

FEDERAL ELECTION COMMISSION
FIRST GENERAL COUNSEL'S REPORT

AR 23-06

12 **SOURCE:** Internally Generated

13 **RESPONDENTS:** Citizens for Waters and David Gould in his official
14 capacity as treasurer

15 **RELEVANT STATUTES**
16 **AND REGULATIONS:** 52 U.S.C. § 30102(h)(2)
17 52 U.S.C. § 30104(b)
18 52 U.S.C. § 30116(f)
19 11 C.F.R. § 102.11
20 11 C.F.R. § 104.3(a), (b)
21 11 C.F.R. § 110.9

23 INTERNAL REPORTS CHECKED: Disclosure Reports

24 **FEDERAL AGENCIES CHECKED:** None

25 I. INTRODUCTION

26 The Audit Division (“Audit”) referred Citizens for Waters and David Gould in his
27 official capacity as treasurer (the “Committee”) to the Office of General Counsel (“OGC”) for
28 three apparent violations of the Federal Election Campaign Act of 1971, as amended (the “Act”).
29 The Commission approved a Final Audit Report (“FAR”) in connection with the Committee’s
30 activity during the 2019 and 2020 calendar years that included three violations for possible

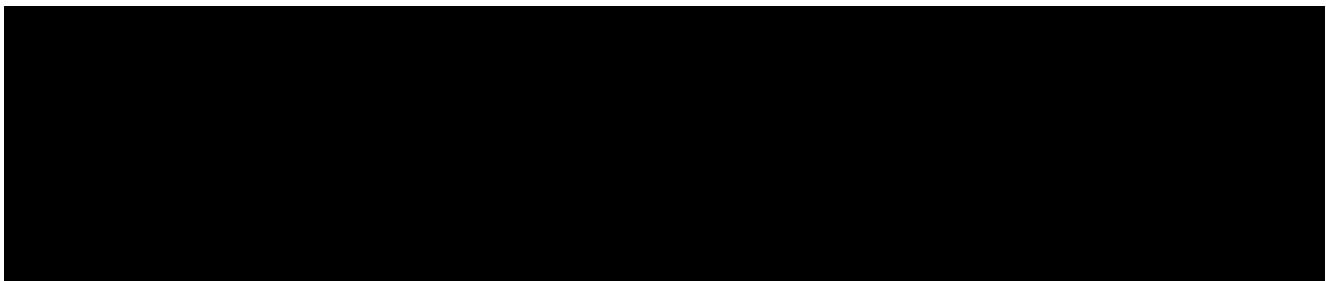
¹ These statute of limitations (“SOL”) dates take into account two tolling agreements, providing a total of 62 days of tolling. AR 23-06 Audit Referral at 1 (Nov. 28, 2023) (Citizens for Waters) (“Referral”). The time remaining on the statute of limitations for \$5,600 of the referred activity, which relates to a portion of the referred audit finding that the Committee accepted excessive contributions, will begin to expire on May 21, 2024. All other remaining activity will not begin to expire until May 3, 2025.

AR 23-06 (Citizens for Waters)
First General Counsel's Report
Page 2 of 10

1 enforcement action: (1) misstatements of receipts and disbursements (\$262,391 in receipts and
2 \$256,165 in disbursements); (2) acceptance of excessive contributions (\$19,000); and (3)
3 unlawful cash disbursements (\$7,000).

4 The Committee does not deny the allegations. Instead, the Committee states that any
5 errors it made were accidental, that the Committee has taken steps to both ameliorate the
6 situation and prevent it from occurring again, and it requests that the Commission either take no
7 further action or refer the matter to the Office of Alternative Dispute Resolution ("ADRO").
8 During the audit, the Committee filed amended reports to correct its past errors, refunded some
9 excessive contributions, and disgorged the remainder of the excessive contributions to the U.S.
10 Treasury.

11 Accordingly, we recommend that the Commission open a Matter Under Review
12 ("MUR") and find reason to believe that the Committee violated 52 U.S.C. § 30104(b)(1), (2),
13 (3), (4), (5) and 11 C.F.R. § 104.3(a), (b) by failing to accurately report both receipts and
14 disbursements made by the Committee; find reason to believe the Committee violated 52 U.S.C.
15 § 30116(f) and 11 C.F.R. § 110.9 by knowingly accepting excessive contributions; find reason to
16 believe that the Committee violated 52 U.S.C. § 30102(h)(2) and 11 C.F.R. § 102.11 by making
17 prohibited cash disbursements; and enter into pre-probable cause conciliation with the
18 Committee with an opening settlement offer of [REDACTED]



1 **II. FACTUAL BACKGROUND**

2 Maxine Waters is the Representative for California's Forty-Third Congressional District.³

3 Citizens for Waters is her principal campaign committee.⁴

4 On November 13, 2023, the Commission approved the Proposed FAR, covering activity

5 from the 2019 and 2020 calendar years.⁵ Then, on November 28, 2023, Audit referred the

6 Committee to OGC for three findings.⁶ First, Audit referred the Committee for failing to

7 accurately report receipts and disbursements.⁷ According to the FAR, in 2020, the Committee

