

BEFORE THE DIRECTOR
OF THE
OFFICE OF CAMPAIGN FINANCE
D.C. BOARD OF ELECTIONS AND ETHICS
2000 14TH STREET, N.W., SUITE 420
WASHINGTON, D.C. 20009
(202) 671-0550

IN THE MATTER OF)	
)	
1 For Chad)	DATE: August 8, 2008
Chad Williams)	
Candidate)	
c/o Janisha Richardson)	
Treasurer)	DOCKET: Full Investigation 2008-102
766A Princeton Place, N.W.)	
Washington, D.C. 20010)	

ORDER

Statement of the Case

This matter arises out of a referral from the D.C. Board of Elections and Ethics (Board), through its General Counsel, Kenneth McGhie, 441 4th Street, N.W., Suite 200, Washington, D.C., 20001. The Board specifically alleges that the 1 For Chad Principal Campaign Committee (PCC) for the candidate, Chad Williams (Respondent), and for which Janisha Richardson served as Treasurer, falsely listed on his campaign report that he had obtained a loan of \$94,615.00, in violation of the District of Columbia Campaign Finance Reform and Conflict of Interest Act of 1974 (the Act), as amended, D.C. Official Code §§1-1101.01 et seq. (2001 Edition).¹

Issue

Whether Respondent violated D.C. Official Code §1-1107.01(b) when, on his September 10, 2006 1 For Chad Principal Campaign Committee Report (PCC Report), he stated that he loaned the PCC a total of \$94,615.00.00?²

¹ The Honorable Jim Graham, Councilmember, Ward One of the Council of the District of Columbia, first voiced concern to the D.C. Office of Campaign Finance (OCF) about the possibility of the filing of fraudulent reports by his competitor in the 2006 Ward 1 race. OCF was satisfied with the amended filings and responses from the candidate and his treasurer and sought to terminate the committee. Councilmember Graham prevailed upon the Board to review this matter and the Board referred the matter to OCF.

² OCF's mission is to achieve voluntary compliance in the first instance; and, enforcement lastly, where necessary. This ensures accurate campaign reporting and facilitates full disclosure of campaign operations to the public. It is the policy and mission of the OCF Audit Division to assist political committees with compliance of OCF regulations. Therefore, it has always been standard to allow political committees to file amended Reports of Receipts and Expenditures (R&E Reports) when it is noted that adjustments, clarifications and additional information are needed. These instances may be occasioned by discrepancies or misunderstandings noted by the Committee or the Audit staff. Note that this is the policy of the United States Government Federal Election Commission (FEC). Thus, OCF does not view previously submitted R&E Reports or responsive documents to Audit queries as untruthful. Pursuant to In the Matter of 1 for

Background

On March 9, 2007, Renee Coleman, the Supervisory Auditor for the D.C. Office of Campaign Finance recommended to approve Respondent's request for termination of the PCC. After a review and the resolution of matters involving the manner in which Respondent reported his receipts and expenditures during his 2006 campaign for the Ward 1 seat, and in accordance with the OCF mission to achieve voluntary compliance in the first instance, Respondent submitted amended filings and corrected all reporting discrepancies, as previously indicated. Because OCF believed Respondent had perfected his reporting requirements by submitting accurate amended reports, OCF was prepared to terminate the PCC, as requested by Respondent. Notwithstanding, Councilmember Jim Graham of Ward 1 (and the winner of that 2006 contest) strongly complained for an investigation into the inaccuracy of the original PCC reports. Accordingly, Councilmember Graham requested the Board to instruct OCF to investigate the matters anew. Upon review of the entire record, the Board referred the sole issue of the listing of the loan and its source.

Therefore, on April 11, 2008, letters were dispatched to Respondent and his Treasurer requesting information on the issue of the loan and its source. On April 18, 2008, Respondent was summoned and questioned by the undersigned and William O. SanFord, OCF Senior Staff Attorney. On May 30, 2008, the PCC Treasurer, Janisha Richardson, was similarly summoned and questioned by same.

The scope of the OCF investigation, which was conducted until July 11, 2008, encompassed reviewing and verifying all submitted information, in light of the OCF statute; research; and in-house meetings.

Relevant Statutory Provision

D.C. Official Code §1-1107.01(b) reads that “[a]ny person who knowingly files any false or misleading statement, report, voucher, or other paper, or makes any false or misleading statement to the Board, shall be fined not more than \$10,000, or shall be imprisoned for not longer than 5 years, or both.”

