

# **APPENDIX A**

## **STATEMENT OF ALLEGED VIOLATIONS**

For each of the following alleged violations, the Investigative Subcommittee (ISC) has determined there is “substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of the official duties or the discharge of official responsibilities by a Member, officer, or employee of the House of Representatives has occurred.” See Rule 19(f), Rules of the Committee on Ethics. The ISC has been duly authorized by the Committee on Ethics to investigate allegations involving Representative David Schweikert (Respondent).<sup>1</sup>

1. On January 30, 2009, Respondent became a candidate in the 2010 election to serve as U.S. House Representative for Arizona’s 5th congressional district.
2. Respondent won his 2010 election and has been a Member of the United States House of Representatives since 2011, representing Arizona’s 5th congressional district from 2011 to 2012, and Arizona’s 6th congressional district from 2013 to the present.

### **I. STATEMENT OF FACTS IN SUPPORT OF ALLEGED VIOLATIONS**

#### **a. Relevant Individuals and Entities**

3. Since his 2010 campaign, Respondent has had the following authorized campaign committees and campaign treasurers, with each campaign committee having served as the designated principal campaign committee for at least one congressional election cycle:

<b>Authorized Campaign Committee Names</b>	<b>Designated as Principal Campaign Committee</b>	<b>Treasurer(s) as reported in Statement of Organization Filed with Federal Election Commission (FEC)</b>
David Schweikert for Congress	2010 election	Joyce Schweikert (October 24, 2007-May 29, 2013) Treasurer D (May 29, 2013-June 9, 2017) Treasurer C (June 9, 2017-December 20, 2017) Treasurer E (December 20, 2017-April 13, 2018) Treasurer B (April 13, 2018-present)
Schweikert for Congress <i>(terminated in October 2013)</i>	2012 election	Treasurer A (January 20, 2011-January 13, 2012) Treasurer B (January 13, 2012-May 29, 2013) Treasurer D (May 29, 2013-October 11, 2013)
Friends of David Schweikert	2014-2020 elections	Treasurer D (January 10, 2013-June 9, 2017) Treasurer C (June 9, 2017-December 20, 2017) Treasurer E (December 20, 2017-April 13, 2018) Treasurer B (April 13, 2018-present)

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<sup>1</sup> Pursuant to Committee Rule 18(d), the Committee unanimously voted to determine that the allegations referred to the Investigative Subcommittee relating to conduct that occurred prior to the 113th Congress are directly related to allegations relating to conduct that occurred in the 113th Congress and subsequent Congresses.

4. Richard Oliver Schwab, Jr. served as Respondent's campaign manager from 2010 until early 2012 and resumed a management role over Respondent's campaign between January 2013 until July 2018.
5. Mr. Schwab served in Respondent's congressional office as Chief of Staff from January 2011 to June 2012, Senior Adviser from September 2012 to May 2013, and Chief of Staff from May 2013 to July 2018.
6. 2012 Campaign Manager served as Respondent's campaign manager between May and August 2012 and assisted the campaign in a volunteer capacity between August 2012 and October 2013.
7. 2012 Campaign Manager served in Respondent's congressional office as a Staff Assistant from January 2012 to April 2012, and District Deputy Director from May 2012 and August 2012 to October 2013.
8. Campaign Consultant is the sole owner and operator of Blue Point LLC, Constituent Communications LLC, and Trailhead Strategic Communications LLC, among other entities.
9. Campaign Consultant, individually and/or through companies owned and operated by him, served as Respondent's campaign consultant, and previously provided campaign consulting services during the 2008, 2010, 2012, 2014, and 2018 elections.
10. Campaign Consultant has provided mail services to Respondent's congressional campaigns during the 2008, 2010, 2012, 2014, 2016, 2018, and 2020 elections.
11. Campaign Consultant has provided mail services to Respondent's congressional office through companies owned and operated by him between 2011 and 2014 and in 2016.
12. Sheridan Equities LLC and Sheridan Equities Holdings LLC are real estate businesses incorporated in Arizona and owned by Respondent.
13. Joyce Schweikert is Respondent's spouse.
14. Mrs. Schweikert served as treasurer for David Schweikert for Congress from approximately October 24, 2007 to May 29, 2013.
15. During this time period, Mrs. Schweikert handled the finances for the David Schweikert Congress and Schweikert for Congress.
16. In addition, Mrs. Schweikert:
  - had access to and control over the David Schweikert for Congress and Schweikert for Congress bank accounts,

- performed campaign bookkeeping functions for David Schweikert for Congress and Schweikert for Congress,
- approved some and reviewed all David Schweikert for Congress and Schweikert for Congress campaign expenditures in consultation with Representative Schweikert, and
- prepared David Schweikert for Congress and Schweikert for Congress FEC reports.

**b. Campaign Finance Violations**

17. From at least July 2010 through at least December 2017, Respondent and/or his campaign committees violated federal campaign finance laws and regulations by: (1) erroneously disclosing or failing to disclose at least \$305,000 in loans made or obtained for the benefit of his congressional campaigns; (2) not reporting at least \$25,000 in disbursements made by David Schweikert for Congress and Schweikert for Congress (3) not reporting more than \$140,000 in contributions received by David Schweikert for Congress; and (4) falsely reporting more than \$100,000 of campaign expenditures. Due to its age, most, if not all, of this activity may now fall outside of the FEC's jurisdiction because it did not occur within the applicable five-year statute of limitations, but separate rules apply for the timeframe of Committee investigations.
18. The treasurers for Schweikert for Congress had online access to the campaign bank account or reviewed bank statements periodically to reconcile the receipts, but Respondent's spouse maintained primary control of the campaign committees' bank accounts until at least early 2013; during that time, Respondent's campaign committees failed to disclose tens to hundreds of thousands of dollars in contributions and disbursements that were made with campaign funds, falsely reported making disbursements with campaign funds that did not occur, failed to follow FEC regulations regarding proper disclosure of loans and loan repayments, and reported receiving a \$100,000 loan from the candidate that did not exist.
19. After campaign staffers raised concerns about apparent reporting errors by Mrs. Schweikert, she was replaced as treasurer for the campaign and a professional compliance firm was hired, but that compliance firm was never given access to the bank accounts managed by Mrs. Schweikert and instead a new campaign committee was organized and new accounts created.
20. As a result, the professional compliance firm continued to file inaccurate or incomplete reports with the FEC.
21. In at least two instances, Respondent facilitated these reporting errors by failing to provide information to his campaign treasurers and/or compliance professionals, leading them to file the inaccurate reports with the FEC.
22. In at least one other case, Respondent learned of false information in reports after they were filed with the FEC, yet no amendments were filed or other corrective actions taken to fix the errors for years after learning of the errors.

23. In 2018, the Office of Congressional Ethics (OCE) opened a review into a number of alleged violations, including allegations relating to errors and omissions in Respondent’s FEC reports, and reported finding substantial reason to believe various loans, repayments, contributions, and expenditures were not disclosed consistent with applicable laws and regulations.
24. Respondent insisted publicly that the allegations referred by OCE related to “clerical mistakes,” but did not provide specific responses to requests from the ISC for almost a year about those mistakes and the steps taken to address those mistakes.
25. Between January 2011 and July 2018, Respondent’s campaign committees routinely accepted contributions, frequently in the form of outlays, from Mr. Schwab, totaling hundreds of thousands of dollars, in violation of applicable laws and rules that prohibit members of congressional staff from making contributions to their employing Members’ campaigns. There were also limited instances of small outlays by other members of Respondent’s congressional staff that were later reimbursed by the campaign.
26. These advances from Respondent’s Chief of Staff resulted in Respondent’s campaign reporting inflated quarterly financial figures and enabled the campaign to make campaign expenditures – including, in at least one instance, a personal loan repayment to Respondent and Mrs. Schweikert (the Schweikerts) – that it would not otherwise have had the liquidity to make.
27. After allegations were first raised about his campaign finances, Respondent hired Compliance Firm 2 to investigate campaign disbursements to Mr. Schwab and other members of his congressional staff, but Compliance Firm 2 did not review the other FEC reporting allegations raised by OCE.
28. To date, Respondent cannot account for several receipts and disbursements by his campaign committees that were not reported to the FEC, as well as disbursements by Schweikert for Congress that were reported to the FEC but had not been made.

***1. Improper Disclosures of Campaign Loans***

*i. December 25, 2011 \$100,000 Personal Loan*

29. On January 31, 2012, the Schweikert for Congress campaign committee disclosed in its 2011 Year-End Report that Respondent had loaned it \$100,000 on December 25, 2011, when in fact this loan had not been made to the campaign. The loan continued to be reported on filings with the FEC through October 12, 2013.
30. Representative Schweikert testified that in late December 2011, he intended to apply for a \$100,000 line of credit that he anticipated using as a personal loan to his campaign. Mrs. Schweikert entered a \$100,000 personal loan from Representative Schweikert into the Schweikert for Congress’s financial tracking software used to generate the committee’s FEC

disclosure reports. Ultimately, the loan was never made. The loan entry in the campaign's financial tracking software, however, was not removed and a \$100,000 loan entry was included in Schweikert for Congress's reports to the FEC, beginning with the 2011 Year End Report.

