



FEDERAL ELECTION COMMISSION
Washington, DC 20463

VIA ELECTRONIC AND OVERNIGHT MAIL
RETURN RECEIPT REQUESTED

Leticia C. Smith
Friends of Warren Christopher
5507 Fords Endeavor Road
Bowie, MD 20720
leticiasmith@lslegalmediation.com

October 11, 2022

RE: MUR 8069
Friends of Warren Christopher and
Leticia C. Smith in her official
capacity as treasurer

Dear Ms. Smith,

On September 15, 2022, the Federal Election Commission found reason to believe that Friends of Warren Christopher and you in your official capacity as treasurer (the "Committee"), violated 52 U.S.C. § 30104(a), (b) of the Federal Election Campaign Act of 1971, as amended (the "Act") and 11 C.F.R. §§ 104.1(a), 104.3 by failing to file disclosure reports disclosing cash on hand, receipts, and disbursements. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is enclosed for your information.

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

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter.

If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 60 days, you should respond to this notification as soon as possible. Accordingly, if you are interested in engaging in pre-probable cause conciliation negotiations, please contact Justine A.

Leticia C. Smith
MUR 8069 (Friends of Warren Christopher)
Page 2

di Giovanni, the attorney assigned to this matter, at (202) 694-1574 or jdigiovanni@fec.gov within seven days of receipt of this letter.

During conciliation, you may submit any factual or legal materials that you believe are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within 60 days. *See* 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

Pre-probable cause conciliation, extensions of time, and other enforcement procedures and options are discussed more comprehensively in the Commission's "Guidebook for Complainants and Respondents on the FEC Enforcement Process," which is available on the Commission's website at https://www.fec.gov/resources/cms-content/documents/respondent_guide.pdf. This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

We look forward to your response.

On behalf of the Commission,

A handwritten signature in blue ink, appearing to read "Allen Dickerson", is written over a horizontal line.

Allen Dickerson
Chairman

Enclosures:
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENT:** Friends of Warren Christopher and Leticia C. Smith **MUR 8069**
4 in her official capacity as treasurer
5

6 **I. INTRODUCTION**

7 This matter arises from a Reports Analysis Division (“RAD”) Referral of Friends of
8 Warren Christopher and Leticia C. Smith in her official capacity as treasurer (the “Committee”)
9 regarding the Committee’s failure to report how it disposed of \$117,764.01 in residual campaign
10 funds following its 2016 Year-End Report. As explained below, the Committee failed to file
11 reports with the Commission after 2017 despite its ongoing obligation to do so under the Federal
12 Election Campaign Act of 1971, as amended (the “Act”). Because the available information
13 does not explain how or when the Committee disposed of its residual funds, the Commission
14 finds reason to believe that the Committee violated 52 U.S.C. § 30104(a), (b) and 11 C.F.R.
15 §§ 104.1(a), 104.3 by failing to file disclosure reports and disclose cash on hand, receipts, and
16 disbursements, if any.

17 **II. FACTUAL BACKGROUND**

18 Warren Christopher was a candidate for the U.S. House of Representatives for the Fourth
19 Congressional District in Maryland in 2016; Friends of Warren Christopher is his principal
20 campaign committee and Leticia C. Smith is the Committee’s treasurer.¹ Warren Christopher
21 lost the Democratic primary election held on April 26, 2016.² Since then, the Committee has
22 only filed three reports with the Commission, discussed below.

¹ Friends of Warren Christopher, Amended Statement of Organization (June 23, 2015).

² *Official 2016 Presidential Primary Election Results for Representative in Congress, MD. STATE BD. OF ELECTIONS* (May 31, 2016), https://elections.maryland.gov/elections/2016/results/primary/gen_results_2016_3_00804.html.

