

**BEFORE THE FEDERAL ELECTION COMMISSION**

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2  
3 In the Matter of )  
4 )  
5 Keisha Carter ) MUR 7678  
6 John Eaves for Congress and John H. Eaves )  
7 in his official capacity as treasurer )  
8 )  
9

**SECOND GENERAL COUNSEL'S REPORT**

**I. ACTIONS RECOMMENDED**

12 We recommend that the Commission find reason to believe that Keisha Carter: (1) in her  
13 personal capacity knowingly and willfully violated 52 U.S.C. § 30102(h)(1) and 11 C.F.R.  
14 § 103.3 by failing to deposit receipts into, and make disbursements for John Eaves for Congress  
15 from, a properly designated campaign depository account; and (2) knowingly and willfully  
16 violated 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15 by commingling campaign funds with  
17 personal funds. We further recommend that the Commission find reason to believe that John  
18 Eaves for Congress and John H. Eaves in his official capacity as treasurer: (1) violated  
19 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3 by failing to deposit receipts into, and make  
20 disbursements for John Eaves for Congress from, a properly designated campaign depository  
21 account; and (2) violated 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15 by failing to keep  
22 campaign funds segregated from the personal funds of any individual.

**II. BACKGROUND**

24 This matter stems from a Complaint filed by congressional candidate John H. Eaves,  
25 alleging that Keisha Carter, the former finance director and former treasurer of Eaves' authorized  
26 committee, John Eaves for Congress (the "Committee"),<sup>1</sup> set up and used a separate,

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<sup>1</sup> John Eaves is the current treasurer of the Committee. Committee, Statement of Organization (Mar. 11, 2020).

1 unauthorized, and undisclosed bank account for Committee receipts and disbursements.<sup>2</sup> The  
2 Complaint also included an Offense Report from the Atlanta Police Department (“Atlanta PD”)  
3 documenting Eaves’ allegations.<sup>3</sup> Carter filed a response, denying the allegations in the  
4 Complaint.<sup>4</sup>

5 On June 22, 2022, the Commission found reason to believe that Keisha Carter, in her  
6 personal capacity, knowingly and willfully violated 52 U.S.C. §§ 30102(c) and (h) and 30104(b)  
7 by failing to keep accurate records and file accurate reports of receipts and disbursements on  
8 behalf of the Committee and authorized compulsory process for the investigation.<sup>5</sup> The  
9 Commission also determined to take no action at this time as to whether: (1) John Eaves for  
10 Congress and John H. Eaves in his official capacity as treasurer violated 52 U.S.C. §§ 30102(c)  
11 and (h) and 30104(b) by failing to keep accurate records and file accurate reports of receipts and  
12 disbursements; and (2) Keisha Carter knowingly and willfully violated 52 U.S.C. §§ 30102(b)  
13 and (c) and 30114(b)(1) by commingling personal and Committee funds, and converting  
14 Committee funds to personal use.

15 The Reason to Believe letter was emailed to Carter on June 29, 2022. Carter did not  
16 initially respond to the notification, but after the Office of General Counsel made multiple  
17 attempts to contact her, she submitted a response and participated in an informal interview  
18 during which she contended that she did not engage in reporting violations.<sup>6</sup> [REDACTED]

19 [REDACTED]

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<sup>2</sup> Compl. at 1 (Jan. 13, 2020).

<sup>3</sup> *Id.* at 4-5 (including Atlanta Police Department Offense Report (“Offense Report”).

<sup>4</sup> Resp. (Feb. 26, 2020).

<sup>5</sup> Certification (“Cert.”), MUR 7678 (Keisha Carter) (June 22, 2022).

<sup>6</sup> Report of Investigation of Keisha Carter (Feb. 21, 2023) (“Carter ROI”).

1 [REDACTED]

2 [REDACTED] [REDACTED]

3 [REDACTED]

4 The information obtained [REDACTED] includes bank records from the  
5 Committee's campaign account that was opened by Eaves when Carter became treasurer, bank  
6 records from Carter's business, Public Service Partners, and Anedot credit card processing  
7 records showing that tens of thousands of dollars of contributions to John Eaves for Congress  
8 were deposited into Carter's business account. This account appears to have also received funds  
9 from non-federal campaigns and from other sources. The same account paid for campaign  
10 expenses but also was used to pay for Carter's personal expenses, such as rent and credit card  
11 bills.

12 **III. INVESTIGATION**

13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]

[REDACTED]

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[REDACTED]

As further discussed below, Audit's review of the bank records shows that both the Committee's and Public Service Partners' bank accounts were used for campaign deposits and disbursements.<sup>12</sup> The Committee's campaign depository reflects deposits of contribution checks and few disbursements.<sup>13</sup> The records of the Public Service Partners account reflects that it received all of the contributions to the Eaves campaign that were processed through Anedot during the period that Carter acted as treasurer, deposits of contributions for other (non-federal) campaigns, deposits from unknown sources, transfers to and from the Public Service Partners account to other accounts, disbursements for Eaves campaign expenses, and disbursements for what appear to be personal expenses, *e.g.*, food, overseas travel, lodgings, gas, entertainment (*e.g.*, Netflix), and beauty supplies.<sup>14</sup>

[REDACTED]

[REDACTED]

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

[REDACTED]

