

20L-11

REPORTS ANALYSIS DIVISION REFERRAL
TO
OFFICE OF GENERAL COUNSEL

DATE: June 10, 2020

ANALYST: Kevin Fortkiewicz

I. COMMITTEE: Lafayette County Democratic Party
(C00532788)
Martha M. Scott, Treasurer¹
506 Donna Cove
Oxford, MS 38655-8516

II. RELEVANT STATUTE: 52 U.S.C. § 30102(b) and (c)
52 U.S.C. § 30104(b)
11 CFR § 102.9
11 CFR § 102.15
11 CFR § 104.3

III. BACKGROUND:

Other Violations of the Federal Election Campaign Act (Unauthorized Use of Campaign Funds)

Lafayette County Democratic Party (“the Committee”) filed its 2019 Mid-Year Report to disclose apparent unauthorized disbursements totaling \$13,500.00 (Attachment 2).

On August 26, 2019, the Reports Analyst Division (RAD) Analyst spoke with Martha Scott, the Committee’s Treasurer, and explained the Committee had not filed a 2019 Mid-Year Report covering the period of January 1, 2019 through June 30, 2019 and would need to file that report as soon as possible (Attachment 3).

¹ The Committee disclosed on cover letters attached to the Committee’s original 2019 Mid-Year Report and Amended 2019 Mid-Year Report that a different individual, Hunter Pace, was the Treasurer at the time of embezzlement, but no amended Statement of Organization (“FEC Form 1”) was filed to disclose this information.

On August 27, 2019, Ms. Scott called the Analyst to inform them that the Committee had been delayed in filing its 2019 Mid-Year Report as the Committee's funds were embezzled by a former staffer. Ms. Scott stated that she was not aware of the total amount, but the Committee had contacted law enforcement in their state. The Analyst explained that the Committee would need to disclose the unauthorized disbursements on their next report and that the Treasurer should contact the Office of General Counsel to disclose this activity. Ms. Scott explained she wanted to wait until local law enforcement made the arrest and she was able to get access to their bank records (Attachment 3).

On September 9, 2019, the Committee filed its 2019 Mid-Year Report, covering the period from January 1, 2019 through June 30, 2019 (Images 201909090300294279-287). The report included a cover letter and the Committee's bank statements, but no supporting disbursement schedules. The attached cover letter stated, in part:

"Attached is the Mid-Year Report you requested in an email notice dated August 15, 2019. Please note that the Lafayette County Democrats elected a new treasurer in January of this year. That treasurer mishandled and ultimately embezzled all the funds in our party's account and left the account with overdraft charges. I am including a copy of our April, May and June bank statements to confirm this. This account is now closed.

At an emergency meeting held in early August, we removed that treasurer and I was re-installed as the acting treasurer. We will stay current with our future FEC reports and ask that you not impose any penalties at this time" (Image 201909090300294279).

On October 9, 2019, a Request for Additional Information (RAFI) was sent to the Committee referencing the 2019 Mid-Year Report. The RAFI requested clarification regarding the apparent unauthorized use of Committee funds disclosed on the report and asked for the Committee to use the FEC Form 3X to report the transactions (Image 201910090300048721).

On October 29, 2019, the RAD Analyst spoke to Ms. Scott about the RAFI referencing the 2019 Mid-Year Report. The Analyst explained the unauthorized disbursements would need to be itemized on a Schedule B (Itemized Disbursements) of the FEC Form 3X. Ms. Scott explained that the individual that embezzled the Committee's funds had been arrested, so she would also provide a cover letter explaining the new developments (Attachment 3).

On October 30, 2019, the Committee filed an Amended 2019 Mid-Year Report. The report disclosed five (5) disbursements to "Hunter Pace" totaling \$13,500.00 on Schedule B, supporting Line 29 (Other Disbursements) with a purpose of "Unauthorized" (Images 201911040300301101-111). The Committee attached a cover letter to the report, which stated, in part:

“This letter and the attached police incident report are in response to your October 9, 2019 request for additional information regarding unauthorized disbursement of party funds. On August 14, 2019 our chairperson, Cristen Hemmins, filed a police report describing the embezzlement of all of our party funds by the former party treasurer. He has since been arrested and is in the process of being extradited to Lafayette County, Ms. Also attached is a copy of our party minutes in which we went into executive session to have that person removed as treasurer.

