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FEDERAL ELECTION COMMISSION

OCTOBER 30, 2020 11:00 AM

OFFICE OF GENERAL COUNSEL

FEDERAL ELECTION COMMISSION

In the matter of:

Mark Meadows
Meadows for Congress
Freedom First PAC
Collin McMichael, Treasurer, Freedom First PAC and Meadows for Congress

MUR 7850

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington (“CREW”) brings this complaint before the Federal Election Commission (“FEC” or “Commission”) seeking an immediate investigation into Mark R. Meadows, Meadows for Congress, Freedom First PAC, and Collin McMichael, Treasurer of Freedom First PAC, for violations of the Federal Election Campaign Act (“FECA”).

2. The FECA and FEC regulations prohibit the use of campaign funds to pay the personal obligations of any person. 52 U.S.C. § 30114(b)(1). Campaign funds are improperly converted to personal use “if the contribution or amount is used to fulfill any commitment, obligation, or expense of a person that would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of Federal office.” 52 U.S.C. § 30114(b)(2); *see also* 11 C.F.R. § 113.1(g).

3. After Meadows announced on December 19, 2019 that he was no longer seeking reelection and even after his resignation from Congress on March 30, 2020, Meadows for Congress continued to amass expenses, including payments of \$2,650 to a jewelry store, over \$5,800 in payments for field representative mileage, and over \$6,500 in spending at numerous restaurants and clubs, including the Trump International Hotel and BLT Prime, as well as purchases at a grocery store and a “cupcakery.” Despite these expenses, Meadows for Congress

does not appear to have been actively fundraising during the relevant time period. From January 1 to March 31, 2020, Meadows for Congress reported raising a total of \$786.00 in contributions, and reported zero dollars in contributions for the period April 1 through June 30, 2020. The timing and circumstances surrounding the expenditures make them unlikely to be legitimate campaign expenses, raising serious questions about whether Meadows and Meadows for Congress violated legal prohibitions against converting campaign funds for personal use.

4. Meadows for Congress became Freedom First PAC on July 2, 2020, and it also amassed expenses that raise questions regarding whether the campaign funds were unlawfully converted for personal use. These charges included over \$1,300 in food and beverage spending and nearly \$400 at the Trump International Hotel. Freedom First PAC raised no money from July 2 through October 14, 2020, again making the committee's spending unlikely to be legitimate campaign expenses.

5. Accordingly, an FEC investigation of Meadows, Meadows for Congress, Freedom First PAC, and McMichael is in order.

Complainant

6. Complainant CREW is a non-profit corporation, organized under section 501(c)(3) of the Internal Revenue Code. CREW is committed to protecting the right of citizens to be informed about the activities of government officials and to ensuring the integrity of government officials. CREW is dedicated to empowering voters to have an influential voice in government decisions and in the governmental decision-making process. CREW uses a combination of research, litigation, and advocacy to advance its mission.

7. In furtherance of its mission, CREW seeks to expose unethical and illegal conduct of those involved in government. One way CREW does this is by educating citizens regarding

the integrity of the electoral process and our system of government. Toward this end, CREW monitors the campaign finance activities of those who run for federal and state office and publicizes those who violate federal campaign finance laws through its website, press releases, and other methods of distribution. CREW also files complaints with the FEC when it discovers violations of the FECA. Publicizing campaign finance violators and filing complaints with the FEC serve CREW's mission of keeping the public informed about individuals and entities that violate campaign finance laws and deterring future violations of campaign finance law.

8. In order to assess whether an individual, candidate, political committee, or other regulated entity is complying with federal campaign finance law, CREW needs the information contained in receipts and disbursements reports that political committees and others must file pursuant to the FECA, 52 U.S.C. § 30104; 11 C.F.R. §§ 104.1–22, 109.10. CREW is hindered in its programmatic activity when an individual, candidate, political committee, or other regulated entity fails to disclose or provides false campaign finance information in reports of receipts and disbursements required by the FECA.

9. CREW relies on the FEC's proper administration of the FECA's reporting requirements because the FECA-mandated disclosure reports are the only source of information CREW can use to determine if an individual, candidate, political committee, or other regulated entity is complying with the FECA. The proper administration of the FECA's reporting requirements includes mandating that all disclosure reports required by the FECA are properly and timely filed with the FEC. CREW is hindered in its programmatic activity when the FEC fails to properly administer the FECA's reporting requirements.