1           **B.       Carter's Response and Interview with FEC**

2           Carter filed a response with the Commission on November 14, 2022, denying the  
3           allegations.<sup>17</sup> On February 21, 2023, again after multiple scheduling attempts, Enforcement staff  
4           interviewed Carter.<sup>18</sup> In her responses to the Complaint and RTB notification, and in her  
5           interview, Carter claimed that Eaves was at all times aware of and did not object to any of her  
6           activities on behalf of the Committee.<sup>19</sup> She represented that Eaves without her knowledge  
7           changed “account signatures, Debit card pins, [and] online and mailing information,” for the  
8           Committee’s existing depository account; that he “refused or forgot” to provide her the  
9           information to access the account; and that she had to open another account to deposit and  
10          disburse campaign funds.<sup>20</sup> She denied the allegations that the account was unauthorized or  
11          undisclosed, though she said she could not recall the name of the account she had been using,  
12          and she denied that she commingled or converted any campaign funds to personal use.<sup>21</sup> She  
13          admitted that she neglected to update the Committee’s filings to disclose the new account.<sup>22</sup>  
14          Carter further represented that she has worked with federal, state and local campaigns and that  
15          her firm has internal procedures in place for recordkeeping and filing.<sup>23</sup> Carter agreed to send  
16          our Office an affidavit and provide bank and Committee records.<sup>24</sup> However, she has stopped  
17          responding to emails and has yet to provide any information to date.

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<sup>17</sup> RTB Resp. (Nov. 14, 2022).

<sup>18</sup> Carter ROI.

<sup>19</sup> Resp. at 1; RTB Resp. at 4; Carter ROI at 2.

<sup>20</sup> Resp. at 1; Carter ROI at 1.

<sup>21</sup> Resp. at 2; Carter ROI at 2.

<sup>22</sup> Carter ROI at 2.

<sup>23</sup> *Id.*

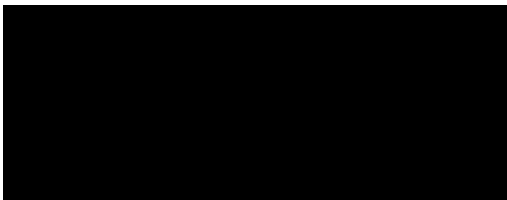
<sup>24</sup> *Id.* at 3.

1 C. [REDACTED]  
2 [REDACTED] Wells Fargo bank statements for  
3 the Committee and Carter's Public Service Partners business account, the Anedot credit card  
4 processing information, and the Committee's disclosure reports for the period March 2019  
5 through December 2019. [REDACTED] Audit's review focused on the nature and extent, if any, of the  
6 misreporting of receipts and disbursements, commingling of Committee funds with Carter's  
7 personal funds, and Carter's personal use of Committee funds. [REDACTED]

8 1. Accuracy of Disclosure Reports

9 Audit's review confirmed that both the campaign depository account and the Public  
10 Service Partners bank accounts were used for campaign deposits and disbursements. [REDACTED] Based on  
11 its review of the bank records, Audit stated that the Committee's disclosure reports do not appear  
12 to accurately reflect the actual receipts and disbursements traced to the Committee depository  
13 account and Carter's Public Service Partners accounts, but, due to the lack of documentation  
14 related to the numerous deposits and withdrawals, it is not possible to determine specific  
15 instances of misreporting. [REDACTED]

16 As explained in the Audit Report, it is not possible to determine the accuracy of the  
17 disclosed information given the lack of documentation showing the sources for numerous  
18 deposits and disbursements in the Public Service Partners account. Assuming all 2019 funds  
19 deposited into and disbursed from the Committee's bank account were expended on behalf of the



1 Committee, there was a total of \$20,250 in receipts and \$19,555 in disbursements that are  
2 reflected in the bank records for that account.<sup>29</sup> Adding the credit card contributions to the  
3 Committee, totaling \$97,145 and processed by Anedot, that were deposited into the Public  
4 Service Partners account, results in a total of \$117,395 in receipts apparently intended for the  
5 Committee that can be traced to specific deposits into the known accounts.<sup>30</sup> Moreover, adding  
6 the 11 disbursements totaling \$6,494, which appeared to relate to the Committee but were made  
7 from the Public Service Partners account, to the disbursements from the campaign account for  
8 the time period, results in a total of \$26,049 in disbursements apparently made on behalf of the  
9 Committee.<sup>31</sup> However, the total 2019 receipts and disbursements disclosed on the Committee's  
10 reports are \$133,119 and \$65,594, respectively.<sup>32</sup> This means that there is \$15,723 in disclosed  
11 receipts that cannot be traced to specific deposits into, and \$39,544 in disclosed disbursements  
12 that cannot be traced to specific payments from, the Public Service Partners and Committee  
13 accounts. However, Audit could not determine the extent of the misreporting because no  
14 supporting documentation was provided for \$245,444 of the \$357,542 in total receipts deposited  
15 into the Public Service Partners account,<sup>33</sup> and for \$70,759 of the \$362,254 in total  
16 disbursements from the Public Service Partners account.<sup>34</sup>

17 Audit noted that the ending cash on hand balance of \$67,525 reported on the  
18 Committee's disclosure reports is mathematically accurate based on reported receipts less

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<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at 3-4, Attach. 3.

