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REPLY TO FREEHOLD

September 1, 2020

VIA FIRST CLASS MAIL & ELECTRONIC MAIL (cela@fec.gov)

Lisa J. Stevenson, Esq., Acting General Counsel
Office of General Counsel
Federal Election Commission
1050 First Street, NE
Washington, DC 20463

Re: Monmouth County Republican Committee v. Schmid, et al.
MUR No. 7799

Dear Ms. Stevenson:

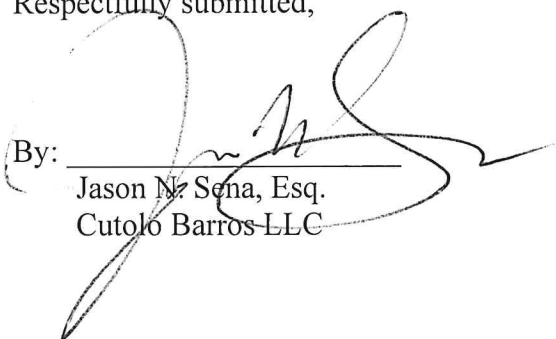
This office represents the Monmouth County Republican Committee in the above-referenced matter being filed against Stephanie Schmid and related parties for violations of the Federal Election Campaign Act of 1971 ("Act"), as amended, and Federal Election Commission ("Commission") regulations.

Based on the facts presented in the Complaint, which are derived from public records, there is more than a sufficient basis for the Commission to find a reason to believe that Respondents have violated the Act and Commission regulations, therefore, requiring the Commission to institute an investigation into these alleged violations.

My client appreciates your immediate attention to this matter and respectfully requests the Commission determine and impose appropriate sanctions for any and all violations, enjoin Respondents from any and all violations in the future, and impose such additional remedies as are necessary and appropriate to ensure full compliance with the Act and Commission regulations.

September 1, 2020
Page 2

Respectfully submitted,

By: 
Jason N. Sena, Esq.
Cutolo Barros LLC

Enclosures
cc. Client (via e-mail)

BEFORE THE FEDERAL ELECTION COMMISSION

**MONMOUTH COUNTY
REPUBLICAN COMMITTEE**
P.O. Box 518
Colts Neck, NJ 07722

V.

STEPHANIE SCHMID
72 Rumson Rd.
Little Silver, NJ 07739

STEPHANIE FOR NEW JERSEY
P.O. Box 217
Little Silver, NJ 07739

JASON HINTON
Treasurer, Stephanie for New Jersey
P.O. Box 217
Little Silver, NJ 07739

MUR No. **7799**

COMPLAINT**Introduction**

1. One of the central tenets of the Federal Election Campaign Act of 1971 (as amended) is campaign disclosure. This system of disclosure has been upheld by the U.S. Supreme Court. *See Buckley v. Valeo*, 424 U.S. 1 (1976). The Court has said that disclosure is justified “based on a governmental interest in ‘provid[ing] the electorate with information’ about the sources of election-related spending.” *Citizens United v. Federal Election Comm’n*, 558 U.S. 310, 367 (2010) (citing *Buckley*, 424 U.S. at 66). Candidates who flout disclosure rules are not only breaking the law, they are violating the trust between candidates for public office and voters. Without this transparency, voters are left in the dark and lack the sort of information that would assist them in making an informed choice on Election Day.

2. Candidate Stephanie Schmid and entities related to her have violated that trust and are denying the voters of New Jersey's 4th Congressional District information regarding her campaign's finances, including her own personal financing. Among other transgressions, she is hiding how her campaign spends money (specifically on employees) and how she has funded her own campaign. These are not minor issues, but instead reflect a pattern of deception and show she must have something to hide.

3. "If the Commission upon receiving a complaint ... has reason to believe that a person has committed ... a violation of the [Act] ... [t]he Commission shall make an investigation of such alleged violation" 52 U.S.C. § 30109(a)(2); see also 11 C.F.R. § 111.4(a).

