



FEDERAL ELECTION COMMISSION
Washington, DC 20463

June 23, 2023

Via First Class Mail

Daniel L. Schmitt

Elk Grove, CA, 95624

RE: MUR 7796
Buzz Patterson for Congress and Louis
Baglietto in his official capacity as treasurer
Louis Baglietto

Dear Mr. Schmitt:

This is in reference to the Complaint you filed with the Federal Election Commission on September 14, 2020 concerning Buzz Patterson for Congress and Louis Baglietto in his official capacity as treasurer (the "Committee"). On December 2, 2021, the Commission found that there was reason to believe that the Committee violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b) by failing to file reports of receipts and disbursements. The Commission investigated the allegations and subsequently, on January 26, 2023, found reason to believe that Louis Baglietto in his personal capacity 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. Additionally, based on the investigation, on January 26, 2023, the Commission found no reason to believe that the Committee violated 52 U.S.C. § 30114(b)(1) by converting campaign funds to personal use. On June 22, 2023, signed conciliation agreements were accepted by the Commission. Accordingly, the Commission has closed the file in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). The Factual and Legal Analyses, which more fully explain the Commission's findings, are enclosed. Copies of the conciliation agreements are also enclosed for your information.

If you have any questions, please contact me at (202) 694-1021 or rweiss@fec.gov.

Sincerely,

Richard Weiss

Richard L. Weiss
Attorney

Enclosures

Conciliation Agreement
Factual and Legal Analyses

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Louis G. Baglietto)	MUR 7796
)	
)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized Complaint. The Federal Election Commission (the “Commission”) found reason to believe that Louis “Lou” G. Baglietto (“Respondent”) in his personal capacity violated 52 U.S.C. §§ 30102(c), (d), and 30104(a), (b) of the Federal Election Campaign Act of 1971, amended (the “Act”), and 11 C.F.R. §§ 102.9, and 104.3(a), (b) of the Commission’s regulations by failing to keep complete records and file accurate reports with the Commission.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

- I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this Agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this Agreement with the Commission.
- IV. The pertinent facts and law in this matter are as follows:
 1. Since December 11, 2019, Respondent has been the treasurer of Buzz Patterson for Congress, a political committee withing the meaning of 52 U.S.C. § 30101(4).

2. Under the Act, each treasurer is required to keep an accurate account of and disclose, among other things, committee receipts, disbursements, and cash-on-hand balances 52 U.S.C. §§ 30102(c), 30104(a), (b). To accomplish this, the Act imposes on committees a series of recordkeeping and reporting requirements to be executed by the committee's treasurer. Among other requirements, the treasurer shall file reports of receipts and disbursements that must specifically identify the cash-on-hand balance at the beginning of the reporting period, the total amount of receipts, and the total amount of disbursements. 52 U.S.C. § 30104(b). The Act requires a committee to disclose the name and address of each person who makes a contribution to the reporting committee whose contribution or aggregate contributions value in excess of \$200 together with the date and amount of any such contribution. 52 U.S.C. § 30104(b)(3)(A); *accord* 11 C.F.R. § 104.3(a). The Act requires a committee to disclose the name and address of each person to whom an expenditure exceeding \$200 is made, along with the date, amount, and purpose of the particular expenditure. 52 U.S.C. § 30104(b)(5)(A); *accord* 11 C.F.R. § 104.3(b).

3. The treasurer is required to preserve all records and accounts for three years after the report to which such records and accounts relate is filed. 52 U.S.C. § 30102(c), (d); 11 C.F.R. § 102.9.

4. Between January 1, 2020, and December 31, 2021, Respondent failed to disclose approximately \$233,093.69 in contributions.

5. Between January 1, 2020, and December 31, 2021, Respondent failed to disclose approximately \$233,086.26 in disbursements.

6. Respondent failed to maintain records including invoices or receipts to support the \$233,086.26 in disbursements.

V. Respondent committed the following violations:

1. Respondent in his personal capacity violated 52 U.S.C. §§ 30102(c), 30102(d), and 30104(b) and 11 C.F.R. §§ 102.9, 104.3(a), 104.3(b) and 104.14 by failing to keep complete records and file accurate reports with the Commission.

VI. Respondent will take the following actions:

1. Respondent will pay a civil penalty of Thirty-Three Thousand Dollars (\$33,000) pursuant to 52 U.S.C. § 30109(a)(5)(B).