Respondents

10. Mark R. Meadows represented North Carolina's 11th District in the U.S. House of Representatives from January 3, 2013 through his resignation effective March 30, 2020. On March 6, 2020, Meadows was appointed White House Chief of Staff to President Donald J. Trump.

11. Meadows for Congress was the principal campaign committee for Meadows.

12. On July 1, 2020, Meadows for Congress filed a Statement of Organization converting it to Freedom First PAC. Freedom First PAC is organized as a nonconnected, multi-candidate political action committee.

13. For the relevant time period, Collin McMichael was the Treasurer of Meadows for Congress and is the Treasurer of Freedom First PAC.

Factual Allegations

Meadows for Congress

14. On December 19, 2019, Rep. Mark R. Meadows announced that he would not seek reelection to Congress in 2020. Alayna Treene, Rep. Mark Meadows to retire in 2020, *Axios*, Dec. 19, 2019, <https://bit.ly/2HxCM3M>.

15. On March 6, 2020, President Trump announced that Meadows would be appointed White House Chief of Staff. Donald J. Trump (@realDonaldTrump), Twitter (Mar. 6, 2020, 8:08 PM), <https://bit.ly/35Kd2d4>. On March 30, 2020, Meadows formally resigned from Congress. Alex Moe and Phil Helsel, Rep. Mark Meadows resigns from Congress to become Trump's chief of staff, *NBC News*, Mar. 30, 2020, <https://nbcnews.to/2Txzlww>.

16. Despite Meadows's December announcement that he would not seek reelection and despite his formal resignation from Congress in March, Meadows for Congress continued to

amass expenses. From January 1, 2020 to March 31, 2020, Meadows for Congress reported expenditures totaling \$57,295.58. Meadows for Congress, FEC Form 3, 2020 April Quarterly Report, Apr. 13, 2020, <https://bit.ly/34v9H22>.

17. On the same day that Meadows formally resigned from Congress, March 30, 2020, Meadows for Congress reported spending \$2,650 on “printed materials” from Ann Hand LLC. Meadows for Congress, FEC Form 3, 2020 April Quarterly Report, Apr. 13, 2020. This disbursement is listed as being category “001”, which is the FEC’s code used to refer to “Administrative/salary/overhead expenses.” FEC, Disbursement category code descriptions, <https://bit.ly/2G1wlp8>.

18. Ann Hand LLC is a jewelry store in Washington, DC and does not advertise stationery or other “printed materials” on its website. *See* Homepage, Ann Hand LLC, <https://annhand.com/>. Rather, its online store features four categories: “Jewelry,” “Military and Patriotic,” Gifts,” and “Accessories,” featuring such items as an American Charm Bracelet for \$325 or an American Eagle Silk Scarf in black, red, or blue for \$350. Bracelets, Ann Hand LLC, <https://bit.ly/2HHU3HP>; Scarves, Ann Hand LLC, <https://bit.ly/3ky1i3v>.

19. After Meadows announced his decision not to seek reelection, payments for campaign-related expenses such as campaign and fundraising consulting largely tapered off. However, Meadows for Congress continued to report payments to Henry Mitchell for “Field Representative Mileage.” Meadows for Congress, FEC Form 3, 2020 April Quarterly Report, Apr. 13, 2020. From January 6, 2020 through March 30, 2020, Mitchell received five payments from Meadows for Congress for “Field Representative Mileage” totaling \$5,882.48. These five payments were as follows: January 6, 2020: \$1,150, January 13, 2020: \$533.70, February 3, 2020: \$1,592.60, March 13, 2020: \$1,378.55, and March 30, 2020: \$1,227.63. *Id.*

20. Given that Meadows was no longer campaigning for Congress, it is not immediately apparent how reimbursement of over \$5,800 for “Field Representative Mileage” would be justified.

21. Furthermore, on June 23, 2020, nearly three months after Mr. Meadows resigned from Congress, Meadows for Congress paid Mitchell an additional \$2,300 for “Management Consulting.” Meadows for Congress, FEC Form 3, 2020 July Quarterly Report, July 1, 2020, <https://bit.ly/37IDjeg>.

