

1 **FEDERAL ELECTION COMMISSION**

2
3 **FIRST GENERAL COUNSEL'S REPORT**

4
5 PRE-MUR: 652
6 DATE FILED: Sept. 8, 2021
7 DATES OF NOTIFICATIONS:
8 Sept. 9, 2021; Nov. 19, 2021; Jan. 19, 2022
9 LAST RESPONSE RECEIVED: Mar. 23, 2022
10 DATE ACTIVATED: Aug. 16, 2022

11
12 ELECTION CYCLE: 2022
13 EXPIRATION OF SOL: Apr. 15, 2026 –
14 July 16, 2027

15
16 **SOURCE:** *Sua Sponte* Submission

17
18 **RESPONDENTS:** Salazar for Congress and Les Williamson in his
19 official capacity as treasurer
20 Freedom Force PAC and Les Williamson in his
21 official capacity as treasurer
22 Salazar Victory Committee and Les Williamson
23 in his official capacity as treasurer

24
25 **RELEVANT STATUTES
26 AND REGULATIONS:**

27 52 U.S.C. § 30102
28 52 U.S.C. § 30104
29 11 C.F.R. § 103.3
30 11 C.F.R. § 104.3

31 **INTERNAL REPORTS CHECKED:** Disclosure Reports

32
33 **FEDERAL AGENCIES CHECKED:** None

34
35 **I. INTRODUCTION**

36 This matter arises from a *sua sponte* submission filed by three committees, Salazar for
37 Congress and Les Williamson in his official capacity as treasurer, Freedom Force PAC and Les
38 Williamson in his official capacity as treasurer, and Salazar Victory Committee and Les
39 Williamson in his official capacity as treasurer (the “Committees”), describing a variety of
40 reporting errors that occurred in the first half of 2021, in violation of the Federal Election
41 Campaign Act of 1971, as amended (the “Act”). The *sua sponte* submission, as well as

1 subsequent supplements and exhibits, describe hundreds of individual errors in the Committees'
2 reporting of receipts, disbursements, transfers, joint fundraising, and cash on hand. They also
3 include the mistaken depositing of checks made payable to Salazar Victory Committee or
4 Freedom Force PAC into Salazar for Congress's depository account. In total, the *sua sponte*
5 submission discloses over \$2,000,000 in reporting errors. The Committees attribute the errors to
6 their former treasurer, Nancy Marks, who all three Committees hired in late 2020. The
7 Committees represent that they replaced Marks in July of 2021 after having difficulties
8 communicating with her. They subsequently discovered the errors described below, alerted the
9 Commission, and have amended their reports.

10 As described in further detail below, based on the Committees' *sua sponte* submission,
11 supplements, accompanying exhibits, and amended reports, as well as discussions with
12 Williamson and counsel for the Committees, we recommend that the Commission open a MUR
13 and find reason to believe that the Committees violated 52 U.S.C. § 30104(b) and 11 C.F.R.
14 § 104.3 by filing inaccurate reports with the Commission. We further recommend that the
15 Commission find reason to believe that Salazar Victory Committee and Freedom Force PAC
16 violated 52 U.S.C. § 30102(h) and 11 C.F.R. § 103.3 by failing to deposit contributions into its
17 depository account. We recommend that the Commission enter into pre-probable cause
18 conciliation with the Committees to resolve these violations.

1 **II. FACTUAL BACKGROUND**

2 Salazar for Congress is the authorized campaign committee of Representative Maria E.
3 Salazar.¹ Freedom Force PAC is Salazar's leadership PAC.² Salazar Victory Committee is her
4 joint fundraising committee.³ Les Williamson is the treasurer of all three Committees.⁴

5 Salazar for Congress submitted an initial *sua sponte* submission on September 7, 2021,
6 stating that it had identified certain errors relating to two reports it filed in 2021 and that it would
7 submit a supplement to its submission after further internal review conducted by Williamson.⁵

8 All three Committees then jointly filed a supplement to the *sua sponte* submission on
9 October 18, 2021, which they amended on March 22, 2022.⁶ The Committees each amended the
10 affected reports to correct the errors identified thus far.⁷ We met with Williamson to resolve
11 outstanding questions we had regarding the Committees' submissions and requested additional
12 information to complete the record.⁸ The Committees have been cooperative in discussing the
13 details of the exhibits to their submission, providing written policies and procedures, and
14 amending their submission to address our outstanding questions. Ultimately, the Committees

¹ Salazar for Congress, Statement of Organization (Apr. 7, 2022).