8 understated its receipts by \$262,391 and understated its disbursements by \$256,164.⁸ In

9 connection with the audit, the Committee filed amended reports that Audit states "materially

10 corrected the financial activity" at issue in this finding.⁹ Second, Audit referred the Committee

11 for accepting excessive contributions.¹⁰ According to the FAR, the Committee accepted \$19,000

12 in excessive contributions during the 2019 and 2020 calendar years.¹¹ During the audit, the

13 Committee provided documentation demonstrating that it issued refunds for \$8,400 of those

14 excessive contributions and disgorged an additional \$10,900 to the U.S. Treasury.¹² Third, Audit

³ Citizens for Waters, Statement of Organization (Apr. 1, 2022), <https://docquery.fec.gov/pdf/317/202204019495930317/202204019495930317.pdf>.

⁴ *Id.*

⁵ Referral at 1.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 3.

⁹ Referral at 3; *Citizens for Waters Committee Profile*, FEC.GOV, <https://www.fec.gov/data/committee/C00167585/?cycle=2020&tab=filings> (last visited Apr. 1, 2024).

¹⁰ Referral at 7.

¹¹ *Id.*

¹² *Id.* at 10 (explaining that the Committee disgorged an additional \$300 that was not excessive); *see also* Committee's Response to the Draft Final Audit Report of the Audit Division ("Response to Draft FAR") at 1 (June 9, 2023).

AR 23-06 (Citizens for Waters)
 First General Counsel's Report
 Page 4 of 10

1 referred the Committee for authorizing excessive cash disbursements, totaling \$7,000.¹³ Audit
 2 found that there were four separate disbursements that were for sums larger than the amount
 3 allowed by the Act: one \$500 check made out for cash; one cash withdrawal for \$1,000; one
 4 cash withdrawal for \$900; and one cash withdrawal for \$5,000.¹⁴

5 Respondents do not deny the allegations but contend that the Commission should take no
 6 further action on this matter because the violations were not willful and many of errors occurred
 7 because of “limited staff availability and resources” during the COVID-19 pandemic.¹⁵ During
 8 the Audit, the Committee explained that during the pandemic, it experienced increasing technical
 9 issues with its reporting software, but its vendor had reduced its customer support services, so
 10 the technical software issues it experienced were left unresolved.¹⁶ In addition, the Committee
 11 states that it began authorizing cash disbursements to pay canvass workers because checks were
 12 harder to cash during the pandemic since check-cashing businesses had limited hours.¹⁷ The
 13 Committee also notes that it has taken steps to remedy the violations, most notably by filing
 14 amended disclosure reports, refunding excessive contributions, and disgorging contributions to
 15 the U.S. Treasury.¹⁸

¹³ Referral at 11.

¹⁴ Office of General Counsel Legal Analysis – Draft Final Audit Report of the Audit Division at 2 (May 17, 2023). Of note, the above amounts equal \$7,400. However, cash disbursements of \$100 are permissible under 30102(h)(2). Because there were four disbursements, \$400 of the total amount was permissible and the amount in excess is \$7,000. *See id.* at 3.

¹⁵ Resp. at 1 (Jan. 22, 2024).

¹⁶ Referral at 5; Committee's Response to the Interim Audit Report of the Audit Division (“Interim Response”) at 1 (Feb. 7, 2023) (stating that “many of the misstatements on the Report are attributable to software technical issues. These issues were further exacerbated by the pandemic as technical issues continued to grow but company customer support reduced.”).

¹⁷ Referral at 13; Interim Response at 2.

¹⁸ Resp. at 1; Interim Response at 1.

1 **III. LEGAL ANALYSIS**

2 **A. Misstatement of Receipts and Disbursements**

3 The Act and Commission regulations require treasurers to file reports disclosing, among
 4 other things, the amount of cash-on-hand at the beginning of each reporting period; the total
 5 amount of receipts for the reporting period and for the calendar year; and the total amount of
 6 disbursements for the reporting period and for the calendar year.¹⁹ For each receipt or
 7 disbursement exceeding \$200, the committee must report the source, date, and amount of each
 8 receipt and the ultimate payee, purpose, amount, and date of each disbursement.²⁰ Committee
 9 treasurers are responsible for the timely and complete filing of disclosure reports and for the
 10 accuracy of the information contained therein.²¹

11 The FAR found, and the Committee has acknowledged, multiple reporting errors in the
 12 Committee's filings in 2020 totaling \$518,556; specifically, the Committee understated \$262,391
 13 in receipts and \$256,164 in disbursements.²² The Committee admits that there were unresolved
 14 errors in the disclosure reports but argues that these were inadvertent errors that went unresolved
 15 because of limited access to a software company's customer support during the COVID-19
 16 pandemic.²³ While the Committee has attempted to fix the errors by filing amended disclosure

¹⁹ See 52 U.S.C. § 30104(b)(1), (2), (4); 11 C.F.R. § 104.3(a)(1).