1 After the primary election, the Committee filed its 2016 July Quarterly Report disclosing
2 \$118,664.01 in cash on hand,³ but did not timely file its October Quarterly Report, which was
3 due October 15, 2016.⁴ On January 9, 2017, the Committee filed a Miscellaneous Text
4 Submission with the Commission that stated:

5 [The] Committee had no activity subsequent to the April 2016
6 primary. The candidate was unsuccessful in the April 2016
7 Primary and no activity took place thereafter. There was no
8 activity during the October quarterly reporting dates of 7/1/16 and
9 9/30/16 or beyond.⁵

10 The Miscellaneous Text Submission did not address the Committee's cash-on-hand balance, but
11 indicated there had been no activity since the last disclosure report. On February 1, 2017, the
12 Committee filed its 2016 Year-End and October Quarterly Reports,⁶ which each disclosed no
13 contributions or disbursements for the reporting periods and a closing cash-on-hand balance of
14 \$117,764.01.⁷ The Committee did not account for the \$900 discrepancy between this cash-on-
15 hand balance and the amount disclosed on its July Quarterly Report.

³ Friends of Warren Christopher, 2016 July Quarterly Report (July 15, 2016), <https://docquery.fec.gov/pdf/598/201607169020673598/201607169020673598.pdf>.

⁴ Friends of Warren Christopher, Request for Additional Information ("RFAI") (Nov. 1, 2016), <https://docquery.fec.gov/pdf/385/201611010300067385/201611010300067385.pdf> (regarding failure to file 2016 October Quarterly Report).

⁵ Friends of Warren Christopher, Miscellaneous Report (Jan. 9, 2017), <https://docquery.fec.gov/pdf/397/201701090300129397/201701090300129397.pdf>.

⁶ Referral at 1. Though the Referral references the Committee's 2017 October Quarterly Report as the last disclosure report filed by the Committee, the report was in fact the Committee's 2016 October Quarterly Report, as it was filed on February 1, 2017, prior to the reporting period for the 2017 October Quarterly Report, and the Committee's treasurer acknowledged that she intended to file the report for the 2016 October Quarterly reporting period. *Id.* at 2 n.1. Though marked as a 2017 October Quarterly Report in the Commission's database of disclosure reports, this Factual and Legal Analysis refers to this disclosure report as the 2016 October Quarterly Report to avoid confusion.

⁷ Friends of Warren Christopher, 2016 October Quarterly Report at 2 (Jan. 31, 2017), <https://docquery.fec.gov/pdf/068/201702019042401068/201702019042401068.pdf>; Friends of Warren Christopher, 2016 Year-End Report at 2 (Jan. 31, 2017), <https://docquery.fec.gov/pdf/072/201702019042401072/201702019042401072.pdf>.

1 The next day, on February 2, 2017, Smith contacted RAD indicating that the Committee
2 wished to terminate.⁸ The RAD Analyst explained that the Committee needed to resolve its
3 cash-on-hand balance before doing so, at which time Smith stated that the Committee's bank
4 account balance was close to zero.⁹ The treasurer did not explain why the Committee's filings
5 from the previous day listed substantial cash-on-hand balances.

6 Between October 2019 and October 2021, RAD attempted to communicate with Smith,
7 including by sending a Request for Additional Information ("RFAI") to the Committee regarding
8 its residual cash on hand, and repeatedly encouraged her to file a termination report resolving the
9 remaining cash-on-hand balance.¹⁰ In October 2019 and in July 2020, Smith told RAD via
10 phone that she would work on obtaining bank records in order to file an explanation of the
11 Committee's residual funds.¹¹ The Commission is in possession of information indicating that,
12 in April 2021, Smith told RAD by phone that all the Committee's funds had been used for
13 campaign expenses, but that she later again stated that she would request the Committee's bank
14 records and that she believed the candidate had closed the campaign's bank account, indicating
15 that she did not have the Committee's records at the time of the April 2021 call.¹² The
16 Commission is also aware that, in August 2021, Smith asked RAD by phone what to do about a
17 hypothetical situation in which the candidate closed the account and disposed of the funds on his
18 own, and indicated she would be filing a statement to resign as treasurer. To date, Smith has not

⁸ Referral at 2.

⁹ *Id.*

¹⁰ *See id.*; Friends of Warren Christopher, RFAI (May 18, 2020), <https://docquery.fec.gov/pdf/227/202005180300071227/202005180300071227.pdf>.

¹¹ Referral at 2.

¹² *Id.*

1 filed any report or statement to explain the remaining cash-on-hand balance nor filed
 2 amendments to the 2016 October Quarterly or Year-End Reports, nor has she apparently
 3 resigned.¹³

4 RAD referred the Committee to the Enforcement Division for further action. The
 5 Committee has not responded to the Referral notification sent by the Office of General Counsel.