22. Meadows for Congress also continued to accrue significant spending on “food/beverage” in the months after Meadows announced his decision not to run for reelection. From January through March 2020, Meadows for Congress paid a total of \$5,577.50 for “food/beverage,” including: \$424.65 to Landini Brothers Restaurant on January 13; \$248.31 to Santa Rosa Taqueria on January 31; \$84 to Lavender Moon Cupcakery on February 12; and a total of \$1,583.12 to the Capitol Hill Club on January 13, January 17, February 11, and March 13. Meadows for Congress, FEC Form 3, 2020 April Quarterly Report, Apr. 13, 2020.

23. Expenditures for “food/beverage” also included a March 3 payment to Trump International Hotel for \$502.10 and four payments to BLT Prime on January 21, January 23, February 3, and March 9 totaling \$581.40. *Id.*

24. Meadows for Congress’s spending continued after Meadows resigned from Congress. Meadows for Congress made a payment on April 16, 2020 to the Capitol Hill Club for “food/beverage” in the amount of \$358.58. Meadows for Congress, FEC Form 3, 2020 July Quarterly Report, July 1, 2020. On June 30, 2020, Meadows for Congress paid \$601.02 to Safeway Store for “food/beverage.” *Id.*

25. Despite these expenses, Meadows for Congress does not appear to have been

actively fundraising during the relevant time period. For the period January 1 to March 31, 2020, Meadows for Congress reported raising a total of \$786.00 in contributions, and it reported zero dollars in contributions for the period April 1 through June 30, 2020. Meadows for Congress, FEC Form 3, 2020 April Quarterly Report, Apr. 13, 2020; Meadows for Congress, FEC Form 3, 2020 July Quarterly Report, July 1, 2020.

Freedom First PAC

26. On July 1, 2020, Meadows for Congress converted into Freedom First PAC, a nonconnected, multicandidate political action committee. Freedom First PAC, FEC Form 1, Statement of Organization, July 1, 2020, <https://bit.ly/2HxzJZo>; FEC Form 1, Statement of Organization, Amended, Meadows for Congress, Apr. 15, 2019, <https://bit.ly/35wr8yq>. (Meadows for Congress and Freedom First PAC are identifiable as the same entity because they share the same FEC Committee ID number: C00503094). *See also* Freedom First PAC, Notification of Multicandidate Status, July 1, 2020, <https://bit.ly/3dWcgxc>.

27. During the relevant time period, Collin McMichael was the Treasurer of both Meadows for Congress and Freedom First PAC. Freedom First PAC, FEC Form 1, Statement of Organization, July 1, 2020; Meadows for Congress, FEC Form 1, Statement of Organization, Amended, Apr. 15, 2019.

28. From July 1 through October 14, 2020, Freedom First PAC reported raising zero dollars. Freedom First PAC, FEC Form 3X, 2020 October Quarterly Report, Oct. 14, 2020, <https://bit.ly/3e3xTvx>; Freedom First PAC, FEC Form 3X, 2020 Pre-Election Report, Oct. 22, 2020, <https://bit.ly/3kAhX6r>.

29. Despite raising no money, Freedom First PAC reported spending \$1,302.22 on “PAC food/beverage,” consisting of: \$992.11 at the Capitol Hill Club on July 21; \$241.11 at

Costco on August 26, \$33 at Lavender Moon Cupcakery on September 8; and \$36 at Lavender Moon Cupcakery on September 17. *Id.* The PAC spent an additional \$393.10 on “PAC lodging” at the Trump International Hotel on September 15, 2020. *Id.*

Count I

30. The FECA and FEC regulations prohibit a candidate for federal office from using campaign funds to pay the personal obligations of any person. The FECA states that “a contribution or donation . . . shall not be converted by any person to personal use.” 52 U.S.C. § 30114(b)(1). A “contribution or donation shall be considered to be converted to personal use if the contribution or amount is used to fulfill any commitment, obligation, or expense of a person that would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of Federal office.” 52 U.S.C. § 30114(b)(2); *see also* 11 C.F.R. § 113.1(g).

31. FEC regulations and guidance provide that certain expenditures are automatically considered personal use. *See* 11 C.F.R. § 113.1(g)(1)(i); Federal Election Commission, Personal Use, <https://www.fec.gov/help-candidates-and-committees/making-disbursements/personal-use/>. These expenditures include, among other things, “household food items or supplies” and “clothing, other than items of de minimis value that are used in the campaign.” 11 C.F.R. § 113.1(g)(1)(i)(A), (C).