<sup>34</sup> *Id.* at 4, Attach.4. Most of the disbursements reflected in the disclosure reports were made to Public Service Partners and vendors for campaign consulting purposes.

1 reported disbursements (\$133,119 - \$65,594), but that given the unknowns regarding the receipts  
2 and disbursements, as well as the lack of supporting documentation, it is not possible to identify  
3 the difference between these actual and reported ending cash balances.<sup>35</sup>

4 Although the Commission could seek to obtain additional documentation regarding  
5 receipts and disbursements through compulsory process, we are not recommending that the  
6 Commission further pursue the misreporting allegations as to Carter in her personal capacity and  
7 as to the Committee, given the available information and the impending statute of limitations.<sup>36</sup>

8 2. Personal Use Allegations

9 Audit reviewed the payees and purposes, as annotated by the bank's description, of 1,934  
10 disbursements totaling \$362,254 from the Public Service Partners account and determined that at  
11 least 528 of them, totaling \$71,042, appeared to be for personal use.■ The review identified 18  
12 disbursement categories related to personal use, including travel and entertainment, personal  
13 loans and credit card payments, personal and pet grooming, and food and beverages.■

14 Given the lack of supporting documentation for the \$245,444 in deposits to the Public  
15 Service Partners account, Audit was unable to determine whether any of these funds were  
16 intended for the Committee and thus whether and to what extent Carter used campaign funds to  
17 pay for these personal expenses. As previously noted, we do not recommend that the  
18 Commission seek to obtain additional information about Public Service Partners account's

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<sup>35</sup> *Id.* at 4-5.

<sup>38</sup> *Id.*



1 receipts through compulsory process given the available information and given the impending  
2 statute of limitations.

3 3. Commingling

4 As discussed above, Carter used the Public Service Partners account for both business  
5 and personal purposes.<sup>39</sup> The account also contained multiple deposits from mostly unknown  
6 sources, transactions related to three other political entities – *e.g.*, canvassing costs, payroll, and  
7 advertising – business-related expenses to various vendors, and various personal expenses.<sup>40</sup>  
8 Finally, as previously discussed, Carter deposited credit card contributions for the Committee  
9 totaling \$97,214 into the Public Service Partners account and made two transfers totaling \$3,463  
10 from the Public Service Partners account to the Committee account. Audit also identified  
11 numerous Cash App payments and branch cash withdrawals for which the payees, without  
12 further documentation, could not be identified.

13 **IV. LEGAL ANALYSIS**

14 **A. Campaign Committees and Their Treasurers Must Establish and Maintain**  
15 **One or More Depository Accounts and May Not Commingle Campaign**  
16 **Funds and Personal Funds**

17 The Act requires that every political committee designate as its campaign depository one  
18 or more state banks, federally chartered depository institutions, or depository institutions in  
19 which the accounts are insured by the Federal Deposit Insurance Corporation or the National  
20 Credit Union Administration.<sup>41</sup> Each political committee shall maintain at least one checking or  
21 transaction account at one of its depositories, and all receipts received by the committee shall be

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<sup>39</sup> *Id.*, Attachs. 3, 5.

<sup>40</sup> *Id.*

<sup>41</sup> 52 U.S.C. § 30102(h)(1); 11 C.F.R. § 103.3.

1 deposited in such accounts.<sup>42</sup> All disbursements (except petty cash) must be drawn on such  
 2 accounts.<sup>43</sup> Commission regulations further provide that all deposits shall be made within ten  
 3 days of the treasurer's receipt.<sup>44</sup> The Act and Commission regulations require that all campaign  
 4 funds be "segregated from, and may not be commingled with, the personal funds of any  
 5 individual."<sup>45</sup>

6 **B. The Commission Should Find Reason to Believe that Keisha Carter in Her**  
 7 **Personal Capacity Knowingly and Willfully Failed to Deposit Receipts into,**  
 8 **and Make Disbursements from, an Account at a Designated Depository**  
 9 **Institution and Knowingly and Willfully Commingled Campaign Funds with**  
 10 **Personal Funds**

11 Under the Commission's *Statement of Policy Regarding Treasurers Subject to*  
 12 *Enforcement Proceedings*, a current or former treasurer may be named as a respondent in his or  
 13 her personal capacity where the available information demonstrates that the treasurer "knowingly  
 14 and willfully violated an obligation that the Act or regulations specifically impose on a treasurer  
 15 or where a treasurer recklessly failed to fulfill duties imposed by law, or where the treasurer has  
 16 intentionally deprived himself or herself of operative facts giving rise to the violation."<sup>46</sup> A  
 17 violation of the Act is knowing and willful when the "acts were committed with full knowledge  
 18 of all the relevant facts and a recognition that the action is prohibited by law."<sup>47</sup> This does not  
 19 require proving knowledge of the specific statute or regulation the respondent allegedly

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<sup>42</sup> 52 U.S.C. § 30102(h)(1); 11 C.F.R. § 103.3.

<sup>43</sup> *Id.*

<sup>44</sup> 11 C.F.R. § 103.3(a).

<sup>45</sup> 52 U.S.C. § 30102(b)(3); *see also* 11 C.F.R. § 102.15.

<sup>46</sup> Statement of Policy Regarding Treasurers Subject to Enforcement Proceedings, 70 Fed. Reg. 3, 4 (Jan. 3, 2005).