2. Respondent will cease and desist from violating 52 U.S.C. §§ 30102(c), 30102(d), and 30104(b) and 11 C.F.R. §§ 102.9, 104.3(a), 104.3(b) and 104.14.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this Agreement. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This Agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than thirty (30) days from the date this Agreement becomes effective to comply with and implement the requirements contained in this Agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written Agreement shall be enforceable.

FOR THE COMMISSION:

Lisa Stevenson
Acting General Counsel

BY: **Charles Kitcher**
Digitally signed
by Charles Kitcher
Date: 2023.06.23
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Charles Kitcher
Associate General Counsel
for Enforcement

6/23/23
Date


Louis G. Baglietto
Respondent

6/16/2023
Date

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Buzz Patterson for Congress)	MUR 7796
and Louis G. Baglietto in his)	
official capacity as treasurer)	
)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized Complaint. The Federal Election Commission (the “Commission”) found reason to believe that Buzz Patterson for Congress and Louis G. Baglietto in his official capacity as treasurer (the “Committee”) violated 52 U.S.C. § 30104(a), (b) of the Federal Election Campaign Act of 1971, amended (the “Act”), and 11 C.F.R. § 104.3(a), (b) of the Commission’s regulations.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

- I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this Agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this Agreement with the Commission.
- IV. The pertinent facts and law in this matter are as follows:
 1. The Committee is a political committee within the meaning of 52 U.S.C. § 30101(4).
 2. Louis G. Baglietto is the treasurer of the Committee.

3. Under the Act, each treasurer is required to keep an accurate account of and disclose, among other things, committee receipts, disbursements, and cash-on-hand balances 52 U.S.C. §§ 30102(c), 30104(a), (b). To accomplish this, the Act imposes on committees a series of recordkeeping and reporting requirements to be executed by the committee's treasurer. Among other requirements, the treasurer shall file reports of receipts and disbursements that must specifically identify the cash-on-hand balance at the beginning of the reporting period, the total amount of receipts, and the total amount of disbursements. 52 U.S.C. § 30104(b). The Act requires a committee to disclose the name and address of each person who makes a contribution to the reporting committee whose contribution or aggregate contributions value in excess of \$200 together with the date and amount of any such contribution. 52 U.S.C. § 30104(b)(3)(A); *accord* 11 C.F.R. § 104.3(a). The Act requires a committee to disclose the name and address of each person to whom an expenditure exceeding \$200 is made, along with the date, amount, and purpose of the particular expenditure. 52 U.S.C. § 30104(b)(5)(A); *accord* 11 C.F.R. § 104.3(b).
4. Debts and obligations, including loans made by the candidate, must be reported continuously until repaid, and are reported as debts owed to or by the committee on Schedule D. 52 U.S.C. § 30104(b)(G), (H), 11 C.F.R §§ 104.3(d); 104.11.
5. The treasurer is required to preserve all records and accounts for three years after the report to which such records and accounts relate is filed. 52 U.S.C. § 30102(c), (d); 11 C.F.R. § 102.9.
6. Between July 2, 2019, and December 31, 2019, the Committee failed to disclose \$10,798.90 of disbursements to LGM Consulting Group, LLC.

7. The Committee reported a \$2,500 personal loan from Buzz Patterson personally to the Committee on September 30, 2019, however no such loan was ever made by Patterson to the Committee.

8. Between January 1, 2020, and December 31, 2021, the Committee received and failed to disclose approximately \$233,093.69 in contributions.

9. Between January 1, 2020, and December 31, 2021, the Committee made and failed to disclose approximately \$233,086.26 in disbursements.

V. The Committee violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b). by failing to file reports of receipts and disbursements, failing to report disbursements, and misreporting a loan.

VI.

1. In ordinary circumstances, the Commission would seek a civil penalty based on the violation outlined in the Agreement. However, the Commission is taking into account that the Committee represents that it intends to terminate, is defunct, has no cash on hand, and has a limited ability to raise any additional funds. Accordingly, the Commission agrees that no civil penalty will be due. If evidence is uncovered indicating Respondent's financial condition is not as represented, a civil penalty of \$72,000 will be immediately due, pursuant to 52 U.S.C. § 30109(a)(5)(A).