² Freedom Force PAC, Statement of Organization (Aug. 11, 2021).

³ Salazar Victory Committee, Statement of Organization (Aug. 11, 2021).

⁴ *Supra* notes 1-3.

⁵ Salazar for Congress *Sua Sponte* Submission (Sept. 7, 2021) ("*Sua Sponte*").

⁶ Committees Revised Supp. *Sua Sponte* Submission (Mar. 22, 2022) ("*Revised Supp. Sua Sponte*").

⁷ *Id.*; Salazar for Congress Second Amended 2021 April Quarterly Report (Sep. 7, 2021); Salazar for Congress Second Amended 2021 July Quarterly Report (Sep. 7, 2021); Freedom Force PAC, 2021 Mid-Year Report (Sep. 28, 2021); Salazar Victory Committee, 2021 Mid-Year Report (Sep. 29, 2021).

⁸ Memorandum re Call with Les Williamson and Counsel for Committees (Feb. 24, 2022).

1 provided a series of Excel sheets detailing the results of their internal audit, their new written
2 policies and procedures, and to date, have provided agreements tolling the statute of limitations
3 for 360 days.¹⁰ The information provided is sufficient to address the Committee's violations of
4 the Act and Commission regulations, as detailed below.

5 The reporting errors identified by the *sua sponte* submissions occurred over a 7-month
6 period between January and July 2021.¹¹ According to the submissions, these errors were
7 committed by the treasurer, Nancy Marks, hired by all three Committees in mid-January, 2021.¹²
8 The Committees represent that they decided to dismiss Marks in June 2021, after she had been
9 unresponsive to their requests for information and draft reports.¹³ Marks filed July quarterly
10 reports for the Committees, purportedly without giving other staff at the Committees an
11 opportunity to review the reports, and then was replaced by their current treasurer, Les
12 Williamson.¹⁴ The Committees also contend that their *sua sponte* submission and amendments
13 to their prior reports were delayed because it was difficult to obtain their files and account access
14 from Marks, who, they represent, did not provide this information until August 11, 2021.¹⁵

15 The Committees in their supplemental *sua sponte* have disclosed a variety of different
16 errors, which are summarized below. Salazar for Congress disclosed the following categories of

¹⁰ Revised Supp. *Sua Sponte* Exhibits; Tolling Agreement (Feb. 1, 2022); Tolling Agreement (Sept. 7, 2022).

¹¹ Revised Supp. *Sua Sponte* at 1-2.

¹² *Id.*

¹³ *Id.* at 2.

¹⁴ *Id.*

¹⁵ *Id.*

1 errors, as reflected in the *sua sponte* submissions themselves as well as the exhibits included with
 2 the submissions:¹⁶

- 3 • Unreported contributions, disbursements, and transfers;
- 4 • Duplicate reporting of contributions, disbursements, and loan repayments;
- 5 • Incorrect reporting of contribution information, including the source, date, and
- 6 amount;
- 7 • Incorrect reporting of disbursement information, including the amount, date, and
- 8 ultimate payee;
- 9 • Failing to designate contributions between the primary and general election;
- 10 • Failing to properly report joint contributions and transfers;
- 11 • Incorrect reporting of transfers and disbursements that did not occur;
- 12 • Reporting contributions received when they were in fact mis-deposited and should
- 13 have been deposited into the account of another of the Committees; and
- 14 • Depositing checks made payable to Salazar Victory Committee or Freedom Force
- 15 PAC into Salazar for Congress's account.¹⁷

16 Freedom Force PAC disclosed the following categories of errors:

- 17 • Incorrect reporting of transfers;
- 18 • Failing to report contributions — including those that had been mis-deposited into
- 19 Salazar for Congress's account — and disbursements;
- 20 • Reporting disbursements not made by Freedom Force PAC; and
- 21 • Incorrect reporting of information about disbursements, including by reporting
- 22 disbursements not made by Freedom Force PAC, reporting disbursements not
- 23 made during the reporting period, and incorrectly categorizing disbursements.