<sup>47</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

1 violated.<sup>48</sup> Rather, it is sufficient to demonstrate that a respondent “acted voluntarily and was  
2 aware that his conduct was unlawful.”<sup>49</sup> This awareness may be shown through circumstantial  
3 evidence from which the respondent’s unlawful intent reasonably may be inferred.<sup>50</sup> For  
4 example, a person’s awareness that an action is prohibited may be inferred from “the [person’s]  
5 elaborate scheme for disguising...political contributions.”<sup>51</sup> In prior matters, the Commission  
6 has considered experience with federal political fundraising as indicative of knowledge of the  
7 Act’s prohibitions and limitations when making knowing and willful findings.<sup>52</sup>

8 The bank statements and Anedot credit card processing data [REDACTED] case file  
9 establish that Carter deposited \$97,145 in Eaves campaign receipts into her own business  
10 account during the approximately nine months that she acted as the Committee’s treasurer. The  
11 Public Service Partners account also reflects disbursements totaling at least \$6,494.27 for the  
12 Committee – where the description of the disbursement in the bank records makes clear that the  
13 payment was for Eaves campaign activity – but the exact amount of campaign disbursements is

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<sup>48</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 578 (E.D. Va. Jan. 9, 2013) (quoting *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish a violation is willful, government needs to show only that defendant acted with knowledge that conduct was unlawful, not knowledge of specific statutory provision violated)).

<sup>49</sup> *Id.* (citing jury instructions in *United States v. Edwards*, No. 11-61 (M.D.N.C. 2012), *United States v. Acevedo Vila*, No. 08-36 (D.P.R. 2009), *United States v. Fieger*, No. 07-20414 (E.D. Mich. 2008), and *United States v. Alford*, No. 05-69 (N.D. Fla. 2005)).

<sup>50</sup> *Cf. United States v. Hopkins*, 916 F.2d 207, 213 (5th Cir. 1990) (quoting *United States v. Bordelon*, 871 F.2d 491, 494 (5th Cir. 1989)). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants’ convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>51</sup> *Id.* at 214-15. As the *Hopkins* court noted, “It has long been recognized that ‘efforts at concealment [may] be reasonably explainable only in terms of motivation to evade’ lawful obligations.” *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

<sup>52</sup> Factual and Legal Analysis (“F&LA”) at 9, MUR 7027 (MV Transportation, Inc.) (noting that respondent had “significant experience with federal political fundraising and made federal contributions, which strongly suggests that he was aware of the Act’s basic prohibitions and limitations”).

1 difficult to identify because the purpose of most of the \$357,542 in payments out of the account  
2 during the relevant time cannot be identified.■

3           The bank statements of the Committee account show that it continued to operate while  
4 Carter was treasurer and that contribution checks were deposited into it. Further, contribution  
5 checks deposited into the Committee account were reported on Committee disclosure reports  
6 filed by Carter, indicating that she continued to have access to that account despite her claim that  
7 she had no access to the account.

8           These bank records establish that Carter used an account other than the Committee's  
9 account at its named depository, in violation of 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3.  
10 Those same bank statements confirm that contributions for the Committee were deposited into  
11 Carter's business account, which also contained deposits from other sources and was used for  
12 payments for personal expenses, resulting in a commingling of Committee funds with personal  
13 funds in violation of 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15.

14           Carter also has apparently provided false information in her responses. Her assertion that  
15 she had to open a "new" account under the Committee name after Eaves locked her out of the  
16 campaign account is inconsistent with the fact that the Committee account remained open at least  
17 through the end of 2019, and that she disclosed contributions deposited into that account on  
18 Committee disclosure reports. Moreover, the type of account into which the Anedot  
19 contributions were deposited was not a new account opened under the Committee name, as she  
20 claimed, but her own business account under the name Public Service Partners, which appears to  
21 be a long-established account, containing deposits from other sources and disbursements for non-

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■ [REDACTED]

1 Committee expenses. Her conflicting explanations are all suggestive of an effort to conceal the  
2 comingling of campaign funds that appears to have occurred.

3 Carter, as an experienced compliance specialist, would know the rules regarding the  
4 establishment of a depository account and the prohibitions against commingling.<sup>54</sup> Moreover,  
5 Carter has repeatedly represented that at no time were Committee funds commingled with the  
6 funds from any other local, state, or federal committee's funds,<sup>55</sup> establishing that she is aware of  
7 the unlawfulness of her activities.

8 Accordingly, we recommend that the Commission find reason to believe that Carter in  
9 her personal capacity knowingly and willfully violated 52 U.S.C. § 30102(h)(1) and 11 C.F.R.  
10 § 103.3 and knowingly and willfully violated 52 U.S.C. § 30102(b)(3) and 11 C.F.R § 102.15.

