invoices or receipts to document the
12 Committee’s activity.⁶⁵

13 Baglietto appears to have held himself out as an experienced and qualified political
14 consultant with experience in “campaign treasury” through his company The Baglietto
15 Company, yet Baglietto failed to file disclosure reports and maintain receipts and invoices. It is
16 undisputed that Baglietto was solely responsible for the filing of disclosure reports with the

⁶⁰ 52 U.S.C. § 30102(i); 11 C.F.R. § 104.7.

⁶¹ 52 U.S.C. § 30102(i).

⁶² Baglietto signed the one timely disclosure report and the four late and incomplete disclosure reports completed by Datwyler. Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2020> (last visited Oct. 26, 2022) (reflecting the Committee’s filings for 2019-2022); Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2022> (last visited Oct. 26, 2022) (reflecting the Committee’s filings for 2020-2021). *See* F&LA at 6, MUR 7225 (Jack Wu) (The Commission found the signing of reports relevant to liability for reporting violations).

⁶³ *See supra* note 10.

⁶⁴ *See supra* note 12.

⁶⁵ *See supra* notes 50-53.

1 Commission and the maintenance of all associated records, circumstances that can be contrasted
2 with prior matters in which committee treasurers had themselves relied on other professionals to
3 file disclosure reports.⁶⁶ Furthermore, Baglietto does not contest the reporting and
4 recordkeeping errors, but rather asserts that he lacked the motivation and that it was too much
5 work for him.⁶⁷

6 Considering the circumstances outlined above and the number of apparent reporting and
7 recordkeeping violations, it appears that Baglietto recklessly failed to fulfill the duties imposed
8 on treasurers by provision of the Act and the Commission's regulations.⁶⁸ Furthermore, it also
9 appears that Baglietto failed to use best efforts to obtain, maintain, and submit the missing
10 information.⁶⁹ Accordingly, we recommend that the Commission find reason to believe that
11 Baglietto, in his personal capacity, violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a),
12 (b) by failing to file reports with the Commission and violated 52 U.S.C. §§ 30102(c), (d) and
13 11 C.F.R. § 102.9 by failing to keep and retain complete records.

⁶⁶ See F&LA at 5, MUR 6889 (Michael Delk) (dismissing allegations against a treasurer in his personal capacity partly because the treasurer was "inexperienced" and "relied on the erroneous guidance of politically experienced, professional [political committee] staff"); see also F&LA at 4-6, MUR 7223 (Applegate for Congress) (finding no reason to believe that the treasurer personally violated the Act in part because a consulting firm was hired to handle recordkeeping and accounting tasks).

⁶⁷ Memo. to File from Richard Weiss, Attorney, FEC (Mar. 7, 2022).

⁶⁸ See Treasurer Policy; see also F&LA at 2-3, MUR 5652 (Susan Arceneaux) (finding that "such a large number" of prohibited contributions on the report indicated a lack of attention by the assistant treasurer as one factor in finding that the assistant treasurer recklessly failed to fulfill the duties imposed by the Act); F&LA at 8-10, MUR 7901 (Ethan Owens) (finding a former treasurer personally liable for failing to keep and maintain adequate records and failing to accurately report receipts, disbursements, and loans where there was a "total absence of records regarding the Committee's receipts and disbursements"); F&LA at 10-11, MUR 7905 (Robert Lucero) (finding a former treasurer personally liable for recklessly failing to keep records for \$140,675.84 of disbursements, failing to maintain invoices or receipts to support \$93,742.85 of disbursements, and understating total receipts and disbursements for over a two year period).

⁶⁹ See 52 U.S.C. § 30102(i); 11 C.F.R. § 104.7; see also F&LA at 3, MUR 5652 (Susan Arceneaux) (finding assistant treasurer did not use best efforts when she failed to itemize contributions on disclosure reports she was responsible for filing).

