



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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FEDERAL ELECTION
COMMISSION

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MEMORANDUM

TO: The Commission

FROM: Kathleen M. Guith
Deputy Associate General Counsel for Enforcement

BY: Susan L. Lebeaux *SL*
Assistant General Counsel

Christine C. Gallagher *cg*
Attorney

SUBJECT: MUR 6454 (Patricia D. Cornwell) – Pre-Probable Cause to Believe Conciliation

I. INTRODUCTION

On April 24, 2012, the Commission found reason to believe that Patricia Cornwell violated 2 U.S.C. §§ 441a(a) and 441f in connection with the reimbursement of contributions to three committees during the 2007-2008 election cycle: Jim Gilmore for President, Jim Gilmore for Senate, and Hillary Clinton for President. *See* Certification (Apr. 24, 2012); *see also* Cornwell Factual and Legal Analysis. The Commission also authorized the Office of General Counsel ("OGC") to engage in pre-probable cause conciliation with Cornwell on its behalf

II. BACKGROUND

This matter originated when the accounting and business management firm of Anchin, Block & Anchin LLP sent a *sua sponte* submission to the Commission (“Anchin Submission”) disclosing that, between June 2007 and April 2008, its former principal, Evan H. Snapper (“Snapper”), used funds of a former client, Patricia D. Cornwell, to reimburse contributions made to three campaign committees: Jim Gilmore for President (\$4,600); Jim Gilmore for Senate (\$9,200); and Hillary Clinton for President (\$25,300).

Anchin’s submission was precipitated by Cornwell terminating her business relationship with Anchin in September 2009 because of her dissatisfaction with its services and filing a lawsuit against Anchin on October 13, 2009, alleging negligent performance of professional services and breach of fiduciary duty. *Cornwell Entertainment, Inc. et al. v. Anchin, Block & Anchin, LLP, et al.*, 09-cv-11708-GAO (D. Mass. 2009). Snapper reportedly informed Anchin of the reimbursed contributions in the course of Anchin preparing its response to Cornwell’s lawsuit. Anchin Submission at 3; Second Gen. Counsel’s Rpt at 5 (Apr. 10, 2012); Snapper Dep. at 41:4-42:9 (Jul. 6, 2011). Thereafter, Anchin reported Snapper’s admitted wrongdoing to the Department of Justice and the Commission but also claimed that Snapper acted in each instance at Cornwell’s direction and with her knowledge and authorization. See Anchin Submission (Apr. 6, 2010). Cornwell then amended her lawsuit to allege that Anchin and Snapper mishandled her political contributions, misinformed her regarding requirements relating to political contributions, and improperly reimbursed its own employees for contributions from her corporate and personal accounts without her knowledge.

After being notified of the submission, Cornwell filed a Response in which she asserted that she never instructed Snapper to make contributions to the Gilmore Presidential and Senate committees, did not authorize him to reimburse these contributions from her funds, and did not know he had done so. Cornwell Resp. at 9-10. As to the contributions to the Clinton Presidential Committee, Cornwell admits that she authorized Snapper to use her funds to reimburse her close family and friends for tickets they purchased to attend an Elton John concert, which was a fundraiser for the Committee. She contends however, that she believed that “the activities that Anchin proposed and carried-out were wholly legal and appropriate.” *Id.* at 7.

Based on the submission, Anchin’s supplementation of its submission (including a substantial production of records, including e-mails and other documents related to the Cornwell financial accounts under the firm’s management, transcripts from depositions of Snapper, Cornwell, and others conducted in connection with her civil suit), and the Response submitted by Cornwell, the Commission found reason to believe that Patricia Cornwell violated the Act and authorized pre-probable cause to believe conciliation.² See Certification (Apr. 24, 2012); see also Cornwell Factual and Legal Analysis.

² Previously, on March 24, 2011, the Commission had accepted a conciliation agreement with Snapper, who agreed to pay a civil penalty of \$65,000, for knowingly and willfully violating 2 U.S.C. § 441f in connection with his making contributions in the name of another and assisting other persons in making contributions in name of another using Cornwell’s funds under management with Anchin. See Certification (Mar. 24, 2011); see also Conciliation Agreement (Snapper). On April 24, 2012, the Commission determined to take no action as to Anchin

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On February 19, 2013, the jury awarded Cornwell nearly \$51 million in her civil lawsuit against Anchin, including punitive damages, and on May 28, 2013, the District Court entered judgment in favor of Cornwell for her claims of negligent performance of professional services, breach of fiduciary duty, and breach of contract. Following the completion of the trial,

in connection with the reimbursed contributions. *See* Certification (Apr. 24, 2012). In a related criminal action initiated by the Department of Justice ("DOJ") Snapper pled guilty on January 3, 2011, to a felony violation of 18 U.S.C. § 1001 in connection with the reimbursed contributions. DOJ decided not to pursue criminal charges against Cornwell or Anchin.

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9 In sum, we believe the negotiated agreement represents an acceptable resolution of this
10 matter. We therefore recommend that the Commission accept the attached conciliation
11 agreement and close the file.
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13 **IV. RECOMMENDATIONS:**

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15 1. Accept the attached conciliation agreement with Patricia D. Cornwell;
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17 2. Approve the appropriate letters;
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19 3. Close the file.
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