

FEDERAL ELECTION COMMISSION**FIRST GENERAL COUNSEL'S REPORT****MUR 7974**

COMPLAINT FILED: March 30, 2022

NOTIFICATION DATE: April 1, 2022

LAST RESPONSE: April 15, 2022

ACTIVATION DATE: October 26, 2022

EARLIEST SOL: October 15, 2025

LATEST SOL: January 31, 2027

ELECTION CYCLES: 2020, 2022

COMPLAINANT:

Nancy Hernandez

RESPONDENT:Aarika for Congress and Yang Deng in her official
capacity as treasurer**RELEVANT STATUTE
AND REGULATIONS:**

52 U.S.C. § 30101(13)

52 U.S.C. § 30104(a), (b)

11 C.F.R. § 100.12

11 C.F.R. § 100.20

11 C.F.R. § 100.21

11 C.F.R. § 104.1(a)

11 C.F.R. § 104.3(a), (b)

11 C.F.R. § 104.9(a)

INTERNAL REPORTS CHECKED:

Disclosure Reports

FEDERAL AGENCIES CHECKED:

None

I. INTRODUCTION

The Complaint alleges that Aarika for Congress and Yang Deng in her official capacity as treasurer (the "Committee") violated the Federal Election Campaign Act of 1971, as amended (the "Act") by failing to accurately disclose its activities in reports filed in 2020 and 2021. Specifically, the Complaint alleges that the Commission issued Requests For Additional Information ("RFAs"), which requested more information about inadequate statements of purpose for certain disbursements and identified mathematical discrepancies on the Committee's

1 2020 October Quarterly and Year-End Reports and its 2021 July Quarterly and October
2 Quarterly Reports and also alleges that the Committee has failed to file amended reports to
3 correct reporting deficiencies.¹ In addition, the Complaint alleges that the Committee's 2021
4 October Quarterly and Year-End Reports failed to provide adequate and/or accurate occupation
5 and employer information for more than 20 donors who are listed as unemployed, noting that a
6 quick search via the internet reveals that several of the donors' names can be matched with
7 people that are employed.²

8 In response, the Committee asserts that they had problems uploading amended reports,
9 worked with a Reports Analysis Division ("RAD") analyst to try to file all amended reports
10 before the RFAI response deadline, and that they filed amendments addressing the reporting
11 issues.³ The Committee denies that it failed to accurately report employment information for its
12 donors.⁴ The Committee requests that the Commission dismiss this matter, contending that the
13 campaign has made best efforts and exercised due diligence to report its receipts and
14 disbursements.⁵

15 Although the available information indicates that the Committee did not correct all of the
16 reporting deficiencies identified in the RFAs, the modest amount in violation does not warrant
17 the further expenditure of Commission resources. Accordingly, we recommend that the
18 Commission exercise its prosecutorial discretion and dismiss with caution the allegations that the

¹ Compl. (March 30, 2022).

² *Id.*

³ Resp. at 1, 3 (May 31, 2022).

⁴ Resp. at 2-3

⁵ *Id.* at 3.

1 Committee violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(b) by misstating financial
2 activity and 52 U.S.C. § 30104(b)(5)(A) and 6(A) by failing to properly itemize disbursements.⁶

3 Further, the available information does not support the allegations that the Committee
4 misreported the occupation and employer status of several contributors. Accordingly, we
5 recommend that the Commission find no reason to believe that the Committee violated 52 U.S.C.
6 § 30104(b)(3)(A) by failing to accurately report contributor information.

7 **II. FACTUAL BACKGROUND**

8 Aarika Samone Rhodes was a Democratic candidate for the U.S. House California
9 Congressional District 32 in 2022.⁷ Aarika for Congress has been Rhodes' principal campaign
10 committee since 2020.⁸ Rhodes was the committee treasurer in 2020 and 2021.⁹ Yang Deng
11 has been the Committee treasurer since January 2022.¹⁰

12 On December 22, 2021, RAD sent RFAs to the Committee for the 2020 October
13 Quarterly and Year End Reports, and the 2021 July and October Quarterly Reports.¹¹ The
14 RFAs for the 2020 October Quarterly and Year End Reports cited mathematical discrepancies in
15 Column B regarding total amounts for the Committee's receipts and disbursements, which were

⁶ *Heckler v. Chaney*, 470 U.S. 821, 831-32 (1985).