32. FEC regulations further provide that the Commission will determine on a case-by-case basis whether certain expenditures constitute personal use. 11 C.F.R. § 113.1(g)(1)(ii). These expenditures include meal expenses and travel expenses. 11 C.F.R. § 113.1(g)(1)(ii)(B), (C).

33. Meadows for Congress made several payments for expenses that would appear to exist irrespective of Meadows’s “election campaign” or his “duties as a holder of Federal office.”

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

34. The campaign’s payment of \$2,650 to Ann Hand LLC strongly suggests personal use. Meadows for Congress identified this payment as for “printed materials,” but Ann Hand, a jewelry store, does not appear to sell stationery or other “printed materials.” As a result, it is unclear how the payment is a legitimate campaign expenditure.

35. After Meadows announced that he would not seek reelection in December 2019, Meadows for Congress seemingly ceased raising funds, reporting only \$786.00 in contributions from January 1 to June 30, 2020.

36. Accordingly, the following payments also raise questions about unlawful conversion of campaign funds for personal use:

- a. Payments totaling \$5,882.48 from January 6, 2020 to March 30, 2020, to Henry Mitchell for “Field Representative Mileage”;
- b. Payments of more than \$6,500 from January through June 2020 for “food/beverage”; and
- c. The payment in the amount of \$2,300 on June 23, 2020 to Henry Mitchell for “Management Consulting.”

37. Thus, the FEC should investigate Meadows for Congress to determine whether it, Mark R. Meadows, and treasurer Collin McMichael converted campaign funds for personal use in violation of 52 U.S.C. § 30114(b).

Count II

38. When a former candidate converts his or her principal campaign committee to a multicandidate committee, contributions received while the committee was still a principal committee remain subject to the personal use ban. *See Advisory Opinion 2004-03; Advisory*

Opinion 2012-06. All the funds now held by Freedom First PAC originated with Meadows for Congress as contributions to a candidate. Accordingly, following Meadows for Congress's conversion to Freedom First PAC, it continued to be bound by the personal use prohibition.

39. Freedom First PAC's expenditures of \$1,302.22 on "PAC food/beverage" and \$393.10 on "PAC lodging" during the period July 1 through September 30, 2020, raise questions. Such questions are heightened given that Freedom First PAC reported zero dollars of fundraising during this same period, likely ruling out expenditures to support fundraising as a basis for these charges. Accordingly, the FEC should commence an investigation to determine whether Freedom First PAC and treasurer Collin McMichael violated the prohibitions against conversion of committee funds for personal use. *See* 52 U.S.C. § 30114(b).

Conclusion

WHEREFORE, complainant Citizens for Responsibility and Ethics in Washington requests that the FEC investigate these allegations, declare the respondents to have violated the FECA and applicable FEC regulations, and impose sanctions appropriate to these violations and take such further action as may be appropriate, including, but not limited to, referring this case to the Department of Justice for criminal prosecution and/or conducting an audit of Meadows for Congress and Freedom First PAC.

Noah Bookbinder

ON BEHALF OF COMPLAINANT
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Verification

Citizens for Responsibility and Ethics in Washington hereby verifies that the statements made in the attached Complaint are, upon information and belief, true. Sworn pursuant to 18 U.S.C. § 1001.

Noah Bookbinder

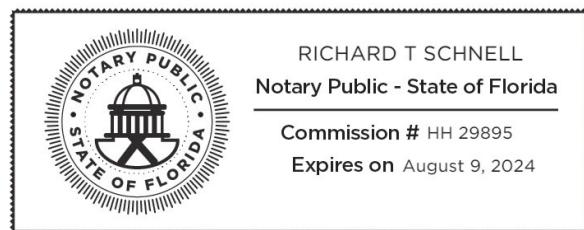
Noah Bookbinder

Sworn to and subscribed before me this 30th day of October, 2020

Richard T Schnell

Notary Public

Duval Florida



RICHARD T SCHNELL
Notary Public - State of Florida

Commission # HH 29895
Expires on August 9, 2024

Notarized online using audio-video communication