

KAUFMAN LEGAL GROUP
A PROFESSIONAL CORPORATION

March 17, 2021

VIA E-MAIL

Jeff S. Jordan
Assistant General Counsel
Office of Complaints Examination and Legal Administration
Federal Election Commission
1050 First Street, NE
Washington, DC 20436
Email: cela@fec.gov

Re: FEC MUR 7882

Dear Mr. Jordan:

We are writing as counsel to Christy Smith, Christy Smith for Congress and its Treasurer, Marc Winger (“Respondents”) in response to the complaint filed by Foundation for Accountability and Civic Trust (“Complaint”) on or about February 25, 2021, in MUR 7882.

Introduction

Christy Smith was a candidate for the 25th Congressional District of California in the November 3, 2020 General Election. Christy Smith for Congress (FEC ID No. C00725101) (“Committee”) is the principal campaign committee of Christy Smith, and Marc Winger serves as the Committee’s Treasurer. The Complaint alleges that Respondents “failed to report the names and salaries of her campaign staff.” The Complainant also alleges that only after the election, the Committee disclosed salary information. The Complaint inaccurately characterizes the facts and does not provide *any* legal basis for asserting a violation of the Act or Commission regulations. Consequently, there is no reason to believe that Christy Smith, Christy Smith for Congress or Mr. Winger violated any provisions of the Act, and the Commission should dismiss the complaint with respect to all Respondents.

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Analysis

Throughout the 2020 election cycle, the Committee made payments to Method Campaign Services, a campaign consulting firm that provides a variety of campaign services, including community outreach, coalition building, data and strategy services, political campaign services, and text messaging services. (See Method Campaign Services website and description about its services available at <https://www.methodcampaigns.com/community-outreach>.)

The Complainant erroneously alleges that Method Campaign Services is a payroll company, and asserts that the Committee should have itemized the ultimate recipients of salary payments made by Method Campaign Services to its employees. This is simply inaccurate and reflects a fundamental misunderstanding of Method Campaign Services' role with the campaign. Method Campaign Services is not – as the Complainant would have you believe -- a payroll company processing the *Committee's* employee payroll. Rather, it is a campaign consulting firm that employs professionals to provide a wide variety of campaign consulting services to a number of campaigns, including the Committee. Method Campaign Services, not the Committee, hires and employs these professionals. Method Campaign Services, not the Committee, is responsible for payment of payroll taxes, workers compensation and any other benefits that may be provided to its professional staff. Moreover, Method Campaign Services supervises these professionals to execute its contractual arrangement with the Committee and others. Simply put, *the ultimate payees of the payments at issue are employees of Method Campaign Services, not the Committee.*

The Complainant references Commission reporting material to suggest that payments to Method Campaign Services' professionals should have been itemized on the Committee's reports. That is based on a misunderstanding of the Commission's guidance. The referenced material makes clear that itemization is required when a committee uses the services of a payroll management company. Again, however, Method Campaign Services is not a payroll management company. It is a campaign consulting firm that hires its own employees to provide services to all of its clients. Itemization of the firm's employees is not required under the Commission's guidance.

The Federal Election Commission does require disclosure of ultimate payees in certain circumstances, none of which apply here:

- The committee reimburses an individual (such as a campaign staffer) who used personal funds to pay committee expenses aggregating more than \$200 to a single vendor;
- The committee pays a credit card bill that includes charges of more than \$200 to a single vendor; and
- The committee is the authorized committee of a candidate who used personal funds to pay committee expenses aggregating more than \$200 to a single vendor without receiving reimbursement.

(See FEC Notice of Interpretive Rule 2013-09 regarding Reporting Ultimate Payees of Political Committee Disbursements.)

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None of the foregoing circumstances apply to payments made by the Committee to Method Campaign Services. Thus, the Committee was not required to disclose the names of the professional staff hired by its vendor, Method Campaign Services.

The Complainant also alleges that the Committee began disclosing employee information only after the election. While it is true the Committee disclosed payments made to employees on its Year-End Report (covering activity from November 24, 2020 through December 31, 2020), Complainant is misinformed yet again about the circumstances behind those payments. Unlike the earlier payments to Method Campaign Services, the Committee itself hired individuals directly as employees after the election to assist with the ongoing post-election canvass and potential recount. Since these individuals were employees of the Committee, payments to these individuals were properly disclosed on the Committee's Year-End Report.

Conclusion

For the reasons described herein, the Complaint does not contain any legal basis for asserting a possible violation of the Act by the Respondents. It is based on a misunderstanding of the facts, a misreading of the Commission's advice, and appears to be politically motivated. Therefore, we respectfully request that the Commission find no reason to believe a violation has occurred and immediately dismiss this Complaint in its entirety with no further action against Christy Smith, Christy Smith for Congress and its Treasurer, Marc Winger.

Very truly yours,



Stephen J. Kaufman

SJK:vcc



FEDERAL ELECTION COMMISSION
1050 First Street, NE
Washington, DC 20463

STATEMENT OF DESIGNATION OF COUNSEL

Provide one form for each Respondent/Witness

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FAX 202-219-3923

AR/MUR/RR/P-MUR# 7882

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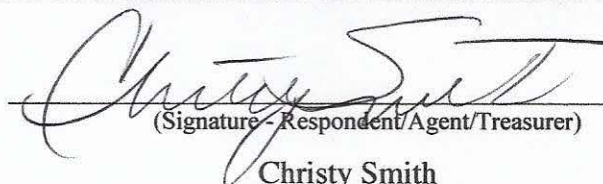
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E-mail: skaufman@kaufmanlegalgroup.com

The above-named individual and/or firm is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

03/12/21

Date



(Signature - Respondent/Agent/Treasurer)

Christy Smith

(Name - Please Print)

Candidate

Title

RESPONDENT: Christy Smith

(Please print Committee Name/ Company Name/Individual Named in Notification Letter)

Mailing Address: P.O. Box 301, 24307 Magic Mountain Parkway
(Please Print)

Valencia, CA 91355

Home#: _____ **Mobile#:** _____

Office#: _____ **Fax#:** _____

E-mail: christy@christyforcongress.com

This form relates to a Federal Election Commission matter that is subject to the confidentiality provisions of 52 U.S.C. § 30109(a)(12)(A). This section prohibits making public any notification or investigation conducted by the Federal Election Commission without the express written consent of the person under investigation.

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The above-named individual and/or firm is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

3/18/21
 Date

Marc Winger
 (Signature - Respondent/Agent/Treasurer)

Treasurer

Title

Marc Winger

(Name - Please Print)

Christy Smith for Congress, Marc Winger (Treasurer)

RESPONDENT:

(Please print Committee Name/ Company Name/Individual Named in Notification Letter)

Mailing Address: P.O. Box 301, 24307 Magic Mountain Parkway
 (Please Print)

Valencia, CA 91355

Home#: _____ Mobile#: _____

Office#: _____ Fax#: _____

E-mail: Janelli@capcompliance.com

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