

FEDERAL ELECTION COMMISSION**FIRST GENERAL COUNSEL'S REPORT****MUR 7944**

DATE COMPLAINT FILED: Nov. 10, 2021

DATE SUPPLEMENT FILED: Aug. 9, 2022

DATES OF NOTIFICATIONS:

Nov. 17, 2021, Aug. 12, 2022

DATE OF LAST RESPONSE: Aug. 30, 2022

DATE OF ACTIVATION: Sept. 13, 2022

ELECTION CYCLE: 2020

EXPIRATION OF SOL: Jan 1, 2025-July 15, 2025

COMPLAINANT:

Suzanne Jones

RESPONDENTS:Kim Klacik for Congress and Bradley T. Crate in
his official capacity as treasurer

Kimberly Klacik

Red Renaissance, Inc. and Bradley T. Crate in his
official capacity as treasurer**MUR 7945**

DATE COMPLAINT FILED: Nov. 10, 2021

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RESPONDENTS:Kim Klacik for Congress and Bradley T. Crate in
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Kimberly Klacik

Red Renaissance, Inc. and Bradley T. Crate in his
official capacity as treasurer

Pearl Events, LLC

Fox & Lion Communications LLC

**RELEVANT STATUTES
AND REGULATIONS:**

52 U.S.C. § 30104(b)

52 U.S.C. § 30114

1 52 U.S.C. § 30116(f)
2 11 C.F.R. § 110.1(b)(3)
3 11 C.F.R. § 113.1(g)
4

5 **INTERNAL REPORTS CHECKED:** Disclosure Reports
6

7 **FEDERAL AGENCIES CHECKED:** None
8

9 I. INTRODUCTION

10 The Complaints in these matters allege that Kimberly Klacik, a candidate for Congress in
11 2020; Kim Klacik for Congress and Bradley T. Crate in his official capacity as treasurer (the
12 “Klacik Committee”); and Klacik’s associated political action committee, Red Renaissance, Inc.
13 and Bradley T. Crate in his official capacity as treasurer (“Red Renaissance”), committed various
14 violations of the Federal Election Campaign Act of 1971, as amended (the “Act”). The MUR
15 7944 Complaint alleges that Klacik and the Klacik Committee converted campaign funds to
16 personal use by making a charitable donation to her daughter’s school, and the MUR 7945
17 Complaint alleges that Klacik and the Klacik Committee converted campaign funds to personal
18 use by routing excessive campaign funds through two vendors, Pearl Events, LLC (“Pearl
19 Events”) and Fox & Lion Communications LLC (“Fox & Lion”). In MUR 7944, the Complaint
20 also alleges that the Klacik Committee and Red Renaissance violated the reporting requirements
21 of the Act by failing to report expenditures for Klacik’s daughter’s travel. A Supplemental
22 Complaint was filed alleging three additional violations: (1) Klacik and Red Renaissance are
23 using campaign funds to pay for the rent of a personal television studio for Klacik; (2) Klacik
24 continues to refer to herself and raises funds as “Maryland’s District 7 Republican Nominee”;
25 and (3) Klacik is raising funds by claiming to have lost the election based on “election fraud.”

26 Klacik, the Klacik Committee, and Red Renaissance submitted a joint response (“Klacik
27 Joint Response”) denying the Complaint’s allegations. The Klacik Joint Response states that:

1 (1) Klacik received no personal benefit from the Klacik Committee's donation to her daughter's
2 school; (2) the Klacik Committee paid all vendors pursuant to arms-length contractual
3 agreements; and (3) neither committee disclosed travel expenses for Klacik's daughter because
4 they did not make any such expenditures for the daughter. Fox & Lion responded denying the
5 allegations, explaining the basis for the contract price and providing a copy of its contract with
6 the Klacik Committee. Pearl Events did not respond to the notification.

7 Klacik, the Klacik Committee, and Red Renaissance submitted a joint response to the
8 supplemental Complaint ("Klacik Joint Supplemental Response"). They question whether the
9 supplemental Complaint is a valid complaint under Commission rules and deny the allegations,¹
10 asserting that Klacik does not have a television studio and does all interviews on Skype and that
11 neither committee has ever paid for any studio rental. They also respond that the Klacik
12 Committee has not raised any money since she lost the 2020 general election, and as for Red
13 Renaissance, the Commission has no jurisdiction over the political messaging of contribution
14 solicitations.

15 As discussed below, we recommend that the Commission find no reason to believe that
16 that Klacik, the Klacik Committee, Red Renaissance, Pearl Events, and Fox & Lion violated
17 52 U.S.C. § 30114 by converting campaign funds to personal use. We further recommend that
18 the Commission find no reason to believe that the Klacik Committee and Red Renaissance
19 violated 52 U.S.C. § 30104(b) by failing to report Klacik's daughter's travel expenses. Lastly,
20 we recommend that the Commission find no reason to believe that Klacik, the Klacik

¹ The Supplemental Complaint appears to be a valid complaint since it is signed, notarized, and appears to make allegations regarding personal use and the solicitation and acceptance of excessive contributions. *See* Supp. Compl. at 1-3 (Aug. 9, 2022); 52 U.S.C. § 30109(a)(1).

