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**FEDERAL ELECTION COMMISSION**

**999 E Street, N.W.  
Washington, D.C. 20463**

**CELA**

**FIRST GENERAL COUNSEL'S REPORT**

MUR: 6692

DATE COMPLAINT FILED: November 9, 2012

DATE OF NOTIFICATION: November 16, 2012

DATE OF LAST RESPONSE: December 27, 2012

DATE ACTIVATED: March 28, 2013

EXPIRATION OF SOL: October 4, 2017 –

November 30, 2017

ELECTION CYCLE: 2012

**COMPLAINANT:**

Michael Tate, Chair

The Democratic Party of Wisconsin

**RESPONDENTS:**

Ryan for Congress and

Paul Mair in his official capacity as treasurer

Romney for President, Inc. and

Darrel Crate in his official capacity as treasurer

**RELEVANT STATUTES  
AND REGULATIONS:**

2 U.S.C. § 439a

2 U.S.C. § 441a(a)(5)(C)

11 C.F.R. § 110.8(d)

11 C.F.R. § 113.1(g)

11 C.F.R. § 113.2(d)

**INTERNAL REPORTS CHECKED:** Disclosure Reports

**OTHER AGENCIES CHECKED:** None

**I. INTRODUCTION**

The Complaint alleges that Ryan for Congress, the principal campaign committee for Representative Paul Ryan's 2012 congressional re-election (the "Ryan Committee"), violated 11 C.F.R. § 110.8(d) by improperly paying for hotel rooms that were used by Romney for President, Inc., the principal campaign committee for Paul Ryan as the 2012 Republican Party

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1 Vice Presidential nominee ("Romney for President"), at the 2012 Republican National  
2 Convention ("Convention"). The Convention was held from August 27 to 30, 2012 in Tampa,  
3 Florida. The Ryan Committee denies the allegation, providing an affidavit by its treasurer and  
4 pointing to disclosure reports that indicate that Romney for President reimbursed the Ryan  
5 Committee for a portion of these expenses.<sup>1</sup> Given the available information, we recommend  
6 that the Commission find no reason to believe that Ryan for Congress, Paul Mair in his official  
7 capacity as treasurer, Romney for President, Inc., and Darrel Crate in his official capacity as  
8 treasurer violated 11 C.F.R. § 110.8(d), and close the file.

## 9 II. FACTS

### 10 A. Background

11 In 2012, Representative Paul D. Ryan was a candidate for both the First Congressional  
12 District of Wisconsin and for Vice President of the United States. The Ryan Committee is  
13 Ryan's 2012 congressional campaign committee, and Paul Mair is its treasurer. Romney for  
14 President, Inc. (the "Romney Committee") was the principal campaign committee for Ryan's  
15 vice presidential campaign, and Darrel Crate is its treasurer.<sup>2</sup>

16 The Complaint alleges that the Ryan Committee spent \$59,603.41 for 20 hotel rooms  
17 and other expenses at the Convention and that at least some portion of the expenses was used to  
18 unlawfully promote Ryan's vice presidential campaign. Compl. at 2. The Complaint alleges

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<sup>1</sup> The Romney Committee adopted the Ryan Committee's response as its own and did not provide additional substantive information or arguments. See Romney Committee Resp. at 1 (Dec. 27, 2012).

<sup>2</sup> Mitt Romney, the 2012 presidential candidate for the Republican Party, announced that he chose Ryan as a running mate on August 11, 2012, and Ryan received the Republican vice presidential nomination on August 28, 2012. Jeff Zeleny and Jim Rutenberg, *Romney Chooses Ryan, Pushing Fiscal Issues to the Forefront*, N.Y. TIMES (Aug. 11, 2012),

1 that the rooms should have been paid for by Ryan's vice presidential campaign. *Id.* The  
2 Complaint's assertions appear to have been derived entirely from an internet article regarding  
3 the Ryan Committee's October 2012 Quarterly Report (Oct. 4, 2012) ("October 2012 Report")  
4 and 2012 Pre-General Report (Oct. 19, 2012) ("2012 Pre-General Report").<sup>3</sup> Hunter Walker,  
5 *Paul Ryan's 'Problematic' RNC Spending Spree*, POLITICKER (Oct. 25, 2012),  
6 <http://politicker.com/2012/10/paul-ryan-campaign-money/> ("Politicker Article"). The Politicker  
7 Article surmised that, because the number of hotel rooms appeared to exceed the number of  
8 Ryan Committee campaign staff members reported to be attending the Convention, the rooms  
9 must have been used to benefit the vice presidential campaign. The Politicker Article further  
10 noted that it contacted Ryan's congressional campaign manager, Kevin Seifert, but he did not  
11 offer an explanation for the relatively large number of rooms at the Convention. *Id.* at 3.