24 Salazar Victory Committee disclosed the following categories of errors:

- 25 • Failing to provide attribution information for contributors that exceeded the
- 26 itemization threshold;

¹⁶ The relevant exhibits consist of six spreadsheets detailing: (A) contribution receipt errors in the first quarter of 2021 (Q1) for Salazar for Congress; (B) contribution receipt errors in the second quarter of 2021 (Q2) for Salazar for Congress; (C) disbursement errors in the first and second quarters of 2021 (Q1 and Q2) for Salazar for Congress; (D) details of contributions deposited into the wrong account; (E) reporting errors for Freedom Force PAC; and (F) reporting errors for Salazar Victory Committee. The spreadsheets include fields listing the "Reported Amount," which lists the amount reported in the Committees' disclosure reports filed with the Commission, and "Bank Amount" listing the actual amounts that appear on the bank statements. The spreadsheets are available in the folder for this matter.

¹⁷ The Committees also explain that the checks made payable to Salazar Victory Committee, which is a joint fundraising committee, would ultimately have been transferred to Salazar for Congress but acknowledge that the funds should have been routed through Salazar Victory Committee. Revised Supp. *Sua Sponte* at 6.

- 1 • Failing to indicate in the memo text that the contributions were earmarked
2 through the website WinRed;
3 • Contributions incorrectly reported as conduit contributions;
4 • Failing to report various disbursements for fees and expenses; and
5 • Incorrect reporting of transfers from Salazar Victory Committee to the other
6 Committees.

7 These individual errors also caused the Committees to misreport their cash on hand in the
8 relevant reports.¹⁸ The below chart reflects the total amounts in violation with respect to the
9 errors identified by the Committees in exhibits filed with their submissions:

¹⁸ Revised Supp. *Sua Sponte* at 5; *compare* Salazar for Congress Original 2021 April Quarterly Report (Apr. 15, 2021), *with* Salazar for Congress Second Amended 2021 April Quarterly Report (Sep. 7, 2021) (reflecting a closing cash on hand disparity of \$3,816.08); *compare* Salazar for Congress Original 2021 July Quarterly Report (July 16, 2021), *with* Salazar for Congress Second Amended 2021 July Quarterly Report (Sep. 7, 2021) (reflecting a closing cash on hand disparity of \$143,155.12); *compare* Freedom Force PAC Amended 2021 July Quarterly Report (July 17, 2021), *with* Freedom Force PAC, 2021 Mid-Year Report (Sep. 28, 2021) (reflecting a closing cash on hand disparity of \$11,041.21); *compare* Salazar Victory Committee Original 2021 July Quarterly Report (July 16, 2021), *with* Salazar Victory Committee, 2021 Mid-Year Report (Sep. 29, 2021) (reflecting a closing cash on hand disparity of \$37,540.49). Salazar for Congress received Request for Additional Information (“RFAI”) letters for its original and amended April and July 2021 filings, which regarded the large increase and decreases in activity, transfers, reattributions, and other issues. RFAI (Oct. 14, 2021); RFAI (Oct. 11, 2021); RFAI (Aug. 3, 2021); RFAI (June 30, 2021).

	Failure to Report¹⁹	Incorrectly Reported Amounts²⁰	Other Violations²¹	Deposit Errors²²	Total Amount in Violation
Salazar for Congress	\$387,787.70	\$754,581.39	\$350,811.31	\$0.00	\$1,493,180.40
Freedom Force PAC	\$5,715.25	\$26,756.46	\$3,500.00	\$10,000.00	\$45,971.71
Salazar Victory Committee	\$156,439.04	\$130,534.91	\$223,900.00	\$92,950.00	\$603,823.95
Total					\$2,132,976.06

1 The total amounts at issue, broken down by report, are as follows:²³

	April 2021	July 2021
Salazar for Congress	\$563,114.24	\$930,066.16
Freedom Force PAC	\$12,200.00	\$23,771.71
Salazar Victory Committee	\$246,480.60	\$264,393.35

¹⁹ Calculated by taking the sum of the absolute values of the “Bank Amount” field – meaning the amount shown in the bank statements – for all lines in Exhibits A-C, E, and F where the “Reported Amount” field is zero except that Exhibit C includes four entries that reflect \$182,000 in loan repayments to the candidate and an additional four entries that reflect a bank return of full amount of the loan payments (-\$182,000). During our January 18, 2022, call with Respondents, they explained that these entries are in error because they were double-reported in the original disclosure report – meaning that the Committees included two instances of each of the four entries when they should have included one instance of each of the four entries. They have thus been moved to the “other violations” column, and only the entries reflecting the loan payment have been included to avoid double-counting.

²⁰ Calculated by taking the sum of the absolute values of the difference between the “Bank Amount” field and the “Reported Amount” field for all lines in Exhibits A-C, E, and F minus the amount calculated in the “Failure to Report” column of this chart for that respective exhibit.