1 Committee, and Red Renaissance violated 52 U.S.C. § 30116(f) and 11 C.F.R. § 110.1(b)(3) by
 2 accepting excessive contributions after the 2020 general election.

3 **II. FACTUAL BACKGROUND**

4 Kimberly Klacik was a candidate for Congress in Maryland's 7th Congressional District
 5 in 2020.² The Klacik Committee is Klacik's principal campaign committee.³ Red Renaissance
 6 is a nonconnected committee that registered with the Commission after the 2020 general
 7 election.⁴ Klacik is the founder and president of Red Renaissance.⁵

8 **A. Charitable Donation to Our Lady of Mount Carmel**

9 The Klacik Committee made a \$15,000 disbursement to Our Lady of Mount Carmel in
 10 Essex, Maryland, for a "charitable contribution" on June 17, 2021.⁶ The MUR 7944 Complaint
 11 alleges that Our Lady of Mount Carmel is Klacik's minor daughter's private school, and in making

² Kimberly Klacik, Statement of Candidacy (Nov. 25, 2019). Klacik won the Republican primary election on June 2, 2020. *See Official 2020 Presidential Primary Election results for Representative in Congress*, STATE OF MD, STATE BOARD OF ELECTIONS (July 2, 2020), https://elections.maryland.gov/elections/2020/results/primary/gen_results_2020_3_00807.html. Klacik lost the general election on November 3, 2020. *See Official 2020 Presidential General Election results for Representative in Congress*, STATE OF MD, STATE BOARD OF ELECTIONS (Dec. 4, 2020), https://elections.maryland.gov/elections/2020/results/general/gen_results_2020_4_00807.html.

³ Kim Klacik for Congress, Statement of Organization (Nov. 6, 2019). At the time of the activity at issue in MUR 7945 Gregori Stewart was the Klacik Committee's treasurer. The Klacik Committee later filed an amended Statement of Organization designating Bradley T. Crate as the new treasurer. *See Amended Statement of Organization* (May 7, 2021).

⁴ Red Renaissance, Inc., Statement of Organization (Nov. 30, 2020); Red Renaissance, Inc., Amended Statement of Organization (Nov. 24, 2021). Red Renaissance originally registered as a nonconnected committee and also as a Leadership PAC with Klacik listed as the Leadership PAC sponsor. Red Renaissance, Inc., Statement of Organization at 3 (Nov. 30, 2020). *See Red Renaissance, Inc., Amended Statement of Organization* (Dec. 9, 2020) (registering solely as a nonconnected committee). At the time of the activity at issue Gregori Stewart was Red Renaissance's treasurer. Since that time, Red Renaissance filed an amended Statement of Organization designating Bradley T. Crate as the new treasurer. *See Amended Statement of Organization* (Nov. 24, 2021).

⁵ *See Our Founder*, RED RENAISSANCE, <https://www.redrenaissance.com/ourfounder> (last visited Jan. 3, 2023); Red Renaissance has paid Klacik \$38,000 for "strategy consulting" since its inception. *See FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00763797&recipient_name=klacik (last visited Jan. 3, 2023).

⁶ *See Klacik for Congress*, 2021 July Quarterly Report at 38 (July 15, 2021), <https://docquery.fec.gov/cgi-bin/fecimg/?202107159451515889>.

1 this disbursement, Klacik and the Klacik Committee converted campaign funds to personal use.⁷
 2 The Klacik Joint Response asserts that Klacik “conferred no personal benefit as a result of . . . the
 3 contribution” and provided a donation receipt from the school.⁸

4 **B. Disbursement to Pearl Events**

5 The Klacik Committee disclosed a \$119,651.16 disbursement to Pearl Events on
 6 November 5, 2020, for a “meet and greet.”⁹ The MUR 7945 Complaint alleges that this
 7 disbursement is questionable on the basis of a video posted by talk show host and political
 8 commentator Candance Owens, who claims that the Klacik Committee may have used campaign
 9 funds for Klacik’s personal benefit.¹⁰ The Complaint cites a 44 minute video, originally posted
 10 on Owens’ Instagram account, which alleges that the disbursement to Pearl Events is far too
 11 large for the disclosed purpose of a “meet and greet” when compared to other “meet and greets”
 12 disclosed on the Klacik Committee disclosure reports.¹¹ In her video, Owens alleges that the
 13 disproportionately large size of the Pearl Events disbursement suggests that Klacik and the
 14 Klacik Committee were using Pearl Events as a passthrough to convert campaign funds to
 15 personal use:

16 I can’t fathom in my head why a meet and greet with a congressional candidate would
 17 cost \$119,000. . . I look further down in her receipt [sic] and she’s got tons of meet and

⁷ Compl. at 1, MUR 7944 (Nov. 10, 2021).

