



**FEDERAL ELECTION COMMISSION**  
Washington, DC 20463

April 12, 2021

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RE: MUR 7898 (AR 19-05R)  
Virgin Islands Republican Party

Dear Messrs. Gober and Beall:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission became aware of information suggesting that your client, the Virgin Islands Republican Party and John Canegata in his official capacity as treasurer (the "Committee"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On October 4, 2019, the Commission notified your client of a referral to the Office of General Counsel alleging violations of the Act. On March 9, 2021, the Commission opened a matter under review and found reason to believe that the Committee violated 52 U.S.C. § 30104(g)(1), a provision of the Act, and 11 C.F.R. § 104.4(c) of the Commission's regulations by failing to timely report independent expenditures aggregating \$1,000 or more made after the 20th day, but more than 24 hours before, an election. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is enclosed for your information.

We have also enclosed a brief description of the Commission's procedures for handling possible violations of the Act. In addition, please note that your client has a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519. This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public. Please be advised that, although the Commission cannot disclose information regarding

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an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.<sup>1</sup>

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Pre-probable cause conciliation is not mandated by the Act or the Commission's regulations, but is a voluntary step in the enforcement process that the Commission is offering to your client as a way to resolve this matter at an early stage and without the need for briefing the issue of whether or not the Commission should find probable cause to believe that your client violated the law.

If your client is interested in engaging in pre-probable cause conciliation, please contact Justine A. di Giovanni, the attorney assigned to this matter, at (202) 694-1574 or [jdigiovanni@fec.gov](mailto:jdigiovanni@fec.gov), within seven days of receipt of this letter.

During conciliation, your client may submit any factual or legal materials that your client believes are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within sixty days. *See* 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Conversely, if your client is not interested in pre-probable cause conciliation, the Commission may conduct formal discovery in this matter or proceed to the next step in the enforcement process. Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

Pre-probable cause conciliation, extensions of time, and other enforcement procedures and options are discussed more comprehensively in the Commission's "Guidebook for Complainants and Respondents on the FEC Enforcement Process," which is available on the Commission's website at [http://www.fec.gov/em/respondent\\_guide.pdf](http://www.fec.gov/em/respondent_guide.pdf).

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<sup>1</sup> The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

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We look forward to your response.

On behalf of the Commission,



Shana M. Broussard  
Chair

Enclosures:  
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**  
2 **FACTUAL AND LEGAL ANALYSIS**

3  
4 Respondent: Virgin Islands Republican Party and John MUR: 7898  
5 Canegata in his official capacity as treasurer  
6

7 **I. INTRODUCTION**

8 This matter was generated by a Reports Analysis Division (“RAD”) Audit Referral  
9 concerning disclosure reports filed by the Virgin Islands Republican Party and John Canegata in  
10 his official capacity as treasurer (“VIGOP”) during the 2018 election cycle. The Referral is  
11 based on VIGOP’s alleged failure to file 24-hour reports in support of nineteen independent  
12 expenditures totaling \$95,000.<sup>1</sup>

13 As discussed below, the Commission opens a MUR and finds reason to believe that  
14 VIGOP violated 52 U.S.C. § 30104(g)(1) of the Federal Election Campaign Act of 1971, as  
15 amended (the “Act”) and 11 C.F.R. § 104.4(c) of the Commission regulations by failing to  
16 timely report independent expenditures aggregating \$1,000 or more made after the 20th day, but  
17 more than 24 hours before an election.

18 **II. FACTUAL AND LEGAL ANALYSIS**

19 VIGOP is a qualified, non-connected political action committee that has been registered  
20 with the Commission since December 18, 2013, with Scott B. Mackenzie listed as treasurer from

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<sup>1</sup> Letter from Jeff S. Jordan, FEC to Scott B. Mackenzie, Treasurer, VIGOP (Oct. 4, 2019) [hereinafter Notification Letter].

1 VIGOP's inception until December 20, 2019.<sup>2</sup> VIGOP previously sought formal recognition as  
2 the official state party committee for the U.S. Virgin Islands, but did not complete the necessary  
3 steps in the process.<sup>3</sup> VIGOP recently acknowledged its status as a qualified committee.<sup>4</sup>

4 The Act and Commission regulations require political committees to provide an  
5 accounting of all disbursements, including independent expenditures, on their regularly-  
6 scheduled disclosure reports.<sup>5</sup> In addition, committees that make independent expenditures  
7 aggregating \$1,000 or more with respect to a given election after the 20th day, but more than 24  
8 hours before, the date of that election must file a 24-hour report to disclose such independent  
9 expenditures by 11:59 p.m. Eastern Standard/Daylight Time on the day following the date on

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<sup>2</sup> FEC Form 1, VIGOP Statement of Org. (Dec. 18, 2013) [hereinafter Original Statement of Org.]; FEC Form 1, VIGOP Amended Statement of Org. (Dec. 20, 2019) [hereinafter Current Statement of Org.]. Mackenzie pleaded guilty on October 22, 2019, to making a false statement to the Commission and agreed to pay \$172,200 in restitution, and on February 21, 2020, was sentenced to a year and a day in prison. Press Release, Dep't of Justice, Treasurer of Multiple Political Action Committees Pleads Guilty to Filing False Reports with the FEC (Oct. 22, 2019), <https://www.justice.gov/opa/pr/treasurer-multiple-political-action-committees-pleads-guilty-filing-false-reports-fec>; Press Release, Dep't of Justice, Treasurer of Multiple Political Action Committees Sentenced for Filing False Reports with the FEC (Feb. 21, 2020), <https://www.justice.gov/opa/pr/treasurer-multiple-political-action-committees-sentenced-filing-false-reports-fec>.