Background and Parties

4. Complainant Monmouth County Republican Committee (the "Complainant") maintains its principal office in Colts Neck, New Jersey, which is located in New Jersey's Fourth Congressional District.

5. At all times relevant hereto, Respondent Stephanie Schmid ("Schmid") has been a Democratic candidate for the U.S. House of Representatives for New Jersey's Fourth Congressional District.

6. At all times relevant hereto, Respondent Stephanie for New Jersey is an authorized committee under 11 C.F.R. § 100.5(f)(2) and has been the principal campaign committee for Respondent Stephanie Schmid (the "Committee").

7. At all times relevant hereto Respondent Jason Hinton has been the designated campaign treasurer for Respondent Stephanie for New Jersey.

8. Complainant seeks an immediate investigation and enforcement action against Respondents for these serious and direct violations of law.

9. This Complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) and is based on information and belief, unless otherwise noted, that Schmid, who is now the Democratic nominee for the U.S. House of Representatives in the 4th Congressional District of New Jersey, Stephanie for New Jersey, and committee treasurer, Jason Hinton, (“Respondents”) have violated the Federal Election Campaign Act and implementing regulations (“FECA”).

History of Disregard for Campaign Finance Law

10. Respondents have a documented history of disregard for campaign finance law. On October 15, 2019, the Committee filed its [2019 Q3 report](#) with the Federal Election Commission (“FEC”), which disclosed contributions from five different sources which exceeded the \$2,800 individual contribution limit established by FECA.

11. On [December 31, 2019](#) and again on [January 23, 2020](#), Stephanie for New Jersey filed amendments to the Q3 report but failed to explain the excessive contributions listed thereon in either of these amendments.

12. Only after the FEC issued an official [Request for Information](#) (“RFI”) on April 8, 2020 concerning these facially-excessive campaign contributions did the Committee finally file an amendment to the Q3 report explaining these contributions on May 14, 2020; nearly seven months after the initial October 2019 disclosure deadline.

13. On January 26, 2020, the Committee filed its [2019 Year End Report](#) with the FEC, which again disclosed-facially excessive campaign contributions from five different sources as well as four contributions from political entities which did not appear to be registered with the FEC.

14. On April 9, 2020, the FEC issued a second [RFI](#) to the Committee questioning the facially-excessive campaign contributions disclosed on the [2019 Year End Report](#).

15. On June 24, 2020 – forty-one (41) days after the response deadline in the RFI - the Committee filed an [amendment](#) to the 2019 Year End Report in response to the concerns raised in the April 9, 2020 RFI.

Itemization of Expenditures—Payroll

16. Federal law strictly prescribes how federal campaigns report expenditures and contributions. *See* 2 U.S.C. § 431, *et seq.* Disclosure reports must include the amount and nature of each expenditure and contribution.

17. The Committee is an authorized committee under 11 C.F.R. § 100.5(f)(2). Authorized committees must itemize disbursements and report names and addresses for “[e]ach person to whom an expenditure in an aggregate amount or value in excess of \$200 within the election cycle is made by the reporting authorized committee to meet the authorized committee’s operating expenses, together with the date, amount, and purpose of each expenditure.” 11 C.F.R. § 104.3(b)(4), 104.3(b)(4)(i). The term “purpose” is defined as a “brief statement or description of why the disbursement was made.” *Id.* § (b)(4)(i)(A).

18. According to reports filed with the FEC, the Committee made 19 payments, totaling over \$112,000, to Paychex for “salary/wages” between October 2019 and June 2020. As originally reported, these disbursements did not list the names and addresses of employees who were paid these salaries and wages, though some of these expenses were explained through later amendments to the pertinent reports.