⁷ Statement of Candidacy, Aarika Rhodes (June 8, 2019); Amended Statement of Candidacy, Aarika Rhodes (June 16, 2020); Amended Statement of Candidacy, Aarika Rhodes (June 20, 2022).

⁸ Aarika for Congress, Original Statement of Organization (June 16, 2022); Aarika for Congress, Amended Statement of Organization (June 16, 2020); Aarika for Congress, Amended Statement of Organization (Jan. 19, 2022); Aarika for Congress, Amended Statement of Organization (Jan. 19, 2022); Aarika for Congress, Amended Statement of Organization (Jan. 26, 2022).

⁹ See Aarika for Congress, 2020 July and October Quarterly and Year End Reports; 2021 April, July, and October Quarterly Reports.

¹⁰ See Aarika for Congress, 2021 Year End Report; 2022 April and July Quarterly Reports; 2022 Pre-Primary Report, 2022 July and October Quarterly Reports; and 2022 Year End Report.

¹¹ See Aarika for Congress, RFAs (2020 October Quarterly Report, 2020 Year-End Report, 2021 July Quarterly Report, 2021 October Quarterly Report) (Dec. 22, 2021).

1 reflected on the summary and detailed summary pages.¹² The RFAI for the 2021 July Quarterly
2 Report noted the same Column B discrepancies, as well as a cash on hand discrepancy, totaling
3 \$3,545.11,¹³ and inadequate purposes of disbursement descriptions for certain disbursements:
4 “Blank,” “Compensation,” and “in-kind-.”¹⁴ The RFAI for the 2021 October Quarterly Report
5 noted inadequate purposes of disbursements description(s) for “Campaign Event Expenses” and
6 “Staff Compensation.”¹⁵

7 RAD Communication logs show that the candidate and Committee treasurer made
8 several phone calls to RAD seeking information on how to address the reporting issues in the
9 RFAs and citing problems with uploading amended reports.

10 The Committee did not file any amended reports for the 2020 October Quarterly and
11 Year End reporting periods in response to the RFAs. Thus, the Column B discrepancies for
12 these reports, which total \$44,537.94, have not been corrected.¹⁶

13 The Committee filed late amendments on April 8 and 15, 2022 for the 2021 July and
14 October Quarterly reporting periods.¹⁷ The amendments for the 2021 July Quarterly period
15 corrected the Column B discrepancies (\$1,005.98) and the inadequate purposes of disbursements
16 (\$3,376.36), but did not correct the cash on hand discrepancy, which totals \$3,545.11.¹⁸ The

¹² Aarika for Congress, RFAI (2020 October Quarterly) at 1; Aarika for Congress, RFAI (2021 Year-End Report) at 1.

¹³ Aarika for Congress, RFAI (2021 July Quarterly) at 1.

¹⁴ *Id.*

¹⁵ Aarika for Congress, RFAI (2021 October Quarterly Report) at 1.

¹⁶ Column B discrepancies totaled \$38,404.94 for the 2020 October Quarterly Report and \$6,133.00 for the 2020 Year End Report). *See* 2020 October Quarterly Report at 2 (Oct. 15, 2020); 2020 Year End Report at 2 (Jan. 31, 2021).

¹⁷ *See* Aarika for Congress, Amended 2021 July Quarterly Reports (Apr. 8, 2022, and Apr. 15, 2022); Aarika for Congress, Amended 2021 October Quarterly Reports (Apr. 8, 2022, and Apr. 15, 2022).

¹⁸ *See* Aarika for Congress, Amended 2021 July Quarterly Report at 2-4 (Apr. 8, 2022); Aarika for Congress, Amended 2021 July Quarterly Report at 2-4 (Apr. 15, 2022).