2. Respondent will cease and desist from violating 52 U.S.C. § 30104(a), (b) and 11 C.F.R. § 104.3(a), (b).

3. Respondents will file complete disclosure reports as to all receipts and disbursements for all reporting periods between January 1, 2020, and March 31, 2022.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this Agreement. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This Agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than thirty (30) days from the date this Agreement becomes effective to comply with and implement the requirements contained in this Agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

MUR 7796 (Buzz Patterson for Congress)
Conciliation Agreement
Page 5 of 5

oral, made by either party or by agents of either party, that is not contained in this written Agreement shall be enforceable.

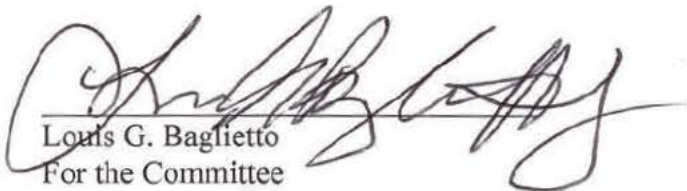
FOR THE COMMISSION:

Lisa Stevenson
Acting General Counsel

BY: **Charles Kitcher**
Charles Kitcher
Associate General Counsel
for Enforcement

Digitally signed
by Charles Kitcher
Date: 2023.06.23
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6/23/23
Date


Louis G. Baglietto
For the Committee

6/6/2023
Date

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

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,

1 file reports with Commission since October 2019.² The Commission’s records indicate that the
2 Patterson Committee filed only one report as of the date of the Complaint — the 2019 October
3 Quarterly Report.³ Subsequently, on October 15, 2020, the Patterson Committee filed a 2019
4 Year-End Report.⁴ According to the Commission’s records, the Patterson Committee has not
5 filed any reports since that date.⁵ The Patterson Committee did not 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

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 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 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.

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENTS:** Robert “Buzz” Patterson MUR 7796
4 Buzz Patterson for Congress and Louis G.
5 Baglietto in his official capacity as treasurer
6
7

8 **I. INTRODUCTION**

9 The Complaint alleges, among other things, that 2020 California 7th Congressional
10 District candidate Robert “Buzz” Patterson and his authorized campaign committee, Buzz
11 Patterson for Congress and Louis G. Baglietto in his official capacity as treasurer (“the
12 Committee”) converted campaign funds to personal use by having the Committee pay Patterson
13 a salary to which he was not entitled.

14 In the course of investigating the other allegations, the Commission obtained information
15 as to the salary payments made to Patterson. Based on this information, the Commission finds
16 no reason to believe that Patterson and the Committee violated 52 U.S.C. § 30114(b)(1) by
17 converting campaign funds to personal use in the form of salary payments to the candidate.

18 **II. FACTUAL BACKGROUND**

19 Buzz Patterson was a 2020 candidate for U.S. Congress in California’s 7th Congressional
20 District. Buzz Patterson for Congress (the “Patterson Committee”) is Patterson’s authorized
21 committee, and Louis G. Baglietto is the Patterson Committee treasurer.¹

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. 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 The Complaint alleges, among other things, that Patterson converted campaign funds to
2 personal use by paying Patterson a salary, which was greater than the salary he received the
3 previous year.² In support of this allegation, the Complaint cites a press article citing a breach of
4 contract lawsuit filed by a campaign consultant, which alleges that instead of paying the
5 consultant, the Patterson Committee used its funds to pay Patterson a candidate salary.³ The
6 Complaint pairs the underlying allegation in the lawsuit with Patterson’s 2019 Financial
7 Disclosure Report filed with the Clerk of the United States House of Representatives, which did
8 not disclose any earned income in 2019, and concludes that the salary being paid to Patterson
9 was a prohibited personal use because it exceeded his income from the prior year.⁴

10 During the investigation as to other allegations, the Committee provided the
11 Commission’s Office of General Counsel (“OGC”) with its bank records and reimbursement
12 information for expenses paid for by Patterson. Patterson also provided his personal financial
13 information including his tax returns to establish his salary. During the investigation, OGC held
14 several conference calls with both Baglietto and Patterson in which they spoke at length about
15 how the Committee operated. Patterson explained that he did receive a small number of stipends
16 from the Committee, but could not recall the exact amounts of the stipends nor did he maintain
17 records as to the exact amounts.⁵ Patterson stated that he believes that he received \$5,000 in

² Compl. at 2.