19. While employee salaries are a sufficient description, the names and addresses of each person to whom an expenditure in excess of \$200 is made must be reported. *See* MUR 6818 (Allen Weh) (citing FEC, POLITICAL ACTION COMMITTEES, <https://transition.fec.gov/rad/pacs/FederalElectionCommission-RAD-PACs.shtml#disb10>

(explaining that payments to a payroll company must be accompanied by a memo entry that includes the individuals who were the ultimate recipients of the salary payments)).

20. As such, Respondents violated FECA when they failed to properly itemize salary and wage expenses and include names and addresses for those employees they paid.

21. Respondents have demonstrated a willingness to disregard these FECA violations. On July 29, 2020, the Committee filed an [amended pre-primary 2020 report](#) and an [amended second quarter 2020 report](#) on July 29th disclosing names and addresses of employees they paid between April 2020 and June 2020. *See* FEC-1429124, Amended Pre-Primary Report 2020; FEC-1429308, Amended July 15 Quarterly Report 2020. Clearly, the Respondents have the information available to make the required disclosures relative to these expenses, but have failed to do so.

Itemization of Expenditures—Candidate Reimbursement

22. FECA specifically prohibits candidates for federal office from using campaign funds for personal use. *See* 52 U.S.C. § 30114(b). By requiring disclosure and itemization of all disbursements in excess of \$200, FECA ensure that the public is provided with the information required to verify that campaign funds are properly used and that candidates are not converting them for their own personal use.

23. FECA regulations clearly provide that “...statements such as...expense reimbursement” do not meet the requirements for reporting itemized disbursements, as more specific descriptions are required. 11 C.F.R. § 104.3(4)(i)(A).

24. On October 10, 2019, the Committee reimbursed candidate Schmid \$8,718.60 for what has been described as “[c]andidate [r]eimbursement: \$8718.60:: for campaign-related expenses.” *See* FEC-1414773, [Amended 2019 Year End Report](#).

25. A second reimbursement was made by the Committee to Schmid on December 23, 2019, for what has been described as “[r]eimbursements from Oct 2019 to mid Dec 2019” in the amount of \$3,659.64. *See* FEC-1414773, [Amended 2019 Year End Report](#).

26. Since these reimbursements were in excess of \$200, the Committee was required to provide a brief statement or description to accompany these disbursements. 11 C.F.R. § 104.3(4)(i)(A). However, Respondents state only that these items were reimbursements and they did not disclose any description of the items or the purpose for which they were used in violation of law.

27. Tellingly, the Respondents knew enough to make the appropriate disclosures as to other reimbursements made to campaign staff in the same report. The Committee specifically itemized reimbursements it made to staff members in the same report: “reimbursement: coffee, food, supplies for campaign event” to Christopher Diaz and “reimbursement for local travel and supplies in support of campaign events” to Kristen Foca. *See* FEC-1414773, [Amended 2019 Year End Report](#).

28. As such, the reimbursements made to Schmid clearly violate FECA.

Failure to File Timely 48-Hour Notice for Candidate Loan to Campaign

29. The Committee reported \$76,671.20 cash on hand in its [second quarter 2020 disclosure report](#) filed on July 15, 2020, which reflects contributions and expenditures made before June 30, 2020. *See* FEC-1425103, July 15 Quarterly Report 2020.

30. In an effort to create the appearance that her campaign possessed financial wherewithal, during a candidate forum on July 5, 2020 - two days before the balloting closed in the Democratic primary - Schmid said her campaign would report “almost \$200,000 cash on hand...when our June 30th report becomes public.” *See* New Jersey Globe NJ-4 Democratic

House Primary Candidate Forum, July 5, 2020, *available at*:

<https://www.youtube.com/watch?v=b8MauyYYjDU>; <https://newjerseyglobe.com/congress/nj-4-dems-keeping-claws-out-with-primary-days-away/>; *see also* INSIDER NJ, *Schmid Says Strong Fundraising Haul Speaks to Her Momentum in CD4* (July 5, 2020), <https://www.insidernj.com/schmid-says-strong-fundraising-haul-speaks-her-momentum-cd4/>.