1 amendments for the 2021 October Quarterly period corrected the inadequate purpose of
2 disbursement for “staff compensation” (27 entries totaling \$9,475) by identifying the previously
3 unnamed staff members; however, the Committee did not provide additional information for
4 most of the “campaign event expense” entries (32 entries totaling \$6,643.78).¹⁹

5 **III. LEGAL ANALYSIS**

6 **A. The Commission Should Dismiss with Caution the Allegations that the** 7 **Committee Misstated Financial Activity**

8
9 Political committees must file reports of receipts and disbursements according to the
10 schedules prescribed in the Act and Commission regulations.²⁰ Those reports must include, *inter*
11 *alia*, the amount of cash on hand at the beginning and end of the reporting period, and the total
12 amount of receipts and disbursements for the reporting period and for the election cycle.²¹

13 The RFAs regarding the Committee’s 2020 October Quarterly and Year End Reports,
14 and the 2021 July Quarterly Report identified Column B mathematical discrepancies totaling
15 \$45,543.92. The RFAI for the 2021 July Quarterly Report also identified a cash on hand balance
16 discrepancy of \$3,545.11.

17 Although the Committee did not correct all of the discrepancies, we do not believe that
18 these allegations warrant the expenditure of the Commission’s limited resources because the
19 reporting errors involve relatively modest amounts. Accordingly, we recommend that the

¹⁹ See Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 8, 2022); Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 15, 2022). The Committee provided additional information for 3 of the 32 disbursements but did not correct the remaining 29 disbursements totaling \$4,618.78. See Aarika for Congress, Amended 2021 October Quarterly Report at 64 (campaign event photos, \$125) and at 72 (Build Lending Libraries, \$900, and Ads Creation, \$1,000) (Apr. 15, 2022).

²⁰ 52 U.S.C. § 30104(a); 11 C.F.R. §§ 104.1(a), 104.5.

²¹ 52 U.S.C. § 30104(b); 11 C.F.R. § 104.3(a)(1), (4), (b)(1), (3).

1 Commission exercise its prosecutorial discretion and dismiss with caution the allegations
2 pertaining to the misstatement of financial activity, in violation of 52 U.S.C. § 30104(b) and
3 11 C.F.R. § 104.3(b).²³

4 **B. The Commission Should Dismiss with Caution the Allegations that the**
5 **Committee Failed to Properly Itemize its Disbursements**
6

7 The Act and Commission regulations provide that an authorized committee must itemize
8 and report the name and address of each person to whom it makes expenditures or other
9 disbursements that aggregate more than \$200 per election cycle, together with the date, amount,
10 and purpose of each expenditure.²⁴

11 In response to the RFAs indicating that the Committee did not provide adequate purpose
12 of disbursements in its 2021 July Quarterly Report and 2021 October Quarterly Report, the
13 Committee amended its reports to clarify some of the disbursements. In the 2021 July Quarterly
14 Report, the Committee clarified “Staff Compensation” by identifying the staff who were

²³ *Heckler*, 470 U.S. 831.

²⁴ 52 U.S.C. § 30104(b)(5)(A); 11 C.F.R. §§ 104.3(b)(4)(i), 104.9(a). The Commission’s *Statement of Policy: “Purpose of Disbursement” Entries for Filings with the Commission* instructs that purpose descriptions, when considered along with the identity of the disbursement recipient, must be sufficiently specific to make clear the purpose of the disbursement. *See* Statement of Policy “Purpose of Disbursement” Entries for Filings with the Commission, 72 Fed. Reg. 887 (Jan. 9, 2007). Further, the policy includes a non-exhaustive list of sufficient and insufficient “purposes” for disbursements made by political committees. *Id.* at 888. Examples of statements or descriptions, which meet the requirements of 11 C.F.R. § 104.3(b)(4) include the following: dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursement, and catering costs. 11 C.F.R. § 104.3(b)(4)(i)(A). However, statements or descriptions such as *advance*, *election day expenses*, *other expenses*, *expenses*, *expense reimbursement*, *miscellaneous*, *outside services*, *get-out-the-vote*, and *voter registration* would not meet the requirements of 11 C.F.R. § 104.3(b)(4) for reporting the purpose of an expenditure. *Id.* (emphasis in original). A list of acceptable/unacceptable purpose descriptions was published in a Policy Statement at 75 FR 887 (Jan. 9, 2007). This notice and an updated list of unacceptable “purpose descriptions” are available online at <http://go.usa.gov/8hQF>.