²⁰ 52 U.S.C. § 30104(b)(3), (5); 11 C.F.R. § 104.3(a)(4), (b)(3), (b)(4).

²¹ 11 C.F.R. § 104.14(d).

²² Referral at 3.

²³ *Id.* at 5. The Committee argues that because the violations were inadvertent, the Commission should take no further action or refer the matter to ADRO. Resp. at 1. However, such a result would be inconsistent with how the Commission has treated similarly situated respondents in the past. Factual & Legal Analysis ("F&LA") at 8, MUR 8061 (Republican Party of Minnesota – Federal) (In a RAD referral, Respondent stated that the filing issues were inadvertent, and the Commission still found reason to believe and authorized pre-probable cause conciliation); F&LA at 4, MUR 7971 (Indiana Democratic Congressional Victory Committee) (In a RAD referral, Respondent stated that the filing errors were inadvertent software issues, and yet the Commission found reason to believe and authorized pre-probable cause conciliation); F&LA at 4, MUR 6527 (John Edwards for President) (holding that software issues do not "alleviate [a committee's] responsibility to adhere to the Act's specific requirement[s]").

AR 23-06 (Citizens for Waters)
 First General Counsel's Report
 Page 6 of 10

1 reports, those remedial efforts were subsequent to the Audit; therefore, the Committee still
 2 violated the Act by filing inaccurate reports. Accordingly, we recommend that the Commission
 3 find reason to believe that the Committee violated 52 U.S.C. § 30104(b)(1), (2), (3), (4), (5) and
 4 11 C.F.R. § 104.3(a), (b) by failing to accurately report its receipts and disbursements.

5 **B. Excessive Contributions**

6 During the 2020 election cycle, an authorized committee could not accept more than
 7 \$2,800 per election from individuals.²⁴ Further, the Act provides that no political committee
 8 shall knowingly accept any contribution that exceeds contribution limits.²⁵ Contributions which
 9 either exceed the contribution limit on their face or in the aggregate may be deposited or returned
 10 to the contributor.²⁶ If the excessive contribution is accepted, the treasurer may request
 11 redesignation or reattribution of the contribution.²⁷ If a redesignation or reattribution is not
 12 obtained, the treasurer must refund the contribution to the contributor within 60 days of receipt.²⁸

13 Based on the findings in the FAR, the Committee accepted a total of \$19,000 in excessive
 14 contributions from seven individuals.²⁹ The Committee failed to either timely reattribute
 15 contributions or timely refund contributions.³⁰ The Committee has resolved this issue by either
 16 issuing refunds or disgorging the excessive amount to the U.S. Treasury, but those refunds and

²⁴ 52 U.S.C. § 30116(a)(1)(A), (f); 11 C.F.R. §§ 110.1(a)-(b), 110.9; *see also* Price Index Adjustments for Contribution and Expenditure Limitations and Lobbyist Bundling Disclosure Threshold, 84 Fed. Reg. 2504, 2506 (Feb. 7, 2019).

²⁵ 52 U.S.C. § 30116(f); *see also* 11 C.F.R. § 110.9 (“No candidate or political committee shall knowingly accept any contribution or make any expenditure in violation of the provisions of 11 CFR part 110.”).

²⁶ 11 C.F.R. § 103.3(b)(3).

²⁷ *Id.*

²⁸ *Id.*

²⁹ Referral at 7.

³⁰ *Id.*

1 disgorgements were between 827 and 1,541 days late.³¹ Therefore, we recommend that the
 2 Commission find reason to believe that the Committee violated 52 U.S.C. § 30116(f) and
 3 11 C.F.R. § 110.9 by knowingly accepting excessive contributions.

4 **C. Excessive Cash Disbursements**

5 A committee shall make all disbursements by check or similar draft drawn on an account
 6 at its designated campaign depository, except for expenditures of \$100 or less made from a petty
 7 cash fund.³² A political committee may maintain a petty cash fund from which it may make
 8 expenditures not in excess of \$100 to any person per purchase or transaction.³³ A written journal
 9 for such cash expenditures is to be maintained by the treasurer.³⁴

10 According to the FAR, the Committee made multiple cash disbursements that were each
 11 in excess of \$100.³⁵ Audit found four transactions, totaling \$7,000, that were cash
 12 disbursements.³⁶ Although the campaign manager attempted to track all the cash disbursements
 13 made by the Committee, she was unable to provide all of the Committee's cash disbursement
 14 records during the audit.³⁷ Furthermore, Audit states that the Committee "confirmed that there
 15 was no petty cash fund" and that Audit's review of the Committee's records "did not yield any
 16 evidence to demonstrate that [the Committee] established or maintained a petty cash fund."³⁸
 17 The Committee acknowledges that it made cash disbursements but explains that it was because

³¹ *Id.*

³² 11 C.F.R. § 103.3(a).

³³ 52 U.S.C. § 30102(h)(2).

³⁴ 11 C.F.R. § 102.11.

³⁵ Referral at 11.

³⁶ *Id.* at 12.

³⁷ *Id.* at 13.

³⁸ *Id.* at 12.