These statements were made after the June 30th cutoff date for the July 15 Quarterly Report had passed.

31. Authorized committees must file a 48-hour notice for any contributions in excess of \$1,000 received after the 20th day, but more than 48 hours before, the date of an election. 11 C.F.R. § 104.5(f). The Committee filed six 48-hour notices between June 25, 2020 and July 5, 2020. *See* FEC-1414875; FEC-1415270; FEC-1415541; FEC-1415985; FEC-1416424; FEC-1416779. On July 5, 2020 – the same day as the candidate forum described above - the Committee filed a [48-hour notice](#) which disclosed a \$100,000 personal loan from Schmid, who represented to the FEC in prior filings that she was not employed, to the Committee on July 4, 2020.

32. The date that the \$100,000 loan was reported – July 4, 2020 – post-dates the June 30 cutoff date for the July 15 Quarterly Report and, as a such, could not have been disclosed on that report as Schmid represented that it would during the July 5th candidate forum.

33. After Schmid received the Democratic nomination, on July 29, 2020, the Committee filed an [amended 48-hour notice](#) stating the \$100,000 loan from Schmid to the Committee was actually received on June 27th – which was before the June 30th cutoff date for the July 15 2020 Quarterly Report, which is inconsistent with the Committee's prior reporting.

34. Further, the July 29th [amended 48-hour notice](#) refers back to an alleged July 22, 2020 48-hour notice. However, no such notice was filed by the Committee on July 22nd.

35. On July 29th, the Committee [amended](#) its July 15 Quarterly Report to report a \$100,000 loan from Schmid to the Committee as being received on June 27, 2020.

36. If Schmid's \$100,000 personal loan to the Committee was actually made on June 27, 2020 as the amended second quarter 2020 report shows, then Respondents falsely reported the date of Schmid's check in the [original 48-hour notice](#) filed on July 5th, which reports Schmid's check dated July 4th, 2020. *See* FEC-141677. Further, Respondents violated 11 C.F.R. § 104.5(f) by failing to file the required 48-hour notice.

37. If Schmid's \$100,000 personal loan to the Committee was actually made on July 4, 2020 as originally reported on the July 5, 2020, then Schmid misrepresented the date of receipt to the FEC and the public.

38. This information, coupled with the public statements made by Schmid, raises serious concerns about whether Respondents disadvantaged other candidates by waiting to report a contribution made prior to the second quarter reporting deadline, by not timely filing a 48-hour report, and by falsifying the date of Schmid's check in the final days before the 4th District primary election. It also raises serious concerns about the Respondent's willingness to make misrepresentations to the voting public and the FEC.


PRAYER FOR RELIEF


39. Wherefore, the Commission should find reason to believe that Respondents knowingly and willfully violated multiple provisions of the Act and Commission regulations by making multiple misrepresentations and omissions concerning receipts and expenditures of the Committee.

40. Further, the Commission should determine and impose appropriate sanctions for any and all violations, should enjoin Respondents from any and all violations in the future, and should impose such additional remedies as are necessary and appropriate to ensure full compliance with the Act and Commission regulations.

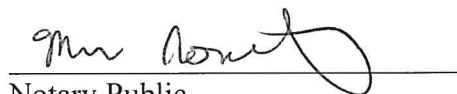
The foregoing is correct and accurate to the best of my knowledge, information, and belief.

Respectfully submitted,


 MONMOUTH COUNTY
 REPUBLICAN COMMITTEE
 Danielle Banyacski, Executive Director


 JASON N. SENA, ESQ.
 Counsel

Sworn to and subscribed before me this 1st day of September 2020.


 Notary Public

My Commission Expires: 12/20/20

Marc L Rosenthal
 Notary Public
 New Jersey
 My Commission Expires 12-10-2024
 No. 2322722