1 previously unnamed in the 2021 October Quarterly.²⁵ Although the amended reports did not
2 clarify disbursements for most of the “Campaign Event Expenses” entries, the total value of
3 remaining entries in question is \$4,618.78.²⁶

4 Given the low amount at issue, we recommend that the Commission exercise its
5 prosecutorial discretion and dismiss with caution the allegations pertaining to the failure to
6 properly itemize disbursements, in violation of 52 U.S.C. § 30104(b)(5)(A) and 6(A).²⁸

7 **C. The Commission Should Find No Reason to Believe that the Committee**
8 **Failed to Accurately Report Contributor Information**
9

10 The treasurer of a political committee shall accurately report the identification of each
11 person who makes an aggregate contribution in excess of \$200 within a calendar year (or
12 election cycle, in the case of an authorized committee) along with the date and amount of any
13 such contribution.²⁹ The term “identification,” in the case of an individual, refers to that
14 person’s name, address, occupation, and employer.”³⁰

²⁵ See Resp. at 1-2 (listing the names of previously unnamed staff referred to as “Staff Member #1”, “Staff Member #2”, etc.; Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 8, 2022); Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 15, 2022).

²⁶ See *supra* note 19.

²⁸ See *Heckler*, 470 U.S. 831; see also Factual and Legal Analysis (“F&LA”) at 11-12, MUR 7778 (Lake for Congress, *et al.*) (*Heckler* dismissal for inadequately describing the purpose of certain disbursements given the low dollar amounts that fall below the itemization threshold); Factual and Legal Analysis at 1-2, MUR 7278 (McClintock for Congress) (*Heckler* dismissal for incorrectly describing the purpose of certain disbursements given the technical nature of the alleged violations).

²⁹ 52 U.S.C. § 30104(b)(3)(A); 11 C.F.R. § 104.3(a)(4)(i).

³⁰ 52 U.S.C. § 30101(13)(A); 11 C.F.R. § 100.12.

1 The Complaint alleges that the Committee failed to provide adequate and/or accurate
2 occupation and employer information for more than 20 contributors, who are listed as not
3 employed on the 2021 October Quarterly and Year End Reports.³¹ The Complaint states that it
4 conducted an online search for three of the contributors listed as unemployed and found
5 occupation or employer information for all three and further argues that the number of
6 unemployed entries indicates that the Committee has either deliberately obscured
7 occupation/employer information or failed to exercise its due diligence to obtain the
8 information.³²

9 In response to the Complaint, the Committee sent emails requesting information on
10 employment status to the three individuals referenced in the Complaint.³³ All three contributors
11 confirmed that they were not employed at the time that they made the contributions.³⁴

12 The available information does not indicate that the Committee misreported the
13 employment of its contributors. The Committee provided information confirming that the three
14 contributors identified in the Complaint were accurately identified as being unemployed, and we
15 are not aware of any other information suggesting that the Committee has otherwise failed to
16 accurately report occupation/employer information. Further, the Committee's disclosure reports
17 show that most of the contributors were identified with occupation and employer information.³⁵

³¹ Compl. at 2.

³² When a treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by the Act, any report submitted by the committee will be considered to be in compliance with the Act. 52 U.S.C. § 30102(i); 11 C.F.R. § 104.7(a).

³³ Resp. at 2-3. Mr. Jalil Farid indicated that he was not employed at the time but is now employed, while Mr. Billie Fischer and Mr. Josh Hannah stated that they were still unemployed.

³⁴ *Id.*

³⁵ The Committee's disclosure reports for the 2022 election cycle show that \$47,292.00 (53 contributors) of the \$350,294.41 in itemized contributions came from contributors listed as 'unemployed.'

1 Accordingly, we recommend that the Commission find no reason to believe that the Committee
 2 violated 52 U.S.C. § 30104(b)(3)(A) by failing to accurately report contributor information.