1 the COVID-19 pandemic made it challenging for canvassers to cash checks.³⁹ Therefore, we
2 recommend that the Commission find reason to believe that the Committee violated 52 U.S.C.
3 § 30102(h)(2) and 11 C.F.R. § 102.11 by making prohibited cash disbursements.⁴⁰

4

5

6

7

8

9

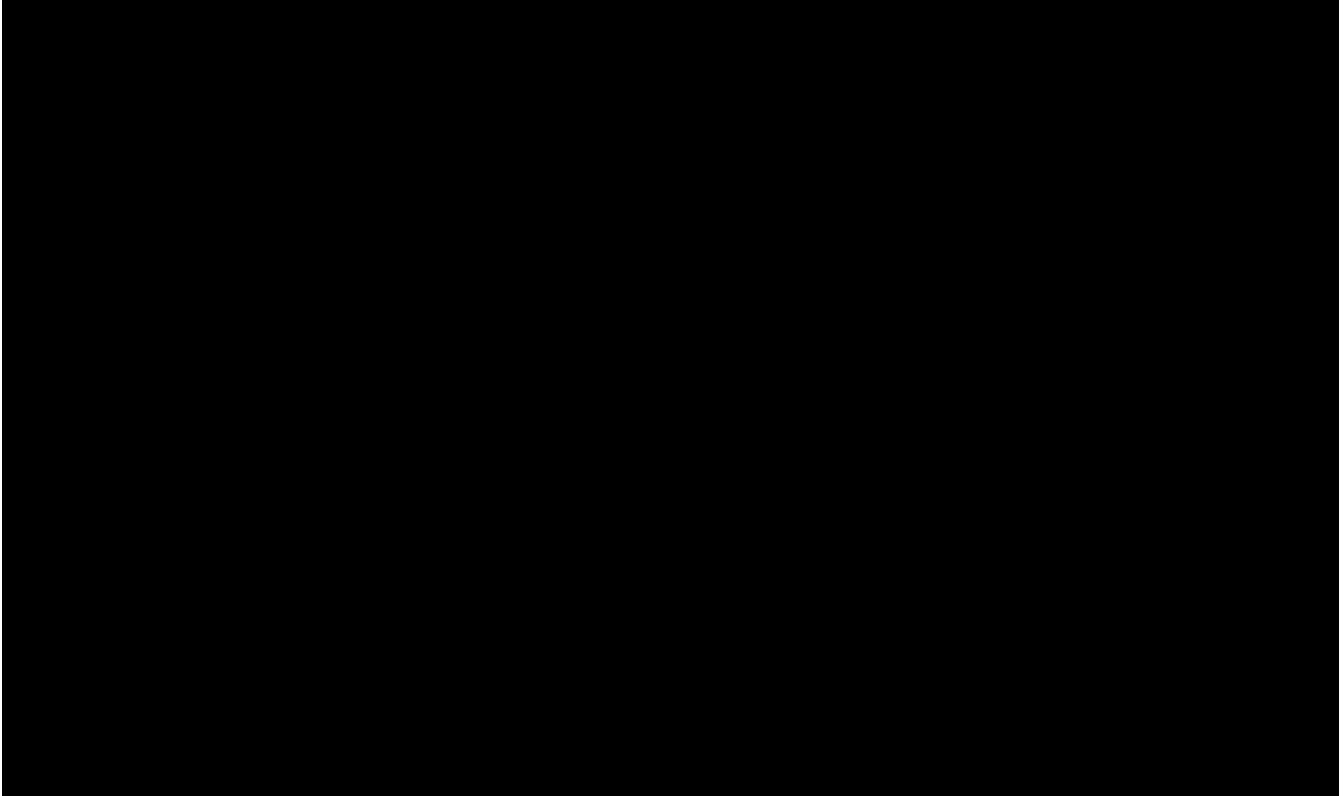