11 **C. The Commission Should Find Reason to Believe that John Eaves for**  
12 **Congress and John Eaves in his Official Capacity as Treasurer Failed to**  
13 **Deposit Receipts into, and Make Disbursements from, an Account at a**  
14 **Properly Designated Campaign Depository and Failed to Keep Campaign**  
15 **Funds Segregated from the Personal Funds of any Individual**

16 Carter's actions were undertaken on behalf of the Committee in connection with her work  
17 as treasurer, resulting in the Committee's failure to comply with the Act's depository  
18 requirements.<sup>56</sup> The Commission has consistently concluded that a committee can be held liable  
19 for failure to comply with the Act based on actions undertaken by its former treasurer or other

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<sup>54</sup> Carter is Principal Consultant for Public Service Partners, Limited Co. *See* <https://www.publicservicepartners.com/>. Carter represents that she has "a lot of experience with Federal, State, and local campaigns" has worked in the field "for 18 years" and has "knowledge of FEC policy." RTB Resp. at 4, 5. *See also* KEISHA CARTER BROWN, <http://www.keishacarterbrown.com> (last visited July 18, 2023). Carter advertises as a "national fundraising, campaigning, public relations, communications, political strategy & public affairs expert" and on her website states that she "has worked on over 70 political campaigns and with 20 non-profit organizations. *Id.* Carter is also named as treasurer for three other House committees and a Hybrid PAC. *See FEC Registered Committees: Filtered Results*, FEC.GOV, [https://www.fec.gov/data/committees/?treasurer\\_name=keisha+Carter](https://www.fec.gov/data/committees/?treasurer_name=keisha+Carter) (last visited July 18, 2023) (reflecting results for treasurers named "Keisha Carter").

<sup>55</sup> Resp. at 2.

<sup>56</sup> *Supra* Part III.B.

1 fiduciary.<sup>57</sup> Accordingly, we recommend that the Commission find reason to believe that John  
 2 Eaves for Congress and John Eaves in his official capacity as treasurer violated  
 3 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3 by failing to deposit receipts in or make  
 4 disbursements from an account at a properly designated campaign depository.

5 Further, Carter, while she was the Committee treasurer, used her business account,  
 6 containing deposits from other sources, for Committee receipts and disbursements. Accordingly,  
 7 John Eaves for Congress and John Eaves in his official capacity as treasurer violated 52 U.S.C.  
 8 § 30102(b)(3) and 11 C.F.R. § 102.15 by failing to keep campaign funds segregated from the  
 9 personal funds of any individual.

## 10 V. RECOMMENDATIONS

- 11 1. Find reason to believe that Keisha Carter in her personal capacity knowingly and  
 12 willfully violated 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3 and knowingly and  
 13 willfully violated 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15;  
 14
- 15 2. Find reason to believe that John Eaves for Congress and John H. Eaves in his official  
 16 capacity as treasurer violated 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3 and  
 17 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15;  
 18
- 19 3. Approve the attached Factual and Legal Analyses; and  
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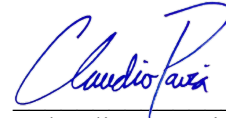
<sup>57</sup> In previous matters where the Commission made knowing and willful findings as to former officers, staffers or treasurers, it has made non-knowing and willful findings as to the Committee and successor treasurer. *See, e.g.*, Factual & Legal Analysis (“F&LA”), MUR 6922 (ACA/ACPAC) (non-knowing and willful findings as to trade association and separate segregated fund liable and knowing and willful findings as to individual who was both a corporate officer and Assistant Treasurer of PAC); Cert., RR 16L-06 (Rohrabacher for Congress, *et al.*) (Mar. 21, 2017) (referring committee and successor treasurer to the Alternative Dispute Resolution Office where reporting failures were due to former treasurer’s embezzlement); Cert., MUR 5923 (American Dream PAC, *et al.*) (June 29, 2007) (non-knowing and willful reason to believe findings committee violated the Act due to erroneous records kept by former treasurer and Executive Director embezzling committee funds); F&LA, MUR 5811 (Doggett for U.S. Congress) (knowing and willful findings as to former staffer who was responsible for handling the committee’s accounts, non-knowing and willful findings as to the committee and successor treasurer). *But see* F&LA, MUR 7126 (Michigan Democratic State Central Committee) (knowing and willful findings as to state party committee and “figurehead” treasurer in his official capacity for false reporting of contributions and refunds based on the actions of the Committee’s Compliance Director who was responsible for accounting and reporting, and also signed the disclosure reports).

1           4. Approve the appropriate letters.

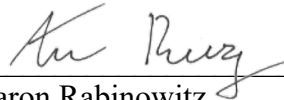
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3           Lisa J. Stevenson  
4           Acting General Counsel

5           Charles Kitcher  
6           Associate General Counsel  
7           for Enforcement

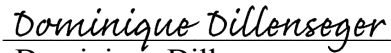
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10       Date: August 10, 2023

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12           \_\_\_\_\_  
13           Claudio J. Pavia  
14           Deputy Associate General Counsel for  
15           Enforcement

16           

17           \_\_\_\_\_  
18           Aaron Rabinowitz  
19           Assistant General Counsel

20  
21           

22           \_\_\_\_\_  
23           Dominique Dillenseger  
24           Attorney

25       Attachments:

26       Factual & Legal Analysis (Keisha Carter)

27       Factual & Legal Analysis (John Eaves for Congress and John H. Eaves in his official capacity  
28       as treasurer)

**FEDERAL ELECTION COMMISSION****FACTUAL AND LEGAL ANALYSIS****RESPONDENT:** Keisha Carter**MUR 7678****I. INTRODUCTION**