3 **V. RECOMMENDATIONS**

- 4 1. Dismiss with caution the allegation that Aarika for Congress and Yang Deng in
 5 her official capacity as treasurer violated 52 U.S.C. § 30104(b) and 11 C.F.R.
 6 § 104.3(b) by misstating financial activity;
- 7 2. Dismiss with caution the allegation that Aarika for Congress and Yang Deng in
 8 her official capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A) and 6(A) by
 9 failing to properly itemize disbursements;
- 10 3. Find no reason to believe that Aarika for Congress and Yang Deng in her official
 11 capacity as treasurer violated 52 U.S.C. § 30104(b)(3)(A) by failing to accurately
 12 report contributor information;
- 13 4. Approve the attached Factual and Legal Analysis;
- 14 5. Approve the appropriate letters; and
- 15 6. Close the file.

16 Lisa J. Stevenson
 17 Acting General Counsel

18 Charles Kitcher
 19 Associate General Counsel for Enforcement

22
 23 Feb. 23, 2023

24 Date

23 *Jim Lee*
 24 Jim Lee
 25 Deputy Associate General Counsel for Enforcement

26
 27
 28 *Peter Blumberg by JH*
 29 Peter G. Blumberg
 30 Assistant General Counsel

31
 32
 33 *Dominique Dillenseger*
 34 Dominique Dillenseger
 35 Attorney

36
 37 Attachment:

- 38 1. Factual and Legal Analysis

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

RESPONDENT: Aarika for Congress and Yang Deng
in her official capacity as treasurer

MUR 7974

I. INTRODUCTION

The Complaint alleges that Aarika for Congress and Yang Deng in her official capacity as treasurer (the “Committee”) violated the Federal Election Campaign Act of 1971, as amended (the “Act”) by failing to accurately disclose its activities in reports filed in 2020 and 2021. Specifically, the Complaint alleges that the Commission issued Requests For Additional Information (“RFAIs”), which requested more information about inadequate statements of purpose for certain disbursements and identified mathematical discrepancies on the Committee’s 2020 October Quarterly and Year-End Reports and its 2021 July Quarterly and October Quarterly Reports and also alleges that the Committee has failed to file amended reports to correct reporting deficiencies.¹ In addition, the Complaint alleges that the Committee’s 2021 October Quarterly and Year-End Reports failed to provide adequate and/or accurate occupation and employer information for more than 20 donors who are listed as unemployed, noting that a quick search via the internet reveals that several of the donors’ names can be matched with people that are employed.²

In response, the Committee asserts that they had problems uploading amended reports, worked with a Reports Analysis Division (“RAD”) analyst to try to file all amended reports before the RFAI response deadline, and that they filed amendments addressing the reporting

¹ Compl. (March 30, 2022).

² *Id.*

1 issues.³ The Committee denies that it failed to accurately report employment information for its
2 donors.⁴ The Committee requests that the Commission dismiss this matter, contending that the
3 campaign has made best efforts and exercised due diligence to report its receipts and
4 disbursements.⁵

5 Although the available information indicates that the Committee did not correct all of the
6 reporting deficiencies identified in the RFAIs, the modest amount in violation does not warrant
7 the further expenditure of Commission resources. Accordingly, the Commission exercises its
8 prosecutorial discretion and dismisses with caution the allegations that the Committee violated
9 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(b) by misstating financial activity and 52 U.S.C.
10 § 30104(b)(5)(A) and 6(A) by failing to properly itemize disbursements.⁶

11 Further, the available information does not support the allegations that the Committee
12 misreported the occupation and employer status of several contributors. Accordingly, the
13 Commission finds no reason to believe that the Committee violated 52 U.S.C. § 30104(b)(3)(A)
14 by failing to accurately report contributor information.

15 **II. FACTUAL BACKGROUND**

16 Aarika Samone Rhodes was a Democratic candidate for the U.S. House California
17 Congressional District 32 in 2022.⁷ Aarika for Congress has been Rhodes' principal campaign

³ Resp. at 1, 3 (May 31, 2022).

⁴ Resp. at 2-3

⁵ *Id.* at 3.

⁶ *Heckler v. Chaney*, 470 U.S. 821, 831-32 (1985).

⁷ Statement of Candidacy, Aarika Rhodes (June 8, 2019); Amended Statement of Candidacy, Aarika Rhodes (June 16, 2020); Amended Statement of Candidacy, Aarika Rhodes (June 20, 2022).