10

11

12

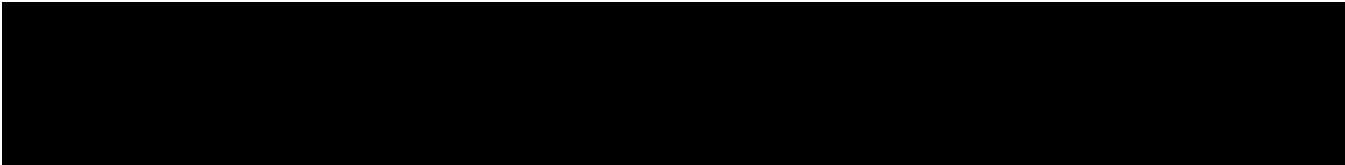
13

14

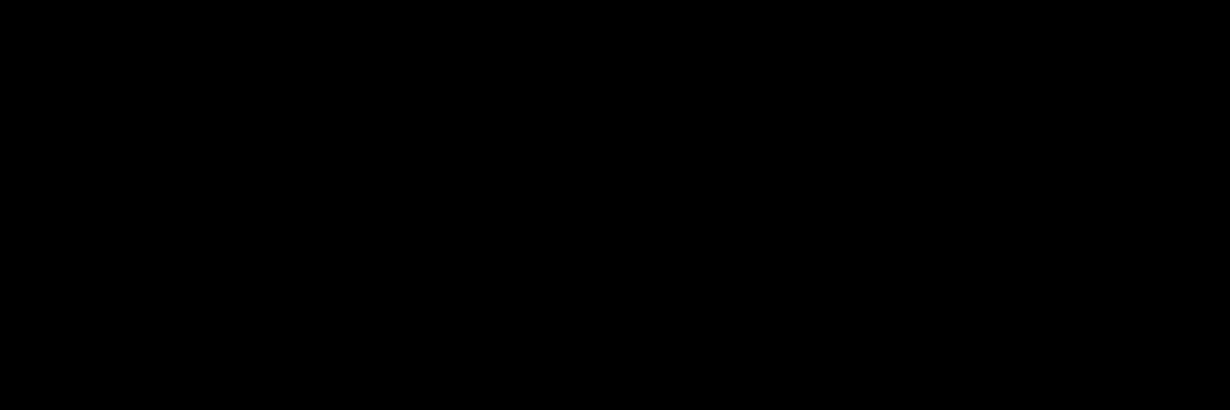


³⁹ *Id.* at 13.

⁴⁰ F&LA at 7, MUR 8067 (UtePAC); F&LA at 12, MUR 7126 (Michigan Democratic State Central Committee).



1
2
3
4
5
6

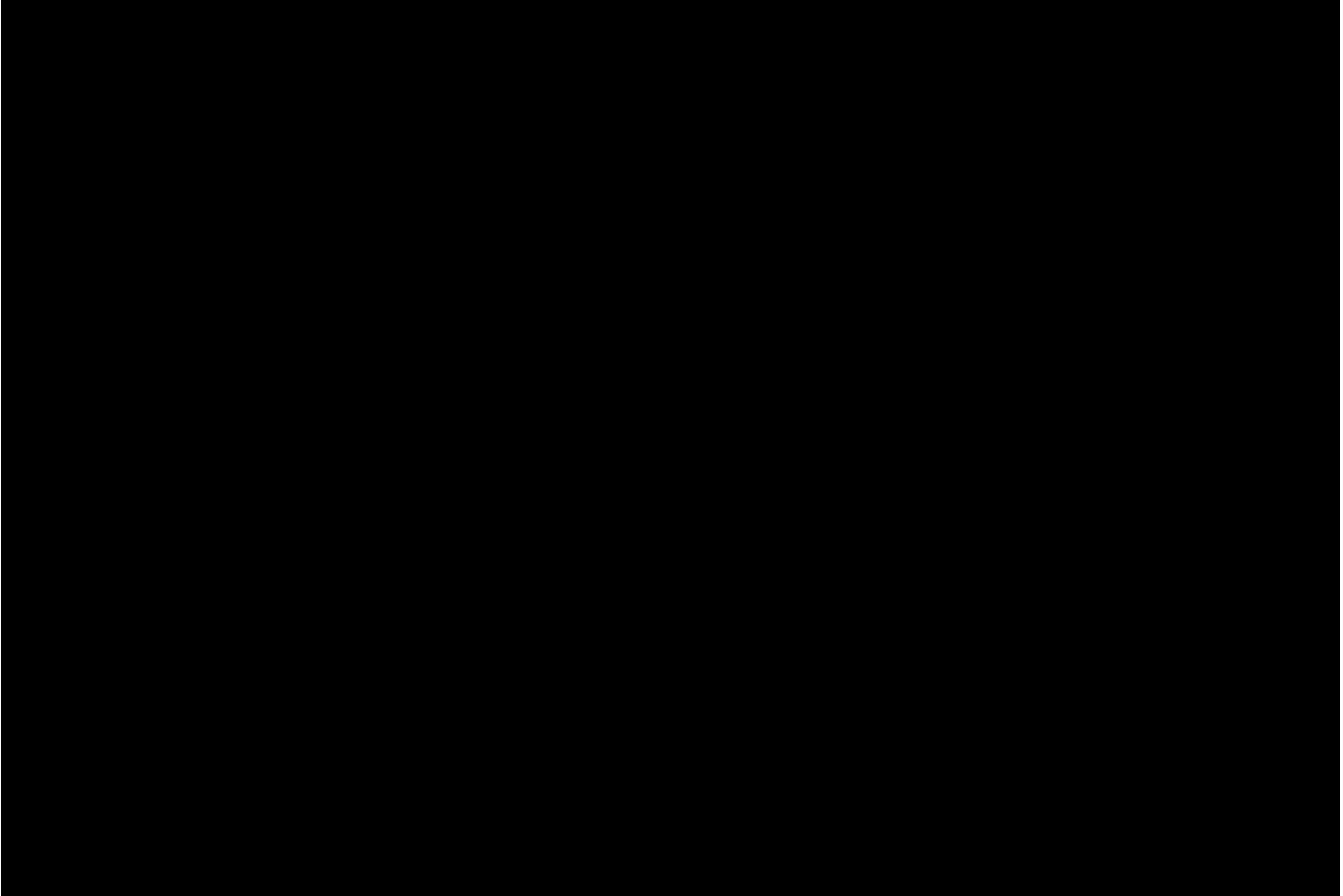


7 **V. RECOMMENDATIONS**

8 1. Open a MUR;