²¹ Calculated by taking the sum of the absolute values of the “Bank Amount” field for all lines in Exhibits A-C, E, and F, where the difference between the “Bank Amount” field and the “Reported Amount” field is zero. This column relates to nonmonetary reporting errors such as, for example, incorrectly-reported dates, sources of contributions, and recipients of disbursements.

²² Calculated with respect to Salazar Victory Committee by taking the sum of the “Amount” field for all lines in Exhibit D. The revised supplement to the *sua sponte* also describes two contributions made to Freedom Force PAC of \$5,000 each that were also incorrectly deposited into Salazar for Congress’s bank account. Revised Supp. *Sua Sponte* at 6.

²³ The \$102,950.00 in deposit errors disclosed by the Committees is not included in this chart because it is not a reporting violation and thus is not attributable to a particular report.

1 The *sua sponte* submissions also describe additional practices implemented by the
2 Committees' new treasurer, Williamson. These include daily review of bank accounts to ensure
3 all transactions are recorded in a compliance database and QuickBooks and a monthly
4 reconciliation of the bank account records and these two files.²⁴ According to the submission,
5 Williamson also deposits and records all non-direct-mail check contributions and records online
6 contributions within one day of receipt and direct mail receipts every month.²⁵ The Committees
7 have also provided their training and compliance manual, developed after Williamson became
8 treasurer, which includes instructions for proper processing of receipts and bank reconciliation,
9 provides the recordkeeping requirements and internal controls guidance from the Commission's
10 Best Practices guide, as well as information on contribution limits, prohibited contributions, and
11 required disclaimers.²⁶

12 **III. LEGAL ANALYSIS**

13 **A. The Commission Should Find Reason to Believe that the Committees Failed** 14 **to Accurately Report Their Receipts, Disbursements, Cash on Hand, and** 15 **Debts**

16 The Act and Commission regulations require treasurers to file reports disclosing, among
17 other things the amount of cash-on-hand at the beginning of each reporting period; the total
18 amount of receipts for the reporting period and for the calendar year; and the total amount of
19 disbursements for the reporting period and for the calendar year.²⁷ For each receipt or
20 disbursement exceeding \$200, the committee must report the source, date, and amount of each

²⁴ Revised Supp. *Sua Sponte* at 8.

²⁵ *Id.*

²⁶ Salazar for Congress, FEC Training and Compliance Manual.

²⁷ See 52 U.S.C. § 30104(b)(1), (2), (4); 11 C.F.R. §§ 104.3(a)(1), 104.12.

1 receipt and the ultimate payee, purpose, amount, and date of each disbursement.²⁸ Committees
2 must also disclose the amount and nature of any outstanding debts and obligations.²⁹

3 The Committees have acknowledged a large variety of reporting errors made in their first
4 and second quarter reports for 2021. As outlined above, these include failing to report and mis-
5 report contributions received, disbursements, and transfers.³⁰ In total, the Committees have
6 disclosed nearly 700 individual errors regarding receipts, disbursements, and debts totaling over
7 \$2,000,000.³¹ More specifically, Salazar for Congress disclosed \$563,114.24 in errors in its
8 2021 April Quarterly Report and \$930,066.16 in errors in its 2021 July Quarterly Report;
9 Freedom Force PAC disclosed \$12,200.00 in errors in its 2021 April Quarterly Report and
10 \$23,771.71 in errors in its 2021 July Quarterly Report; and Salazar Victory Committee disclosed
11 \$246,480.60 in errors in its 2021 April Quarterly Report and \$264,393.35 in errors in its 2021
12 July Quarterly Report.³² These errors also resulted in the Committees misreporting their cash on
13 hand in the relevant reports.³³ Accordingly, we recommend that the Commission open a MUR
14 and find reason to believe the Committees violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3.

15 **B. The Commission Should Find Reason to Believe that the Committees Failed**
16 **to Properly Deposit Contributions into Their Depository Accounts**

17 The Act requires a committee to establish and maintain one or more depository accounts
18 into which its receipts are deposited.³⁴ \$92,950 in checks made payable to Salazar Victory

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

²⁹ 52 U.S.C. § 30104(b)(8); 11 C.F.R. § 104.3(d).

³⁰ *Supra* § II.

³¹ Revised Supplemental *Sua Sponte* Exs. A-F.