31. Respondent knew that the \$100,000 loan had not been made to Schweikert for Congress at the time the 2011 Year-End Report was filed with the FEC.
32. The Schweikerts did not tell Respondent's campaign treasurers or other individuals who worked on preparing or reviewing the 2011 Year-End Report, or any ensuing FEC reports that referenced this loan, that the \$100,000 loan had not been made.
33. The falsely reported \$100,000 loan inflated Respondent's overall campaign cash totals.
34. The day after the loan was reported, Respondent's Campaign Consultant commented in a news article, that the campaign reached near its finance goals going into Respondent's 2012 primary election.
35. The treasurer of Schweikert for Congress on the date the loan was alleged to have been made, Treasurer A, was not aware that the loan was not made. Treasurer A was a campaign volunteer who Respondent had asked to serve as the official treasurer after he was elected to Congress; however, from the start of Treasurer A's involvement as campaign treasurer in January 2011, her role was largely limited to disclosure of campaign contributions, while Mrs. Schweikert retained full responsibility for handling the reporting of the campaign committee's expenditures and loans. As part of her role as treasurer, Treasurer A has access to the committee's FEC reporting software, had online access to the Committee's bank account, and reconciled the committee's bank statements with deposits prior to filing a disclosure report.
36. When asked whether she ever had concern about being the responsible party for filing forms on behalf of the campaign Treasurer A testified that she was "concerned" because "there was a huge learning curve and it was a very stressful job" and because she had limited knowledge of the campaign's finances on the expenditure side, which was primarily overseen by Mrs. Schweikert. But she also testified that she had a "great deal of confidence in Joyce's ability."
37. Around the same time the loan was reportedly made, to Schweikert for Congress, Treasurer A was replaced. Treasurer A testified that she intended to stay on as treasurer at that time, but Mr. Schwab informed her at that time that she was no longer treasurer. Mr. Schwab gave her no reason for the change.
38. Treasurer B began to transition into the treasurer role in December 2011. Like her predecessor, Treasurer B had access to the committee's FEC reporting software and reviewed committee bank statements. On December 20, 2011, five days prior to when Respondent's campaign reported that the \$100,000 loan was made, Treasurer B told a personal friend, via email, that she had just become "Schweikert's campaign treasurer," and explained, "Joyce [Schweikert] doesn't want to sign since she's spouse and the current treasurer [Treasurer A] has some

trepidation about being the responsible party.” Treasurer B, who had previously worked with Respondent’s real estate business, had no prior campaign treasurer experience and told her friend she would need “a crash course on campaign finance law.”

39. On January 13, 2012, Schweikert for Congress filed an amended Statement of Organization, reflecting Treasurer B’s replacement of Treasurer A as campaign treasurer.
40. On January 31, 2012, Treasurer B signed the Schweikert for Congress 2011 Year-End Report, which was the first disclosure of the \$100,000 loan. Like Treasurer A, Treasurer B was not aware that the \$100,000 loan had not been made and was not involved in inputting the information into the filing software.
41. By early 2013, a professional compliance firm, Compliance Firm 1, was hired to assist the campaign committees after concerns were raised by campaign staff about apparent errors in the campaign finance reports. An employee of that compliance firm, Treasurer D, replaced Treasurer A as campaign treasurer in May 2013. Like her predecessors, Treasurer D was not aware and was never informed that the \$100,000 personal loan had not actually been made.
42. Neither Respondent nor Mrs. Schweikert recall ever informing Treasurer A, Treasurer B, or Treasurer D that the December 2011 \$100,000 personal loan had been falsely reported.
43. Schweikert for Congress falsely reported the existence of the \$100,000 loan to the FEC in the following FEC reports:

<b>Date</b>	<b>Record Transmitted to the FEC</b>
1/31/12	Schweikert for Congress 2011 Year-End Report
4/15/12	Schweikert for Congress April 2012 Quarterly Report
7/15/12	Schweikert for Congress July 2012 Quarterly Report
8/16/12	Schweikert for Congress Pre-Primary 2012 Report
9/6/12	Schweikert for Congress July 2012 Amended Quarterly Report
10/15/12	Schweikert for Congress October 2012 Quarterly Report
10/25/12	Schweikert for Congress Pre-General 2012 Report
12/6/12	Schweikert for Congress Post-General 2012 Report
1/20/13	Schweikert for Congress Post-General 2012 Amended Report
1/31/13	Schweikert for Congress 2012 Year-End Report
4/14/13	Schweikert for Congress April 2013 Quarterly Report
7/15/13	Schweikert for Congress July 2013 Quarterly Report
10/12/13	Memorandum from Respondent to Campaign Treasurer
10/11/13	Schweikert for Congress October 2013 Termination Report

44. Mrs. Schweikert and Respondent continued to seek repayment of reported loans in communications with Treasurer D and other campaign staffers. Respondent was also involved in establishing a plan for payback of the loans that had been reported.

45. In early 2013, as Compliance Firm 1 became involved with the campaign's compliance efforts, Mrs. Schweikert was working to wind down and close the accounts for previous campaign committees and sought reimbursement of outstanding personal loans by requesting that payments from cash on hand remaining in the previous campaign committees' accounts be moved to her and Respondent's personal bank accounts. In the same period of time, emails indicate Mrs. Schweikert and Respondent were applying for a house loan.
46. On August 10, 2013, Mrs. Schweikert emailed Treasurer D, and stated, "David and I have decided to settle some of the remaining debt on the 2012 committee" and asked Treasurer D to "release the \$100,000 as settled" and close the Schweikert for Congress committee.
47. On October 11, 2013, Schweikert for Congress filed a termination report stating, among other things, that the December 25, 2011, \$100,000 loan had been forgiven.
48. On October 12, 2013, Schweikert for Congress filed with the FEC a September 30, 2013, memorandum from Respondent to Treasurer D in which he stated: "Please be advised that as of September 30, 2013, I have forgiven the outstanding \$100,000 loan, incurred on December 25, 2011, from my personal funds to the Schweikert for Congress Committee 2012 Primary Election."
49. On November 5, 2013, the FEC accepted the Schweikert for Congress termination report and allowed for the Schweikert for Congress campaign committee to be terminated.
50. On April 11, 2018, OCE initiated a preliminary review into allegations involving Respondent and sent him a request for, *inter alia*, "[a]ll documents or communications related to any personal loans or contributions [Respondent] made to Schweikert for Congress in 2011-2012, including but not limited to, all documents or communications evidencing the source of those loans or contributions." Respondent did not cooperate with OCE's request.
51. On June 8, 2018, the Committee informed Respondent that, if he was aware of any inaccurate reporting on required disclosures previously filed with the FEC, those inaccuracies should be promptly and accurately corrected. At that time, the Committee encouraged Representative Schweikert to make any appropriate *sua sponte* submission to the FEC relating to the matters under review.
52. On September 5, 2018, the Committee transmitted to Respondent the Report and Findings of OCE which stated, *inter alia*, that OCE "found irregularities regarding a \$100,000.00 personal loan from Rep. Schweikert, which was disclosed by Schweikert for Congress in a 2011 Year End FEC Report. Specifically, the OCE could not identify any campaign bank statements showing that the campaign actually received the \$100,000.00." On that date, the Committee provided Representative Schweikert with the opportunity to respond, in writing, to OCE's Report and Findings.
53. On October 3, 2018, Respondent, through his counsel, provided a response to OCE's referral,

but did not address the irregularities identified by OCE with respect to the reported \$100,000 loan. Respondent's counsel told the Committee that counsel had "engaged with FEC staff to work cooperatively to resolve any issues," and that Respondent had been working to cure "inadvertent errors and discrepancies."

54. For over a year, Respondent and his counsel did not engage with any FEC staff regarding the irregularities with the reported \$100,000 loan.
55. Respondent informed the ISC that the \$100,000 loan was improperly reported on January 6, 2020, when his counsel advised the ISC: "Based on our review, it appears that, due to administrative error, this loan may have been inadvertently reported as having been made (and forgiven) when it was never in fact made." Respondent's admission to the ISC followed multiple follow-up requests from the ISC that he identify errors and omissions in his FEC filings, culminating in a second request for information from the ISC in December 2019 that specifically directed Respondent to state whether the December 25, 2011, \$100,000 loan had been deposited into the Schweikert for Congress bank account.
56. Respondent engaged with FEC staff regarding this improper disclosure on January 27, 2020. On that date, his counsel emailed FEC staff: "it appears that this loan was never made and should not have been disclosed on the committee's reports."
57. Respondent has reported making an additional six personal loans to his campaign totaling \$630,000 and received regular disbursements from his campaign to fully repay him for those loans between 2013 and 2018. When asked whether any other loans the campaign paid him back were "inadvertently reported," Respondent testified, "I don't believe so."

