



FEDERAL ELECTION COMMISSION
Washington, DC 20463

VIA CERTIFIED MAIL

April 4, 2023

Nancy Hernandez

Sylmar, CA 91342

RE: MUR 7974
Aarika for Congress

Dear Ms. Hernandez:

On March 28, 2023, the Federal Election Commission reviewed the allegations in your complaint dated March 3, 2022, and decided that on the basis of the information provided in your complaint, and information provided by Aarika for Congress and Yang Deng in her official capacity as treasurer (“the Committee”), to dismiss the allegation that the Committee violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(b) by misstating financial activity and to dismiss the allegation that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 6(A) by failing to properly itemize disbursements. In addition, the Commission found no reason to believe that the Committee violated 52 U.S.C. § 30104(b)(3)(A) by failing to accurately report contributor information. Accordingly, the Commission closed the file in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). The Factual and Legal Analysis, which explains the Commission’s findings, is enclosed.

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission’s dismissal of this action. *See* 52 U.S.C. § 30109(a)(8).

Sincerely,

Lisa J. Stevenson
Acting General Counsel

Peter G. Blumberg

By: Peter G. Blumberg
Assistant General Counsel

Enclosure
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

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 Committee did not adequately respond to the Commission’s Requests For Additional Information (“RFAs”) 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 it 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 filed amendments addressing the reporting issues.³ The

¹ Compl. (March 30, 2022).

² *Id.*

³ Resp. at 1, 3 (May 31, 2022).

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

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

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

14 **II. FACTUAL BACKGROUND**

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

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
2 has 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 listed as “Blank,” “Compensation,” and “in-kind-.”¹⁴ The RFAI for the 2021 October Quarterly
11 Report noted inadequate purposes of disbursements description(s) for “Campaign Event
12 Expenses” and “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 Report) at 1; Aarika for Congress, RFAI (2021 Year-End Report) at 1.

¹³ Aarika for Congress, RFAI (2021 July Quarterly Report) 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 periods in response to the RFAs. Thus, the Column B discrepancies for
6 these 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” by identifying the previously
13 unnamed staff members; however, the Committee did not provide additional information for
14 most of the “campaign event expense” entries.¹⁹

15

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 the Allegations that the Committee Misstated**
3 **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 the allegations pertaining to the misstatement of financial
17 activity, in violation of 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(b).²²

18 **B. The Commission Dismisses the Allegations that the Committee Failed to**
19 **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
4 purposes of disbursements in its 2021 July Quarterly Report and 2021 October Quarterly Report,
5 the Committee amended its reports to clarify some of the disbursements. In the 2021 July
6 Quarterly Report, the Committee clarified “Staff Compensation” by identifying the staff who
7 were previously unnamed in the 2021 October Quarterly.²⁴ Although the amended reports did
8 not 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 the allegations pertaining to the failure to properly itemize disbursements, in violation
12 of 52 U.S.C. § 30104(b)(5)(A) and 6(A).²⁶

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

15
16 The treasurer of a political committee shall accurately report the identification of each
17 person who makes an aggregate contribution in excess of \$200 within a calendar year (or

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.

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); 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).

1 election cycle, in the case of an authorized committee) along with the date and amount of any
2 such contribution.²⁷ The term “identification,” in the case of an individual, refers to that
3 person’s name, address, occupation, and employer.”²⁸ For contributors that do not list an
4 employer, “unemployed” is considered an adequate entry.

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

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

15 The available information does not indicate that the Committee misreported the
16 employment of its contributors. The Committee provided information confirming that the three
17 contributors identified in the Complaint were accurately identified as being unemployed, and we

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 *Id.* at 2-3. 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).

³¹ Resp. at 2-3. .

³² *Id.*

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- 1 are not aware of any other information suggesting that the Committee has otherwise failed to
- 2 accurately report occupation/employer information. Accordingly, the Commission finds no
- 3 reason to believe that the Committee violated 52 U.S.C. § 30104(b)(3)(A) by failing to
- 4 accurately report contributor information.