1 **C. The Commission Should Find No Reason to Believe That The Committee and**
2 **Patterson Violated the Personal Use Provisions in Connection with**
3 **Candidate Salary Payments**

4 The Act prohibits any person from converting campaign funds to personal use, defining
5 “personal use” as using funds “to fulfill any commitment, obligation, or expense of a person that
6 would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of
7 Federal office.”⁷⁰ The Act and the Commission’s regulation enumerate certain expenses that are
8 considered *per se* “personal use” and thus are prohibited, including salary payments to a
9 candidate that do not meet specified criteria.⁷¹

10 A candidate’s principal campaign committee may pay a salary to the candidate that will
11 not constitute personal use of campaign funds so long as it does not exceed the lesser of the
12 minimum salary paid to a Federal officeholder holding the Federal office that the candidate seeks
13 or the earned income that the candidate received during the year prior to becoming a candidate.⁷²
14 Any earned income that a candidate receives from salaries or wages from any other source,
15 however, shall count against the foregoing limit of the minimum salary paid to a federal
16 officeholder holding the seat sought by the candidate.⁷³ Moreover, a committee shall not pay a
17 salary to a candidate before the filing deadline for access to the primary election ballot for the

⁷⁰ 52 U.S.C. § 30114(b); *accord* 11 C.F.R. § 113(g).

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

⁷² 11 C.F.R. § 113.1(g)(l)(i)(I).

⁷³ *Id.*

1 federal office that the candidate seeks, as determined by state law.⁷⁴ The payment of salary to
2 candidates that do not meet these conditions is considered *per se* personal use.⁷⁵

3 The Complaint alleges that the Committee paid Patterson a salary and that it exceeded the
4 permissible amount.⁷⁶ The Commission previously took no action at this time during the reason
5 to believe stage.⁷⁷ During the investigation, Patterson provided information from his 2019 tax
6 returns demonstrating that his earned wages from 2019 (\$16,750) exceeded the stipends he
7 received from the Committee (at most \$9,763.12 in 2020 and \$1,744.88 in 2021⁷⁸).⁷⁹ Because
8 Patterson's earned income from the prior year exceeded the amount of the stipends paid to him
9 during the campaign and because those stipends were paid after the filing deadline for the
10 California primary ballot and prior to the general election, we conclude that the salary payments
11 were permissible. Therefore, we recommend that the Commission find no reason to believe that
12 Patterson and the Committee violated 52 U.S.C. § 30114(b)(1) by converting campaign funds to
13 personal use in the form of salary payments to the candidate.

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⁷⁴ *Id.* If the candidate wins the primary election, his or her principal campaign committee may pay him or her a salary from campaign funds through the date of the general election, up to and including the date of any general election runoff. If the candidate loses the primary, withdraws from the race, or otherwise ceases to be a candidate, no salary payments may be paid beyond the date he or she is no longer a candidate. *Id.*

⁷⁵ *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).

⁷⁶ Compl. at 2; FGCR at 3-4.

⁷⁷ Cert. ¶ 3 (Dec. 8, 2021).

⁷⁸ As of our last correspondence with Patterson he has not filed his 2020 taxes yet and therefore does not have documentation to share regarding his 2020 income.

⁷⁹ *See* Buzz Patterson Schedule C 2019.

MUR 7796 (Buzz Patterson for Congress, *et al.*)

Second General Counsel's Report

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5 VI. RECOMMENDATIONS

6 1. Find reason to believe that Louis G. Baglietto violated 52 U.S.C. §§ 30102(c), (d)
7 and 30104(a), (b) and 11 C.F.R. §§ 102.9 and 104.3(a), (b) by failing to keep
8 complete records and file reports with the Commission;

9

10 2. Find no reason to believe that Robert "Buzz" Patterson and Buzz Patterson for
11 Congress and Louis G. Baglietto in his official capacity as treasurer violated
12 52 U.S.C. § 30114(b)(1) by converting campaign funds to personal use;

13

14 3. Enter into conciliation with Buzz Patterson for Congress and Louis G. Baglietto
15 in his official capacity as treasurer prior to a finding of probable cause to believe;

16

17 4. Enter into conciliation with Louis G. Baglietto prior to a finding of probable cause
18 to believe;

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20 5. Approve the attached Conciliation Agreements;

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22 6. Approve the attached Factual and Legal Analysis;

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24 7. Approve the appropriate letters; and

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8. Close the file as to Robert "Buzz" Patterson.