*ii. Failure to Disclose 2010 Metro Phoenix Bank Loan*

58. On or about July 19, 2010, Respondent, his spouse, Joyce Schweikert, and Sheridan Equities LLC applied for a \$75,000 line of credit from Metro Phoenix Bank for the purpose of obtaining funds to support Mr. Schweikert's 2010 campaign.
59. Metro Phoenix Bank is a Federal Deposit Insurance Corporation (FDIC) Insured State-Chartered Bank.
60. On or about July 30, 2010, the Schweikerts and Sheridan Equities LLC obtained a \$75,000 revolving line of credit from Metro Phoenix Bank.
61. The \$75,000 line of credit was secured by three rental properties owned by Sheridan Equities LLC.
62. Funds from the line of credit were used to pay for campaign-related purposes on:
  - August 2, 2010 (\$24,589.80 wire to Anthem Media Inc.)
  - August 2, 2010 (\$11,557 cashier's check payable to Blue Point LLC)
  - August 4, 2010 (\$26,000 cashier's check payable to Blue Point LLC)

63. The funds disbursed from the line of credit were reported as expenditures by David Schweikert for Congress on:
  - July 30, 2010 (\$24,589.80 to Anthem Media LLC for “TV & Radio”)
  - August 2, 2010 (\$11,557 to Blue Point LLC for “Mail Design and Printing”)
  - August 4, 2010 (\$26,000 to Blue Point LLC for “Mail Design and Printing”)
64. Respondent and Mrs. Schweikert personally repaid the August 2010 draws made on the line of credit; no campaign funds were used to repay the draws.
65. On or about February 2, 2011, the Schweikerts and Sheridan Equities requested that the line of credit be increased by \$79,000 for non-campaign-related purposes.
66. On or about February 14, 2011, the Schweikerts and Sheridan Equities obtained a \$79,000 increase to the line of credit from Metro Phoenix Bank, for a total value of \$154,000. The increased line of credit was secured by an additional rental property owned by Sheridan Equities LLC.
67. Additional terms were added to the Metro Phoenix Bank line of credit between March 2013 and October 2014.
68. The Schweikerts made repayments to the line of credit on a monthly basis from October 2010 to February 2015.
69. On or about February 6, 2015, the line of credit was repaid in full.
70. Between July 30, 2010, the time the line of credit was obtained, and February 6, 2015, the date by which the line of credit was repaid, David Schweikert for Congress failed to disclose: the existence of the line of credit obtained and used in support of Respondent’s 2010 campaign; the modifications to the line of the credit that occurred between 2011 and 2014; and all repayments of the line of credit through February 6, 2015. The in-kind payments for the campaign expenses funded with the draws from the line of credit were not reported as loans on the David Schweikert for Congress FEC disclosure reports.
71. Respondent did not inform Mrs. Schweikert’s successor as treasurer of David Schweikert for Congress, Treasurer D, or any other compliance professionals supporting his campaign committees, that he had previously secured a line of credit from Metro Phoenix Bank in support of his campaign or that the line of credit remained open through February 2015.
72. Mrs. Schweikert was a signatory on the loan documents and was treasurer of David Schweikert for Congress at the time funds from the line of credit were used by that campaign committee. Mrs. Schweikert failed to report the line of credit on appropriate FEC filings or inform the subsequent campaign treasurer or other compliance professionals involved with Respondent’s campaign of its existence.

73. The Schweikerts did not believe the line of credit needed to be disclosed to the FEC.
74. On April 11, 2018, the Office of Congressional Ethics (OCE) initiated a preliminary review into allegations involving Respondent and sent him a request for, *inter alia*, “[a]ll documents or communications associated with any lines of credit or loans that you or any business you are associated with received from Metro Phoenix Bank.”
75. Respondent did not cooperate with OCE’s request.
76. On June 8, 2018, the Committee informed Respondent that if he was aware of any inaccurate reporting on required disclosures previously filed with the FEC, those inaccuracies should be promptly and accurately corrected.
77. At that time, the Committee encouraged Respondent to make any appropriate *sua sponte* submission to the FEC relating to the matters under review.
78. On September 5, 2018, the Committee transmitted to Respondent the Report and Findings of OCE which alleged, *inter alia*, that the \$75,000 Metro Phoenix Bank line of credit was improperly omitted from his principal campaign committee’s FEC filings between 2010 and 2015. On that date, the Committee provided Respondent with the opportunity to respond, in writing, to OCE’s Report and Findings.
79. On October 3, 2018, Respondent responded:
- [r]egarding the allegations that the Congressman may have omitted information from his [FEC] candidate committee reports, . . . the Congressman has been working to cure any such inadvertent errors or discrepancies for several months. A new FEC compliance firm was retained at the end of 2017, and the Congressman's counsel has engaged with FEC staff to work cooperatively to resolve any issues.
80. Respondent did not work to cure or engage with any FEC staff regarding the omission of the \$75,000 MPB loan from Respondent’s campaign committee reports at that time.
81. On December 21, 2018, the ISC requested that Respondent identify any errors or omissions in his FEC reports. Respondent did not address the line of credit omission in his response.
82. Respondent did not inform the ISC that his campaign failed to disclose this Metro Phoenix line of credit for more than a year after assuring the ISC that he intended to cooperate and was working to promptly address errors and omissions raised by OCE.
83. The ISC made multiple follow-up requests that Respondent identify errors and omissions in his FEC filings, culminating in a second request for information from the ISC that specifically

directed Respondent to state whether he obtained this line of credit in support of his campaign, and inform the ISC whether and when the campaign committee intended to disclose the line of credit.

84. On January 6, 2020, Respondent's counsel informed the ISC that "it appears that Schweikert for Congress inadvertently failed to disclose that Representative Schweikert funded certain loans to his campaign with a \$75,000 line of credit obtained from [Metro Phoenix Bank]."
85. Respondent engaged with FEC staff on January 27, 2020, regarding this omission, when his counsel emailed FEC staff: "it appears that the David Schweikert for Congress committee funded certain campaign disbursements in 2010 with a \$75,000 line of credit from Metro Phoenix Bank secured by Representative Schweikert, his wife, and Sheridan Equities, but the line of credit was not disclosed on the committee's reports."

## ***2. Misreporting of Campaign Contributions and Expenditures***

### *i Errors and Omissions in Reporting of David Schweikert for Congress Disbursements and Contributions*

86. Between 2010 and 2013, David Schweikert for Congress bank records contain at least \$8,000 in disbursements and \$140,000 in receipts that are not reflected in any of the David Schweikert for Congress disclosures made to the FEC.
87. OCE identified these reporting discrepancies in its Report and Findings, which included corresponding bank records as an exhibit. A copy of OCE's Report and Findings were provided to Representative Schweikert on September 6, 2018. Representative Schweikert has not provided an explanation for these disbursement and receipt reporting discrepancies. Respondent asserted that the campaign no longer possessed its records from this time period because they were beyond the FEC's record retention period and was therefore unable to explain the discrepancies.

### *ii False Schweikert for Congress Disbursements to Blue Point*

88. In October and November 2012, Schweikert for Congress reported making \$100,000 in payments to Campaign Consultant's company, Blue Point LLC, that were not actually received by him.
89. The \$100,000 was spread out into 5 odd-numbered payments, and therefore looked similar to the large mail-related disbursements Campaign Consultant's company typically received:
  - October 5, 2012 disbursement for \$23,972
  - October 15, 2012 disbursement for \$11,580
  - October 19, 2012 disbursement for \$18,868
  - October 26, 2012 disbursement for \$22,580
  - November 2, 2012 disbursement for \$23,000

90. Including these disbursements totaling \$100,000 left Schweikert for Congress with an ending

cash on hand of only \$7,488.54 at the close of the 2012 election cycle. Without those disbursements, the campaign committee would have reported an ending cash on hand of \$107,488.54. However, that number would have included the December 25, 2011 \$100,000 loan. Because the campaign had never received the \$100,000 loan, it did not have anywhere near \$107,488.54 left in its bank accounts at the end of 2012.

91. In late 2012, Campaign Consultant and 2012 Campaign Manager told Respondent that Respondent's campaign committee misreported disbursements to Blue Point LLC that had not been made.
92. In December 2012, 2012 Campaign Manager made a reference to Mr. Schwab about Mrs. Schweikert having stolen money from the campaign. 2012 Campaign Manager testified that the statement was a joke between him and Mr. Schwab. Mr. Schwab testified that, after 2012 Campaign Manager made that reference, he raised the need to "professionalize the bookkeeping" of the campaign about Mrs. Schweikert's bookkeeping with Respondent around that time and that Respondent agreed to hire a professional compliance firm.
93. Representative Schweikert did not take any specific steps to correct the false FEC reports that were brought to his attention.
94. Mr. Schwab testified that in late 2012, Representative Schweikert told him that he wanted to "get the books away from Joyce." When asked whether he made that statement Representative Schweikert confirmed that he wanted to engage a professional compliance firm at that time "because it took a toll when you had that sort of chaos in your life."
95. The campaign retained Compliance Firm 1 in January 2013 to take over management of the campaign finances, including campaign treasurer duties, and to create a new campaign committee, Friends of David Schweikert.
96. Compliance Firm 1 was not hired to conduct a compliance review of the campaign's past activity. Compliance Firm 1 was not specifically advised about past activities of the campaign. Past activities that Compliance Firm 1 was not advised of included the errors and omissions on FEC reports relating to the December 25, 2011, \$100,000 loan that had not been made, the omission of receipts and disbursements by David Schweikert for Congress on FEC reports, the misreported disbursements to Blue Point LLC by Schweikert for Congress, nor any other activity reported on past disclosure reports of the campaign's other two committees.
97. After Compliance Firm 1 was hired, Mrs. Schweikert remained treasurer of David Schweikert for Congress and retained access and control over the David Schweikert for Congress and Schweikert for Congress Chase Bank accounts and continued to make payments that were not accurately reported to the FEC, including loan repayments from a Schweikert for Congress Chase Bank account.
98. In early 2013, the Schweikert for Congress Chase Bank account made a disbursement, via check,

to an unknown individual or unknown entity for an unknown purpose, that was not disclosed to the FEC. Specifically, the bank account records reflect a check paid by Schweikert for Congress for \$19,708.10 on February 28, 2013, that was not disclosed to the FEC. Respondent asserts that he was unable to verify the check recipient because the cancelled checks for that time period are no longer available from the bank.

