

1 **BEFORE THE FEDERAL ELECTION COMMISSION**
23 **ENFORCEMENT PRIORITY SYSTEM**
4 **DISMISSAL REPORT**
56 **MURs:** 8207/8208
78 **Respondents:** Kevin McCarthy
9 Kevin McCarthy for Congress and Jill
10 Thomson in her official capacity as
11 treasurer
12 McCarthy Victory Fund and Jill
13 Thomson in her official capacity as
14 treasurer
15 Majority Committee PAC-MC PAC
16 and Jill Thomson in her official
capacity as treasurer17 **Complaints Receipt Date:** January 30, 2024
1819 [REDACTED]
20
21 **Alleged Statutory/**
22 **Regulatory Violations:**23 52 U.S.C. § 30104(b)
24 52 U.S.C. § 30114(b)
25 11 C.F.R. § 104.3(b)
26 11 C.F.R. § 113.1(g)
27 11 C.F.R. § 113.2(e)28 These identical complaints allege that former Rep. Kevin McCarthy; McCarthy's principal
29 campaign committee, Kevin McCarthy for Congress and Jill Thomson in her official capacity as
30 treasurer; McCarthy Victory Fund ("MVF") and Jill Thomson in her official capacity as treasurer, a
31 joint fundraising committee in which Kevin McCarthy for Congress participates; and McCarthy's
32 leadership PAC, Majority Committee PAC-MC PAC and Jill Thomson in her official capacity as
33 treasurer ("Leadership PAC"),¹ converted approximately \$240,000 in campaign funds to personal
34 use in violation of the Federal Election Campaign Act of 1971, as amended (the "Act"), between

¹ Kevin McCarthy for Congress, Amended Statement of Organization at 2 (May 1, 2023); McCarthy Victory Fund, Amended Statement of Organization at 2 (Jan. 21, 2015); Majority Committee PAC-MC PAC, Amended Statement of Organization at 5 (May 1, 2023).

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1 December 12, 2015, and May 3, 2018, at the Terranea Resort in Rancho Palos Verdes, California.²
 2 Relatedly, the Complaints allege that the committees failed to properly report the payments because
 3 the listed purposes are insufficiently precise.³

4 Regarding the personal use allegations, the Complaints rely primarily on news articles by
 5 the *Los Angeles Times*, which reported that between 2015 and 2018, the Leadership PAC and MVF
 6 spent approximately \$124,000 and \$116,000, respectively, at Terranea Resort over a period of two
 7 and a half years.⁴ Complainants state that they are former employees of Terranea Resort in the
 8 banquet and catering departments and claim to have no recollection of any event hosted by or on
 9 behalf of McCarthy or any of his committees at the resort.⁵ The Complaints also point out that the
 10 owners of Terranea Resort contributed \$300,400 to McCarthy and his committees from 2012 to
 11 2022, suggesting “an extremely cozy relationship between the parties.”⁶ Regarding the reporting
 12 allegations, the Complaints claim that the listed purposes, *e.g.*, “PAC LODGING,” are insufficient
 13 to determine the actual purpose.⁷

² Compl. at 1, MUR 8207 (Jan. 30, 2024); Compl. at 1, MUR 8208 (Jan. 30, 2024). From August to December 2017, MVF made eight disbursements to Terranea Resort totaling \$115,936.01. *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00541011&min_date=08%2F01%2F2017&max_date=12%2F31%2F2017 (last visited June 5, 2024) (reflecting disbursements by MVF from August 2017 to December 2017). Additionally, from December 2015 to May 2018, Majority Committee PAC-MC PAC made 13 disbursements to Terranea Resort totaling \$124,230.12. *FEC Disbursements: Filtered Results*, FEC.GOV, https://www.fec.gov/data/disbursements/?data_type=processed&committee_id=C00428052&min_date=12%2F02%2F2015&max_date=05%2F05%2F2018 (last visited June 5, 2024) (reflecting disbursements by Majority Committee PAC-MC PAC from December 2015 to May 2018). Kevin McCarthy for Congress has not reported any payments to Terranea Resort.

³ Compl. at 4, MUR 8207; Compl. at 4, MUR 8208.

⁴ Compl. at 1, MUR 8207; Compl. at 1, MUR 8208; Adam Elmahrek and Paul Pringle, *Kevin McCarthy Uses PAC to Lavish Cash on High-End Resorts, Private Jets and Fine Dining*, L.A. TIMES (Dec. 7, 2023), <https://www.latimes.com/california/story/2023-12-07/spending-by-kevin-mccarthys-leadership-pac>.

⁵ Compl. at 2, MUR 8207; Compl. at 2, MUR 8208.

⁶ Compl. at 2, MUR 8207; Compl. at 2, MUR 8208.

⁷ Compl. at 4, MUR 8207; Compl. at 4, MUR 8208.

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1 McCarthy, McCarthy for Congress, MVF, and the Leadership PAC submitted separate but
2 identical Responses denying the allegations and asserting that all expenditures were “bona fide and
3 properly disclosed on Commission reports” made in connection with fundraisers that the Leadership
4 PAC and MVF held at Terranea Resort.⁸

5 Based on its experience and expertise, the Commission has established an Enforcement
6 Priority System using formal, pre-determined scoring criteria to allocate agency resources and
7 assess whether particular matters warrant further administrative enforcement proceedings. These
8 criteria include (1) the gravity of the alleged violation, taking into account both the type of activity
9 and the amount in violation; (2) the apparent impact the alleged violation may have had on the
10 electoral process; (3) the complexity of the legal issues raised in the matter; and (4) recent trends in
11 potential violations and other developments in the law. This matter is rated as low priority for
12 Commission action after application of these pre-established criteria. Given the low rating and
13 considering that the five-year statute of limitations to seek a monetary civil penalty on any potential
14 violations in these matters has run,⁹ we recommend that the Commission dismiss the Complaint
15 consistent with the Commission’s prosecutorial discretion to determine the proper ordering of its
16 priorities and use of agency resources.¹⁰ We also recommend that the Commission close the files
17 and send the appropriate letters.

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Lisa J. Stevenson
Acting General Counsel

⁸ McCarthy Resp. at 2, MUR 8207 (Feb. 21, 2024); McCarthy Resp. at 2, MUR 8208 (Feb. 21, 2024); McCarthy for Congress Resp. at 2, MUR 8207 (Feb. 21, 2024); McCarthy for Congress Resp. at 2, MUR 8208 (Feb. 21, 2024); Majority Committee PAC-MCPAC Resp. at 2, MUR 8207 (Feb. 21, 2024); Majority Committee PAC-MCPAC Resp. at 2, MUR 8208 (Feb. 21, 2024); McCarthy Victory Fund Resp. at 2, MUR 8207 (Feb. 21, 2024); McCarthy Victory Fund Resp. at 2, MUR 8208 (Feb. 21, 2024).

⁹ See 28 U.S.C. § 2462.

¹⁰ See *Heckler v. Chaney*, 470 U.S. 821, 831-32 (1985).

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June 6, 2024

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Date

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