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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**SENSITIVE****MEMORANDUM**

November 29, 2023

TO: The Commission

THROUGH: Alec Palmer *AP*  
Staff Director

FROM: Patricia C. Orrock *PCO*  
Chief Compliance Officer

Krista J. Roche *KJR*  
Director, ADR Office

Rosa Marshall *RM*  
Assistant Director, ADR Office

SUBJECT: Recommendation to Approve Negotiated Settlement  
ADR 1127 - Sheila Jackson Lee for Congress and  
Karen Y. Grays, Treasurer (C00287904)

RESOLUTION TERMS: Amend relevant reports to address the 2021-2022 election cycle Requests for Additional Information (RFAs); certify annually for two years that the Committee continued to retain the services of a compliance firm; certify that a representative of the Committee participated in an FEC training program; and pay a civil penalty of \$8,400.

Attached for your review is a signed Negotiated Settlement pertaining to ADR 1127 (RAD 23L-38). The ADR Office received this referral on July 27, 2023.

**SUMMARY:** The Reports Analysis Division (RAD) referred Sheila Jackson Lee for Congress and Karen Y. Grays, Treasurer (Respondents or the Committee) for a series of reporting errors and other FECA violations during the 2021-2022 election cycle. The Committee's errors included: excessive, prohibited and other impermissible contributions or transfers; mathematical and cash-on-hand discrepancies; failure to provide supporting schedules; failure to properly itemize contributions from individuals; and failure to properly itemize disbursements.

During negotiations, Respondents acknowledged that there were reporting challenges during the 2021-2022 election cycle that were caused, in part, by the volunteer nature of its staff, who were unfamiliar with FEC reporting requirements. The Committee stated that it has since transferred its compliance operations to an external compliance firm. Throughout negotiations, Respondents maintained that their willingness to agree to the settlement was purely aimed at resolving the raised issues, and not to be interpreted as an admission of fault.

**RECOMMENDATIONS:**

1. Approve the attached Negotiated Settlement of Sheila Jackson Lee for Congress and Karen Y. Grays, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.