99. The Schweikert for Congress Chase Bank account also reflects a series of ATM & debit card payments in January totaling \$1,658.41 from debit cards issued to Representative Schweikert and Mrs. Schweikert, as well as \$3,397 in deposits in January 2013 and \$24,108.18 in deposits in February 2013. None of these deposits or withdrawals were disclosed to the FEC by Schweikert for Congress.
100. Respondent believes that aside from a recurring payment to the campaign's email marketing firm and a \$15 payment to Facebook, the debit card transactions were in-store purchases by his then-chief of staff to pay for expenses related to serving coffee and donuts at the Maricopa County Republican Mandatory meeting.
101. Mrs. Schweikert retained sole responsibility for inputting Schweikert for Congress's expenditures into the campaign's FEC reporting software at this time, while the committee's treasurer inputted receipts.
102. On at least two occasions in February 2013, Treasurer D of Compliance Firm 1 asked Mrs. Schweikert for access to the David Schweikert for Congress and Schweikert for Congress accounts at Chase Bank; however Mrs. Schweikert never gave Treasurer D, or any other individual at Compliance Firm 1, access to the accounts, which were ultimately closed by Mrs. Schweikert on April 8, 2013, and June 17, 2013, respectively. Compliance Firm 1 was not acting as treasurer of either committee at that time, but did have access to the disclosure reporting database that was used for the campaigns, including past entries.
103. Mrs. Schweikert was officially replaced as treasurer in May 2013; however, none of the previous reporting errors and omissions were amended by Compliance Firm 1, or the compliance firm Respondent retained in 2017, Compliance Firm 2.
104. Notwithstanding the earlier concerns regarding Mrs. Schweikert's role in Respondent's campaign finances, in August 2018, Mrs. Schweikert resumed a role in Respondent's campaign finances with respect to reviewing and approving all campaign expenses.
105. In connection with this role, Compliance Firm 2 was advised that all expenses incurred by Campaign Consultant's company for outlays for media and mail will go first to Mrs. Schweikert who would then send the invoice to Compliance Firm 2 when she is ready for it to be paid.
106. Mrs. Schweikert currently plays no role in managing, overseeing, or approving Respondent's campaign's expenses or FEC filings.

### ***3. Campaign Contributions and Expenditures by Employees***

107. Respondent's campaign committees did not have a campaign credit or debit card available for individuals making expenditures on behalf of the campaign to use for the majority of the time period under review. Respondent testified that he relied on the campaign's compliance firm and campaign manager to take care of campaign purchases and reimbursements and was in "complete ignorance" as to whether his campaign had a debit card prior to the initiation of OCE's review.

i. *Outlays by Oliver Schwab*

108. Between January 2011 and July 2018, Mr. Schwab made impermissible outlays on behalf of Respondent's authorized campaign committees totaling over \$270,000.00.

109. Respondent's authorized campaign committees reimbursed Mr. Schwab for these outlays through different means, including by issuing checks to Mr. Schwab, to Chartwell Associates (a single-member limited liability company based in Virginia owned by Mr. Schwab), and Mr. Schwab's credit card companies (including Chase, Barclays Card Services, and American Express).

110. By reporting Mr. Schwab's reimbursements to the FEC as being to Chartwell Associates or various credit card companies, the public could not see the true amount of expenditures Mr. Schwab had made on behalf of Respondent's campaigns or, in some cases, the true nature, date, and underlying recipient of the disbursements.

111. Respondent's authorized campaign committees paid at least \$7,000.00 in reimbursements to Mr. Schwab directly.

112. Respondent's campaign paid at least \$65,000.00 in reimbursements to Mr. Schwab by issuing disbursements to Chartwell Associates.

113. Respondent's campaign paid at least \$200,000 in reimbursements to Mr. Schwab by issuing disbursements to Mr. Schwab's personal credit card companies.

114. Mr. Schwab testified that Respondent had preferred reimbursements be reported as payments to Chartwell because it appeared as an arm's length transaction to a vendor on FEC reports, rather than a payment to his staffer. Respondent testified that he never discussed reimbursing campaign expenses through Chartwell with Mr. Schwab and was unaware that Mr. Schwab used his own funds to pay for campaign expenses or that those funds were being reimbursed through Chartwell.

115. When reporting disbursements to Mr. Schwab's personal credit card companies, the campaign did not always disclose the underlying vendor on FEC reports, nor did it disclose that Mr. Schwab had made the underlying disbursements.

116. In some instances where Mr. Schwab was reimbursed for his outlays through his company Chartwell Associates, the reimbursement was reported as income to Mr. Schwab for consulting services.
117. After OCE initiated a review into allegations that Mr. Schwab received improper payments from Respondent's campaign, the campaign conducted an internal review and identified additional transactions totaling \$102,622.34 that were originally paid with Mr. Schwab's personal credit card and then reimbursed to Mr. Schwab and/or Chartwell Associates by the campaign, but were reported with descriptions such as "strategic consulting."
118. After its internal review, Respondent's campaign had \$50,372.14 of the \$102,622.34 it identified as improper payments refunded by the vendor to Mr. Schwab's personal credit card, and then the campaign repaid the invoices directly using campaign funds. The remaining \$52,250.20 were either unverifiable transactions or could not be refunded to the vendor.
119. Respondent submitted a *sua sponte* self-report to the FEC disclosing the \$102,622.34 in improper payments or "substantially similar" information on June 26, 2018.
120. Respondent's *sua sponte* submission remains pending with the FEC, and Respondent, through his counsel, has informed the ISC that his campaign is "working cooperatively with the FEC to ensure that its reports comply with FEC rules and regulations." The FEC lacked a quorum between September 2019 and May 2020 and has been unable to resolve Respondent's matter.
121. Mr. Schwab provided testimony to the ISC asserting that Respondent was aware Mr. Schwab was making expenditures on behalf of Respondent's campaign using his personal funds, and that Respondent instructed Mr. Schwab to seek reimbursements through Chartwell or his credit card company in order to conceal the fact that Mr. Schwab was responsible for the underlying expenditure. Mr. Schwab also testified that Compliance Firm 1, the campaign compliance firm, was aware that he was billing some expense reimbursements to the campaign as consulting fees.
122. Respondent knew or should have known that Mr. Schwab made substantial non-travel expenditures on behalf of the campaign. This practice began at least as early as May 2010, while Mrs. Schweikert was managing Respondent's campaign finances; one staffer testified that he raised concerns with him no later than early 2017 about reimbursements Mr. Schwab was receiving from the campaign. Respondent sent invoices to Mr. Schwab for payment on occasion. The ISC did not obtain written records, including the invoices, that show that Respondent knew that Mr. Schwab was paying for campaign expenses with his own funds and then seeking personal reimbursement.
123. Respondent testified that he was aware that Mr. Schwab made purchases on behalf of the campaign but did not know Mr. Schwab paid for campaign expenses using his personal funds. He later said that Mr. Schwab "could have" told him "I'll turn my reimbursement in later."

Respondent further testified that he did not manage the purchases and reimbursements for the campaign because he relied on the campaign's professional compliance firm and campaign personnel for that. The ISC did not obtain written communications about these reimbursements that included Respondent, or other documents specifically showing whether Respondent requested or was otherwise aware of the specifics of Mr. Schwab's reimbursement practices. Respondent asserts that he was also unaware that Mr. Schwab falsified multiple invoices to Respondent's campaign committee. According to Mr. Schwab, these invoices were for expenses Mr. Schwab or others incurred on behalf of Respondent's campaign and/or Respondent's personal behalf.

124. Mr. Schwab testified that Respondent instructed him to hold debt he incurred on behalf of the campaign so that the campaign committee could post larger FEC figures, but Respondent denied ever doing so. The ISC did not obtain documentary evidence showing that Respondent instructed Mr. Schwab to hold debt in this manner.
125. In some instances, Mr. Schwab waited to seek reimbursements for advances he made until after the close of the reporting period in which the payments he made occurred.
126. For example, on March 14, 2016, Mr. Schwab advanced more than \$5,000 on his personal credit card for a campaign fundraising mailer and postage. On April 20, 2016, he emailed the campaign treasurer:

I know this may bring us close to the bottom, but can you cut a check for Chartwell per below? I've attached receipts. This gets me updated on what I've got outstanding on my card. We have some events back home and some pieces in the works that will grow the account back up so not to worry as per my accounting this gets us close to the bottom of the dregs. Any chance I could pick up Monday? By then the checks I sent should also have arrived.