This matter stems from allegations that Keisha Carter, the former Finance Director and former treasurer of, John Eaves for Congress and John Eaves in his official capacity as treasurer (the “Committee”), set up and used a separate, unauthorized, and undisclosed bank account for Committee receipts and disbursements, which resulted in various violations of the Act, including the potential commingling of Committee funds with Carter’s personal funds.<sup>1</sup>

Based on the Complaint and available information, the Commission previously found reason to believe that Keisha Carter, in her personal capacity, knowingly and willfully violated 52 U.S.C. §§ 30102(c) and (h) and 30104(b) by failing to keep accurate records and file accurate reports of receipts and disbursements on behalf of the Committee. After receiving notice of this finding, Carter submitted a response, denying that she violated any provisions of the Act in connection with this matter.<sup>2</sup>

As set forth below, based on information available to the Commission, the Commission now finds reason to believe that Keisha Carter in her personal capacity knowingly and willfully violated 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3 by failing to deposit receipts into, and make disbursements for the Committee from, a properly designated campaign depository account and knowingly and willfully violated 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15 by commingling campaign funds with personal funds.

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<sup>1</sup> Compl. at 1 (Jan. 13, 2020).

<sup>2</sup> RTB Resp. (Nov. 14, 2022).



1 **II. FACTUAL BACKGROUND**

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3 Congressional candidate John H. Eaves filed a Complaint alleging that Keisha Carter, the  
4 former finance director and former treasurer of Eaves' authorized committee, John Eaves for  
5 Congress,<sup>3</sup> set up and used a separate, unauthorized, and undisclosed bank account for  
6 Committee receipts and disbursements.<sup>4</sup> The Complaint also included an Offense Report from  
7 the Atlanta Police Department documenting Eaves' allegations.<sup>5</sup> Carter filed a response,  
8 denying the allegations in the Complaint.<sup>6</sup>

9 On June 22, 2022, the Commission found reason to believe that Keisha Carter, in her  
10 personal capacity, knowingly and willfully violated 52 U.S.C. §§ 30102(c) and (h) and 30104(b)  
11 by failing to keep accurate records and file accurate reports of receipts and disbursements on  
12 behalf of the Committee.<sup>7</sup> The Reason to Believe letter was emailed to Carter on June 29, 2022.  
13 Carter did not initially respond to the notification, but after the Office of General Counsel made  
14 multiple attempts to contact her, she submitted a response contending that she did not engage in  
15 reporting violations.

16 Subsequent information obtained by the Commission included Wells Fargo bank records  
17 from the Committee's campaign account that was opened by Eaves when Carter became  
18 treasurer, Wells Fargo bank records from Carter's business, Public Service Partners, and Anedot  
19 credit card processing records. This information indicates that, during the approximately nine  
20 months from March 2019 through November 2019, that Carter was the Committee's treasurer,

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<sup>3</sup> John Eaves is the current treasurer of the Committee. Committee, Statement of Organization (Mar. 11, 2020).

<sup>4</sup> Compl. at 1 (Jan. 13, 2020).

<sup>5</sup> *Id.* at 4-5 (including Atlanta Police Department Offense Report).

<sup>6</sup> Resp. (Feb. 26, 2020).

<sup>7</sup> Certification, MUR 7678 (Keisha Carter) (June 22, 2022).

1 tens of thousands of dollars of contributions to John Eaves for Congress were deposited into  
2 Carter’s business account. This account appears to have also received funds from non-federal  
3 campaigns and from other sources. The same account paid for campaign expenses but also was  
4 used to pay for Carter’s personal expenses, such as rent and credit card bills.

5 Analysis of the bank and credit card processing records show that both the Committee’s  
6 and Public Service Partners’ bank accounts were used for campaign deposits and disbursements.  
7 The Committee’s campaign depository reflects deposits of contribution checks and few  
8 disbursements. The records of the Public Service Partners account reflects that it received all of  
9 the contributions to the Eaves campaign processed through Anedot during the period that Carter  
10 acted as treasurer, deposits of contributions for other (non-federal) campaigns, deposits from  
11 unknown sources, transfers to and from the Public Service Partners account to other accounts,  
12 business-related expenses to various vendors, disbursements for Eaves campaign expenses, and  
13 disbursements for what appear to be personal expenses, *e.g.*, food, overseas travel, lodgings, gas,  
14 entertainment (*e.g.*, Netflix), and beauty supplies.

15 **A. Carter’s Response**

16 After receiving notice of the Commission’s finding of reason to believe, Carter filed a  
17 response with the Commission on November 14, 2022, denying the allegations.<sup>8</sup> In her  
18 responses to the Complaint and RTB notification and from other information provided by Carter,  
19 Carter claimed that Eaves was at all times aware of and did not object to any of her activities on  
20 behalf of the Committee.<sup>9</sup> She represented that Eaves without her knowledge changed “account  
21 signatures, Debit card pins, [and] online and mailing information,” for the Committee’s existing

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<sup>8</sup> RTB Resp. (Nov. 14, 2022).

<sup>9</sup> Resp. at 1; RTB Resp. at 4.