Lisa J. Stevenson
Acting General Counsel

Charles Kitcher
Associate General Counsel
for Enforcement

November 8, 2022

Date



Claudio J. Pavia
Deputy Associate General Counsel
for Enforcement



Mark Shonkwiler
Assistant General Counsel



Richard L. Weiss
Attorney

Attachments:

1. Factual and Legal Analysis for Louis G. Baglietto

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS****RESPONDENT:** Louis G. Baglietto**MUR 7796****I. INTRODUCTION**

This matter arises out of a complaint alleging that Buzz Patterson for Congress (the “Committee”) failed to report receipts and disbursements with the Commission, in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”). On August 1, 2022, the Commission notified Louis G. Baglietto, the Committee’s treasurer, that he may have violated the Act or Commission regulations in his personal capacity by failing to file disclosure reports and maintain all required records.¹ As fully explained below, based on the available information, the Commission finds reason to believe that Baglietto violated 52 U.S.C. §§ 30102(c), (d), and 30104(a), (b) and 11 C.F.R. §§ 102.9, and 104.3(a), (b) by failing to keep complete records and file reports with the Commission.

II. FACTUAL BACKGROUND

Buzz Patterson was a 2020 candidate for U.S. Congress in California’s 7th Congressional District.² Buzz Patterson for Congress is Patterson’s authorized committee, and Baglietto is the Committee’s treasurer.³ The Committee has not filed any reports with Commission since

¹ Notif. Letter to Baglietto (Aug. 1, 2022). On December 2, 2021, the Commission found reason to believe that Louis G. Baglietto, in his official capacity as treasurer, violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b) by failing to file any reports of receipts and disbursements during 2020 and 2021.

² Buzz Patterson Statement of Candidacy (July 1, 2019)

³ 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>.

1 October 2019.⁴ The Commission’s records indicate that the Committee filed only one report as
2 of the date of the Complaint — the 2019 October Quarterly Report.⁵ Baglietto did not file a
3 response.

4 The Commission is in possession of the Committee’s bank records, text messages
5 between Patterson and Baglietto, contribution records from the Committee’s third-party
6 contribution processor Anedot, and statements made by both Baglietto and Patterson in which
7 they spoke at length about how the Committee operated. According to the Committee’s bank
8 statements and contribution data from Anedot, the Committee had approximately \$233,000 in
9 unreported receipts and \$233,000 in unreported disbursements during the course of the 2020
10 election cycle.

11 Based on the Commission’s review of the available documents and communications, it
12 appears that Baglietto did not retain any of the Committee’s invoices or receipts. Text messages
13 demonstrate that Baglietto did not require any documentation, but would rather electronically
14 transfer money after receiving text messages requesting reimbursement of a specific amount.⁶ In
15 a March 7, 2022 phone call with the Office of General Counsel (“OGC”), Baglietto also admitted
16 that he did not require the submission of any invoices or receipts in order to process
17 reimbursement payments. Text messages show Patterson asking or reminding Baglietto to file
18 disclosure reports at least 20 different times.⁷ Each time Baglietto provided different

⁴ 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).

⁵ See Patterson for Congress 2019 October Quarterly Report (Oct. 15, 2019).

⁶ See Text Messages between Patterson and Baglietto (*E.g.* Patterson texted, “please reimburse ASAP via Zelle...total \$183.48” and without sending any receipts Baglietto texted back “done.”).