1 committee since 2020.⁸ Rhodes was the committee treasurer in 2020 and 2021.⁹ Yang Deng has
2 been the Committee treasurer since January 2022.¹⁰

3 On December 22, 2021, RAD sent RFAs to the Committee for the 2020 October
4 Quarterly and Year End Reports, and the 2021 July and October Quarterly Reports.¹¹ The
5 RFAs for the 2020 October Quarterly and Year End Reports cited mathematical discrepancies in
6 Column B regarding total amounts for the Committee’s receipts and disbursements, which were
7 reflected on the summary and detailed summary pages.¹² The RFAI for the 2021 July Quarterly
8 Report noted the same Column B discrepancies, as well as a cash on hand discrepancy, totaling
9 \$3,545.11,¹³ and inadequate purposes of disbursement descriptions for certain disbursements:
10 “Blank,” “Compensation,” and “in-kind-.”¹⁴ The RFAI for the 2021 October Quarterly Report
11 noted inadequate purposes of disbursements description(s) for “Campaign Event Expenses” and
12 “Staff Compensation.”¹⁵

⁸ Aarika for Congress, Original Statement of Organization (June 16, 2022); Aarika for Congress, Amended Statement of Organization (June 16, 2020); Aarika for Congress, Amended Statement of Organization (Jan. 19, 2022); Aarika for Congress, Amended Statement of Organization (Jan. 19, 2022); Aarika for Congress, Amended Statement of Organization (Jan. 26, 2022).

⁹ See Aarika for Congress, 2020 July and October Quarterly and Year End Reports; 2021 April, July, and October Quarterly Reports.

¹⁰ See Aarika for Congress, 2021 Year End Report; 2022 April and July Quarterly Reports; 2022 Pre-Primary Report, 2022 July and October Quarterly Reports; and 2022 Year End Report.

¹¹ See Aarika for Congress, RFAs (2020 October Quarterly Report, 2020 Year-End Report, 2021 July Quarterly Report, 2021 October Quarterly Report) (Dec. 22, 2021).

¹² Aarika for Congress, RFAI (2020 October Quarterly) at 1; Aarika for Congress, RFAI (2021 Year-End Report) at 1.

¹³ Aarika for Congress, RFAI (2021 July Quarterly) at 1.

¹⁴ *Id.*

¹⁵ Aarika for Congress, RFAI (2021 October Quarterly Report) at 1.

1 The available information indicates that the candidate and Committee treasurer made
2 several phone calls to RAD seeking information on how to address the reporting issues in the
3 RFAs and citing problems with uploading amended reports.

4 The Committee did not file any amended reports for the 2020 October Quarterly and
5 Year End reporting period in response to the RFAs. Thus, the Column B discrepancies for these
6 reports, which total \$44,537.94, have not been corrected.¹⁶

7 The Committee filed late amendments on April 8 and 15, 2022 for the 2021 July and
8 October Quarterly reporting periods.¹⁷ The amendments to the 2021 July Quarterly reporting
9 period corrected the Column B discrepancies (\$1,005.98) and the inadequate purposes of
10 disbursements (\$3,376.36), but did not correct the cash on hand discrepancy, which totals
11 \$3,545.11.¹⁸ The amendments to the 2021 October Quarterly reporting period corrected the
12 inadequate purpose of disbursement for “staff compensation” (27 entries totaling \$9,475) by
13 identifying the previously unnamed staff members; however, the Committee did not provide
14 additional information for most of the “campaign event expense” entries (32 entries totaling
15 \$6,643.78).¹⁹

¹⁶ Column B discrepancies totaled \$38,404.94 for the 2020 October Quarterly Report and \$6,133.00 for the 2020 Year End Report). *See* 2020 October Quarterly Report at 2 (Oct. 15, 2020); 2020 Year End Report at 2 (Jan. 31, 2021).

¹⁷ *See* Aarika for Congress, Amended 2021 July Quarterly Reports (Apr. 8, 2022, and Apr. 15, 2022); Aarika for Congress, Amended 2021 October Quarterly Reports (Apr. 8, 2022, and Apr. 15, 2022).