³² *Supra* § II.

³³ *Id.*

³⁴ 52 U.S.C. § 30102(h)(1); 11 C.F.R. § 103.3.

1 Committee and \$10,000 in checks made payable to Freedom Force PAC were not deposited into
2 those committees' depository accounts and were instead deposited into Salazar for Congress's
3 account.³⁵ We therefore recommend that the Commission find reason to believe that Salazar
4 Victory Committee and Freedom Force PAC violated 52 U.S.C. § 30102(h) and 11 C.F.R.
5 § 103.3 by failing to deposit contributions into their respective depository accounts.

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8 **V. RECOMMENDATIONS**

- 9 1. Open a MUR;
- 10 2. Find reason to believe that Salazar for Congress and Les Williamson in his
11 official capacity as treasurer, Freedom Force PAC and Les Williamson in his
12 official capacity as treasurer, and Salazar Victory Committee and Les Williamson
13 in his official capacity as treasurer violated 52 U.S.C. § 30104(b) and 11 C.F.R.
14 § 104.3 by failing to report and incorrectly reporting information regarding
15 receipts, disbursements, and cash on hand;
- 16 3. Find reason to believe that Salazar Victory Committee and Les Williamson in his
17 official capacity as treasurer and Freedom Force PAC and Les Williamson in his
-


- 1 official capacity as treasurer violated 52 U.S.C. § 30102(h) and 11 C.F.R. § 103.3
- 2 by failing to deposit receipts into a campaign depository account;
- 3 4. Enter into pre-probable cause conciliation with Salazar for Congress and Les
- 4 Williamson in his official capacity as treasurer, Freedom Force PAC and Les
- 5 Williamson in his official capacity as treasurer, and Salazar Victory Committee
- 6 and Les Williamson in his official capacity as treasurer;
- 7 5. Approve the attached Factual and Legal Analysis;
- 8 6. Approve the attached proposed Conciliation Agreement; and
- 9 7. Approve the appropriate letters.

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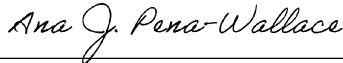
Lisa J. Stevenson
Acting General Counsel

Charles Kitcher
Associate General Counsel for
Enforcement

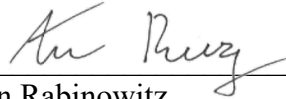
Date: May 17, 2023



Claudio J. Pavia
Deputy Associate General Counsel
for Enforcement



Ana J. Peña-Wallace
Assistant General Counsel



Aaron Rabinowitz
Assistant General Counsel

- Attachments:
- 1) Factual and Legal Analysis

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

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6 RESPONDENTS: Salazar for Congress and Les MUR ____
7 Williamson in his official
8 capacity as treasurer
9 Freedom Force PAC and Les
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15

I. INTRODUCTION

16
17 This matter arises from a *sua sponte* submission filed by three committees, Salazar for
18 Congress and Les Williamson in his official capacity as treasurer, Freedom Force PAC and Les
19 Williamson in his official capacity as treasurer, and Salazar Victory Committee and Les
20 Williamson in his official capacity as treasurer (the “Committees”), describing a variety of
21 reporting errors that occurred in the first half of 2021, in violation of the Federal Election
22 Campaign Act of 1971, as amended (the “Act”). The *sua sponte* submission, as well as
23 subsequent supplements and exhibits, describe hundreds of individual errors in the Committees’
24 reporting of receipts, disbursements, transfers, joint fundraising, and cash on hand. They also
25 include the mistaken depositing of checks made payable to Salazar Victory Committee or
26 Freedom Force PAC into Salazar for Congress’s depository account. In total, the *sua sponte*
27 submission discloses over \$2,000,000 in reporting errors. The Committees attribute the errors to
28 their former treasurer, Nancy Marks, who all three Committees hired in late 2020. The
29 Committees represent that they replaced Marks in July of 2021 after having difficulties
30 communicating with her. They subsequently discovered the errors described below, alerted the
31 Commission, and have amended their reports.

1 As described in further detail below, based on the information provided by the
2 Committees, the Commission finds reason to believe that the Committees violated 52 U.S.C.
3 § 30104(b) and 11 C.F.R. § 104.3 by filing inaccurate reports with the Commission. The
4 Commission also finds reason to believe that Salazar Victory Committee and Freedom Force
5 PAC violated 52 U.S.C. § 30102(h) and 11 C.F.R. § 103.3 by failing to deposit contributions into
6 its depository account.