Though the reimbursement was disclosed, the specific March 14, 2016, payment to an outside vendor that Mr. Schwab had paid for was never disclosed and Mr. Schwab's advance was never disclosed as a debt by the campaign committee. Respondent was not included in the email exchange.

127. On at least one occasion, Mr. Schwab waited two reporting periods to seek reimbursement for outlays he made on behalf of the campaign using his personal credit card. Those reimbursements, along with other reimbursements for over \$10,000 of expenses paid for by Mr. Schwab over a more than 3-month period, were disclosed consistent with FEC rules as part of a single payment to "Chase Bank"; the disclosures did not reflect the true date of the payments or that they had been advanced by Mr. Schwab.
128. In other instances, Mr. Schwab waited to submit his reimbursement requests so that Respondent and Mrs. Schweikert could receive loan repayments from the campaign. For

example, on June 18, 2015, Mr. Schwab e-mailed Compliance Firm 1 and stated, “Let’s proceed first of the month with the \$15,000 transfer to the Schweikert’s. I’ve got 2 big mail pieces in the works right now. I put \$7,000 on my card to get these out which I’ll hold for reimbursement well down the road.” Respondent was not included in the email exchange.

ii. *Other Outlays by Staff*

129. Mr. Schwab was not the only congressional staffer who made non-travel related outlays that were reimbursed by the campaign. Respondent acknowledged that in August and September 2017, three other congressional staffers made smaller outlays totaling \$491.12 for campaign-related expenditures that were subsequently reimbursed.

130. As part of the remedial process that Respondent engaged in through the self-disclosed review with the Committee and a subsequent FEC *sua sponte* submission, Respondent sought to “undo” the outlays by having staff repay the amount directly to the campaign and then be refunded by Respondent. Respondent informed the Committee of the steps his campaign committee was taking by meeting with Committee staff in early April 2018 and, later that same month, submitting to the Committee the contents of its anticipated FEC *sua sponte*.

**4. *Personal Use of Campaign Funds and Acceptance of Gifts***

131. From 2011 to 2018, at least four members of Respondent’s congressional staff made payments for items and services incurred on Respondent’s personal behalf.

132. Although Respondent ultimately reimbursed some of the personal expenses (often by providing some petty cash to staff), there were occasions where Respondent did not personally reimburse the expense.

133. At least \$1,476.90 of these personal expenses incurred on Respondent’s behalf were reimbursed by Respondent’s campaign committee. These expenditures were for, among other things, food and babysitting expenses.

134. Mr. Schwab testified that he bought food for Respondent on a frequent basis on his own initiative when Respondent was in Washington, D.C. and paid for flight upgrades for Respondent when he was traveling with his daughter.

135. Three other congressional staffers also paid for Respondent’s personal expenses on occasion, ranging from hundreds of dollars in babysitting services, to food that was kept in the Congressional office and consumed by Respondent for everyday meals; in some instances staffers were reimbursed in cash by Respondent, and in other instances they sought Mr. Schwab’s assistance in getting reimbursed and were ultimately paid with campaign funds.

136. Mr. Schwab testified that he advanced personal travel expenses, including using his frequent flyer miles, for Respondent and his family on multiple occasions; documentary evidence demonstrates that on at least one occasion, he sought reimbursement from Respondent’s leadership PAC; in others he folded the expenses into unspecified consulting fees. Respondent

denied knowing that Mr. Schwab paid for such travel expenses and maintained there was no documentary evidence establishing that he was aware that any travel payments were paid by Mr. Schwab personally prior to reimbursement.

137. Mr. Schwab testified that Respondent initially made attempts to partially repay Mr. Schwab for the expenses he had incurred on his behalf, but as the numbers accrued, he instructed Mr. Schwab to “be creative” and bill the campaign for the expenses. The ISC did not obtain documentary evidence of Respondent requesting Mr. Schwab to bill the campaign in this manner.

138. Mr. Schwab sent Respondent’s campaign false invoices or instructed the campaign’s treasurers to make disbursements for campaign services. Mr. Schwab testified that he sought approximately \$5,000 worth of reimbursements for personal expenses he incurred on behalf of Respondent in this manner.

139. Respondent denies knowing that the Mr. Schwab falsified invoices or that he sought campaign reimbursements for any of his own personal expenses.

140. Respondent also generally denied that his staff ever performed or paid for personal services on his behalf, stating: “I’m not like so many of these Members, go get my dry cleaning, go take my dog for a walk, go watch my daughter, go buy me something. I’ve just never done any of those things.” However, when specifically asked whether he may have asked staff to purchase food, he testified that “it’s probably happened,” but there was petty cash in the office for any purchases by staffers and if purchases were made they should have been made with the available petty cash. When asked whether staff ever paid for babysitting service for his daughter, Respondent denied that staff ever paid for babysitting services, and insisted he paid and found babysitters himself. Respondent conceded that, there was one occasion when he had to step out of his office when his daughter was there, but stated that no one on his staff watched her.

141. However, at least one member of his staff testified that she volunteered to use her contacts to find babysitters for Respondent and spent about ten minutes to do so on three occasions. Though not requested by Respondent, that staffer also fronted \$800 out of her own pocket for babysitting services on his behalf because Respondent was not present when the babysitters had to leave. She testified that “I just wanted to pay them immediately and make sure they were taken care of.” She was reimbursed for those expenses with campaign funds. Respondent also asked this staff member to watch his daughter, within the congressional office, at times that he had to leave and vote.

### **c. Misuse of Official Resources**

142. Between approximately January 2011 and November 2017, Respondent’s official resources—including official funds, staff time, and congressional office space—were improperly used for unofficial purposes.

143. Respondent’s Members’ Representational Allowance (MRA) was used for impermissible

purposes, including to fund portions of non-official travel by Mr. Schwab, and to support Respondent's political fundraising efforts.

144. During that time, Respondent exercised little to no oversight over spending in his congressional office.
145. Mr. Schwab and, in a few limited instances, other members of Respondent's congressional staff performed campaign work within his congressional offices and used congressional resources, including staff time and office equipment, in support of Respondent's campaign.

***1. MRA-Funded Mixed-Purpose Trip to Arizona***

146. Respondent's MRA paid approximately \$6,000 for a six-day trip Mr. Schwab took to Phoenix, Arizona from Wednesday, January 28, 2015, through Monday, February 2, 2015 (Phoenix trip), including 5 nights of lodging totaling \$4,027.07.
147. Hotel and other travel-related costs were higher than normal on those dates because Phoenix was hosting the Super Bowl as well as the Phoenix Open golf event that same weekend.
148. Mr. Schwab's trip to Arizona included some officially-connected work, including management of personnel issues in the district office. Mr. Schwab also asserted that an industry event and a dinner he attended over the weekend while in the district was related to his official duties. However, the primary purpose of Mr. Schwab's travel on the two weekend days—including the day of the Super Bowl—was not officially-connected.
149. On Friday, January 30, 2015, Respondent co-hosted a political fundraiser with the Majority Leader.
150. Mr. Schwab traveled to the district despite the inflated travel costs, informing the office financial administrator that he did so because it was a "priority" for Respondent that Mr. Schwab be present as they "host events with the House Majority Leader, [and] other visiting Members." Prior to the travel, Mr. Schwab gave a heads up about the costs to the office's financial administrator, who testified that he gave three or four reasons for the travel including personnel issues in the district office and that she was not concerned at the time about the travel.
151. Mr. Schwab admitted to performing the following non-official activities during his Phoenix Trip: having meals with his mother, brother, and wife, who were also visiting Phoenix at the same time; attending the fundraiser at the Phoenix Open; and attending a theater production with his wife. Mr. Schwab's credit card records for the same period also showed that he engaged in retail shopping during the day on Friday, January 30, 2015.
152. Even though Respondent and Mr. Schwab engaged in political activities during the Phoenix Trip, Respondent's campaign and political committees reported making no disbursements or

reimbursements related to the Phoenix Trip.

153. Respondent testified that he did not exercise any oversight over Mr. Schwab's travel expenditures, and that he did not know the primary purpose of Mr. Schwab's travel to Phoenix during this time, even though Mr. Schwab attended an event at the Phoenix Open with Respondent.
154. On or about June 13, 2018, Mr. Schwab sent a check for \$5,068 to the U.S. Treasury for expenses association with the Phoenix Trip as "repayment for travel/out of abundance of caution."