¹⁸ *See* Aarika for Congress, Amended 2021 July Quarterly Report at 2-4 (Apr. 8, 2022); Aarika for Congress, Amended 2021 July Quarterly Report at 2-4 (Apr. 15, 2022).

¹⁹ *See* Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 8, 2022); Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 15, 2022). The Committee provided additional information for 3 of the 32 disbursements but did not correct the remaining 29 disbursements totaling \$4,618.78. *See* Aarika for Congress, Amended 2021 October Quarterly Report at 64 (campaign event photos, \$125) and at 72 (Build Lending Libraries, \$900, and Ads Creation, \$1,000) (Apr. 15, 2022).

1 **III. LEGAL ANALYSIS**

2 **A. The Commission Dismisses with Caution the Allegations that the Committee**
3 **Misstated Financial Activity**

4
5 Political committees must file reports of receipts and disbursements according to the
6 schedules prescribed in the Act and Commission regulations.²⁰ Those reports must include, *inter*
7 *alia*, the amount of cash on hand at the beginning and end of the reporting period, and the total
8 amount of receipts and disbursements for the reporting period and for the election cycle.²¹

9 The RFAIs regarding the Committee's 2020 October Quarterly and Year End Reports,
10 and the 2021 July Quarterly Report identified Column B mathematical discrepancies totaling
11 \$45,543.92. The RFAI for the 2021 July Quarterly Report also identified a cash on hand balance
12 discrepancy of \$3,545.11.

13 Although the Committee did not correct all of the discrepancies, we do not believe that
14 these allegations warrant the expenditure of the Commission's limited resources because the
15 reporting errors involve relatively modest amounts. Accordingly, the Commission exercises its
16 prosecutorial discretion and dismisses with caution the allegations pertaining to the misstatement
17 of financial activity, in violation of 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(b).²²

18 **B. The Commission Dismisses with Caution the Allegations that the Committee**
19 **Failed to Properly Itemize its Disbursements**

20
21 The Act and Commission regulations provide that an authorized committee must itemize
22 and report the name and address of each person to whom it makes expenditures or other

²⁰ 52 U.S.C. § 30104(a); 11 C.F.R. §§ 104.1(a), 104.5.

²¹ 52 U.S.C. § 30104(b); 11 C.F.R. § 104.3(a)(1), (4), (b)(1), (3).

²² *Heckler*, 470 U.S. 831.

1 disbursements that aggregate more than \$200 per election cycle, together with the date, amount,
 2 and purpose of each expenditure.²³

3 In response to the RFAs indicating that the Committee did not provide adequate purpose
 4 of disbursements in its 2021 July Quarterly Report and 2021 October Quarterly Report, the
 5 Committee amended its reports to clarify some of the disbursements. In the 2021 July Quarterly
 6 Report, the Committee clarified “Staff Compensation” by identifying the staff who were
 7 previously unnamed in the 2021 October Quarterly.²⁴ Although the amended reports did not
 8 clarify disbursements for most of the “Campaign Event Expenses” entries, the total value of
 9 remaining entries in question is \$4,618.78.²⁵

10 Given the low amount at issue, the Commission exercises its prosecutorial discretion and
 11 dismisses with caution the allegations pertaining to the failure to properly itemize disbursements,
 12 in violation of 52 U.S.C. § 30104(b)(5)(A) and 6(A).²⁶

²³ 52 U.S.C. § 30104(b)(5)(A); 11 C.F.R. §§ 104.3(b)(4)(i), 104.9(a). The Commission’s *Statement of Policy: “Purpose of Disbursement” Entries for Filings with the Commission* instructs that purpose descriptions, when considered along with the identity of the disbursement recipient, must be sufficiently specific to make clear the purpose of the disbursement. *See* Statement of Policy “Purpose of Disbursement” Entries for Filings with the Commission, 72 Fed. Reg. 887 (Jan. 9, 2007). Further, the policy includes a non-exhaustive list of sufficient and insufficient “purposes” for disbursements made by political committees. *Id.* at 888. Examples of statements or descriptions, which meet the requirements of 11 C.F.R. § 104.3(b)(4) include the following: dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursement, and catering costs. 11 C.F.R. § 104.3(b)(4)(i)(A). However, statements or descriptions such as *advance, election day expenses, other expenses, expenses, expense reimbursement, miscellaneous, outside services, get-out-the-vote, and voter registration* would not meet the requirements of 11 C.F.R. § 104.3(b)(4) for reporting the purpose of an expenditure. *Id.* (emphasis in original). A list of acceptable/unacceptable descriptions of purpose descriptions was published in a Policy Statement at 75 FR 887 (Jan. 9, 2007). This notice and an updated list of unacceptable “purpose descriptions” are available online at <http://go.usa.gov/8hQF>.