³ *Id.* (citing Brooke Staggs, *Medical Importer Launched By GOP Consultants Prompts Complaints, Federal Investigation*, ORANGE COUNTY REGISTER (May 7, 2020), <https://www.oregister.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.”)).

⁴ Compl., Ex. 5.

⁵ Email from Buzz Patterson to Richard Weiss Attorney, FEC (May 8, 2022, 6:21 PM EST).

1 stipends.⁶ Patterson kept a log of all reimbursable campaign expenses that he provided during
2 the investigation, which totals \$56,719.08. This log consisted of reimbursements for travel and
3 meals for campaign staff and volunteers.⁷ According to the Committee bank records, Baglietto
4 disbursed \$68,227.08 to Patterson in 2020 and 2021.⁸ This leaves an \$11,508 discrepancy
5 between the amount the bank records show disbursed to Patterson and the amount of
6 reimbursements on Patterson’s log. While Patterson states that he believes that the stipends were
7 less than \$11,508, there is no documentation to determine what exactly that \$11,508 was spent
8 on.⁹ Therefore, the stipends, at most, could have totaled \$11,508. These stipend disbursements
9 occurred after the filing deadline for access to the primary election ballot in California.
10 Although Patterson did not disclose any income on his Financial Disclosure Report, he provided
11 documentation that he received \$16,750 in earned income in 2019 from book royalties, book
12 sales, and appearances on Facebook and speaking events.¹⁰

13 III. LEGAL ANALYSIS

14 The Act prohibits any person from converting campaign funds to personal use, defining
15 “personal use” as using funds “to fulfill any commitment, obligation, or expense of a person that
16 would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of
17 Federal office.”¹¹ The Act and the Commission’s regulation enumerate certain expenses that are

⁶ *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.*

⁷ *Id.*; *see also* 52 U.S.C. § 30114(b); *see also* 11 C.F.R. § 113(g).

⁸ Of the \$11,508, \$9,763.12 was disbursed in 2020 and \$1,744.88 was disbursed in 2021. *Id.*

⁹ Email from Buzz Patterson to Richard Weiss Attorney, FEC (May 8, 2022, 6:21 PM EST).

¹⁰ Buzz Patterson, 2019 Income Tax Return Schedule C.

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

1 considered *per se* “personal use” and thus are prohibited, including salary payments to a
2 candidate that do not meet specified criteria.¹²

3 A candidate’s principal campaign committee may pay a salary to the candidate that will
4 not constitute personal use of campaign funds so long as it does not exceed the lesser of the
5 minimum salary paid to a Federal officeholder holding the Federal office that the candidate seeks
6 or the earned income that the candidate received during the year prior to becoming a candidate.¹³
7 Any earned income that a candidate receives from salaries or wages from any other source,
8 however, shall count against the foregoing limit of the minimum salary paid to a federal
9 officeholder holding the seat sought by the candidate.¹⁴ Moreover, a committee shall not pay a
10 salary to a candidate before the filing deadline for access to the primary election ballot for the
11 federal office that the candidate seeks, as determined by state law.¹⁵ The payment of salary to
12 candidates that do not meet these conditions is considered *per se* personal use.¹⁶

13 The Complaint alleges that the Committee paid Patterson a salary and that it exceeded the
14 permissible amount.¹⁷ During the investigation, Patterson provided information from his 2019
15 tax returns demonstrating that his earned wages from 2019 (\$16,750) exceeded the stipends he
16 received from the Committee (at most \$9,763.12 in 2020 and \$1,744.88 in 2021.)¹⁸ Because

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

¹³ 11 C.F.R. § 113.1(g)(1)(i)(I).

¹⁴ *Id.*

¹⁵ *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.*

¹⁶ *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).

¹⁷ Compl. at 2; First General Counsel’s Rpt. at 3-4.

¹⁸ As of OGC’s last correspondence with Patterson he has not filed his 2020 taxes yet and therefore does not have documentation to share regarding his 2020 income.

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1 Patterson’s earned income from the prior year exceeded the amount of the stipends paid to him
2 during the campaign and because those stipends were paid after the filing deadline for the
3 California primary ballot and prior to the general election, the Commission concludes that the
4 salary payments were permissible.

5 Therefore, the Commission finds no reason to believe that Patterson and the Committee
6 violated 52 U.S.C. § 30114(b)(1) by converting campaign funds to personal use in the form of
7 salary payments to the candidate.

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).

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