1 depository account; that he “refused or forgot” to provide her the information to access the  
2 account; and that she had to open another account to deposit and disburse campaign funds.<sup>10</sup> She  
3 denied the allegations that the account was unauthorized or undisclosed, though she said she  
4 could not recall the name of the account she had been using, and she denied that she commingled  
5 or converted any campaign funds to personal use.<sup>11</sup> Carter also admitted that she neglected to  
6 update the Committee’s filings to disclose the new account. Carter further represented that she  
7 has worked with federal, state and local campaigns and that her firm has internal procedures in  
8 place for recordkeeping and filing.

9 **B. Analysis of Financial Records**

10 A review of the information obtained — including Wells Fargo bank statements for the  
11 Committee and Carter’s Public Service Partners business account, the Anedot credit card  
12 processing information, and the Committee’s disclosure reports for the period March 2019  
13 through December 2019 — confirm that both the campaign depository account and the Public  
14 Service Partners bank accounts were used for campaign deposits and disbursements as well as  
15 personal purposes.

16 Carter deposited credit card contributions for the Committee totaling \$97,214 into the  
17 Public Service Partners account, made transfers totaling at least \$3,463 from the Public Service  
18 Partners account to the Committee account — although the purpose of many payments from the  
19 account cannot be identified — and made at least 11 disbursements totaling \$6,494 that appeared  
20 to relate to the Committee — although, again, many other disbursements from the account may  
21 have been for Committee purposes. The account also included deposits of contributions for

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<sup>10</sup> Resp. at 1.

<sup>11</sup> *Id.* at 2.

1 other (non-federal) campaigns, deposits from unknown sources, transfers to and from the Public  
2 Service Partners account to other accounts, business-related expenses to various vendors, and  
3 disbursements for what appear to be personal expenses, *e.g.*, food, overseas travel, lodgings, gas,  
4 entertainment (*e.g.*, Netflix), and beauty supplies. Finally, as previously discussed, Carter  
5 deposited credit card contributions for the Committee totaling \$97,214 into the Public Service  
6 Partners account and made two transfers totaling \$3,463 from the Public Service Partners  
7 account to the Committee account.

### 8 **III. LEGAL ANALYSIS**

#### 9 **A. Campaign Committees and Their Treasurers Must Establish and Maintain** 10 **One or More Depository Accounts and May Not Commingle Campaign Funds** 11 **and Personal Funds**

12 The Act requires that every political committee designate as its campaign depository one  
13 or more state banks, federally chartered depository institutions, or depository institutions in  
14 which the accounts are insured by the Federal Deposit Insurance Corporation or the National  
15 Credit Union Administration.<sup>12</sup> Each political committee shall maintain at least one checking or  
16 transaction account at one of its depositories, and all receipts received by the committee shall be  
17 deposited in such accounts.<sup>13</sup> All disbursements (except petty cash) must be drawn on such  
18 accounts.<sup>14</sup> Commission regulations further provide that all deposits shall be made within ten  
19 days of the treasurer's receipt.<sup>15</sup> The Act and Commission regulations require that all campaign

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<sup>12</sup> 52 U.S.C. § 30102(h)(1); 11 C.F.R. § 103.3.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> 11 C.F.R. § 103.3(a).

1 funds be “segregated from, and may not be commingled with, the personal funds of any  
 2 individual.”<sup>16</sup>

3 **B. The Commission Finds Reason to Believe that Keisha Carter in Her**  
 4 **Personal Capacity Knowingly and Willfully Failed to Deposit Receipts**  
 5 **into, and Make Disbursements from, an Account at a Designated**  
 6 **Depository Institution and Knowingly and Willfully Commingled**  
 7 **Campaign Funds with Personal Funds**

8 Under the Commission’s *Statement of Policy Regarding Treasurers Subject to*  
 9 *Enforcement Proceedings*, a current or former treasurer may be named as a respondent in his or  
 10 her personal capacity where the available information demonstrates that the treasurer “knowingly  
 11 and willfully violated an obligation that the Act or regulations specifically impose on a treasurer  
 12 or where a treasurer recklessly failed to fulfill duties imposed by law, or where the treasurer has  
 13 intentionally deprived himself or herself of operative facts giving rise to the violation.”<sup>17</sup> A  
 14 violation of the Act is knowing and willful when the “acts were committed with full knowledge  
 15 of all the relevant facts and a recognition that the action is prohibited by law.”<sup>18</sup> This does not  
 16 require proving knowledge of the specific statute or regulation the respondent allegedly  
 17 violated.<sup>19</sup> Rather, it is sufficient to demonstrate that a respondent “acted voluntarily and was  
 18 aware that his conduct was unlawful.”<sup>20</sup> This awareness may be shown through circumstantial

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<sup>16</sup> 52 U.S.C. § 30102(b)(3); *see also* 11 C.F.R. § 102.15.

<sup>17</sup> Statement of Policy Regarding Treasurers Subject to Enforcement Proceedings, 70 Fed. Reg. 3, 4 (Jan. 3, 2005).

<sup>18</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

<sup>19</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 578 (E.D. Va. Jan. 9, 2013) (quoting *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish a violation is willful, government needs to show only that defendant acted with knowledge that conduct was unlawful, not knowledge of specific statutory provision violated)).

<sup>20</sup> *Id.* (citing jury instructions in *United States v. Edwards*, No. 11-61 (M.D.N.C. 2012), *United States v. Acevedo Vila*, No. 08-36 (D.P.R. 2009), *United States v. Fieger*, No. 07-20414 (E.D. Mich. 2008), and *United States v. Alford*, No. 05-69 (N.D. Fla. 2005)).