## ***2. Official Resources Used in Support of Respondent's Campaign***

155. Between 2011 and 2018, Mr. Schwab performed substantial campaign work in Respondent's congressional office. In addition to the building space, Mr. Schwab also made use of other congressional office resources for campaign work, including the printer, his House email account, and storage space.
156. At least four other members of Respondent's congressional staff performed campaign work within the congressional office.
157. On at least some occasions, Respondent knew or should have known that Mr. Schwab and others performed campaign work in the office. For example, Respondent met with his pollster in his congressional office on February 11, 2015.
158. Mr. Schwab testified that he and Respondent had campaign communications within the congressional office on a frequent basis. Mr. Schwab testified that these discussions took place within the congressional office because Respondent slept in his Washington, D.C. office and that was the most convenient place for them to meet.
159. Respondent denied knowing that members of his staff, including Mr. Schwab, performed campaign work within his congressional office and using official resources and said that he observed Mr. Schwab leave the office on many occasions to take phone calls that were campaign-related and he believed that Mr. Schwab left the office when he was engaging in any political work. Several other staffers testified that they similarly observed Mr. Schwab leave the office to take campaign calls, including one staff member who recalled Mr. Schwab leaving the congressional office to perform campaign work at Representative Schweikert's direction.
160. One staffer testified that "it would take willful ignorance and negligence" for Respondent not to have known that Mr. Schwab was engaging in campaign work in the congressional office. Other staffers interviewed, however, indicated that they were unaware whether such activities took place or whether Respondent was aware of any such activities.
161. On October 3, 2018, Respondent informed the Committee that:

[h]e has already taken, or is in the process of taking, remedial measures to ensure that his Office is fully compliant with all applicable laws. For one the Congressman has put in place a strict firewall between congressional staffers and the campaign by instituting a policy that severely restricts congressional employees from otherwise permissible campaign related work for his campaign.

162. Respondent's new chief of staff is not subject to this policy, however. She is more involved in Respondent's campaign than she was before becoming his chief of staff in July 2018. She staffs campaign events with Respondent, approves certain campaign expenses, and engages in campaign-related work during office hours, outside of the congressional office.

### ***3. Compelled Campaign Work by Staff***

163. Most of the current and former staffers in Respondent's congressional office testified that they had no involvement with Respondent's campaign, that they felt no pressure to assist with the campaign, or, in the few cases where there was any involvement with the campaign, that their involvement with the campaign was entirely voluntary. However, when asked if he felt there was an expectation to assist Respondent's campaign when requests for such assistance came from Mr. Schwab, one staffer testified that he believed that if they did not comply with his requests, Mr. Schwab would question them about their lack of participation; another staffer testified that if Mr. Schwab asked if he was willing to complete a campaign-related task he "would have had a choice" but that he thought "there could potentially be blowback as a staffer" responding to a request from a chief of staff.
164. Mr. Schwab testified that Respondent routinely pressured him to perform campaign work, particularly campaign fundraising.
165. Mr. Schwab testified that Respondent expected him to prioritize campaign work over official work by instructing him to leave the congressional office and fundraise on his behalf, and on one occasion asked Mr. Schwab why he was still within the congressional office when he expected him to be fundraising. Respondent denied this, testifying that he did not have to make such requests because it was in Mr. Schwab's nature to fundraise and work all of the time.
166. By the fall of 2016, Respondent identified a primary goal of raising \$1,000,000 for his political war chest.
167. Mr. Schwab testified that "the constant pressure to perform and raise funds requires that an effective chief maximize the resources available to him or her," and explained that "if an official staffer had been negatively impacting the campaign's ability to reach out to industry" because he or she was not effectively serving constituents in an official capacity, he probably would have made that known to the staffer. He also testified, however, that no other staffers made fundraising calls or were expected or pressured to fundraise.

168. Mr. Schwab testified he had an expectation that other members of the congressional staff, whom he supervised, would assist Respondent's campaign by reviewing campaign content to make sure it was legislatively consistent and by copy editing campaign materials.

169. On October 20, 2016, Mr. Schwab advised Respondent, in connection with an email regarding an performance meeting with another staff member who had work performance issues, "[i]f we are going to have an operation that can raise \$1 million in the next Congress, I cannot be the only one at a staff level proactively engaging support." In a separate October 21, 2016, email exchange with Mr. Schwab, Respondent raised the question of whether another congressional staffer should be taken to a fundraising seminar; that same staffer told the ISC that Mr. Schwab advised him that if he wanted to keep his job, his salary would be cut by 40 percent and his performance would be judged entirely on fundraising. Respondent testified that he was unaware that Mr. Schwab made this statement, and the ISC did not obtain documents demonstrating that Representative Schweikert was aware of what Mr. Schwab told the staffer.

170. The other staff members interviewed testified that they were not expected to fundraise for the campaign.

## II. ALLEGED VIOLATIONS

### **COUNT I: Conduct that Does Not Reflect Creditably on the House & Failure to Uphold the Laws and Regulations of the United States**

#### ***Systemic Federal Election Campaign Act Reporting Violations***

171. Paragraphs 1 through 170 are incorporated by reference as if fully set forth herein.

172. The Federal Election Campaign Act (FECA) requires campaign committees to periodically disclose all receipts and disbursements in an election cycle. 52 U.S.C. § 30104.

173. According to the *House Ethics Manual (Ethics Manual)*, "a Member or employee must take reasonable steps to ensure that any outside organization over which he or she exercises control – including the individual's own authorized campaign committee or, for example, a 'leadership PAC' – operates in compliance with applicable law."

174. The *Ethics Manual* further states:

While [FECA] and other statutes on campaign activity are not rules of the House, Members and employees must also bear in mind that the House Rules require that they conduct themselves 'at all times in a manner that shall reflect creditably on the House' (House Rule 23, clause 1). In addition, the Code of Ethics for Government Service, which applies to House Members and staff, provides in ¶ 2 that government officials should '[u]phold the Constitution, laws and legal regulations of the United States and of all governments therein and never be a party

to their evasion.’ Accordingly, in violating FECA or another provision of statutory law, a Member or employee may also violate these provisions of the House rules and standards of conduct. In addition, acceptance of an unlawful campaign contribution may violate the House gift rule (House Rule 25, clause 5).

175.From at least July 2010 through April 2018, Respondent’s campaign committees violated campaign reporting obligations under FECA and the FEC’s implementing regulations.

176.Respondent did not take reasonable steps to ensure his campaign committees were in compliance with campaign finance reporting requirements.

177.Respondent facilitated these reporting errors by: not informing his campaign treasurers or compliance professionals of prior errors and omissions, or providing them with access to certain campaign committee bank accounts; failing to take action to correct reports with false information after he became aware they had been made; providing false information to his campaign treasurer about forgiveness of a personal loan that was reported but not made; and neglecting his responsibilities to supervise his campaign’s activities, including spending outlays by an individual serving as both his campaign manager and congressional Chief of Staff.

178.Respondent’s conduct reflected poorly on the institution of the House and, thereby, brought discredit upon the House.

179.By engaging in the conduct described above Respondent violated House Rule XXIII, clause 1.

180.By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC’s implementing regulations, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Services.

**COUNT II: Conduct that Does Not Reflect Creditably on the House and Failure to Uphold the Laws and Regulations of the United States**

***Failure to Disclose Loan Obtained in Support of Campaign***

181.Paragraphs 1 through 28, 58 through 85, and 171 through 180, are incorporated by reference as if fully set forth herein.

182.According to 11 C.F.R. § 100.83(e), “[I]oans derived from an advance on a candidate’s brokerage account, credit card, home equity line of credit, or other line of credit available to the candidate shall be reported by the candidate’s principal campaign committee in accordance with 11 CFR part 104.”

183.11 C.F.R. § 104.3(d) provides: “[e]ach report filed under 11 CFR 104.1 shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by

or to the reporting committee” and the FEC’s Campaign Guide for Congressional Candidates and Committees (2014) states that “[d]ebts and obligations must be reported continuously until repaid.”

184.11 C.F.R. § 104.3(d)(4) provides:

[w]hen a candidate obtains a bank loan or loan of money derived from an advance on the candidate's brokerage account, credit card, home equity line of credit, or other line of credit described in 11 CFR 100.83 and 100.143 for use in connection with the candidate's campaign, the candidate's principal campaign committee shall disclose in the report covering the period when the loan was obtained, the following information on Schedule C-1 or C-P-1:

- i. The date, amount, and interest rate of the loan, advance, or line of credit;
- ii. The name and address of the lending institution; and
- iii. The types and value of collateral or other sources of repayment that secure the loan, advance, or line of credit, if any.

185. The FEC’s Campaign Guide for Congressional Candidates and Committees further provides that a new Schedule C-1 must also be filed with the next report if the terms of the loan or line of credit are restructured, citing 11 C.F.R. § 104.3(d)(1) and (3).

186. Between July 2010 and February 2015, Respondent’s campaign committee, David Schweikert for Congress, did not disclose to the FEC that he obtained a line of credit in support of his campaign, the modifications to the line of credit, or the repayment of the line of credit.

187. Respondent knew that the line of credit was obtained for and used in support of his campaign. His spouse was the campaign treasurer for David Schweikert at the time the loan was obtained and used in support of the campaign. When Respondent’s spouse was replaced as treasurer for the campaign committee in 2013, the line of credit remained open but Respondent did not inform the new treasurer that he had obtained a line of credit in support of loans he made to the campaign.