⁸ Klacik Joint Resp. at 2 (Jan. 3, 2022).

⁹ See Klacik for Congress, 2020 Amended 30-Day Post-General Report at 723 (May 10, 2021),
<https://docquery.fec.gov/cgi-bin/fecimg/?202105109446443959>.

¹⁰ See Compl. at 1, MUR 7945 (Nov. 10, 2021) (citing *Candace Owens Exposes Republican Kimberly Klacik Dark & Shady Past and Brings Receipts*, YOUTUBE (June 23, 2021),
<https://www.youtube.com/watch?v=HQrrXC7gAJw> (“Owens YouTube Video”)).

¹¹ *Id.*; see also *Klacik v. Owens* Complaint, Ex. 1, Baltimore County Circuit Court, C-03-CV-21-002361
 (Exhibit 1 is a full transcript of the Candance Owens Instagram video attached to the complaint
 in a civil lawsuit) (“Owens Video Transcript”); *FEC Disbursements: Filtered Results*, FEC.GOV,
https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00726117&disbursement_descriptor=meet+and+greet (last visited Jan. 3, 2023) (showing all Committee disbursements disclosed as “meet and greet”
 with the next most expensive disbursement \$2,213.28).

1 greets and they all cost \$1,000, \$2,000. Like that sounds about right. \$119,000 at the
2 very end, seems like you're trying move money off the books to me; right?¹²

3 The Klacik Joint Response asserts that the information in the Candace Owens video is
4 "demonstrative false [sic] currently the subject of defamation litigation between Ms. Klacik and
5 Ms. Owens."¹³ The Response further states that all vendors were paid by the Klacik Committee
6 pursuant to arms-length contractual agreements and that "[c]opies of such agreements may also
7 be provided upon written request by the Commission."¹⁴ To address the Pearl Events allegation,
8 the Klacik Joint Response cites Klacik's video response, which states that the disbursement to
9 Pearl Events was for the Klacik Committee's November 3, 2020 election night party.¹⁵ In the
10 video Klacik explains the \$119,000 cost of the party in that she "brought out Big and Rich, we
11 had an event planner...cigar rollers...goody bags...Sagamore whiskey...tastings." Klacik
12 concludes that "I would still pay that much amount of money for the election night party. We
13 had amazing people who worked on our campaign, and I wanted to treat them the best that I
14 could."¹⁶ Finally, the Klacik Joint Response states that Klacik did not receive any personal
15 benefit as a result of entering into any agreements with the referenced vendors.¹⁷

16 Publicly available information confirms that Klacik's election night party on
17 November 3, 2020, was held in an outdoor tent at a restaurant named Ryleigh's Oyster and

¹² Owens Video Transcript at 17, lines 13-25.

¹³ Klacik Joint Resp. at 2. *See Klacik v. Owens*, Complaint, Baltimore County Circuit Court, C-03-CV-21-002361 (July 21, 2021).

¹⁴ Klacik Joint Resp. at 2.

¹⁵ *Id.* (citing *Answering False Allegations, The Last Time I Address It*, YOUTUBE (June 26, 2021), <https://www.youtube.com/watch?v=nXmBgdrx7nY> (Klacik YouTube Video)).

¹⁶ Klacik YouTube Video at 12:39.

¹⁷ *Id.*

1 featured a live performance by country music band Big & Rich.¹⁸ Ryleigh's Oyster's website
 2 provides information for catering and events describing their tent as holding a maximum of 200
 3 people.¹⁹ They offer a variety of catering packages.²⁰ The most expensive package with the
 4 "sagamore whiskey tasting" (referenced by Klacik in her video response) costs \$72 per person.²¹
 5 Publicly available information shows the current range for hiring Big & Rich to play at a private
 6 event to be in the \$75,000-\$299,000 range.²²

7 C. Disbursements to Fox & Lion

8 The Klacik Committee disclosed \$296,312.50 in disbursements to Fox & Lion in October
 9 and November 2020 for "canvassing" and "political strategy consulting."²³ The MUR 7945
 10 Complaint alleges that the Klacik Committee "paid at least \$225,000" to Fox & Lion disclosed for
 11 the purpose of "canvassing" that similarly served as a mechanism to convert payments to Klacik's

¹⁸ Pictures posted on Ryleigh's Oyster's Facebook page of their outdoor tent match the livestream of the event posted on Klacik's YouTube channel. See Ryleigh's Oyster, FACEBOOK, <https://www.facebook.com/RyleighsOysterHuntValley> (last visited Jan. 3, 2023); Kimberly Klacik, *Kim Klacik for Congress Live Stream*, YOUTUBE (Nov. 3, 2020), <https://www.youtube.com/watch?v=Oljx1JLa67M&t=3592s> (showing a recording of the election night party which includes the performance by Big & Rich).

