



June 9, 2023

BY EMAIL

Phone: (949) 441-5352

Federal Election Commission
Audit Division
Rebecca Yarbrough
1050 First Street, NE
Washington, DC 20002
Email: audit@fec.gov [REDACTED]

Re: Response to the Final Audit Report on Citizens for Waters

Dear Ms. Yarbrough:

On behalf of my client, Citizens for Waters (the "Committee"), we appreciate the opportunity to respond to the Final Draft Audit Report (the "DFAR") of the Audit Division and respectfully decline a hearing.

Misstatements of Financial Activity

The Committee prepared and filed amendments which reflect the misstatements of financial activity on the DFAR.

Receipt of Contributions in Excess of the Limit

The Committee verified that \$8,400 of the contribution refunds issued were negotiated and has issued a payment in the amount of \$10,600 to the US Treasury. Copies of the negotiated checks and the payment to the US Treasury are attached.

Cash Disbursements

The Committee made its best effort to comply with the Federal Election Campaign Act during the COVID-19 pandemic while also navigating challenges presented to the canvass workers in cashing checks. Due to the unique circumstances, cash disbursements were made in situations where the Committee would have otherwise issued check payments.

The Office of General Counsel ("OGC") asserts that the Committee failed to keep the required records to document cash payments.¹ However, the Committee provided records for cash disbursements totaling \$6,390.² Although the Committee could not provide documentation for all cash payments, records for a substantial amount of the cash payments were provided which is materially distinguishable from the

¹ See OGC's Legal Analysis of the DFAR for at 3.

² See Report at 12.

facts presented in the MUR referenced by the OGC. The Committee made only four (4) cash payments and provided records for a substantial amount of cash disbursements where the committee references in the MUR engaged a pattern of making cash disbursements and intentionally falsifying and concealing its activity.³

In addition to providing records for a substantial amount of the cash payments, the campaign manager provided a statement that the cash received was used to pay canvassers and other costs in furtherance of the Committee's canvassing program for the March 3, 2020 Primary and November 3, 2020 General elections. Attached is a copy of the letter.

Payments from Unregistered Political Organizations

The Committee obtained letters from unregistered political committees verifying payments totaling \$261,866.25 were made with federally permissible funds. The Committee also provided documentation demonstrating that payments totaling \$57,700.00 were from federally permissible funds. The remaining payments totaling \$121,913.75 could not be verified as federally permissible funds and will be disgorged to the US Treasury.⁴

While \$121,913.75 of the payments received could not be verified as federally permissible funds, the Committee can demonstrate through reasonable accounting methods that federally permissible funds were used to pay for costs associated with the slate mailer. OGC states "the focus here is on whether CFW received and spent non-federal funds 'in connection with an election for federal office', including federal election activity including PASO communications."⁵ Regardless of the \$121,913.75 in unverified federally permissible funds, the Committee maintained a sufficient cash balance of contributions received to pay for the slate mailer costs. Therefore, federally permissible funds were used to pay for all "PASO" communications.

Further, we disagree with OGC's assertion that the slate mailer payments received by unregistered political committees were advances rather than reimbursements.⁶ While the Committee did not immediately make payments to vendors, the Committee *incurred* costs associated with the design, production and mailing of the slate mailers and are reflected as debts on campaign reports.

³ Factual and Legal Analysis, MUR 7126 (Michigan Democratic State Central Committee).

⁴ The Committee previously refunded \$20,000 of the \$568,000 payments received which is reflected in the slate mailer disbursements.

⁵ See OGC's Legal Analysis of the DFAR at 5.

⁶ *Id.* at 4.

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The Committee appreciates the opportunity to respond to the DFAR. Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leilani', with a stylized flourish at the end.

Leilani Rudow Beaver

Counsel for Citizens for Waters

cc: David Gould
Congresswoman Maxine Waters

Enclosures

Karen Waters
[REDACTED]

April 30, 2023

Federal Election Commission
Audit Division
Rebecca Yarbrough
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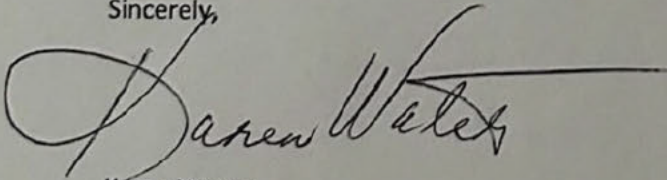
Re: Declaration for Cash Payments Received from Citizens for Waters

Dear Ms. Yarbrough:

This shall serve as my declaration under penalty of perjury that Citizens for Waters campaign cash dollars/payments were distributed on behalf of Citizens for Waters campaign's canvassing program for the March 3, 2020, and November 3, 2020, elections. The cash payments were paid directly to canvassers and used to pay for canvass program costs. The payments did not include any compensation to me.

Date	Amount
3/2/20	500.00
10/23/20	1,000.00
10/30/20	900.00
11/2/20	5,000.00

Sincerely,



Karen Waters
Campaign Manager