188. Respondent asserts his committee’s counsel began discussions with the FEC regarding the second OCE Referral at least as early as October 2019 and that the FEC was aware OCE found substantial reason to believe he failed to disclose required information in his FEC candidate committee filings following the Committee’s publication of the two-page OCE Report on September 5, 2019. Respondent specifically advised the FEC of the existence of this line of credit in January 2020, more than a year after the failure to disclose it was highlighted by OCE and more than a year after the Committee advised Respondent that any inaccurate disclosures to the FEC should be promptly and accurately corrected.

189. By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC’s implementing regulations, and

was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Services.

190. By failing to report the line of credit while it was open, including between January 2011 and February 2015, and by failing to take prompt action to correct the reporting omission, Respondent did not act in a manner that reflects creditably on the House.
191. By engaging in the conduct described above, Respondent violated House Rule XXIII, clause 1.

**COUNTS III and IV: Conduct that Does Not Reflect Creditably on the House and Failure to Uphold the Laws and Regulations of the United States**  
*Disclosure of Loan That was Never Made to the FEC*

192. Paragraphs 1 through 57, 88 through 106, and 171 through 180 are incorporated by reference as if fully set forth herein.
193. The FEC is an independent regulatory agency within the executive branch of the United States Government whose purpose is to enforce campaign laws in United States federal elections.
194. Respondent's campaign committee falsely stated that he made a \$100,000 personal loan to Schweikert for Congress on December 25, 2011, when no such loan had been made:

<b>Date</b>	<b>Record Transmitted to the FEC</b>
1/31/12	Schweikert for Congress 2011 Year-End Report
4/15/12	Schweikert for Congress April 2012 Quarterly Report
7/15/12	Schweikert for Congress July 2012 Quarterly Report
8/16/12	Schweikert for Congress Pre-Primary 2012 Report
9/6/12	Schweikert for Congress July 2012 Amended Quarterly Report
10/15/12	Schweikert for Congress October 2012 Quarterly Report
10/25/12	Schweikert for Congress Pre-General 2012 Report
12/6/12	Schweikert for Congress Post-General 2012 Report
1/20/13	Schweikert for Congress Post-General 2012 Amended Report
1/31/13	Schweikert for Congress 2012 Year-End Report
4/14/13	Schweikert for Congress April 2013 Quarterly Report
7/15/13	Schweikert for Congress July 2013 Quarterly Report
10/12/13	Memorandum from Respondent to Campaign Treasurer
10/11/13	Schweikert for Congress October 2013 Termination Report

195. Respondent did not inform his campaign treasurers that the December 25, 2011, \$100,000 loan had not been made to his campaign.
196. By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC's implementing regulations, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government

Services.

197. By falsely disclosing the December 25, 2011, loan and forgiveness of that loan, Respondent acted in a manner that did not reflect creditably on the House and violated House Rule XXIII, clause 1.
198. On FEC reports filed on October 25, 2012 (12-Day Pre-Election Report for the General Election), December 6, 2012 (30-Day Post Election Report for the General Election), January 20, 2013 (Amended 30-Day Post Election Report for the General Election), Schweikert for Congress falsely disclosed five disbursements to Blue Point LLC that did not actually occur:

<b>Date</b>	<b>Amount</b>
10/5/12	\$23,972
10/15/12	\$11,580
10/19/12	\$18,868
10/26/12	\$22,580
11/2/12	\$23,000

199. By making disclosures, through his campaign committee, of the false October 2012 and November 2012 disbursements from Schweikert to Congress in the aggregate amount of \$100,000, Respondent violated 52 U.S.C. § 30104.
200. By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC's implementing regulations, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Services.
201. By falsely disclosing, through his campaign committee, \$100,000 in disbursements in 2012, Respondent acted in a manner that did not reflect creditably on the House and violated House Rule XXIII, clause 1.

**COUNT V: Conduct that Does Not Reflect Creditably on the House and Failure to Uphold the Laws and Regulations of the United States**

***False Reports filed with the FEC***

202. Paragraphs 1 through 57, 88 through 106, 171 through 180, and 192 through 201, are incorporated by reference as if fully set forth herein.
203. Respondent was advised by his campaign staffers in late 2012 that Mrs. Schweikert improperly reported making payments to Blue Point LLC, but he did not take reasonable steps to correct the false reporting.
204. Respondent was aware that his December 25, 2011, \$100,000 loan had not been made to his campaign. Respondent did not take reasonable steps to correct the false reporting of the loan.

205. By engaging in the above conduct, Respondent further acted in a manner that does not reflect creditably on the House and violated House Rule XXIII, clause 1.

**COUNT VI: Conduct that Does Not Reflect Creditably on the House and Failure to Uphold the Laws and Regulations of the United States**

*Additional Reporting Errors and Omissions Relating to Disbursements*

206. Paragraphs 1 through 28, 88 through 87, and 171 through 180, are incorporated by reference as if fully set forth herein.
207. Between 2010 and 2013, David Schweikert for Congress bank records contain at least \$8,000 in disbursements and \$140,000 in receipts that are not reflected in any of the David Schweikert for Congress disclosures made to the FEC.
208. Schweikert for Congress did not disclose making a \$19,708.10 disbursement on February 28, 2013, even though bank statements for that time period showed a check payment for that amount. Respondent asserted that he was unable to verify that the disbursement was a *bona fide* campaign expenditure because bank records were no longer available due to the age of the activity.
209. The Schweikert for Congress Chase Bank account also reflects a series of ATM & debit card payments in January totaling \$1,658.41 from debit cards issued to Representative Schweikert and Mrs. Schweikert, as well as \$3,397 in deposits in January 2013 and \$24,108.18 in deposits in February 2013. None of these deposits or withdrawals were disclosed to the FEC by Schweikert for Congress.
210. Respondent was advised no later than September 5, 2018, that his campaign committees did not properly report disbursements and contributions between at least 2010 and 2013, but he did not take any action to correct the reporting errors.
211. By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC's implementing regulations, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Services.
212. Respondent's failure to properly disclose or fully verify over \$25,000 in disbursements from his campaign committees from 2011 to 2013 did not reflect creditably on the House and violated House Rule XXIII, clause 1.

**COUNT VII: Conduct that Does Not Reflect Creditably on the House and Failure to Uphold the Laws and Regulations of the United States**

*Acceptance of Campaign Contributions from Congressional Staff*

213. Paragraphs 1 through 28, 107 through 130, and 171 through 180 are incorporated by reference as if fully set forth herein.
214. Under 18 U.S.C. § 603(a): “It shall be unlawful for an officer or employee of the United States or any department or agency thereof, or a person receiving any salary or compensation for services from money derived from the Treasury of the United States, to make any contribution within the meaning of section 301(8) of the Federal Election Campaign Act of 1971 to any other such officer, employee or person or to any Senator or Representative in, or Delegate or Resident Commissioner to, the Congress, if the person receiving such contribution is the employer or employing authority of the person making the contribution.”
215. Pursuant to 11 C.F.R. § 116.5(b), outlays made on behalf of a campaign are deemed to be “contributions” to the campaign from that individual, even if the outlay is promptly reimbursed by the campaign. Outlays for one’s own travel are not deemed a “contribution” if either (1) the campaign provides reimbursement within 60 days after the expenses are incurred if the payment was made by credit card, or within 30 days in all other cases (11 C.F.R. § 116.5(b)(1), (2)), or (2) the individual outlays for transportation do not exceed \$1,000 with respect to a single election, regardless of whether the campaign reimburses the outlays (11 C.F.R. § 100.79(a)).
216. Members “must take reasonable steps to ensure that any outside organization over which he or she exercises control – including the individual’s own authorized campaign committee . . . – operates in compliance with applicable law.” *Ethics Manual*.
217. Respondent’s campaign committees received contributions in the form of outlays from members of his staff from January 2011 until July 2018 totaling over \$270,000.
218. Respondent’s Chief of Staff, Mr. Schwab, made substantial purchases on behalf of Respondent’s campaign. Respondent knew or should have known that Mr. Schwab did so.
219. Mr. Schwab billed Respondent’s campaign for purchases he made on behalf of the campaign through means that obscured the fact that Mr. Schwab was responsible for the underlying expenditure.
220. Mr. Schwab held campaign reimbursement requests concealing accurate campaign figures and the true amount and frequency with which Mr. Schwab made expenditures on behalf of Respondent’s campaign.
221. By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC’s implementing regulations, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Service.
222. By engaging in the conduct described above, particularly in failing to adequately supervise his staff, Respondent violated House Rule XXIII, clause 1.