In addition to the embezzlement, that former treasurer stated publically in March 2019 that he had been diagnosed with cancer. He began changing his appearance to look like someone who was undergoing cancer treatments. I believe it is important to state this to explain the lapse in oversight by our party. Until this fraud occurred, we had the same bank account since May 2000 without any incident of misused funds. We have since implemented stricter oversight to ensure any fraudulent activity will never happen again.

Also attached, per your request, is the resubmission of our mid-year report on FEC Form 3X. Please contact me if any additional information is requested for further clarification. With the exception of the above described incident, the Lafayette County, Mississippi Democratic Party has always acted with transparency and integrity” (Image 201911040300301101).

On November 13, 2019, Ms. Scott called to make sure the Amended 2019 Mid-Year Report had been received. The RAD Analyst confirmed it had been received. Ms. Scott asked if there was any additional information the Committee needed to provide. The Analyst said at this time there was no additional information needed, but that RAD or another office within the Commission would contact the Committee if additional information would be required (Attachment 3).

On April 20 and 22, 2020, the RAD Analyst called Ms. Scott and received her voice mailbox. The Analyst left a message requesting a return phone call (Attachment 3).

On April 27, 2020, the RAD Analyst emailed Ms. Scott through RAD’s ServiceNow Correspondence Tracking portal asking her to contact the Analyst regarding a time-sensitive issue on the 2019 Mid-Year Report (Attachment 3).

On May 18, 2020, the RAD Analyst called Ms. Scott and received her voice mailbox. The Analyst left a message requesting a return phone call and explained that the Committee may be referred for further action related to the embezzlement issue and provided contact information for the Committee to contact the Office of General Counsel (OGC), Office of Complaints and Administration (CELA) (Attachment 3).

RAD Referral 20L-11
Lafayette County Democratic Party
Page 4 of 4

On May 20, 2020, Ms. Scott called to inform the RAD Analyst that she had received their message and called OGC regarding the embezzlement issue. She explained that she left a message with OGC and was awaiting a return call (Attachment 3).

To date, no further communications have been received from the Committee regarding this matter.

O-Index (2019-2020)															
Cmte. ID: C00532788 Cmte. Name: LAFAYETTE COUNTY DEMOCRATIC PARTY															
Treasurer Name: MARTHA M SCOTT Address: 506 DONNA COVE, OXFORD, MS 38655-8516															
Cmte. Type: X (NON-QUALIFIED PARTY) Cmte. Designation: U (UNAUTHORIZED) Filing Frequency: QUARTERLY FILER															
Form Tp	Rpt Tp	A/I	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltrr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debts	Loans	Debts & Loans
RQ7	MY		8/15/2019	2	201908150300046374	1/1/2019	6/30/2019	8/15/2019	-	-	-	-	-	-	-
RQ2	MY	N	10/9/2019	2	201910090300048721	1/1/2019	6/30/2019	10/9/2019	-	-	-	-	-	-	-
RQ7	Q1		4/30/2020	2	202004300300066943	1/1/2020	3/31/2020	4/30/2020	-	-	-	-	-	-	-
F3X	MY	N	9/9/2019	11	201909090300294279	1/1/2019	6/30/2019		\$2,070	\$12,695	\$15,552	(\$785	-	-	\$0
F3X	MY	A	10/30/2019	13	201911040300301101	1/1/2019	6/30/2019		\$2,070	\$1,269	\$15,552	\$785	-	-	\$0
F3X	YE	N	1/21/2020	7	202001210300306966	7/1/2019	12/31/2019		\$0	\$9,549	\$7,959	\$1,590	-	-	\$0
Totals										\$10,819	\$23,512				