¹⁹ *Catering & Private Events*, RYLEIGH'S OYSTER, <https://www.ryleighs.com/#contactus-section> (last visited Jan. 3, 2023).

²⁰ *Online Menu*, RYLEIGH'S OYSTER, <https://acrobat.adobe.com/link/review?uri=urn%3Aaaid%3Ascds%3AUS%3Af92ddd8-f8da-49cc-abba-bc448f396ec7#pageNum=9> (last visited Jan. 3, 2023).

²¹ *Id.*

²² *Big & Rich Agency Profile*, CELEBRITY TALENT INTERNATIONAL, <https://www.celebritytalent.net/sampletalent/3578/big-&-rich> (last visited Jan. 3, 2023) (listing current rates for Big & Rich to be between \$150,000 and \$299,000); Jennifer Reiko, *Booking A Country Singer At An Event Will Cost Between \$7,500 – \$1,000,000+*, COUNTRY MUSIC NATION, <https://countrymusicnation.com/booking-a-country-singer-at-an-event-will-cost-between-7500-1000000> (last visited Jan. 3, 2023) (listing current rates for Big & Rich to be between \$75,000 and \$150,000).

²³ *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00726117&recipient_name=fox (last visited Jan. 3, 2023) (showing the Klacik Committee disclosed \$296,312.50 to Fox & Lion).

1 personal use.²⁴ According to Owens, Fox & Lion was a “brand new company” that registered just a
2 few months before the general election.²⁵ Fox & Lion was formed in April 2020 and the Klacik
3 Committee’s disbursements to it began in October 2020.²⁶

4 Fox & Lion filed a response denying the allegations and including a copy of a signed contract
5 with the Klacik Committee as well as photographs of its canvassing efforts and detailed descriptions
6 of the work performed.²⁷ According to the contract, the \$296,312.50 price of Fox & Lion’s services
7 was calculated based on a rate of \$0.75 per door and it canvassed 200,000 houses for the Klacik
8 Committee, employing over 200 people for this canvassing effort.²⁸ According to the contract, Fox
9 & Lion also included text messaging voting reminders, a telephonic voter survey, and a virtual
10 question and answer session to the Klacik Committee as part of the contract price.²⁹

11 **D. Travel Expenses**

12 The Klacik Committee and Red Renaissance disclosed 234 expenditures for travel totaling
13 \$126,622.77 from June 2020 to present.³⁰ The MUR 7944 Complaint attaches a Twitter post in
14 which Klacik says she travels with her daughter, and alleges that the Klacik Committee and Red

²⁴ Compl. at 1, MUR 7945; *see also* *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&recipient_name=Fox++Lion&recipient_name=fox+and+lion (last visited Jan. 3, 2023) (showing the Klacik Committee disclosed \$296,312.50 to Fox & Lion).

²⁵ *See* Owens Video Transcript at 44, lines 3-7; Compl. at 1, MUR 7945 (referencing the Candace Owens Instagram video).

²⁶ Fox & Lion Resp. at 1 (Nov. 21, 2021); *see also* *Business Details for Fox & Lion Communications, L.L.C.*, STATE OF MD., STATE DEP’T OF ASSESSMENTS AND TAXATION., <https://egov.maryland.gov/BusinessExpress/EntitySearch> (last visited Jan. 3, 2023) (enter “Fox & Lion” in “Business Name” field).

²⁷ Fox & Lion Resp. at 1.

²⁸ *Id.* The Response contains over 200 names on an “Employee List.” *Id.* at 26-30.

²⁹ *Id.* at 24.

³⁰ *See* *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00726117&committee_id=C00763797&disbursement_description=travel (last visited Jan 3, 2023) (showing the Klacik Committee’s and Red Renaissance’s disbursements for “travel”).

1 Renaissance failed to disclose what portion of travel expenses were for Klacik's minor daughter, in
2 violation of the reporting requirements of the Act.³¹ The Klacik Joint Response asserts that neither
3 committee disclosed travel expenses for Klacik's daughter because they did not make any such
4 expenditures for the daughter, and that Klacik always used personal funds to pay for her daughter's
5 travel.³²

6 **E. Supplemental Complaint**

7 A Supplemental Complaint was filed alleging that Klacik is using funds from the Klacik
8 Committee and Red Renaissance to pay for the rent of a television studio that Klacik uses as her own
9 personal studio, and that Klacik continues to advertise herself and raise funds on Facebook as
10 "Maryland's District 7 Republican Nominee."³³ The Klacik Joint Supplemental Response denies the
11 allegations, asserting that they "do not own or rent any studio space," nor have they made any
12 disbursements with campaign funds for studio space as supported by their disclosure reports filed
13 with the Commission.³⁴ Regarding Klacik's alleged fundraising on Facebook, the Respondents state
14 that the Klacik Committee has not raised any contributions since Klacik lost the 2020 general
15 election, and as for Red Renaissance, Inc., Respondents assert that the Commission has no
16 jurisdiction over the political messaging of contribution solicitations.³⁵

³¹ Compl. at 1, MUR 7944.