7 **II. FACTUAL BACKGROUND**

8 Salazar for Congress is the authorized campaign committee of Representative Maria E.
9 Salazar.¹ Freedom Force PAC is Salazar’s leadership PAC.² Salazar Victory Committee is her
10 joint fundraising committee.³ Les Williamson is the treasurer of all three Committees.⁴

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12 stating that it had identified certain errors relating to two reports it filed in 2021 and that it would
13 submit a supplement to its submission after further internal review conducted by Williamson.⁵
14 All three Committees then jointly filed a supplement to the *sua sponte* submission on
15 October 18, 2021, which they amended on March 22, 2022.⁶ The Committees each amended the
16 affected reports to correct the errors identified thus far.⁷

¹ Salazar for Congress, Statement of Organization (Apr. 7, 2022).

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⁴ *Supra* notes 1-3.

⁵ Salazar for Congress *Sua Sponte* Submission (Sept. 7, 2021) (“*Sua Sponte*”).

⁶ Committees Revised Supp. *Sua Sponte* Submission (Mar. 22, 2022) (“Revised Supp. *Sua Sponte*”).

⁷ *Id.*; Salazar for Congress Second Amended 2021 April Quarterly Report (Sep. 7, 2021); Salazar for Congress Second Amended 2021 July Quarterly Report (Sep. 7, 2021); Freedom Force PAC, 2021 Mid-Year Report (Sep. 28, 2021); Salazar Victory Committee, 2021 Mid-Year Report (Sep. 29, 2021).

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 3 committed by the treasurer, Nancy Marks, hired by all three Committees in mid-January, 2021.⁹
 4 The Committees represent that they decided to dismiss Marks in June 2021, after she had been
 5 unresponsive to their requests for information and draft reports.¹⁰ Marks filed July quarterly
 6 reports for the Committees, purportedly without giving other staff at the Committees an
 7 opportunity to review the reports, and then was replaced by their current treasurer, Les
 8 Williamson.¹¹ The Committees also contend that their *sua sponte* submission and amendments
 9 to their prior reports were delayed because it was difficult to obtain their files and account access
 10 from Marks, who, they represent, did not provide this information until August 11, 2021.¹²

11 The Committees in their supplemental *sua sponte* have disclosed a variety of different
 12 errors, which are summarized below. Salazar for Congress disclosed the following categories of
 13 errors, as reflected in the *sua sponte* submissions themselves as well as the exhibits included with
 14 the submissions:¹³

- 15 • Unreported contributions, disbursements, and transfers;
- 16 • Duplicate reporting of contributions, disbursements, and loan repayments;

⁸ Revised Supp. *Sua Sponte* at 1-2.

⁹ *Id.*

¹⁰ *Id.* at 2.

¹¹ *Id.*

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¹³ The relevant exhibits consist of six spreadsheets detailing: (A) contribution receipt errors in the first quarter of 2021 (Q1) for Salazar for Congress; (B) contribution receipt errors in the second quarter of 2021 (Q2) for Salazar for Congress; (C) disbursement errors in the first and second quarters of 2021 (Q1 and Q2) for Salazar for Congress; (D) details of contributions deposited into the wrong account; (E) reporting errors for Freedom Force PAC; and (F) reporting errors for Salazar Victory Committee. The spreadsheets include fields listing the “Reported Amount,” which lists the amount reported in the Committees’ disclosure reports filed with the Commission, and “Bank Amount” listing the actual amounts that appear on the bank statements. .

- 1 • Incorrect reporting of contribution information, including the source, date, and
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 9 have been deposited into the account of another of the Committees; and
 10 • Depositing checks made payable to Salazar Victory Committee or Freedom Force
 11 PAC into Salazar for Congress's account.¹⁴

12 Freedom Force PAC disclosed the following categories of errors:

- 13 • Incorrect reporting of transfers;
 14 • Failing to report contributions — including those that had been mis-deposited into
 15 Salazar for Congress's account — and disbursements;
 16 • Reporting disbursements not made by Freedom Force PAC; and
 17 • Incorrect reporting of information about disbursements, including by reporting
 18 disbursements not made by Freedom Force PAC, reporting disbursements not
 19 made during the reporting period, and incorrectly categorizing disbursements.

20 Salazar Victory Committee disclosed the following categories of errors:

- 21 • Failing to provide attribution information for contributors that exceeded the
 22 itemization threshold;
 23 • Failing to indicate in the memo text that the contributions were earmarked
 24 through the website WinRed;
 25 • Contributions incorrectly reported as conduit contributions;
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 28 Committees.