<sup>3</sup> See Original Statement of Org.; FEC Form 1, VIGOP Amended Statement of Org. (Feb. 21, 2014); FEC Form 1, VIGOP Amended Statement of Org. (Feb. 1, 2015); FEC Form 1, VIGOP Amended Statement of Org. (Feb. 17, 2015); FEC Form 1, VIGOP Amended Statement of Org. (Jan. 16, 2019); FEC Form 1, VIGOP Amended Statement of Org. (Nov. 20, 2019); Current Statement of Org. RAD sent VIGOP request for additional information ("RFAI") letters on January 31, 2014, February 11, 2015, March 15, 2015, February 3, 2019, and November 21, 2019, advising that before using the contribution limits and/or statutes applicable to state parties, the committee must petition the Commission in the form of an advisory opinion to determine if it satisfies the criteria for state party status. See, e.g., Advisory Op. 2002-10 (Green Party of Michigan).

<sup>4</sup> FEC Form 99, VIGOP Misc. Text (Dec. 20, 2019).

<sup>5</sup> 52 U.S.C. § 30104(b); 11 C.F.R. § 104.3(b). Committees shall report the name and address of any person who receives a disbursement for an independent expenditure from the committee during the reporting period in an aggregate amount in excess of \$200 within the calendar year (or election cycle for an authorized committee), as well as the date, amount, and purpose of any such independent expenditure and include a statement that indicates whether such independent expenditure is in support of or in opposition to a candidate, as well as the name and office sought by such candidate. 52 U.S.C. § 30104(b)(6)(B)(iii); 11 C.F.R. § 104.3(b)(3)(vii). Committees must also report the total of all independent expenditures. 52 U.S.C. § 30104(b)(4)(H)(iii); 11 C.F.R. § 104.3(b)(1)(vii).

1 which a communication is publicly distributed or otherwise publicly disseminated.<sup>6</sup> Additional  
2 24-hour reports must be filed by 11:59 p.m. the following day each time a committee makes or  
3 contracts to make independent expenditures aggregating an additional \$1,000.<sup>7</sup>

4 The Notification Letter identifies nineteen independent expenditures that VIGOP  
5 reported on its 2018 Post-General Report, totaling \$95,000 between October 26, 2018, and  
6 November 4, 2018, in support of eleven candidates in connection with the 2018 mid-term  
7 elections, which occurred on November 6, 2018.<sup>8</sup> Although the independent expenditures were  
8 made after the 20th day, but more than 24 hours before the election, and the aggregate amounts  
9 with respect to each of the candidates were \$1,000 or more, VIGOP did not file any associated  
10 24-hour reports until after the election.<sup>9</sup> Though VIGOP did ultimately file 24-hour reports for  
11 each of these independent expenditures, it did not do so until December 6, 2018, after the

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<sup>6</sup> 52 U.S.C. § 30104(g)(1); 11 C.F.R. § 104.4(c). The Act and Commission regulations include a separate requirement to file 48-hour reports for independent expenditures aggregating \$10,000 or more at any time up to and including the 20th day before the date of an election. 52 U.S.C. § 30104(g)(2); 11 C.F.R. § 104.4(b).

<sup>7</sup> 11 C.F.R. § 104.4(c).

<sup>8</sup> Notification Letter at 1; FEC Form 3X, VIGOP Amended 2018 30-Day Post-General Report, Sched. E (Feb. 5, 2019), <https://docquery.fec.gov/pdf/598/201902059145460598/201902059145460598.pdf> [hereinafter Post-General Report]. The expenditures at issue are as follows: On October 26, 2018, \$9,000 for Kevin Cramer, \$2,500 for Anthony E. Gonzalez, \$13,000 for Joshua David Hawley, \$13,000 for Dean Heller, \$8,000 for Susan Hutchison, \$2,500 for Lea Marquez Peterson, \$10,000 for Martha McSally, \$10,000 for Matt Rosendale, \$2,500 for Maria Elvira Salazar, and \$1,500 for Rick Scott; on November 4, 2018, an additional \$2,000 and \$4,000 for Kevin Cramer, an additional \$2,000 for Joshua David Hawley, an additional \$2,000 for Dean Heller, an additional \$2,000 for Susan Hutchison, \$5,000 for John James, an additional \$1,000 and \$4,000 for Martha McSally, and an additional \$1,000 for Rick Scott. Post-General Report, Sched. E.

<sup>9</sup> Post-General Report, Sched. E; Notification Letter at 1.

1 elections and more than a month after the applicable 24-hour reporting deadlines had passed.<sup>10</sup>

2 VIGOP was notified of the Referral on October 4, 2019, and did not submit a response.

3 Therefore, the Commission finds reason to believe that VIGOP violated 52 U.S.C.

4 § 30104(g)(1) and 11 C.F.R. § 104.4(c) by failing to timely file 24-hour reports.

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<sup>10</sup> *E.g.*, FEC Form 24, VIGOP 24-Hour Report (Dec. 6, 2018), <https://docquery.fec.gov/pdf/460/201812069135368460/201812069135368460.pdf> (reporting \$2,500 in disbursements in support of Maria Elvira Salazar from October 26); FEC Form 24, VIGOP 24-Hour Report (Dec. 6, 2018), <https://docquery.fec.gov/pdf/681/201812069135363681/201812069135363681.pdf> (reporting \$15,000 in disbursements in support of Kevin Cramer from October 26 and November 4); FEC Form 24, VIGOP 24-Hour Report (Dec. 6, 2018), <https://docquery.fec.gov/pdf/615/201812069135364615/201812069135364615.pdf> (reporting \$15,000 in disbursements in support of Martha McSally from October 26 and November 4).