³² Klacik Joint Resp. at 1.

³³ Supp. Compl. at 1-3.

³⁴ Klacik Joint Supp. Resp. at 2 (Aug. 30, 2022).

³⁵ *Id.*

1 The Klacik Committee has not disclosed the receipt of any contributions since November 23,
2 2020.³⁶ Red Renaissance did not disclose any payments to Facebook for advertising or any other
3 purpose.³⁷

4 **III. LEGAL ANALYSIS**

5 **A. The Commission Should Find No Reason to Believe that Klacik, the Klacik** 6 **Committee, Red Renaissance, Pearl Events, and Fox & Lion Converted** 7 **Campaign Funds to Personal Use**

8 The Act affords federal candidates and their campaign committees wide discretion in the
9 disposition of their campaign funds and provides that contributions accepted by a candidate may
10 be used by the candidate “for otherwise authorized expenditures in connection with the campaign
11 for Federal office of the candidate” and “for ordinary and necessary expenses incurred in
12 connection with duties of the individual as a holder of Federal office.”³⁸ Other permissible uses
13 of campaign funds include contributions to charitable organizations “described in section 170(c)
14 of the Internal Revenue Code of 1986.”³⁹

15 However, no person may convert such funds to personal use.⁴⁰ Conversion to personal
16 use occurs when funds in a campaign account are used “to fulfill any commitment, obligation, or
17 expense of a person that would exist irrespective of the candidate’s election campaign or

³⁶ *FEC Receipts: Filtered Results*, FEC.GOV
https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00726117 (last visited Jan. 3, 2023)
(reflecting the Klacik Committee’s last disclosure of the receipt of a contribution was on November 23, 2020);
Klacik Joint Supp. Resp. at 2.

³⁷ *FEC Disbursements: Filtered Results*, FEC.GOV,
https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00763797&recipient_name=facebook
(last visited Jan. 3, 2023) (reflecting zero disbursements from Red Renaissance to Facebook).

³⁸ 52 U.S.C. § 30114(a)(1). *See* Expenditures; Reports by Political Committees; Personal Use of Campaign
Funds, 60 Fed. Reg. 7862, 7866-67 (Feb. 9, 1995) (“Personal Use E&J”) (explaining that the personal use
prohibition is “not so broad as to limit legitimate campaign related or officeholder related activity,” and that
“candidates have wide discretion over the use of campaign funds”).

³⁹ 52 U.S.C. § 30114(a)(3); 11 C.F.R. § 113.1(g)(2).

⁴⁰ Personal Use E&J, 60 Fed. Reg. at 7867; 52 U.S.C. § 30114(b)(1).

1 individual's duties as a holder of Federal office."⁴¹ The Act and Commission regulations set
2 forth certain uses of campaign funds that constitute conversion to *per se* personal use, including
3 utility payments, noncampaign-related automobile expenses, and dues and fees for health clubs,
4 recreational facilities or other nonpolitical organizations unless they are part of the costs of a
5 specific fundraising event taking place on those premises.⁴² For all other disbursements, the
6 regulation provides that the Commission shall determine on a case-by-case basis whether a given
7 disbursement is personal use by applying the "irrespective test" formulated in the statute.⁴³
8 Meal, travel, and vehicle expenses are examples of disbursements that may be determined to be
9 personal use after applying the irrespective test.⁴⁴ The Commission has stated, however, that
10 "[i]f the candidate can reasonably show that the expenses at issue resulted from campaign or
11 officeholder activities, the Commission will not consider the use to be personal use."⁴⁵

12 1. Charitable Donation

13 A committee may donate campaign funds to a charitable organization, unless the
14 candidate receives a personal benefit from the donation.⁴⁶ With regard to the allegations that
15 Klacik and the Klacik Committee converted campaign funds to personal use regarding the
16 donation to Klacik's daughter's school, Respondents generally deny the allegations and provide
17 a donation receipt letter from the school, indicating that the school is a tax-exempt 501(c)(3)
18 organization.⁴⁷ The school's letter also states that no goods or services were received in

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

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

⁴³ 11 C.F.R. § 113.1(g)(1)(ii).

⁴⁴ *Id.*

⁴⁵ *See* Personal Use E&J, 60 Fed. Reg. at 7863-64.

