

BEFORE THE OFFICE OF CAMPAIGN FINANCE
DISTRICT OF COLUMBIA BOARD OF ELECTIONS

IN THE MATTER OF,

Jeffrey Thompson
C/O Frederick D. Cooke, Esq
725 Twelfth Street, N.W.
Washington, D.C. 20005

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DATE: December 8, 2017

DOCKET NO.: F1-2013-015

CONSENT JUDGMENT AND ORDER

This matter came before the Office of Campaign Finance (hereinafter OCF), Office of the General Counsel pursuant to a media report and published court records, alleging that Jeffrey Thompson (“Respondent”) committed several violations of the District of Columbia Campaign Finance Act:¹

Respondent, by and through undersigned counsel, and OCF enter into this Consent Judgment and Order (“Judgment”). The Parties agree to the relief set forth in this Judgment and find that the entry of the Judgment is in the public interest to bring closure to the remaining issues which date to activity that occurred during several elections between 2006 and 2011 in the District of Columbia.

This Judgment fully resolves the causes of action brought against Respondent.

I. INTRODUCTION

Respondent committed the following violations of the District of Columbia Campaign Finance

¹ The citations provided in this document refer to D.C. Code sections at they existed at the time of the relevant action in this matter.

Act:²

- 1) made excessive contributions to candidates for public office in violation of D.C. Official Code §1-1163(a);
- 2) made contributions or caused contributions to be made in the name of another person in violation of D.C. Official Code §1-1163.33(e).

D.C. Official Code §1-1163.33(a) states that “No person shall make any contribution which, and no person shall receive any contribution from any person which, when aggregated with all other contributions received from that person relating to a campaign for nomination as a candidate or election to public office, including both the primary and general election or special election exceeds:

- 1) in the case of a contribution in support of a candidate for Mayor or for the recall of the Mayor \$2,000;
- 2) in the case of a contribution in support of a candidate for Chairman of the council or for recall of the Chairman of the Council, \$1,500;
- 3) in the case of a contribution in support of a candidate for member of the Council at-large or for the recall of a member of the Council elected at large, \$1,000;
- 4) in the case of a contribution in support of a candidate for member of the State Board of Education elected at-large or for member of the Council elected from a Ward or for the recall of a member of the State Board of Education elected at-large or for the recall of a member of the Council elected from a ward, \$500;
- 5) in the case of a contribution in support of a candidate for member of the State Board of Education elected from an election ward or for the recall of a member of the State Board of Education elected from an election ward or for an official of a political party, \$200; and
- 6) in the case of a contribution in support of a candidate for a member of an Advisory Neighborhood Commission; \$25.

D.C. Official. Code §§1-1163.33(e); states in pertinent part that “no person shall make a contribution or cause a contribution to be made in the name of another person, and no person shall knowingly accept a contribution made by one person in the name of another person.”

² The citations provided in this document refer to D.C. Code sections as they existed at the time of the relevant action in this matter.

II. PROCEEDINGS

Respondent was the Chairman, Chief Executive Officer and majority owner of the accounting firm Thompson, Cobb, Bazilio and Associates, P.C. He was also the Chairman, Chief Executive Officer, President and sole owner of D.C. Healthcare Systems, Inc.

In March 2012, OCF, received information through media reports that Respondent's campaign contribution activity may have violated several campaign finance laws. In particular, allegations were made that Respondent made campaign contributions in excess of the contribution limits established in D.C. Official Code §1-1163(a). It was further alleged that Respondent caused contributions to be made in the name of another person in violation of D.C. Official Code §1-1163.33(e).

In May of 2012, OCF opened a preliminary investigation to determine whether the alleged conduct had taken place. On June 13, 2012, OCF advised Respondent's legal counsel that a preliminary investigation into allegations regarding violations of the Campaign Finance Act had commenced. OCF was contacted by Respondent's legal counsel, Mr. Alex Romain, and advised that the United States Attorney's Office for the District of Columbia was also conducting an investigation into Respondent's campaign contribution activity. Respondent through counsel requested that OCF suspend its investigation pending further developments in the U.S. Attorney's investigation.

On March 28, 2014, OCF informed Respondent's counsel that OCF had initiated an inquiry into whether Respondent might have violated provisions of the Campaign Finance Act. Respondent's Counsel advised that his client was now a cooperating witness in the U.S. Attorney's investigation. At the request of Respondent's Counsel, OCF agreed to extend its suspension of the investigation until the federal investigation was completed and Respondent had completed his cooperation with the U.S. Attorney's Office.