¹⁴ The Committees also explain that the checks made payable to Salazar Victory Committee, which is a joint fundraising committee, would ultimately have been transferred to Salazar for Congress but acknowledge that the funds should have been routed through Salazar Victory Committee. Revised Supp. *Sua Sponte* at 6.

1 These individual errors also caused the Committees to misreport their cash on hand in the
2 relevant reports.¹⁵ The below chart reflects the total amounts in violation with respect to the
3 errors identified by the Committees in exhibits filed with their submissions:

¹⁵ Revised Supp. *Sua Sponte* at 5; *compare* Salazar for Congress Original 2021 April Quarterly Report (Apr. 15, 2021), *with* Salazar for Congress Second Amended 2021 April Quarterly Report (Sep. 7, 2021) (reflecting a closing cash on hand disparity of \$3,816.08); *compare* Salazar for Congress Original 2021 July Quarterly Report (July 16, 2021), *with* Salazar for Congress Second Amended 2021 July Quarterly Report (Sep. 7, 2021) (reflecting a closing cash on hand disparity of \$143,155.12); *compare* Freedom Force PAC Amended 2021 July Quarterly Report (July 17, 2021), *with* Freedom Force PAC, 2021 Mid-Year Report (Sep. 28, 2021) (reflecting a closing cash on hand disparity of \$11,041.21); *compare* Salazar Victory Committee Original 2021 July Quarterly Report (July 16, 2021), *with* Salazar Victory Committee, 2021 Mid-Year Report (Sep. 29, 2021) (reflecting a closing cash on hand disparity of \$37,540.49). Salazar for Congress received Request for Additional Information (“RFAI”) letters for its original and amended April and July 2021 filings, which regarded the large increase and decreases in activity, transfers, reattributions, and other issues. RFAI (Oct. 14, 2021); RFAI (Oct. 11, 2021); RFAI (Aug. 3, 2021); RFAI (June 30, 2021).

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Factual and Legal Analysis

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	Failure to Report¹⁶	Incorrectly Reported Amounts¹⁷	Other Violations¹⁸	Deposit Errors¹⁹	Total Amount in Violation
Salazar for Congress	\$387,787.70	\$754,581.39	\$350,811.31	\$0.00	\$1,493,180.40
Freedom Force PAC	\$5,715.25	\$26,756.46	\$3,500.00	\$10,000.00	\$45,971.71
Salazar Victory Committee	\$156,439.04	\$130,534.91	\$223,900.00	\$92,950.00	\$603,823.95
Total					\$2,132,976.06

1 The total amounts at issue, broken down by report, are as follows:²⁰

	April 2021	July 2021
Salazar for Congress	\$563,114.24	\$930,066.16
Freedom Force PAC	\$12,200.00	\$23,771.71

¹⁶ Calculated by taking the sum of the absolute values of the “Bank Amount” field – meaning the amount shown in the bank statements – for all lines in Exhibits A-C, E, and F where the “Reported Amount” field is zero except that Exhibit C includes four entries that reflect \$182,000 in loan repayments to the candidate and an additional four entries that reflect a bank return of full amount of the loan payments (-\$182,000). During our January 18, 2022, call with Respondents, they explained that these entries are in error because they were double-reported in the original disclosure report – meaning that the Committees included two instances of each of the four entries when they should have included one instance of each of the four entries. They have thus been moved to the “other violations” column, and only the entries reflecting the loan payment have been included to avoid double-counting.

¹⁷ Calculated by taking the sum of the absolute values of the difference between the “Bank Amount” field and the “Reported Amount” field for all lines in Exhibits A-C, E, and F minus the amount calculated in the “Failure to Report” column of this chart for that respective exhibit.

¹⁸ Calculated by taking the sum of the absolute values of the “Bank Amount” field for all lines in Exhibits A-C, E, and F, where the difference between the “Bank Amount” field and the “Reported Amount” field is zero. This column relates to nonmonetary reporting errors such as, for example, incorrectly-reported dates, sources of contributions, and recipients of disbursements.

¹⁹ Calculated with respect to Salazar Victory Committee by taking the sum of the “Amount” field for all lines in Exhibit D. The revised supplement to the *sua sponte* also describes two contributions made to Freedom Force PAC of \$5,000 each that were also incorrectly deposited into Salazar for Congress’s bank account. Revised Supp. *Sua Sponte* at 6.