⁴⁶ 52 U.S.C. § 30114(a)(3); 11 C.F.R. § 113.1(g)(2).

⁴⁷ Klacik Joint Resp. 1-3.

1 exchange for the contribution.⁴⁸ The Complaint does not allege, and we are not otherwise aware
2 of information suggesting that Klacik received a benefit for her Committee's contribution to her
3 daughter's school. Under these circumstances, the available information does not provide a basis
4 upon which to conclude Klacik or the Klacik Committee violated the Act's personal use
5 provisions here.⁴⁹

6 **2. Pearl Events**

7 The available information appears to demonstrate that the \$119,651.16 disbursement to
8 Pearl Events was made in connection with the Committee's "election night party,"⁵⁰ a campaign-
9 related event, and was accounted for by the price of the catering and Big & Rich band rental.⁵¹
10 Furthermore, there is no information in the record to suggest that this disbursement was
11 excessive or may have included possible additional and undisclosed amounts that were then
12 made available to the candidate and converted to personal use. Based on Ryleigh's Oyster's
13 website, it appears that the tent rental and catering package would have cost approximately \$72
14 per person, which would total \$14,400 for 200 guests.⁵² Accordingly, the other features of the
15 event as described by Klacik including the band Big & Rich, cigars, goodie bags and a party
16 planner would have had to cost the Klacik Committee an additional \$105,000 in order to add up

⁴⁸ *Id.*, Ex. 3.

⁴⁹ *See* Advisory Opinion 2012-05 at 3 (Lantos) (permitting the late Congressman's principal campaign committee to donate the balance of its funds to a charitable foundation that employed several of the Congressman's family members where the foundation's funds now used to compensate these and other individuals do not derive from committee funds); *see also* Advisory Opinion 1983-27 at 2 (McDaniel) (permitting a committee to donate campaign funds to a non-profit in which the candidate served on the board of directors as long as the campaign funds were not used to the benefit of the candidate).

⁵⁰ *See supra* note 15.

⁵¹ *See supra* notes 18-22.

⁵² *Id.* The maximum capacity of the Ryleigh's Oyster tent is 200 guests according to their website. *See supra* note 19.

1 to the \$119,651.16 disbursement. Publicly available information shows the current range for
2 hiring Big & Rich to play at a private event to be in the \$75,000-\$299,000 range.⁵³ Therefore
3 the disbursement appears to be within the approximate range of the cost of holding such an
4 event, and there is no information indicating that the funds were used to fulfill an expense that
5 would have existed irrespective of Klacik's campaign.

6 3. Fox & Lion Communications LLC

7 Fox & Lion provided a copy of the signed contract with the Klacik Committee specifying
8 the \$296,312.50 paid to Fox & Lion for canvassing and other related services, photographs of the
9 canvassing and a list of over 200 individuals hired for the work. To the extent the MUR 7945
10 Complaint references Fox & Lion's status as a new company, publicly available information
11 corroborates that Fox & Lion was engaged in providing similar services to other political
12 committees, albeit on a much smaller scale.⁵⁴ The available information appears to indicate that
13 the Klacik Committee's payments to Fox & Lion were for the contracted services related to
14 Klacik's congressional campaign and therefore appear not to have been converted to personal
15 use.

⁵³ *Big & Rich Agency Profile*, CELEBRITY TALENT INTERNATIONAL, <https://www.celebritytalent.net/sampletalent/3578/big-&-rich> (last visited Jan. 3, 2023) (listing current rates for Big & Rich to be between \$150,000 and \$299,000); Jennifer Reiko, *Booking A Country Singer At An Event Will Cost Between \$7,500 – \$1,000,000+*, COUNTRY MUSIC NATION, <https://countrymusicnation.com/booking-a-country-singer-at-an-event-will-cost-between-7500-1000000> (last visited Jan. 3, 2023) (listing current rates for Big & Rich to be between \$75,000 and \$150,000).

⁵⁴ A search of the Maryland Campaign Finance Database reveals two disbursements in May 2020 to Fox & Lion — one for \$4,060 by Friends to Elect Joan Pratt and one for \$381.60 by Friends for Gary Crum. Maryland Campaign Report System, Expenditures, <https://campaignfinance.maryland.gov/Public/OtherSearch?theme=vista> (type "Fox & Lion" and "Fox and Lion" into the search box) (last visited Jan. 3, 2023). The Commission's disclosure database reveals \$6,663.41 in disbursements to Andy Pierre, the Fox & Lion CEO, for "advertisement" and "media" from Branch for Congress — the authorized committee of one of the candidates in the 2020 Democratic primary election in the same Congressional District in which Klacik ran. *FEC Disbursements: Filtered Results*, FEC.GOV https://www.fec.gov/data/disbursements/?data_type=processed&recipient_name=andy+pierre (last visited Jan. 3, 2023) (reflecting all disbursement to "Andy Pierre.").

