



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

VIA ELECTRONIC AND FIRST CLASS MAIL

Neil P. Reiff, Esq.
Sandler, Reiff, Lamb, Rosenstein & Birkenstock, P.C.
1090 Vermont Avenue, NW
Suite 750
Washington, DC 20005
reiff@sandlerreiff.com

MAY 30 2019

RE: MUR 7598
Democratic Party of South Carolina
and Velva E. George in her official
capacity as treasurer
(Formerly RR 17L-46)

Dear Mr. Reiff:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting your clients, Democratic Party of South Carolina and Velva E. George in her official capacity as treasurer (the "Committee"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On November 30, 2017, the Commission notified the Committee that it was being referred to the Commission's Office of General Counsel for possible enforcement action under 52 U.S.C. § 30109. On April 25, 2019, found reason to believe that the Committee violated 52 U.S.C. § 30104(a) and (b) and 11 C.F.R. § 104.3(a) and (b). The Factual and Legal Analysis approved by the Commission on May 22, 2019, which formed a basis for the Commission's finding, is enclosed for your information.

We have also enclosed a brief description of the Commission's procedures for handling possible violations of the Act. In addition, please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519. 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. Please be advised that, although the Commission cannot disclose information regarding an investigation

to the public, it may share information on a confidential basis with other law enforcement agencies.¹

In order to expedite the resolution of this matter, the Commission has authorized the Office of the 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 for your consideration.

If your clients are interested in engaging in pre-probable cause conciliation, please contact Roy Q. Luckett, the attorney assigned to this matter, at (202) 694-1650 or rluckett@fec.gov, within seven days of receiving this letter. During conciliation, you may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, it may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within sixty days. *See* 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Conversely, if your clients are not interested in pre-probable cause conciliation, the Commission may conduct formal discovery or proceed to the next step in the enforcement process. 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 http://www.fec.gov/respondent_guide.pdf.

¹ The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

Neil P. Reiff, Esq.
MUR 7598
Page 3 of 3

We look forward to your response.

On behalf of the Commission,



Ellen L. Weintraub
Chair

Enclosures
Procedures
Factual and Legal Analysis

10054140111

1 **FEDERAL ELECTION COMMISSION**

2
3 **FACTUAL AND LEGAL ANALYSIS**

4
5 **RESPONDENTS:** Democratic Party of South Carolina and **MUR 7598**
6 Velva E. George in her
7 official capacity as treasurer
8

9 **I. INTRODUCTION**

10 This matter was generated based on information ascertained by the Federal Election
11 Commission ("Commission") in the normal course of carrying out its supervisory
12 responsibilities.¹ The Reports Analysis Division ("RAD") referred the Democratic Party of
13 South Carolina and Velva E. George in her official capacity as treasurer (the "Committee") to the
14 Office of General Counsel for failing to disclose an aggregate total of \$2,110,627.71 in receipts
15 and disbursements on its 2016 August Monthly and 12-Day Pre-General Reports.² For the
16 reasons set forth below, the Commission finds reason to believe that the Committee violated
17 52 U.S.C. § 30104(a) and (b) and 11 C.F.R. § 104.3(a) and (b).

18 **II. FACTUAL AND LEGAL ANALYSIS**

19 **A. BACKGROUND**

20 The Committee is a state party committee of the Democratic Party.³ On June 1 and
21 June 12, 2017, the Committee amended its 2016 August Monthly and 12-Day Pre-General Reports,
22 respectively, disclosing additional receipts and disbursements, as shown in the chart below.⁴

¹ See 52 U.S.C. § 30109(a)(2).

² RAD Referral (Democratic Party of South Carolina) (Nov. 28, 2017) ("Referral"), incorporated herein by reference.

³ See Amended Statement of Organization, Democratic Party of South Carolina (Oct. 26, 2017).

⁴ Referral at 2-3, Attach. 2.