9 2. Find reason to believe that Citizens for Waters and David Gould in his official
10 capacity as treasurer violated 52 U.S.C. § 30104(b)(1), (2), (3), (4), (5) and 11 C.F.R.
11 § 104.3(a), (b) by failing to accurately report both receipts and disbursements;

12 3. Find reason to believe that Citizens for Waters and David Gould in his official
13 capacity as treasurer violated 52 U.S.C. § 30116(f) and 11 C.F.R. § 110.9 by



AR 23-06 (Citizens for Waters)
First General Counsel's Report
Page 10 of 10

knowingly accepting excessive contributions;

4. Find reason to believe that Citizens for Waters and David Gould in his official capacity as treasurer violated 52 U.S.C. § 30102(h)(2) and 11 C.F.R. § 102.11 by making prohibited cash disbursements;
5. Approve the attached Factual and Legal Analysis;
6. Enter into conciliation with Citizens for Waters and David Gould in his official capacity as treasurer prior to a finding of probable cause to believe;
7. Approve the attached Conciliation Agreement; and
8. Approve the appropriate letter.

Lisa J. Stevenson
Acting General Counsel

Charles Kitcher
Associate General Counsel for Enforcement

5/3/2024
Date

Adrienne C. Baranowicz
Adrienne C. Baranowicz
Deputy Associate General Counsel for Enforcement

Ana J. Peña-Wallace
Ana J. Peña-Wallace
Assistant General Counsel

Jacob McCall
Jacob McCall
Attorney

23 Attachments:

24 1. Factual and Legal Analysis
25 █ █ █ █ █

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Citizens for Waters and David Gould
in his official capacity as treasurer

MUR _____

I. INTRODUCTION

The Audit Division (“Audit”) referred Citizens for Waters and David Gould in his
al capacity as treasurer (the “Committee”) to the Office of General Counsel (“OGC”) for
apparent violations of the Federal Election Campaign Act of 1971, as amended (the “Act”).
ommission approved a Final Audit Report (“FAR”) in connection with the Committee’s
y during the 2019 and 2020 calendar years that included three violations for possible
eement action: (1) misstatements of receipts and disbursements (\$262,391 in receipts and
165 in disbursements); (2) acceptance of excessive contributions (\$19,000); and (3)
ful cash disbursements (\$7,000).

The Committee does not deny the allegations. Instead, the Committee states that any it made were accidental, that the Committee has taken steps to both ameliorate the on and prevent it from occurring again, and it requests that the Commission either take no r action or refer the matter to the Office of Alternative Dispute Resolution (“ADRO”).

During the audit, the Committee filed amended reports to correct its past errors, refunded some excessive contributions, and disgorged the remainder of the excessive contributions to the U.S. Treasury.

Accordingly, the Commission opens a Matter Under Review (“MUR”) and finds reason to believe that the Committee violated 52 U.S.C. § 30104(b)(1), (2), (3), (4), (5) and 11 C.F.R. 3(a), (b) by failing to accurately report both receipts and disbursements made by the Committee; finds reason to believe the Committee violated 52 U.S.C. § 30116(f) and 11 C.F.R.

MUR ____ (Citizens for Waters)

Factual and Legal Analysis

Page 2 of 7

1 § 110.9 by knowingly accepting excessive contributions; and finds reason to believe that the
 2 Committee violated 52 U.S.C. § 30102(h)(2) and 11 C.F.R. § 102.11 by making prohibited cash
 3 disbursements.

4 **II. FACTUAL BACKGROUND**

5 Maxine Waters is the Representative for California’s Forty-Third Congressional District.¹
 6 Citizens for Waters is her principal campaign committee.²

7 On November 13, 2023, the Commission approved the Proposed FAR, covering activity
 8 from the 2019 and 2020 calendar years.³ Then, on November 28, 2023, Audit referred the
 9 Committee to OGC for three findings.⁴ First, Audit referred the Committee for failing to
 10 accurately report receipts and disbursements.⁵ According to the FAR, in 2020, the Committee
 11 understated its receipts by \$262,391 and understated its disbursements by \$256,164.⁶ In
 12 connection with the audit, the Committee filed amended reports that Audit states “materially
 13 corrected the financial activity” at issue in this finding.⁷ Second, Audit referred the Committee
 14 for accepting excessive contributions.⁸ According to the FAR, the Committee accepted \$19,000
 15 in excessive contributions during the 2019 and 2020 calendar years.⁹ During the audit, the

¹ Citizens for Waters, Statement of Organization (Apr. 1, 2022), <https://docquery.fec.gov/pdf/317/202204019495930317/202204019495930317.pdf>.

² *Id.*

³ Referral at 1.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at 3.