**COUNT VIII: Conduct that Did Not Reflect Creditably on the House, Conversion of Campaign Funds to Personal Use, and Failure to Uphold the Laws and Regulations of the United States**

***Reimbursement of Personal Expenses Using Campaign Funds***

223. Paragraphs 1 through 28, 131 through 141, and 171 through 180 are incorporated by reference as if fully set forth herein.
224. House Rule XXIII, clause 6 provides a Member –
- (a) shall keep the campaign funds of such individual separate from the personal funds of such individual;
  - (b) may not convert campaign funds to personal use in excess of an amount representing reimbursement for legitimate and verifiable campaign expenditures; and
  - (c) except as provided in clause 1(b) of rule XXIV, may not expend funds from a campaign account of such individual that are not attributable to bona fide campaign or political purposes.
225. FECA provides that a contribution to a federal candidate may not be converted by any person to personal use. 52 U.S.C. § 30114(b)(1). A contribution shall be considered to be converted to personal use if it is used to fulfill any commitment, obligation, or expense of a person that would exist irrespective of the candidate’s election campaign. *Id.* at § 30114(b)(2).
226. Between June 2017 and October 2017, Respondent’s principal campaign committee, Friends of David Schweikert, reimbursed members of Respondent’s congressional staff at least \$1,476.90 for personal expenses that did not have a *bona fide* campaign purpose.
227. By engaging in the above conduct, Respondent failed to uphold the laws and regulations of the United States, including provisions of the FECA and the FEC’s implementing regulations, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Service.
228. By converting campaign funds to personal use, Respondent violated House Rule XXIII, clause 6(c).
229. The conversion of campaign funds to personal use is also a violation of FECA. Accordingly, in converting campaign funds to personal use, Respondent violated House Rule XXIII, clause 1.

**COUNT IX: Conduct that Does Not Reflect Creditably on the House & Violation of Purpose Law**

***Systematic Misuse of the MRA for Unofficial Purposes***

230. Paragraphs 1 through 2 and 142 through 170 are incorporated by reference as if fully set forth

herein.

231. House Rule XXIII, clause 1 states that a Member “shall behave at all times in manner that shall reflect creditably on the House.”
232. The “Purpose Law,” 31 U.S.C. § 1301(a), states that “[a]ppropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.”
233. 2 U.S.C. § 5341(a) states that “[t]here is established for the House of Representatives a single allowance, to be known as the ‘Members’ Representational Allowance’, which shall be available to support the conduct of the official and representational duties of a Member of the House of Representatives with respect to the district from which the Member is elected.”
234. According to the *Members’ Congressional Handbook (Members’ Handbook)* at 2:
  1. The MRA may only be used for official and representational expenses . . .
  4. The MRA may not be used to pay for any expenses related to activities or events that are primarily social in nature (including but not limited to: sporting events, theme park activities, concerts, personal events, etc.).
  5. The MRA may not pay for personal expenses.
  6. The MRA may not pay for campaign expenses.

235. The *Ethics Manual* states:

[a]mong the specific activities that clearly may not be undertaken in a congressional office or using House resources (including official staff time) are the solicitation of contributions; the drafting of campaign speeches, statements, press releases or literature; the completion of FEC reports; the creation of issuance of a campaign mailing; and the holding of a meeting on campaign business.

236. With respect to mixed-purpose trips, the *Ethics Manual* states:

the Member, officer, or employee must determine the primary purpose of the trip. The source associated with that primary purpose – for example, a political committee for campaign or political activity, the federal government for official business, or the traveler’s own funds for personal business – must pay for the airfare (or other long-distance transportation expense), and all other travel expenses incurred in accomplishing that purpose. Any additional meal, lodging, or other travel expenses that the Member or staff person incurs in serving a secondary purpose must be paid by the source associated with that secondary purpose. The determination of the primary purpose of a trip must be made in a reasonable manner, and one relevant factor in making that determination is the number of days to be devoted to each purpose.

That is, often the primary purpose of a trip is the one to which the greater or greatest number of days is devoted.

237. Respondent's MRA funds were used for mixed-purpose travel, his congressional employees' official staff time was used for campaign activities, and his congressional office space and equipment was used for campaign activities.
238. By engaging in the above conduct, particularly, by failing to adequately supervise his staff, Respondent failed to uphold the laws and regulations of the United States, including 31 U.S.C. § 1301 and other standards of conduct, including the implementing policies contained in the Members' Handbook, and was a party to their non-compliance, in violation of ¶ 2 of the Code of Ethics in Government Service.
239. Respondent's actions and accumulations of actions reflected poorly on the institution of the House and, thereby, brought discredit upon the House.
240. By engaging in the conduct described above, particularly by failing to adequately supervise his staff, Respondent violated House Rule XXIII, clause 1.

**COUNT X: Conduct that Does Not Reflect Creditably on the House**

***Violation of Prohibition on Compulsory Campaign Work***

241. Paragraphs 1 through 2 and 142 through 170 are incorporated by reference as if fully set forth herein.
242. House Rule XXIII, clause 1 states that a Member "shall behave at all times in manner that shall reflect creditably on the House."
243. Pursuant to the *Ethics Manual*:

Once House employees have completed their official duties, they are free to engage in campaign activities on their own time, as volunteers or for pay, as long as they do not do so in congressional offices or facilities, or otherwise use official resources . . . It should be stressed that although House employees are free to engage in campaign activities on their own time, in no event may a Member or office compel a House employee to do campaign work. To do so would result in an impermissible official subsidy of the Member's campaign. The prohibition against coercing staff or requiring staff members to do campaign work is quite broad. It forbids Members and senior staff from not only threatening or attempting to intimidate employees regarding doing campaign work, but also from directing or otherwise pressuring them to do such work.

244. Respondent's Chief of Staff, Mr. Schwab, testified that Between January 2011 and June 2012; and May 2013 and July 2018, he felt routinely pressured by Respondent to prioritize campaign work and raise a substantial sum of money on behalf of the campaign.
245. As a result of "the constant pressure to perform and raise funds," Mr. Schwab felt like he had to "maximize the resources" available to him. Mr. Schwab testified he had an expectation that other members of the congressional staff, whom he supervised, would assist Respondent's campaign by reviewing campaign content to make sure it was legislatively consistent and by copy editing campaign materials.
246. Respondent's actions and accumulations of actions reflected poorly on the institution of the House and, thereby, brought discredit upon the House.
247. By engaging in the conduct described above, particularly by failing to adequately supervise his staff, Respondent violated House Rule XXIII, clause 1.

**COUNT XI: Conduct that Does Not Reflect Creditably on the House and Failure to Uphold  
the Laws and Regulations of the United States**  
*Lack of Candor and Diligence in Ethics Investigation*

248. Paragraphs 1 through 170 are incorporated by reference as if fully set forth herein.
249. The ISC recognizes that Respondent has taken a number of steps to cooperate with the Committee. Respondent made himself available for an interview, made multiple submissions of written answers, and produced 16,003 pages of documents. In order to produce all relevant information, Respondent engaged a team of attorneys to gather and review hundreds of thousands of pages, including emails, electronic data, and text messages from the computers and phones of over three dozen current and former staffers. Respondent provided his counsel access to his own personal cell phone so that all of his communications, including text messages could be copied and reviewed. Respondent also encouraged witnesses to cooperate and offered to pay costs (and has paid costs) for staffers to engage attorneys of their own choosing. In November 2017, before the referral of this matter from OCE, Respondent first contacted the Committee, through counsel, to begin a self-initiated review of the allegations raised in OCE's first referral. Respondent spoke by phone with the Committee's Chief Counsel & Staff Director in January 2018 to discuss the referral and worked to take corrective action and put remedial measures in place. Respondent informed Committee staff of the steps his committee was taking by meeting with them in early April 2018 and submitting the contents of its anticipated FEC *sua sponte* to the Committee later that same month. Respondent also subsequently filed the *sua sponte* submission with the FEC regarding allegations in OCE's First Referral, worked with the FEC staff on the *sua sponte*, and has taken a number of additional remedial steps in an effort to ensure that his campaign and congressional office adhere to applicable laws and regulations in the future.
250. However, the ISC believes that Respondent did not treat the allegations of misconduct raised by OCE's Referral with sufficient seriousness. His delays in responding to requests for information by the ISC, as well as his delays in informing the FEC of inaccurate reporting,

were inconsistent with the level of diligence Members should exercise when faced with allegations of unethical conduct.

251. In his interview and written submissions to the FEC, Respondent's responses have at times lacked credibility or coherence.
252. For example, Respondent denied that members of his congressional staff ever babysat his child in the office, paid for babysitters on his behalf, took his clothes to be dry cleaned, or were stuck with a bill for a staff dinner after Respondent left the restaurant without paying. The ISC's record demonstrates that, contrary to Respondent's testimony, this conduct did occur. Despite evidence to the contrary, Respondent also denied that he ever pressured Mr. Schwab to fundraise on his behalf and to prioritize campaign work over congressional work, stating that he didn't have to do so because Mr. Schwab was self-motivated. In addition, Respondent was ill-prepared to address many of the FEC reporting violations raised by OCE.
253. The conduct of Respondent and those acting on his behalf led to repeated delays of the ISC's investigation of the allegations involving him.
254. Respondent made some efforts to cooperate with the ISC's investigation and the ISC did not find that he actively intended to lie or mislead the ISC or obstruct its investigation. However, his overall lack of candor and diligence in connection with the investigations of the Committee and ISC as a whole does not reflect creditably on the House.
255. By engaging in the conduct described above, Respondent violated House Rule XXIII, clause 1.