⁷ *E.g.*, Text Messages between Patterson and Baglietto at 17, 21 (“Lou, are you able to overnight a CD to the FEC today?” and “How’s the FEC stuff coming?”).

1 explanations for why the reports had not yet been filed and promised to get it done, but
2 ultimately never did.⁸

3 During a phone call with OGC on January 26, 2022, Baglietto initially represented that he
4 had a corrupted computer program and computer problems, which was why he failed to file
5 disclosure reports. However, in a subsequent March 7, 2022 phone call with OGC, Baglietto
6 indicated that he simply did not have the motivation to file the reports, that it was too much work
7 for him, and that it “was all my fault and I take responsibility.” Baglietto also texted Patterson,
8 “I Lou Baglietto will take full responsibility for any judgment the FEC may make.”⁹

9 Baglietto appears to have held himself out as an experienced and qualified political
10 consultant with experience in “campaign treasury” through his company, The Baglietto
11 Company, and would seem to be familiar with the responsibilities of a committee treasurer.¹⁰
12 During the January 26, 2022 phone call with OGC, Baglietto said that he had been the treasurer
13 for several state candidates in the past, but that this was his first time acting as the treasurer for a
14 federal committee. Baglietto describes himself as a volunteer for the Committee, however there
15 is one check from the Committee to Baglietto for \$500 for a “stipend” and there are text
16 messages on two different dates from Patterson to Baglietto telling Baglietto to pay himself
17 \$1,000.¹¹ Baglietto also wrote \$6,101 in numerous checks to himself for various reimbursements
18 and possibly additional stipends.¹² However, when asked by OGC about the checks and
19 expenses he has been unable to explain what each check was for and what specific expenses

⁸ *E.g., id.* at 21, 24, (“Should have it straightened out by this weekend ” and “Working on it.”).

⁹ Text Messages between Patterson and Baglietto at 23.

¹⁰ Lou Baglietto, LINKEDIN, <https://www.linkedin.com/in/lou-baglietto-336bb73> (last visited Oct. 26, 2022).

¹¹ Committee Bank Records; *see also* Text Messages between Patterson and Baglietto.

¹² Committee Bank Records.

1 were being reimbursed. When asked by OGC to provide invoices or receipts for those expenses,
2 he was unable to provide any.

3 In January 2022, the Committee filed four late disclosures as to \$38,450.55 in
4 disbursements.¹³ However, Baglietto did not personally file these reports and these reports are
5 not complete.¹⁴ According to Patterson, the Committee hired another consultant, Thomas
6 Datwyler, who filed the four late and incomplete disclosure reports on January 11, 2022.
7 Patterson and Datwyler informed OGC during the January 26, 2022 phone call that Datwyler
8 attempted to repair the Committee's filing problems without the assistance of Baglietto;
9 however, it apparently became too challenging and ultimately Datwyler ended his relationship
10 with the Committee.

11 IV. LEGAL ANALYSIS

12 Under the Act, each treasurer is required to keep an accurate account of and disclose,
13 among other things, committee receipts, disbursements, and cash-on-hand balances.¹⁵ To
14 accomplish this, the Act imposes on committees a series of recordkeeping and reporting
15 requirements to be executed by the committee's treasurer. Among other requirements, the
16 treasurer shall file reports of receipts and disbursements that must specifically identify the cash-

¹³ The Committee made the \$38,450.55 in disclosures on January 11, 2022. Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2020> (last visited Oct. 26, 2022) (listing, *inter alia*, Committee reports for the 2020 election cycle); Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2022> (last visited Oct. 26, 2022) (listing, *inter alia*, Committee reports for the 2022 election cycle).