O-Index (2017-2018)															
Cmte. ID: C00532788 Cmte. Name: LAFAYETTE COUNTY DEMOCRATIC PARTY															
Treasurer Name: MARTHA M SCOTT Address: 506 DONNA COVE, OXFORD, MS 38655-8516															
Cmte. Type: X (NON-QUALIFIED PARTY) Cmte. Designation: U (UNAUTHORIZED) Filing Frequency: QUARTERLY FILER															
Form Tp	Rpt Tp	A/I	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltrr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debts	Loans	Debts & Loans
F3X	Q1	N	4/10/2017	7	201704100300146576	1/1/2017	3/31/2017		\$2,731	\$474	\$1,121	\$2,084	-	-	\$0
F3X	Q2	N	7/26/2017	7	201707260300167180	4/1/2017	6/30/2017		\$2,084	\$234	\$410	\$1,909	-	-	\$0
F3X	Q3	N	10/10/2017	7	201710100300175442	7/1/2017	9/30/2017		\$1,909	\$0	\$0	\$1,909	-	-	\$0
F3X	YE	N	1/12/2018	7	201801120300184410	10/1/2017	12/31/2017		\$1,909	\$38	\$94	\$1,853	-	-	\$0
F3X	Q1	N	4/16/2018	7	201804160300203826	1/1/2018	3/31/2018		\$1,853	\$19	\$75	\$1,797	-	-	\$0
F3X	12P	N	5/24/2018	8	201805240300212461	4/1/2018	5/16/2018		\$1,797	\$3,534	\$1,075	\$4,256	-	-	\$0
F3X	Q2	N	7/17/2018	7	201807170300221853	4/1/2018	6/30/2018		\$1,797	\$3,858	\$1,075	\$4,580	-	-	\$0
F3X	Q3	N	10/11/2018	10	201810110300232921	7/1/2018	9/30/2018		\$4,580	\$1,739	\$4,040	\$2,280	-	-	\$0
F3X	Q3	A	12/3/2018	11	201812030300249083	7/1/2018	9/30/2018		\$4,580	\$1,739	\$4,512	\$1,808	-	-	\$0
F3X	30G	N	12/10/2018	11	201812100300251482	10/1/2018	11/26/2018		\$1,808	\$2,594	\$2,633	\$1,769	-	-	\$0
F3X	30R	N	1/29/2019	7	201901300300258711	11/27/2018	12/17/2018		\$1,769	\$451	\$0	\$2,220	-	-	\$0
Totals										\$12,941	\$10,996				

O-Index (2015-2016)															
Cmte. ID: C00532788 Cmte. Name: LAFAYETTE COUNTY DEMOCRATIC PARTY															
Treasurer Name: MARTHA M SCOTT Address: 506 DONNA COVE, OXFORD, MS 38655-8516															
Cmte. Type: X (NON-QUALIFIED PARTY) Cmte. Designation: U (UNAUTHORIZED) Filing Frequency: QUARTERLY FILER															
Form Tp	Rpt Tp	A/I	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltrr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debts	Loans	Debts & Loans
F3X	Q1	N	4/14/2015	7	15031412393	1/1/2015	3/31/2015		\$5,447	\$794	\$6,000	\$242	-	-	\$0
F3X	Q2	N	7/8/2015	7	201507080300005627	4/1/2015	6/30/2015		\$242	\$1,725	\$0	\$1,967	-	-	\$0
F3X	Q3	N	10/13/2015	7	201510130300026370	7/1/2015	9/30/2015		\$1,967	\$800	\$76	\$2,691	-	-	\$0
F3X	YE	N	1/19/2016	7	201601190300039267	10/1/2015	12/31/2015		\$2,691	\$0	\$2,556	\$134	-	-	\$0
F3X	Q1	N	4/11/2016	7	201604110300061579	1/1/2016	3/31/2016		\$134	\$0	\$25	\$109	-	-	\$0
F3X	Q2	N	7/11/2016	7	201607110300080515	4/1/2016	6/30/2016		\$109	\$3,197	\$0	\$3,306	-	-	\$0
F3X	Q3	N	10/11/2016	7	201610110300102424	7/1/2016	9/30/2016		\$3,406	\$575	\$2,938	\$1,043	-	-	\$0
F3X	30G	N	12/12/2016	7	201612120300123844	10/1/2016	11/28/2016		\$1,043	\$2,862	\$813	\$3,092	-	-	\$0
F3X	YE	N	1/23/2017	7	201701230300132476	10/1/2016	12/31/2016		\$1,043	\$2,862	\$1,174	\$2,731	-	-	\$0
Totals										\$12,816	\$13,584				

Lafayette County Democratic Party (C00532788)

Amended 2019 Mid-Year Report, received 10/30/2019 (Images 201911040300301101-111)

Unauthorized Disbursements

Name of Payee	Date	Amount	Purpose
Hunter Pace	4/3/2019	\$2,000.00	Unauthorized
Hunter Pace	4/5/2019	\$4,000.00	Unauthorized
Hunter Pace	4/5/2019	\$2,000.00	Unauthorized
Hunter Pace	4/9/2019	\$3,500.00	Unauthorized
Hunter Pace	4/12/2019	\$2,000.00	Unauthorized
Total Unauthorized Disbursements:		\$13,500.00	