Report		Report Line	Total Amount Reported on Original Report	Total Amount Reported on Amended Report	Total Increased Variance
2016 August Monthly	Receipts	Line 11(a)(i): Itemized Contributions from Individuals	\$50,183.01	\$50,279.01	\$96.00
		Line 11(a)(ii): Unitemized Contributions from Individuals	\$4,944.16	\$2,020.16	-\$2,924.00
		Line 12: Transfers from Affiliated/Other Party Committees	\$7,500.00	\$460,045.00	\$452,545.00
		Line 15: Offsets to Operating Expenditures	\$0.00	\$4,325.19	\$4,325.19
	Disbursements	Line 21(a)(i): Allocated Federal/Non-Federal Activity (Federal Share)	\$57,886.12	\$56,555.47	-\$1,330.65
		Line 21(a)(ii): Allocated Federal/Non-Federal Activity (Non-Federal Share)	\$102,908.31	\$100,542.76	-\$2,365.55
		Line 21(b): Other Federal Operating Expenditures	\$6,353.94	\$6,594.55	\$240.61
		Line 22: Transfers to Affiliated/Other Party Committees	\$0.00	\$450,000.00	\$450,000.00
		Line 30(b): Federal Election Activity Paid Entirely with Federal Funds	\$8,539.23	\$16,799.45	\$8,260.22
					Total Variance:
2016 12-Day Pre-General	Receipts	Line 11(a)(i): Itemized Contributions from Individuals	\$6,733.16	\$7,128.16	\$395.00
		Line 11(a)(ii): Unitemized Contributions from Individuals	\$6,384.00	\$5,682.02	-\$701.98
		Line 12: Transfers from Affiliated/Other Party Committees	\$68,268.09	\$668,268.09	\$600,000.00
		Line 15: Offsets to Operating Expenditures	\$0.00	\$1,004.35	\$1,004.35
	Disbursements	Line 21(a)(i): Allocated Federal/Non-Federal Activity (Federal Share)	\$22,280.68	\$17,867.84	-\$4,412.84
		Line 21(a)(ii): Allocated Federal/Non-Federal Activity (Non-Federal Share)	\$39,985.13	\$31,765.08	-\$8,220.05
		Line 21(b): Other Federal Operating Expenditures	\$6,195.21	\$5,000.00	-\$1,195.21
		Line 22: Transfers to Affiliated/Other Party Committees	\$2,500.00	\$602,500.00	\$600,000.00
		Line 30(h): Federal Election Activity Paid Entirely with Federal Funds	\$26,990.11	\$41,901.73	\$14,911.62
					Total Variance:

10044744801

1 On July 12, 2017, and August 10, 2017, RAD sent the Committee Requests for
2 Additional Information (“RFAIs”) seeking clarification regarding the substantial increase in
3 receipts and disbursements disclosed on the amended 2016 August Monthly and 12-Day Pre-
4 General Reports.⁵ In response, on August 16, 2017, the Committee filed a Form 99
5 (Miscellaneous Report) addressing both RFAIs, stating that transfers from the Hillary Victory
6 Fund (“HVF”) and transfers to the Democratic National Committee (“DNC”) were inadvertently
7 omitted from the original filings, and the Committee amended its reports soon after discovery of
8 the omissions.⁶

9 **B. LEGAL ANALYSIS**

10 The Federal Election Campaign Act of 1971, as amended (the “Act”), requires committee
11 treasurers to file reports of receipts and disbursements in accordance with the provisions of
12 52 U.S.C. § 30104.⁷ These reports must include, *inter alia*, the total amount of receipts and
13 disbursements, including the appropriate itemizations, where required.⁸ Here the Committee did
14 not comply with the Act’s reporting requirements when it failed to disclose a total of
15 \$2,110,627.71 in increased activity.

16 In its Response to the Referral, the Committee acknowledges its reporting errors but
17 argues for leniency, noting that its failure to report the activity at issue was unintentional and due
18 to “an inadvertent oversight caused by the large and unprecedented financial activity undertaken

⁵ Referral at 3.

⁶ *Id.*

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

⁸ See 52 U.S.C. § 30104(b)(2), (4); 11 C.F.R. § 104.3(a), (b).

411-67442201

- 1 reason to believe that the Democratic Party of South Carolina and Velva E. George in her official**
- 2 capacity as treasurer violated 52 U.S.C. § 30104(a) and (b) and 11 C.F.R. § 104.3(a) and (b)..**

1005444-01-110