¹⁴ Compare Buzz Patterson for Congress, FEC.GOV, https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00710624&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 26, 2022) (Committee receipts for the 2020 and 2022 election cycles); and, Buzz Patterson for Congress, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00710624&two_year_transaction_period=2020&two_year_transaction_period=2022 (last visited Oct. 26, 2022) (Committee disbursements for the 2020 and 2022 election cycles); with the Committee's Bank Statements; and Buzz Patterson for Congress Raw Anedot Data..

¹⁵ 52 U.S.C. §§ 30102(c), 30104(a), (b).

1 on-hand balance at the beginning of the reporting period, the total amount of receipts, and the
2 total amount of disbursements.¹⁶ The Act requires a committee to disclose the name and address
3 of each person who makes a contribution to the reporting committee whose contribution or
4 aggregate contributions value in excess of \$200 together with the date and amount of any such
5 contribution.¹⁷ The Act requires a committee to disclose the name and address of each person to
6 whom an expenditure exceeding \$200 is made, along with the date, amount, and purpose of the
7 particular expenditure.¹⁸ Further, a political committee's disclosure report must identify any
8 person who makes a loan to the committee during the reporting period, together with the
9 identification of any endorser or guarantor of such loan, and the date and amount or value of
10 such loan.¹⁹ The treasurer is required to preserve all records and accounts for three years after
11 the report to which such records and accounts relate is filed.²⁰

12 The Commission has issued a Statement of Policy under which it will decline to hold a
13 current or former treasurer personally liable in an enforcement matter unless the available
14 information suggests that the treasurer "knowingly and willfully violated an obligation that the
15 Act or regulations specifically impose on a treasurer or where a treasurer recklessly failed to
16 fulfill duties imposed by law, or where the treasurer has intentionally deprived himself or herself
17 of operative facts giving rise to the violation."²¹

¹⁶ *Id.* § 30104(a), (b).

¹⁷ 52 U.S.C. § 30104(b)(3)(A); *accord* 11 C.F.R. § 104.3(a).

¹⁸ 52 U.S.C. § 30104(b)(5)(A); *accord* 11 C.F.R. § 104.3(b).

¹⁹ 52 U.S.C. § 30104(b)(3)(E); 11 C.F.R. § 104.3(a)(4)(iv).

²⁰ 52 U.S.C. § 30102(c), (d); 11 C.F.R. § 102.9.

²¹ Statement of Policy Regarding Treasurers in Enforcement Proceedings, 70 Fed. Reg. 3, 4 (Jan. 3, 2005) (the "Treasurer Policy"); *see also* Factual & Legal Analysis ("F&LA") at 4, MUR 5652 (Susan Arceneaux) (finding reason to believe assistant treasurer violated the Act in her personal capacity where she recklessly failed to fulfill the duties of the Act and regulations which gave rise to the Committee's violations in treasurer's absence); F&LA at 10-

1 The Act and Commission regulations allow a treasurer to show that “best efforts have
2 been used to obtain, maintain and submit the information required” with respect to the reports
3 and records of a political committee.²² When the Committee treasurer uses such best efforts, any
4 reports filed by such committee “shall be considered in compliance with [the] Act.”²³

5 As the Committee’s treasurer, Baglietto bears responsibility for the missing and
6 incomplete disclosure reports.²⁴ Between January 1, 2020, and December 31, 2021, Baglietto
7 failed to timely disclose approximately \$233,093.69 in contributions.²⁵ Between January 1,
8 2020, and December 31, 2021, Baglietto failed to disclose approximately \$233,086.26 in
9 disbursements.²⁶

10 Yet, according to text messages between Patterson and Baglietto, on at least 20 different
11 occasions, Patterson asked or reminded Baglietto to file disclosure reports. During this time, it
12 appears that Baglietto not only failed to file disclosure reports, but also did not keep or maintain
13 any invoices or receipts to document the Committee’s activity.

11, MUR 7905 (Robert Lucero) (finding reason to believe the treasurer violated the Act in his personal capacity where he recklessly failed to fulfill the duties imposed on treasurers based on the number of apparent reporting and recordkeeping violations).