⁷ Referral at 3; *Citizens for Waters Committee Profile*, FEC.GOV, <https://www.fec.gov/data/committee/C00167585/?cycle=2020&tab=filings> (last visited Apr. 1, 2024).

⁸ Referral at 7.

⁹ *Id.*

MUR ____ (Citizens for Waters)

Factual and Legal Analysis

Page 3 of 7

1 Committee provided documentation demonstrating that it issued refunds for \$8,400 of those
 2 excessive contributions and disgorged an additional \$10,900 to the U.S. Treasury.¹⁰ Third, Audit
 3 referred the Committee for authorizing excessive cash disbursements, totaling \$7,000.¹¹ Audit
 4 found that there were four separate disbursements that were for sums larger than the amount
 5 allowed by the Act: one \$500 check made out for cash; one cash withdrawal for \$1,000; one
 6 cash withdrawal for \$900; and one cash withdrawal for \$5,000.¹²

7 Respondents do not deny the allegations but contend that the Commission should take no
 8 further action on this matter because the violations were not willful and many of errors occurred
 9 because of “limited staff availability and resources” during the COVID-19 pandemic.¹³ During
 10 the Audit, the Committee explained that during the pandemic, it experienced increasing technical
 11 issues with its reporting software, but its vendor had reduced its customer support services, so
 12 the technical software issues it experienced were left unresolved.¹⁴ In addition, the Committee
 13 states that it began authorizing cash disbursements to pay canvass workers because checks were
 14 harder to cash during the pandemic since check-cashing businesses had limited hours.¹⁵ The
 15 Committee also notes that it has taken steps to remedy the violations, most notably by filing

¹⁰ *Id.* at 10 (explaining that the Committee disgorged an additional \$300 that was not excessive); *see also* Committee’s Response to the Draft Final Audit Report of the Audit Division (“Response to Draft FAR”) at 1 (June 9, 2023).

¹¹ Referral at 11.

¹² Office of General Counsel Legal Analysis – Draft Final Audit Report of the Audit Division at 2 (May 17, 2023). Of note, the above amounts equal \$7,400. However, cash disbursements of \$100 are permissible under 30102(h)(2). Because there were four disbursements, \$400 of the total amount was permissible and the amount in excess is \$7,000. *See id.* at 3.

¹³ Resp. at 1 (Jan. 22, 2024).

¹⁴ Referral at 5; Committee’s Response to the Interim Audit Report of the Audit Division (“Interim Response”) at 1 (Feb. 7, 2023) (stating that “many of the misstatements on the Report are attributable to software technical issues. These issues were further exacerbated by the pandemic as technical issues continued to grow but company customer support reduced.”).

¹⁵ Referral at 13; Interim Response at 2.

MUR ____ (Citizens for Waters)

Factual and Legal Analysis

Page 4 of 7

1 amended disclosure reports, refunding excessive contributions, and disgorging contributions to
 2 the U.S. Treasury.¹⁶

3 **III. LEGAL ANALYSIS**

4 **A. Misstatement of Receipts and Disbursements**

5 The Act and Commission regulations require treasurers to file reports disclosing, among
 6 other things, the amount of cash-on-hand at the beginning of each reporting period; the total
 7 amount of receipts for the reporting period and for the calendar year; and the total amount of
 8 disbursements for the reporting period and for the calendar year.¹⁷ For each receipt or
 9 disbursement exceeding \$200, the committee must report the source, date, and amount of each
 10 receipt and the ultimate payee, purpose, amount, and date of each disbursement.¹⁸ Committee
 11 treasurers are responsible for the timely and complete filing of disclosure reports and for the
 12 accuracy of the information contained therein.¹⁹

13 The FAR found, and the Committee has acknowledged, multiple reporting errors in the
 14 Committee's filings in 2020 totaling \$518,556; specifically, the Committee understated \$262,391
 15 in receipts and \$256,164 in disbursements.²⁰ The Committee admits that there were unresolved
 16 errors in the disclosure reports but argues that these were inadvertent errors that went unresolved
 17 because of limited access to a software company's customer support during the COVID-19

¹⁶ Resp. at 1; Interim Response at 1.

¹⁷ See 52 U.S.C. § 30104(b)(1), (2), (4); 11 C.F.R. § 104.3(a)(1).

¹⁸ 52 U.S.C. § 30104(b)(3), (5); 11 C.F.R. § 104.3(a)(4), (b)(3), (b)(4).

¹⁹ 11 C.F.R. § 104.14(d).

²⁰ Referral at 3.

MUR ____ (Citizens for Waters)

Factual and Legal Analysis

Page 5 of 7

1 pandemic.²¹ While the Committee has attempted to fix the errors by filing amended disclosure
 2 reports, those remedial efforts were subsequent to the Audit; therefore, the Committee still
 3 violated the Act by filing inaccurate reports. Accordingly, the Commission finds reason to
 4 believe that the Committee violated 52 U.S.C. § 30104(b)(1), (2), (3), (4), (5) and 11 C.F.R.
 5 § 104.3(a), (b) by failing to accurately report its receipts and disbursements.