1 evidence from which the respondent’s unlawful intent reasonably may be inferred.<sup>21</sup> For  
2 example, a person’s awareness that an action is prohibited may be inferred from “the [person’s]  
3 elaborate scheme for disguising...political contributions.”<sup>22</sup> In prior matters, the Commission  
4 has considered experience with federal political fundraising as indicative of knowledge of the  
5 Act’s prohibitions and limitations when making knowing and willful findings.<sup>23</sup>

6 Information obtained by the Commission, including Committee and Public Service  
7 Partners bank records and Anedot credit card processing data establish that Carter deposited  
8 \$97,145 in Eaves Campaign receipts into her own business account during the approximately  
9 nine months that she acted as the Committee’s treasurer. The Public Service Partners account  
10 also reflects disbursements totaling at least \$6,494.27 for the Committee – where the description  
11 of the disbursement in the bank records makes clear that the payment was for Eaves campaign  
12 activity – but the exact amount of campaign disbursements is difficult to identify because the  
13 purpose of most of the \$357,542 in payments out of the account during the relevant time cannot  
14 be identified.

15 The bank statements of the Committee account show that it continued to operate while  
16 Carter was treasurer and that contribution checks were deposited into it. Further, contribution  
17 checks deposited into the Committee account were reported on Committee disclosure reports

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<sup>21</sup> Cf. *United States v. Hopkins*, 916 F.2d 207, 213 (5th Cir. 1990) (quoting *United States v. Bordelon*, 871 F.2d 491, 494 (5th Cir. 1989)). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants’ convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>22</sup> *Id.* at 214-15. As the *Hopkins* court noted, “It has long been recognized that ‘efforts at concealment [may] be reasonably explainable only in terms of motivation to evade’ lawful obligations.” *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

<sup>23</sup> Factual and Legal Analysis (“F&LA”) at 9, MUR 7027 (MV Transportation, Inc.) (noting that respondent had “significant experience with federal political fundraising and made federal contributions, which strongly suggests that he was aware of the Act’s basic prohibitions and limitations”).

1 filed by Carter, indicating that she continued to have access to that account despite her claim that  
2 she had no access to the account.

3 These bank records establish that Carter used an account other than the Committee's  
4 account at its named depository, in violation of 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3.  
5 Those same bank statements confirm that contributions for the Committee were deposited into  
6 Carter's business account, which also contained deposits from other sources and was used for  
7 payments for personal expenses, resulting in a commingling of Committee funds with personal  
8 funds in violation of 52 U.S.C. § 30102(b)(3) and 11 C.F.R. § 102.15.

9 Carter also has apparently provided false information in her responses. Her assertion that  
10 she had to open a "new" account under the Committee name after Eaves locked her out of the  
11 campaign account is inconsistent with the fact that the Committee account remained open at least  
12 through the end of 2019, and that she disclosed contributions deposited into that account on  
13 Committee disclosure reports. Moreover, the type of account into which the Anedot  
14 contributions were deposited was not a new account opened under the Committee name, as she  
15 claimed, but her own business account under the name Public Service Partners, which appears to  
16 be a long-established account, containing deposits from other sources and disbursements for non-  
17 Committee expenses. Her conflicting explanations are all suggestive of an effort to conceal the  
18 commingling of campaign funds that appears to have occurred.

19 Carter, as an experienced compliance specialist, would know the rules regarding the  
20 establishment of a depository account and the prohibitions against commingling.<sup>24</sup> Moreover,

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<sup>24</sup> Carter is Principal Consultant for Public Service Partners, Limited Co. *See* <https://www.publicservicepartners.com/>. Carter represents that she has "a lot of experience with Federal, State, and local campaigns" has worked in the field "for 18 years" and has "knowledge of FEC policy." RTB Resp. at 4, 5. *See also* KEISHA CARTER BROWN, <http://www.keishacarterbrown.com> (last visited July 18, 2023). Carter advertises as a "national fundraising, campaigning, public relations, communications, political strategy & public affairs expert" and on her website states that she "has worked on over 70 political campaigns and with 20 non-profit organizations.

1 Carter has repeatedly represented that at no time were Committee funds commingled with the  
2 funds from any other local, state, or federal committee's funds,<sup>25</sup> establishing that she is aware of  
3 the unlawfulness of her activities.

4 Accordingly, the Commission finds reason to believe that Carter in her personal capacity  
5 knowingly and willfully violated 52 U.S.C. § 30102(h)(1) and 11 C.F.R. § 103.3 by failing to  
6 deposit receipts into, and make disbursements for the Committee from, a properly designated  
7 campaign depository account and knowingly and willfully violated 52 U.S.C. § 30102(b)(3) and  
8 11 C.F.R. § 102.15 by commingling campaign funds with personal funds.

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*Id.* Carter is also named as treasurer for three other House committees and a Hybrid PAC. *See FEC Registered Committees: Filtered Results*, FEC.GOV, [https://www.fec.gov/data/committees/?treasurer\\_name=keisha+Carter](https://www.fec.gov/data/committees/?treasurer_name=keisha+Carter) (last visited July 18, 2023) (reflecting results for treasurers named "Keisha Carter").

<sup>25</sup> Resp. at 2.