OCF was notified in 2016, that the U.S. Attorney had completed its investigation in the case of United States v. Jeffrey E. Thompson, Criminal case No. 1:14-CR-049. OCF was also advised that Respondent had pled guilty to charges of conspiracy to violate District of Columbia campaign finance laws and federal campaign finance laws and stipulated to the allegations that he caused over \$653,000.00 in unlawful corporate contributions to political campaigns.

The federal investigation revealed that from September 2006 through April 2011, Respondent illegally enlisted individuals, including relatives, friends, employees, independent contractors and senior management in his firm, to make contributions and to recruit others to make contributions in their names and the names of their relatives to principal campaign committees.³ Respondent would in turn reimburse these individuals for the contributions that they made. Respondent used personal and corporate money to advance funds and reimburse individuals for the political contributions that they made in their names and the names of their relatives.⁴ From September 2006 to April 2011, Respondent used at least 75 conduits to make contributions to at least 15 mayoral and D.C. Council candidates in a total amount of at least \$500,000.⁵

According to the federal probe, in addition to making illegal conduit contributions, Respondent financed what are referred to as “shadow campaigns”, where Respondent used his businesses to disburse excessive and unreported contributions to pay for campaign services and materials in coordination with and in support of political candidates.⁶ The probe uncovered instances where Respondent either formed a shadow campaign or contributed excessive in-kind contributions.

³ See, U.S. v. Jeffrey E. Thompson, Criminal No. 1:14-cr-049 (CKK) *Government's Memorandum in Aid of Sentencing* pg. 3.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at 4.

- The federal investigation revealed that Respondent used his businesses to funnel over \$653,000 to pay for campaign services and materials in support of a Mayoral candidate during the 2010 primary election.
- Respondent supported 2 mayoral candidates during the 2006 election cycle using a shadow campaign totaling \$278,000.
- Respondent created a shadow campaign during the 2007 special election for the Ward 4 Council seat.
- Respondent paid in excess of \$100,000 for a candidate's successful campaign for at-large council seat during the 2008 election.
- Respondent paid in excess of \$100,000 through unreported and excessive in-kind contributions for a candidate's unsuccessful campaign for an at-large council seat.
- Respondent paid more than \$26,000 through unreported and excessive in-kind contributions, for the unsuccessful campaign of a candidate during the 2010 election for the Ward 6 council seat.
- Respondent disbursed over \$140,000 for the unsuccessful campaign of a candidate during the 2010 election for the Ward 1 council seat.⁷

On August 15, 2016, Respondent received a sentence of three (3) months Federal Correctional Institution Camp at Ashland, KY; three (3) months home confinement; three (3) years of probation; and a fine of \$10,000. Respondent completed his prison sentence and was released on December 21, 2016.

On September 20, 2016, the Director of the Office of Campaign Finance issued an Order to Show Cause and a hearing was scheduled for September 29, 2016. The hearing was continued pursuant to a request from Respondent's counsel who indicated that Respondent had begun serving his sentence and would not be available until sometime early in 2017. On February 8, 2017, a conference with successor counsel Tobin J. Romero and J. Liat Rome was held at OCF. During the conference, OCF requested documents verifying the Respondent's income, assets and tax

⁷ *Id.* at 4-5.

returns, as well as a written declaration that the Respondent would refrain from participating in political campaigns in the District of Columbia. Further requests for these documents were made on April 25, 2017, May 5, 2017 and September 27, 2017.

The federal investigation concluded that Respondent's illegal conduct prevented the Office of Campaign Finance from collecting and publicly disseminating accurate campaign finance information to the public.⁸ Moreover, Respondent caused principal campaign committees to file reports stating that individuals had made contributions, when the contributions were really made by Respondent.⁹ Respondent used a network of "Straw Donors" to accomplish his violations of the Campaign Finance Act.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

OCF found that from September 2006 through April 2011, Respondent enlisted individuals, including relatives, friends, employees, independent contractors and senior management of his businesses, to make contributions and to recruit others to make contributions in their names and the names of their relatives to principal campaign committees.

Further, Respondent financed what are referred to as "Shadow Campaigns", where Respondent used his businesses to disburse excessive and unreported contributions to pay for campaign services and materials in coordination with and in support of political candidates. OCF uncovered 5 occurrences in which Respondent formed "Shadow Campaigns" during the period between 2006 and 2011.