²² 52 U.S.C. § 30102(i); 11 C.F.R. § 104.7.

²³ 52 U.S.C. § 30102(i).

²⁴ Baglietto signed the one timely disclosure report and the four late and incomplete disclosure reports. completed by Datwyler. Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2020> (last visited Oct. 26, 2022) (reflecting the Committee’s filings for 2019-202); Buzz Patterson for Congress, FEC.GOV, <https://www.fec.gov/data/committee/C00710624/?tab=filings&cycle=2022> (last visited Oct. 26, 2022) (reflecting the Committee’s filings for 2020-2021). See F&LA at 6, MUR 7225 (Jack Wu) (The Commission found the signing of reports relevant to liability for reporting violations).

²⁵ This figure was calculated using the spreadsheet of contributions to the Committee supplied by Anedot and the Committee’s bank statements.

²⁶ This figure was calculated using the spreadsheet of contributions to the Committee supplied by Anedot which includes commissions and fees for Anedot and two of the Committee’s vendors — LGM Consulting Group, LLC and Powerful LLC, and the Committee’s bank statements.

1 Baglietto appears to have held himself out as an experienced and qualified political
2 consultant with experience in “campaign treasury” through his company The Baglietto
3 Company, yet Baglietto failed to file disclosure reports and maintain receipts and invoices. It is
4 undisputed that Baglietto was solely responsible for the filing of disclosure reports with the
5 Commission and the maintenance of all associated records, circumstances that can be contrasted
6 with prior matters in which committee treasurers had themselves relied on other professionals to
7 file disclosure reports.²⁷ Furthermore, Baglietto does not contest the reporting and
8 recordkeeping errors, but rather, as he indicated to OGC on a March 7, 2022 phone call, he
9 lacked the motivation and it was too much work for him.

10 Considering the circumstances outlined above and the number of apparent reporting and
11 recordkeeping violations, it appears that Baglietto recklessly failed to fulfill the duties imposed
12 on treasurers by provision of the Act and the Commission’s regulations.²⁸ Furthermore, it also
13 appears that Baglietto failed to use best efforts to obtain, maintain, and submit the missing
14 information.²⁹ Accordingly, the Commission finds reason to believe that Baglietto, in his
15 personal capacity, violated 52 U.S.C. §§ 30102(c), (d), and 30104(a), (b) and 11 C.F.R.

²⁷ See F&LA at 5, MUR 6889 (Michael Delk) (dismissing allegations against a treasurer in his personal capacity partly because the treasurer was “inexperienced” and “relied on the erroneous guidance of politically experienced, professional [political committee] staff”); see also F&LA at 4-6, MUR 7223 (Applegate for Congress) (finding no reason to believe that the treasurer personally violated the Act in part because a consulting firm was hired to handle recordkeeping and accounting tasks).

²⁸ See Treasurer Policy; see also F&LA at 2-3, MUR 5652 (Susan Arceneaux) (finding that “such a large number” of prohibited contributions on the report indicated a lack of attention by the assistant treasurer as one factor in finding that the assistant treasurer recklessly failed to fulfill the duties imposed by the Act); F&LA at 10-11, MUR 7905 (Robert Lucero) (finding a former treasurer personally liable for recklessly failing to keep records for \$140,675.84 of disbursements, failing to maintain invoices or receipts to support \$93,742.85 of disbursements, and understating total receipts and disbursements for over a two year period).

²⁹ See 52 U.S.C. § 30102(i); 11 C.F.R. § 104.7; see also F&LA at 3, MUR 5652 (Susan Arceneaux) (finding assistant treasurer did not use best efforts when she failed to itemize contributions on disclosure reports she was responsible for filing).

MUR 7796 (Louis G. Baglietto)
Factual & Legal Analysis
Page 8 of 8

- 1 §§ 102.9, and 104.3(a), (b) by failing to keep complete records and file reports with the
- 2 Commission.