12 The Ryan Committee acknowledges that it paid for rooms at the Marriott, the  
13 Renaissance, and the Hyatt during the Convention. Ryan Committee Resp., Attach (Paul Mair  
14 Aff. (Dec. 13, 2012)) ("Paul Mair Aff."). The Ryan Committee states that it spent a total of  
15 \$41,232.07 (not \$59,603.41) for the hotel rooms. *Id.* at 2. The Ryan Committee explains that it  
16 ultimately paid \$20,637.51 for twelve rooms at the Marriott, after receiving a \$2,768.38

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<sup>3</sup> The Complaint did not provide a basis for the alleged \$59,603.41 amount, and we were unable to determine from which entries in the Ryan Committee's disclosure reports the figure was derived. As described below, the Convention-related entries we identified in the disclosure reports total \$56,477.61. In connection with the August 27-30, 2012, Convention, the Ryan Committee disbursed \$34,854.35 to the Tampa Marriott Waterside Hotel (the "Marriott") and \$4,183.20 to the Hyatt Regency Tampa (the "Hyatt") on August 31, 2012. *See* October 2012 Report. It also disbursed \$1,057.40 to Delta Airlines on August 27, 2012 for hotel rooms and \$4,154.50 to several airlines between August 26 and 28, 2012 for travel to the Convention. *Id.* The Ryan Committee disclosed the disbursements along with a \$2,768.38 reimbursement from the Romney Committee on September 27, 2012 for using the Ryan Committee's rooms at the Marriott. The Ryan Committee further disbursed \$16,411.36 on October 1, 2012 for additional rooms at the Renaissance Tampa International Hotel (the "Renaissance") during the Convention and disclosed the disbursement in its original 2012 Pre-General Report.

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1 reimbursement from the Romney Committee for using some of the Marriott rooms<sup>4</sup> and a  
2 \$7,396.23 credit from the Marriott for an overcharge of its down payment. *Id.* at 1. The Ryan  
3 Committee further explains that it paid \$16,411.36 to the Renaissance for nine rooms and  
4 \$4,183.20 to the Hyatt to reserve an unspecified number of rooms that were never used, the  
5 deposit for which was not refundable. *Id.* at 2.

6 Respondents assert that the Complaint "does not identify any transactions that it believes  
7 were 'clearly meant to promote Congressman Ryan's candidacy for Vice President'" and that  
8 the Complaint "has provided no evidence that any [Ryan Committee] funds were misused or  
9 improperly spent." Ryan Committee Resp. at 3, 5. Respondents explain that Ryan's duties as a  
10 Vice Presidential nominee resulted in the Ryan Committee "relying heavily on [Committee]  
11 staff and volunteers," as opposed to the candidate himself, to promote Ryan's congressional  
12 campaign and that such activity is consistent with the "wide discretion" candidates have over  
13 committee funds. *Id.* at 3, 5. Respondents assert that they kept each campaign's expenses  
14 separate and note that the Complaint ignored or overlooked the \$2,768.38 Romney Committee  
15 reimbursement. *Id.* at 6-7. Accordingly, Respondents argue, the Ryan Committee's funds  
16 were "properly and exclusively used for the benefit of Congressman Ryan's Congressional  
17 Campaign." *Id.* at 1.

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<sup>4</sup> The \$2,768.38 reimbursement was disclosed in the October 2012 Report as a receipt with a purpose stating "Reimbursed for Convention room expense." The entry appeared in an amended October 2012 Report, dated November 8, 2012, and the Commission's Reports Analysis Division ("RAD") sent a Request for Additional Information ("RFI") to the Ryan Committee on November 29, 2012, seeking clarification of the reimbursement because a corresponding disbursement was not apparent. In a further amended October 2012 Report, dated November 30, 2012, the Ryan Committee revised the purpose to state "Reimbursed/room paid to Marriott Waters." RAD considered the revision adequate to clarify that the reimbursement was for part of the committee's disbursements to the Marriott.