²⁴ *See* Resp. at 1-2 (listing the names of previously unnamed staff referred to as “Staff Member #1”, “Staff Member #2”, etc.; Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 8, 2022); Aarika for Congress, Amended 2021 October Quarterly Report (Apr. 15, 2022).

²⁵ *See supra* note 19.

²⁶ *See Heckler*, 470 U.S. 831; *see also* Factual and Legal Analysis (“F&LA”) at 11-12, MUR 7778 (Lake for Congress, *et al.*) (*Heckler* dismissal for inadequately describing the purpose of certain disbursements given the low dollar amounts that fall below the itemization threshold); Factual and Legal Analysis at 1-2, MUR 7278

1 **C. The Commission Finds No Reason to Believe that the Committee Failed to**
2 **Accurately Report Contributor Information**

3
4 The treasurer of a political committee shall accurately report the identification of each
5 person who makes an aggregate contribution in excess of \$200 within a calendar year (or
6 election cycle, in the case of an authorized committee) along with the date and amount of any
7 such contribution.²⁷ The term “identification,” in the case of an individual, refers to that
8 person’s name, address, occupation, and employer.”²⁸ For contributors that do not list an
9 employer, “unemployed” is considered an adequate entry.

10 The Complaint alleges that the Committee failed to provide adequate and/or accurate
11 occupation and employer information for more than 20 contributors, who are listed as not
12 employed on the 2021 October Quarterly and Year End Reports.²⁹ The Complaint states that it
13 conducted an online search for three of the contributors listed as unemployed and found
14 occupation or employer information for all three and further argues that the number of
15 unemployed entries indicates that the Committee has either deliberately obscured
16 occupation/employer information or failed to exercise its due diligence to obtain the
17 information.³⁰

(McClintock for Congress) (*Heckler* dismissal for incorrectly describing the purpose of certain disbursements given the technical nature of the alleged violations).

²⁷ 52 U.S.C. § 30104(b)(3)(A); 11 C.F.R. § 104.3(a)(4)(i).

²⁸ 52 U.S.C. § 30101(13)(A); 11 C.F.R. § 100.12.

²⁹ Compl. at 2.

³⁰ When a treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by the Act, any report submitted by the committee will be considered to be in compliance with the Act. 52 U.S.C. § 30102(i); 11 C.F.R. § 104.7(a).

1 In response to the Complaint, the Committee sent emails requesting information on
2 employment status to the three individuals referenced in the Complaint.³¹ All three contributors
3 confirmed that they were not employed at the time that they made the contributions.³²

4 The available information does not indicate that the Committee misreported the
5 employment of its contributors. The Committee provided information confirming that the three
6 contributors identified in the Complaint were accurately identified as being unemployed, and we
7 are not aware of any other information suggesting that the Committee has otherwise failed to
8 accurately report occupation/employer information. Further, the Committee’s disclosure reports
9 show that most of the contributors were identified with occupation and employer information.³³
10 Accordingly, the Commission finds no reason to believe that the Committee violated 52 U.S.C.
11 § 30104(b)(3)(A) by failing to accurately report contributor information.

³¹ Resp. at 2-3. Mr. Jalil Farid indicated that he was not employed at the time but is now employed, while Mr. Billie Fischer and Mr. Josh Hannah stated that they were still unemployed.

³² *Id.*

³³ The Committee’s disclosure reports for the 2022 election cycle show that \$47,292.00 (53 contributors) of the \$350,294.41 in itemized contributions came from contributors listed as “unemployed.”