Summary of Evidence

During his April 18, 2008 questioning by the undersigned and William O. SanFord, OCF Senior Staff Attorney, Respondent (RI) emphatically denied the allegation that he falsely listed on his campaign report that he made a loan to the Committee of \$94,615.00, cover

Chad, dated March 15, 2007, the Audit Division questioned the subject issue and myriad others regarding Respondent's filings. Nonetheless, Respondent answered all queries, submitted amended filings (which superseded all previous filings, pursuant to standard operating procedures); and, upon examination thereby, satisfied both the Supervisory Auditor and the Senior Hearing Examiner that Respondent, as a first-time candidate unintentionally ignored certain filing requirements and was simply a sloppy record keeper. The Director agreed and dismissed the allegation of failing to timely respond to the Request for Additional Information (RAI). The instant issue specifically speaks to whether Respondent had obtained a loan for \$94,615.00.00, in support of his campaign.

campaign expenditures.³ He continued by stating that after he began his campaign he was advised by (the late) Michael Simpson, OCF Public Information and Records Management Supervisor, that as an alternative to investing his own funds, he might consider securing independent financing. He additionally stated that, pursuant to that advice, he secured a home equity loan in the amount of \$142,566.10 to cover campaign expenses; and, the funds were deposited into his account at Bank of America on or about March 31, 2006. Respondent provided settlement documents (SD) reflecting the transaction and later provided redacted copies of Bank of America records which list a March 31, 2006 deposit of \$142,566.10. Moreover, Mr. SanFord visited the District's Recorder of Deeds and confirmed that the Deed of Trust listed, inter alia, a home equity loan of \$142,566.10. See Attachment.

Janisha Richardson (JI), the PCC Treasurer, indicated during her May 30, 2008 questioning that Respondent initially used funds from his personal account to cover the campaign expenses; but, that he was advised by an OCF staff member, (the late) Michael Simpson, that the personal funds he used to pay expenses could be listed as a loan, whereupon they attempted to amend the reports to reflect the change. Nevertheless, she stated that the Audit Division informed her that the PCC Reports could not list the funds as a loan without documentation of the transaction.

Upon review of the full record in this matter by the undersigned, it should be noted that the funds were not deposited into the PCC bank account; they were made available to the PCC as a personal line of credit from Respondent. The Audit Branch required the amendment of the PCC Reports to delete the transactions. Since the PCC did not actually receive these monies, these amounts were not considered loans to the PCC and should not have been reported as such.

During the end of her interview, Ms. Richardson confirmed that she amended the PCC Reports to comply with the Audit directive. She stated that she believed the information she certified in all of the PCC Reports was accurate; notwithstanding that she and Respondent were first-timers in this political arena with no prior experience and they made mistakes.

Respondent and Ms. Richardson were polite and cooperative. Moreover, the undersigned and Mr. SanFord found them credible.

Findings of Fact

Having reviewed the allegations and the entire record in this matter, I find:

1. Sometime in 2006, Respondent opted to run for the office of Ward 1 Member of the Council of the District of Columbia. Records of the Board of Elections and Ethics (BOEE Records).

³ See In the Matter of 1 for Chad, March 15, 2007.

2. Respondent sought to finance his campaign with his own funds and secured a loan on his home at 3565 Holmead Place, N.W., for \$142,566.10. SD.
3. The loan was properly recorded at the District's Recorder of Deeds and the Deed of Trust reflects a loan on 3565 Holmead Place, N.W. for \$142,566.10. Attachment.
4. On March 31, 2006, Respondent deposited \$142,566.10 into his Bank of America account. SD.
5. Of the personal funds of Respondent, secured from the loan on the Holmead Place home, Respondent intended to extend a line of credit of \$108,000 to the PCC, from which he paid campaign expenditures and believed that he had effected this transaction because he reported same in his September 10, 2006 R&E Report. OCF September 10, 2006 R&E Report
6. Respondent never deposited any funds from the \$142,566.10 equity loan secured on his home at 3565 Holmead Place, N.W. into his PCC; and, alternatively, made some of the funds available to the PCC as a personal line of credit from Respondent. SD; RI.

Conclusions of Law

Based upon the record, in its entirety, and the evidence, I therefore conclude:

1. As a candidate for public official of the District of Columbia, Respondent is subject to the reporting requirements of the Act, pursuant to D.C. Official Code §1-1102.06.
2. Respondent did not violate D.C. Official Code §1-1107.01(b) when, on his September 10, 2006 1 For Chad Principal Campaign Committee Report (PCC Report), he stated that he loaned the PCC a total of \$94,615.00 because Respondent secured a loan on his home at 3365 Holmead Street, N.W. with which to finance his campaign, through a personal line of credit; and, pursuant to In The Matter of 1 for Chad (March 15, 2007), issued by the OCF Director, any inaccuracy in the reporting thereof to OCF was dismissed thereby because Respondent complied in total with the recommendation of the OCF Audit Division, in accordance with its standard operating procedures and OCF policy.

Recommendation

I hereby recommend the OCF Director to dismiss this complaint.

Date

Kathy S. Williams
General Counsel

ORDER OF THE DIRECTOR

IT IS ORDERED that this matter be dismissed. Attachments are available for review or copying in OCF, upon request.

This Order may be appealed to the Board of Elections and Ethics within 15 days from issuance.

Date

Cecily E. Collier-Montgomery
Director

SERVICE OF ORDER

This is to certify that I have served a true copy of the foregoing Order to complainant, respondent and other interested parties on Friday, August 8, 2008.

NOTICE

Pursuant to 3 D.C.M.R. §3711.5 (1999), any fine imposed by the Director shall become effective on the 16th day following the issuance of a decision and order, if the respondent does not request an appeal of this matter. If applicable, within 10 days of the effective date of this order, please make a check or money order payable to the D.C. Treasurer, c/o Office of Campaign Finance, Suite 420, 2000 14th Street, N.W., Washington, D.C., 20009.