In addition to the federal probe, OCF has identified at least 71 violations of the Campaign Finance act made by Respondent. Thirty-three (33) of the illegal contributions were either made

⁸ See, U.S. v. Jeffrey E. Thompson, Criminal No. 1:14-cr-049 (CKK) *Government's Memorandum in Aid of Sentencing* pg. 6.

⁹ *Id.*

directly by Respondent or funneled through Thompson, Cobb, Bazilio & Associates. Thirty-eight (38) of the contributions were channeled through conduits.

Based upon the record, Respondent violated D.C. Official Code §1-1163.33(a) and D.C. Official Code §1-1163.33(e). The penalty established at D.C. Official Code §1-1163.33(a) and 3DCMR §3711.2(m), for making contributions in excess of the contribution limitations, is a fine of \$1,000.00 for each violation. Therefore, in accordance with 3DCMR §3711.2(m), Respondent may be fined a maximum of \$38,000.00 for (38) violations of D.C. Official Code §1-1163.33(a).

The penalty established at D.C. Official Code §1-1163.33(e) and 3DCMR §3711.2(o), for making a contribution in the name of another is a fine of \$2,000.00 for each violation. In accordance with 3DCMR §3711.2(o), Respondent may be fined a maximum of \$76,000.00 for 38 violations of D.C. Official Code §1-1163.33(e).

IV. INJUNCTIVE TERMS

For purposes of resolving the above allegations, Respondent agrees to the terms set forth below:

- 1) Respondent promises to comply with the D.C. Campaign Finance Reform and Conflict of Interest Act, and any regulations lawfully promulgated by the Office of Campaign Finance under the Act;
- 2) Respondent promises to abide by the campaign contributions restrictions set forth in D.C. Official Code §1-1163.33;
- 3) Respondent shall not form a Political Action Committee during the 2018 election cycle;
- 4) Respondent shall not become an official of a political party as defined by the Campaign Finance Act during the 2018 election cycle;
- 5) Respondent shall not form or become an officer of a political committee within the District of Columbia as defined by the Campaign Finance Act during the 2018 election cycle;
- 6) Respondent shall not become an officer of a principal campaign committee within the District of Columbia as defined by the Act during the 2018/ election cycle;
- 7) Respondent shall consult with the D.C. Office of Campaign Finance in advance if he intends to engage in any of the foregoing lawful activities in the future.

V. FINE IMPOSED

Respondent could be fined a total of One Hundred and Fourteen Thousand Dollars (\$114,000) for his numerous violations of both D.C. Official Code §1-1163.33(a) and D.C. Official

Official Code §1-1163.33(e). However, in the interest of avoiding further delay of the resolution of this matter, the parties have agreed to settle the matter in the following manner.

IT IS HEREBY ORDERED Respondent shall pay a fine of Eighty Thousand Dollars (\$80,000) to the Office of Campaign Finance, provided Respondent adheres to the terms of this Consent Judgment and Order. Any material breach of the terms of this Consent Judgment and Order will result in the balance of the full fine of One Hundred and Fourteen Thousand Dollars (\$114,000) becoming due immediately.

VI. PAYMENT TERMS

Respondent shall pay an initial payment of Fifty Thousand Dollars (\$50,000) on December 22, 2017. Respondent shall pay the remainder of Thirty Thousand Dollars (\$30,000) balance in monthly installments of One Thousand Five Hundred dollars (\$1,500) due on the 21st day of each month, commencing January 21, 2018 and ending August 21, 2019.

January 8, 2018
Date

2018 for Cecily E. Collier-Montgomery
Cecily Collier-Montgomery
Director

CONSENTED TO FOR THE OFFICE OF CAMPAIGN FINANCE:

January 8, 2018
Date

William O. Sanford
William O. Sanford
General Counsel

January 8, 2018
Date

[Signature]
Austin Franklin
Attorney Advisor

January 8, 2018
Date

Leonard Muhammad
Leonard Muhammad
Attorney Advisor

CONSENTED TO FOR THE RESPONDENT:

1/5/2018
Date

[Signature]
Jeffrey Thompson
Respondent

1/5/2018
Date

[Signature]
J. Ljat Rome
Attorney for Respondent

1/5/2018
Date

[Signature]
Frederick D. Cooke, Jr.
Attorney for Respondent