²⁰ The \$102,950.00 in deposit errors disclosed by the Committees is not included in this chart because it is not a reporting violation and thus is not attributable to a particular report.

Salazar Victory Committee	\$246,480.60	\$264,393.35
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1 The *sua sponte* submissions also describe additional practices implemented by the
 2 Committees' new treasurer, Williamson. These include daily review of bank accounts to ensure
 3 all transactions are recorded in a compliance database and QuickBooks and a monthly
 4 reconciliation of the bank account records and these two files.²¹ According to the submission,
 5 Williamson also deposits and records all non-direct-mail check contributions and records online
 6 contributions within one day of receipt and direct mail receipts every month.²² The Committees
 7 have also provided their training and compliance manual, developed after Williamson became
 8 treasurer, which includes instructions for proper processing of receipts and bank reconciliation,
 9 provides the recordkeeping requirements and internal controls guidance from the Commission's
 10 Best Practices guide, as well as information on contribution limits, prohibited contributions, and
 11 required disclaimers.²³

12 **III. LEGAL ANALYSIS**

13 **A. The Commission Finds Reason to Believe that the Committees Failed to** 14 **Accurately Report Their Receipts, Disbursements, Cash on Hand, and Debts**

15 The Act and Commission regulations require treasurers to file reports disclosing, among
 16 other things the amount of cash-on-hand at the beginning of each reporting period; the total
 17 amount of receipts for the reporting period and for the calendar year; and the total amount of

²¹ Revised Supp. *Sua Sponte* at 8.

²² *Id.*

²³ Salazar for Congress, FEC Training and Compliance Manual.

1 disbursements for the reporting period and for the calendar year.²⁴ For each receipt or
2 disbursement exceeding \$200, the committee must report the source, date, and amount of each
3 receipt and the ultimate payee, purpose, amount, and date of each disbursement.²⁵ Committees
4 must also disclose the amount and nature of any outstanding debts and obligations.²⁶

5 The Committees have acknowledged a large variety of reporting errors made in their first
6 and second quarter reports for 2021. As outlined above, these include failing to report and mis-
7 report contributions received, disbursements, and transfers.²⁷ In total, the Committees have
8 disclosed nearly 700 individual errors regarding receipts, disbursements, and debts totaling over
9 \$2,000,000.²⁸ More specifically, Salazar for Congress disclosed \$563,114.24 in errors in its
10 2021 April Quarterly Report and \$930,066.16 in errors in its 2021 July Quarterly Report;
11 Freedom Force PAC disclosed \$12,200.00 in errors in its 2021 April Quarterly Report and
12 \$23,771.71 in errors in its 2021 July Quarterly Report; and Salazar Victory Committee disclosed
13 \$246,480.60 in errors in its 2021 April Quarterly Report and \$264,393.35 in errors in its 2021
14 July Quarterly Report.²⁹ These errors also resulted in the Committees misreporting their cash on
15 hand in the relevant reports.³⁰ Accordingly, The Commission finds reason to believe the
16 Committees violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3.

²⁴ See 52 U.S.C. § 30104(b)(1), (2), (4); 11 C.F.R. §§ 104.3(a)(1), 104.12.

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

²⁶ 52 U.S.C. § 30104(b)(8); 11 C.F.R. § 104.3(d).

²⁷ *Supra* § II.

²⁸ Revised Supplemental *Sua Sponte* Exs. A-F.

²⁹ *Supra* § II.

³⁰ *Id.*

1 **B. The Commission Finds Reason to Believe that the Committees Failed to**
2 **Properly Deposit Contributions into Their Depository Accounts**

3 The Act requires a committee to establish and maintain one or more depository accounts
4 into which its receipts are deposited.³¹ \$92,950 in checks made payable to Salazar Victory
5 Committee and \$10,000 in checks made payable to Freedom Force PAC were not deposited into
6 those committees' depository accounts and were instead deposited into Salazar for Congress's
7 account.³² The Commission therefore finds reason to believe that Salazar Victory Committee
8 and Freedom Force PAC violated 52 U.S.C. § 30102(h) and 11 C.F.R. § 103.3 by failing to
9 deposit contributions into their respective depository accounts.

³¹ 52 U.S.C. § 30102(h)(1); 11 C.F.R. § 103.3.

³² Revised Supp. *Sua Sponte* at 6 & Ex. D.