1 reason to believe that Klacik, the Klacik Committee, Red Renaissance, Pearl Events, and Fox &
2 Lion violated 52 U.S.C. § 30114(b)(1) by converting campaign funds to personal use.

3 **B. The Commission Should Find No Reason to Believe that the Klacik**
4 **Committee and Red Renaissance Violated the Reporting Requirements of the**
5 **Act Regarding Klacik's Daughter's Travel Expenses**

6 The Act and Commission regulations require political committees to report the name and
7 address of each person to whom they make expenditures or other disbursements aggregating
8 more than \$200 per calendar year, or per election cycle for authorized committees, as well as the
9 date, amount, and purpose of such payments.⁶⁰ The relevant reporting requirements under the
10 Act and Commission regulations are intended to ensure public disclosure of “where political
11 campaign money comes from and how it is spent.”⁶¹

12 Although the Complaint refers to social media posts reflecting Klacik's travels with her
13 daughter, there is no information indicating that such travels were in connection with her
14 campaign. Respondents state that Klacik paid for her daughter's travel with personal funds, and
15 because neither the Klacik Committee nor Red Renaissance ever paid for her daughter's travel,
16 neither committee reported any disbursements in connection with such expense.⁶² We are not
17 aware of any information indicating otherwise. Accordingly, given the lack of sufficient
18 information supporting this allegation, we recommend the Commission find no reason to believe
19 that the Klacik Committee and Red Renaissance violated 52 U.S.C. § 30104(b) by failing to
20 report Klacik's daughter's travel expenses.

⁶⁰ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

⁶¹ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); *see also Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

⁶² Klacik Joint Resp. at 1.

1 **C. The Commission Should Find No Reason to Believe that Klacik, the Klacik**
2 **Committee and Red Renaissance Violated the Act by Accepting Excessive**
3 **Contributions After the 2020 General Election**

4 The Act defines the term “contribution” as “any gift, subscription, loan, advance, or
5 deposit of money or anything of value made by any person for the purpose of influencing any
6 election for Federal office.”⁶³ No person may make a contribution that exceeds the limits of the
7 Act to any candidate and his or her authorized committee, which was \$2,800 per election for
8 individuals.⁶⁴ Candidates and political committees are prohibited from knowingly accepting
9 contributions in excess of these limits.⁶⁵

10 Once an election is over, an authorized committee cannot accept contributions for that
11 election that exceed its net debts outstanding or from a contributor who has exceeded the Act’s
12 contribution limits for that election.⁶⁶ Net debts outstanding are calculated as of the date of the
13 election and defined as “the total amount of unpaid debts and obligations incurred with respect to
14 the election” minus a number of things, including contributions from that election.⁶⁷ The amount

⁶³ 52 U.S.C. § 30101(8)(A).

⁶⁴ *See id.* § 30116(a)(1)(A); 11 C.F.R. § 110.1(b)(1).

⁶⁵ *See* 52 U.S.C. § 30116(f); 11 C.F.R. § 110.9.

⁶⁶ 11 C.F.R. § 110.1(b)(3)(i), (iii)(B); Contribution and Expenditure Limitations and Prohibitions; Contributions by Persons and Multicandidate Political Committees, 52 Fed. Reg. 760, 761 (Jan. 9, 1987) (“Limitations E&J”) (“The Commission believes that funds given to a candidate after an election is over cannot meet the Act’s requirements that contributions be made with respect to and for the purpose of influencing that election unless they could be used to retire outstanding debts from that election.”); *see* Factual & Legal Analysis at 5, MUR 4947 (Kemp for Vice President) (finding reason to believe that committee violated [52 U.S.C. § 30116] and 11 C.F.R. § 110.1(b)(3)(i) when it received contributions in excess of its net debts outstanding because “[f]unds given to a candidate after an election is over cannot meet the Act’s requirements that contributions be made with respect to and for the purpose of influencing that election unless they could be used to retire outstanding debts from that election”).

⁶⁷ 11 C.F.R. § 110.1(b)(3)(ii)(A); *see* Limitations E&J, 52 Fed. Reg. at 762 (stating that treasurer should first calculate total amount of debts and obligations and then subtract cash on hand and receivables from total debts).