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1     **III.     LEGAL ANALYSIS**

2             The Commission's regulations require that, when "an individual is a candidate for more  
3     than one Federal office . . . he or she must designate separate principal campaign committees."  
4     11 C.F.R. § 110.8(d)(1). Further, the regulations establish a general rule that "[n]o funds,  
5     goods, or services . . . may be transferred between or used by the separate campaigns." *Id.*  
6     §§ 110.8(d)(2), 110.3(c)(5); *see* 2 U.S.C. § 441a(a)(5)(C). Dual campaigns of a Presidential  
7     candidate who is not receiving public financing, however, may share personnel and facilities as  
8     long as expenditures are allocated between the two campaigns and payments made from each  
9     campaign account reflect the allocation. 11 CFR § 110.8(d)(3); Advisory Op. 1995-3 (Gramm)  
10    at 2.

11            As Ryan and Romney did not receive presidential public financing, the Ryan Committee  
12    could share its hotel rooms with the Romney Committee if both committees pay for their  
13    respective use. *Id.* Respondents assert that each campaign properly paid for its respective use  
14    of the hotel rooms, as evidenced by the Romney Committee's September 27, 2012,  
15    reimbursement. Ryan Committee Resp. at 6. The reimbursement demonstrates that  
16    Respondents attempted to comply with the allocation requirement under 11 CFR § 110.8(d)(3).<sup>5</sup>  
17    The explanation is further supported by an affidavit by the Ryan Committee's treasurer. Paul  
18    Mair Aff. ¶¶ 4, 8.

19            The Complaint's emphasis on the number of rooms relative to the number of Ryan  
20    Committee personnel implies that the reimbursement may not have been proportional to each  
21    campaign's use of the rooms. But the Ryan Committee's treasurer affirms that the \$41,232.07

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<sup>5</sup>     Neither the Complaint nor the Politicker Article mentioned or addressed the Romney Committee reimbursement of the Ryan Committee for the use of some hotel rooms.

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1 spent on hotel rooms accurately reflects Ryan Committee activities to promote Ryan's  
2 congressional re-election campaign. *See* Paul Mair Aff. ¶¶ 4-6, 8. Further, the Complaint  
3 questions whether the number of volunteers at the Convention was integral to Ryan's  
4 congressional re-election campaign. Although the Ryan Committee does not describe the  
5 activities its staff and volunteers undertook on behalf of Ryan's congressional campaign at the  
6 Convention, there is no information that casts doubt on the Ryan Committee treasurer's  
7 representations. And as the Ryan Committee correctly states, "candidates have wide discretion  
8 over the use of campaign funds." Expenditures; Reports by Political Committees; Personal Use  
9 of Campaign Funds, 60 Fed. Reg. 7862, 7867 (Feb. 9, 1995). There is therefore no available  
10 information to provide a reasonable basis to conclude that further enforcement action is  
11 warranted. *See* Statement of Policy Regarding Commission Action in Matters at the Initial  
12 Stage in the Enforcement Process, 72 Fed. Reg. 12,545, 12,546 (Mar. 16, 2007) (no reason to  
13 believe finding appropriate when the available information fails to give rise to a reasonable  
14 inference that a violation has occurred).

15 Based on the above, we recommend that the Commission find no reason to believe that  
16 Ryan for Congress, Paul Mair in his official capacity as treasurer, Romney for President, Inc.,  
17 and Darrel Crate in his official capacity as treasurer violated 11 C.F.R. § 110.8(d), and close the  
18 file.

#### 19 IV. RECOMMENDATIONS

- 20 1. Find no reason to believe that Ryan for Congress and Paul Mair in his official  
21 capacity as treasurer violated 11 C.F.R. § 110.8(d);  
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- 23 2. Find no reason to believe that Romney for President, Inc. and Darrel Crate in his  
24 official capacity as treasurer violated 11 C.F.R. § 110.8(d);  
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- 26 3. Approve the attached Factual and Legal Analysis;  
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- 1           4. Approve the appropriate letters; and  
2           5. Close the file.

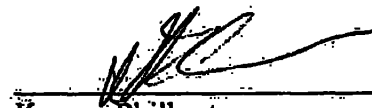
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6/18/13

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