6 **B. Excessive Contributions**

7 During the 2020 election cycle, an authorized committee could not accept more than
 8 \$2,800 per election from individuals.²² Further, the Act provides that no political committee
 9 shall knowingly accept any contribution that exceeds contribution limits.²³ Contributions which
 10 either exceed the contribution limit on their face or in the aggregate may be deposited or returned
 11 to the contributor.²⁴ If the excessive contribution is accepted, the treasurer may request
 12 redesignation or reattribution of the contribution.²⁵ If a redesignation or reattribution is not
 13 obtained, the treasurer must refund the contribution to the contributor within 60 days of receipt.²⁶

14 Based on the findings in the FAR, the Committee accepted a total of \$19,000 in excessive

²¹ *Id.* at 5. The Committee argues that because the violations were inadvertent, the Commission should take no further action or refer the matter to ADRO. Resp. at 1. However, such a result would be inconsistent with how the Commission has treated similarly situated respondents in the past. Factual & Legal Analysis (“F&LA”) at 8, MUR 8061 (Republican Party of Minnesota – Federal) (In a RAD referral, Respondent stated that the filing issues were inadvertent, and the Commission still found reason to believe and authorized pre-probable cause conciliation); F&LA at 4, MUR 7971 (Indiana Democratic Congressional Victory Committee) (In a RAD referral, Respondent stated that the filing errors were inadvertent software issues, and yet the Commission found reason to believe and authorized pre-probable cause conciliation); F&LA at 4, MUR 6527 (John Edwards for President) (holding that software issues do not “alleviate [a committee’s] responsibility to adhere to the Act’s specific requirement[s]”).

²² 52 U.S.C. § 30116(a)(1)(A), (f); 11 C.F.R. §§ 110.1(a)-(b), 110.9; *see also* Price Index Adjustments for Contribution and Expenditure Limitations and Lobbyist Bundling Disclosure Threshold, 84 Fed. Reg. 2504, 2506 (Feb. 7, 2019)

²³ 52 U.S.C. § 30116(f); *see also* 11 C.F.R. § 110.9 (“No candidate or political committee shall knowingly accept any contribution or make any expenditure in violation of the provisions of 11 CFR part 110.”).

²⁴ 11 C.F.R. § 103.3(b)(3).

²⁵ *Id.*

²⁶ *Id.*

MUR ____ (Citizens for Waters)

Factual and Legal Analysis

Page 6 of 7

1 contributions from seven individuals.²⁷ The Committee failed to either timely reattribute
 2 contributions or timely refund contributions.²⁸ The Committee has resolved this issue by either
 3 issuing refunds or disgorging the excessive amount to the U.S. Treasury, but those refunds and
 4 disgorgements were between 827 and 1,541 days late.²⁹ Therefore, the Commission finds reason
 5 to believe that the Committee violated 52 U.S.C. § 30116(f) and 11 C.F.R. § 110.9 by knowingly
 6 accepting excessive contributions.

7 **C. Excessive Cash Disbursements**

8 A committee shall make all disbursements by check or similar draft drawn on an account
 9 at its designated campaign depository, except for expenditures of \$100 or less made from a petty
 10 cash fund.³⁰ A political committee may maintain a petty cash fund from which it may make
 11 expenditures not in excess of \$100 to any person per purchase or transaction.³¹ A written journal
 12 for such cash expenditures is to be maintained by the treasurer.³²

13 According to the FAR, the Committee made multiple cash disbursements that were each
 14 in excess of \$100.³³ Audit found four transactions, totaling \$7,000, that were cash
 15 disbursements.³⁴ Although the campaign manager attempted to track all the cash disbursements
 16 made by the Committee, she was unable to provide all of the Committee's cash disbursement

²⁷ Referral at 7.

²⁸ *Id.*

²⁹ *Id.*

³⁰ 11 C.F.R. § 103.3(a).

³¹ 52 U.S.C. § 30102(h)(2).

³² 11 C.F.R. § 102.11.

³³ Referral at 11.

³⁴ *Id.* at 12.

MUR ____ (Citizens for Waters)

Factual and Legal Analysis

Page 7 of 7

1 records during the audit.³⁵ Furthermore, Audit states that the Committee “confirmed that there
2 was no petty cash fund” and that Audit’s review of the Committee’s records “did not yield any
3 evidence to demonstrate that [the Committee] established or maintained a petty cash fund.”³⁶
4 The Committee acknowledges that it made cash disbursements but explains that it was because
5 the COVID-19 pandemic made it challenging for canvassers to cash checks.³⁷ Therefore, the
6 Commission finds reason to believe that the Committee violated 52 U.S.C. § 30102(h)(2) and
7 11 C.F.R. § 102.11 by making prohibited cash disbursements.³⁸

³⁵ *Id.* at 13.

³⁶ *Id.* at 12.

³⁷ *Id.* at 13.

³⁸ F&LA at 7, MUR 8067 (UtePAC); F&LA at 12, MUR 7126 (Michigan Democratic State Central Committee).