1 of net debts outstanding shall be adjusted as additional funds are received and expenditures are
2 made.⁶⁸

3 The Supplemental Complaint alleges that through at least June 13, 2022, Klacik
4 continued to advertise herself and raise funds on Facebook as “Maryland’s District 7 Republican
5 Nominee,” after she lost the 2020 election and was not a candidate in 2021 or 2022.⁶⁹ Further,
6 the Supplemental Complaint alleges that Klacik is raising funds by claiming to have lost the
7 election based on “election fraud.”⁷⁰ The Klacik Joint Supplemental Response states that the
8 Klacik Committee’s disclosure reports show that it has not raised any contributions since Klacik
9 lost the general election in 2020.⁷¹ The Response adds that the Supplemental Complaint has not
10 provided any evidence to show that the Klacik Committee was soliciting contributions based on
11 Klacik’s status as “Maryland’s District 7 Republican Nominee” after the 2020 general election.⁷²

12 The available information does not support the allegation. As Respondents state, there is
13 no information suggesting that Klacik continued to solicit contributions for her campaign after
14 the 2020 general election, and the Klacik Committee’s disclosure reports confirm that the
15 Committee did not disclose the receipt of contributions after that time.⁷³

⁶⁸ See 11 C.F.R. § 110.1(b)(3)(iii); Advisory Opinion 1990-17 at 2 (Burns).

⁶⁹ Supp. Compl. at 3.

⁷⁰ *Id.*

⁷¹ Under these circumstances, a calculation of the Klacik Committee’s net debts outstanding does not come into play. See Kim Klacik for Congress, Amended 2020 Post-General Report at 2 (May 10, 2021) (reporting \$20,030 in debts owed).

⁷² Klacik Joint Supp. Resp. at 1.

⁷³ *FEC Receipts: Filtered Results*, FEC.GOV
https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00726117 (last visited Jan. 3, 2023)
(showing the Klacik Committee did not receive any contributions after November 22, 2020).

1 Regarding Red Renaissance, the Complaint also alleges that it continued to solicit
2 contributions after the election.⁷⁴ Respondents assert that “the Commission has no jurisdiction
3 over the political messaging of contribution solicitations.”⁷⁵ The Facebook page portrayed in the
4 Supplemental Complaint is not that of Red Renaissance but rather is a screenshot of Klacik’s
5 personal Facebook page, which does not contain a solicitation for contributions.⁷⁶ And
6 solicitations on the Red Renaissance Facebook page appear to be for other candidates, not for
7 Klacik or Red Renaissance.⁷⁷

8 Accordingly, we recommend that the Commission find no reason to believe that Klacik,
9 the Klacik Committee and Red Renaissance violated 52 U.S.C. § 30116(f) and 11 C.F.R.
10 § 110.1(b)(3) by accepting excessive contributions on behalf of Klacik after the 2020 general
11 election.

12 **IV. RECOMMENDATIONS**

- 13 1. Find no reason to believe that Kimberly Klacik, Klacik for Congress and Bradley T.
14 Crate in his official capacity as treasurer, Red Renaissance, Inc. and Bradley T. Crate
15 in his official capacity as treasurer, Pearl Events, LLC, and Fox & Lion
16 Communications LLC, violated 52 U.S.C. § 30114(b)(1) by converting campaign
17 funds to personal use;
- 18 2. Find no reason to believe that Klacik for Congress and Bradley T. Crate in his official
19 capacity as treasurer and Red Renaissance, Inc. and Bradley T. Crate in his official
20 capacity as treasurer violated 52 U.S.C. § 30104(b) regarding Klacik’s daughter’s
21 travel expenses;
- 22 3. Find no reason to believe that Kimberly Klacik, Klacik for Congress and Bradley T.
23 Crate in his official capacity as treasurer, and Red Renaissance, Inc. and Bradley T.

⁷⁴ Supp. Compl. at 2-3.

⁷⁵ Klacik Joint Supp. Resp. at 1.

⁷⁶ See Kimberly Klacik, FACEBOOK, <https://www.facebook.com/KimberlyNKlacik> (last visited Jan. 3, 2023).

⁷⁷ See Red Renaissance, FACEBOOK, <https://www.facebook.com/Redren2022> (last visited Jan. 3, 2023) (*e.g.*, posted an advertisement on September 24, 2022 for a Red Renaissance golf tournament, in which the proceeds benefit Terry Namkung — a Congressional candidate in Virginia — and posted a link on September 15, 2022 to contribute to a fundraiser for Chris Palombi — a Congressional candidate in Maryland).

- 1 Crate in his official capacity as treasurer violated 52 U.S.C. § 30116(f) and 11 C.F.R.
- 2 § 110.1(b)(3) by accepting excessive contributions after the 2020 general election;
- 3 4. Approve the attached Factual and Legal Analysis;
- 4 5. Close the file; and
- 5 6. Approve the appropriate letters.

6 Lisa J. Stevenson
7 Acting General Counsel

8
9 Charles Kitcher
10 Associate General Counsel
11 For Enforcement

12
13 Feb. 2, 2023
14 _____
15 Date *Jin Lee*
16 Jin Lee
17 Deputy Associate General Counsel
18 for Enforcement

19
20
21 *Mark Allen*
22 _____
23 Mark Allen
24 Assistant General Counsel

25
26 *Richard Weiss*
27 _____
28 Richard L. Weiss
29 Attorney

30
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