6 **III. LEGAL ANALYSIS**

7 The Act requires committee treasurers to file reports of receipts and disbursements in
 8 accordance with the provisions of 52 U.S.C. § 30104.¹⁴ These reports must include, among other
 9 things, the total amount of receipts, disbursements, and cash on hand, including the appropriate
 10 itemizations, where required.¹⁵ Committees have an ongoing obligation to file reports until they
 11 terminate with the Commission.¹⁶ A committee may terminate “only upon filing a termination
 12 report on the appropriate FEC Form or upon filing a written statement containing the same
 13 information with the Commission. . . . In addition to the Notice, the committee shall also

¹³ RAD has sent the Committee RFAs for each of its unfiled disclosure reports since 2017. *E.g.*, Friends of Warren Christopher, RFAI (Aug. 2, 2021), <https://docquery.fec.gov/pdf/701/202108020300121701/202108020300121701.pdf> (regarding unfiled 2021 July Quarterly Report); Friends of Warren Christopher, RFAI (Feb. 16, 2021), <https://docquery.fec.gov/pdf/011/202102160300106011/202102160300106011.pdf> (regarding unfiled 2020 Year-End Report); Friends of Warren Christopher, RFAI (Oct. 30, 2019), <https://docquery.fec.gov/pdf/364/201910300300049364/201910300300049364.pdf> (regarding unfiled 2019 October Quarterly Report); Friends of Warren Christopher, RFAI (Apr. 30, 2018), <https://docquery.fec.gov/pdf/870/201804300300007870/201804300300007870.pdf> (regarding unfiled 2018 April Quarterly Report); Friends of Warren Christopher, RFAI (Aug. 2, 2017), <https://docquery.fec.gov/pdf/767/201708020300088767/201708020300088767.pdf> (regarding unfiled 2017 July Quarterly Report).

¹⁴ 52 U.S.C. § 30104(a)(1); *accord* 11 C.F.R. § 104.1(a).

¹⁵ 52 U.S.C. § 30104(b); 11 C.F.R. § 104.3.

¹⁶ *See* 52 U.S.C. § 30103(d)(1); 11 C.F.R. § 102.3(a)(1); *see also* Advisory Opinion 1997-47 at 1 (Hansen) (“Under the Act and Commission regulations, a political committee is a continuing organization until specific action is taken to terminate the registration of, or disband, the committee.”).

1 provide a final report of receipts and disbursements, which . . . shall include a statement as to the
2 purpose for which such residual funds will be used”¹⁷

3 Here, the available information supports finding reason to believe that the Committee
4 violated the reporting provisions of the Act and Commission’s regulations at 52 U.S.C.
5 § 30104(a), (b) and 11 C.F.R. §§ 104.1 and 104.3 by failing to file accurate reports of its
6 receipts, disbursements, and cash on hand. As an initial matter, the Committee’s expenditures
7 disposing of its nearly \$118,000 in residual campaign funds are not reflected in its disclosure
8 reports. The last report that the Committee filed with the Commission was the 2016 Year-End
9 Report that disclosed a cash-on-hand balance of \$117,764.01, and there have been no additional
10 Committee filings to explain how that remaining balance was used. The Committee has failed to
11 meet its continuing obligation to file disclosure reports until it terminates.¹⁸ As a result, there is
12 no information available regarding the receipts and disbursements the Committee made, if any,
13 since it filed its last disclosure report.

14 Because it is clear that the Committee has continued to fail to satisfy its obligation to file
15 reports with the Commission and to accurately report its disbursements and cash on hand, the
16 Commission finds reason to believe that the Committee violated 52 U.S.C. § 30104(a), (b) and
17 11 C.F.R. §§ 104.1(a), 104.3(b) by failing to file disclosure reports and disclose cash on hand,
18 receipts, and disbursements, if any.

¹⁷ 11 C.F.R. § 102.3(a)(1).

¹⁸ 52 U.S.C. § 30103(d)(1); 11 C.F.R. § 102.3(a)(1). Permitting a committee to terminate without disclosing how it spent over \$117,000 vitiates the Commission’s interest in disclosure.