



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 23, 2017

MEMORANDUM

TO: The Commission

FROM: Erin Chlopak *EC*
Acting Associate
General Counsel for Policy

Lorenzo Holloway *LH*
Assistant General Counsel
Compliance Advice

Jennifer Waldman *JW*
Attorney

SUBJECT: Debt Settlement Plan #16-05
Chris Christie for President Inc.

I. CHRIS CHRISTIE FOR PRESIDENT INC. SEEKS COMMISSION APPROVAL OF DEBT SETTLEMENT PLAN

Chris Christie for President Inc. (the “Committee”) submitted a debt settlement plan (“DSP” or “plan”) for the Commission’s approval. Part I of the DSP lists \$85,797.64 as the total amount of debt owed by the Committee to one creditor. *See* Attachment 1. The Committee has settled with this creditor.¹ The Office of General Counsel (“OGC”) has reviewed the plan, and we recommend that the Commission approve the proposed settlement.

¹ On April 5, 2017, the Commission approved another debt settlement plan from the Committee. That plan involved five creditors, and the Committee owed those creditors \$144,863.68. The Committee settled with those creditors for \$72,431.85. Memorandum from Adav Noti to the Commission, Debt Settlement Plan of Chris Christie for President (DSP 16-05) (approved April 5, 2017). The prior plan noted that there was a remaining creditor that had not yet settled with the Committee. The Committee has now settled with this creditor, and the debt settlement plan that is the subject of this memorandum involves this remaining creditor. 11 C.F.R. § 116.7(a), (e)(4). The Commission permits committees to file debt settlement plans as they reach agreements with creditors and does not require committees to present all their settled debts in a single plan. 11 C.F.R. § 116.7(a), (e)(4); Debts Owed by Candidates and Political Committees, 55 Fed. Reg. 26378, 26380 (June 27, 1990) (“Debts”). A committee, however, is required to continue to report all remaining debts and obligations until the Commission has reviewed and approved the debt settlement plans for all debts subject to settlement. 11 C.F.R. § 116.7(d).

II. THE COMMISSION SHOULD APPROVE THE DEBT SETTLEMENT PLAN

The Committee's plan is summarized in the following chart that identifies the creditor listed in Part II of the plan, itemizes the amount owed, the amount to be paid, the amount to be forgiven, and the percentage of the amount forgiven.

Creditor	Amount Owed	Amount to be Paid	Percentage Forgiven	Amount to be Forgiven
Gibbons PC (incorporated commercial vendor)	\$85,797.64	\$42,898.82	50%	\$42,898.82

The Commission reviews debt settlement plans to ensure that neither excessive nor prohibited contributions result from the creation and settlement of the committee's debts. Debts, 55 Fed. Reg. 26378. To determine if the creation or settlement of a debt in a proposed plan results in a contribution, the Commission considers six factors: (1) information provided by the Committee and its creditors; (2) the amount of each debt that remains unpaid and the length of time each debt has been overdue; (3) the amount and percentage of each debt that would be forgiven under the plan; (4) the total amount of debts and obligations owed by the terminating committee to all creditors, compared to the total amount of cash on hand and other amounts available to pay those debts and obligations; (5) the year-to-date expenditures and receipts of the terminating committee; and (6) whether the total percentage that was or will be repaid on any loans made by the candidate to the terminating committee is comparable to the total percentage that was or will be paid to other creditors. 11 C.F.R. § 116.7(f)(1)-(6).

Application of Factors. The Committee submitted information that supports the debt settlement plan. 11 C.F.R. § 116.7(f)(1). The supporting information must include information about the origin and satisfaction of the debt. With respect to the origin of the debt, Gibbons PC indicated that payment of its invoices were due within 60 to 90 days. 11 C.F.R. § 116.7(e)(1)(i)-(iii). The plan describes the Committee's efforts to satisfy the debt and the creditor's use of remedies to satisfy the debt. To satisfy the debt, the Committee held a fundraiser in May 2016. To collect the debt, the creditor submitted invoices to the Committee, and made phone calls to the Committee seeking payment. The creditor has signed the DSP, confirming their acceptance of the terms of the Committee's settlement offer.

A debt settlement plan must also include information about the terms of the settlement and a comparison of those terms to the terms of any settlements that the creditor has entered into with nonpolitical debtors. 11 C.F.R. § 116.7(e)(1)(iv). The creditor has affirmed that its debt collection efforts and the terms of its debt settlement with the Committee are comparable to those it has made with nonpolitical debtors. 11 C.F.R. § 116.7(e).

As to the second and third factors — the amount of each debt that remains unpaid, and the amount and percentage of each debt that would be forgiven under the plan — the relevant information is summarized in the chart above. 11 C.F.R. § 116.7(f)(2), (3). As the debt was created during the 2016 election cycle, this debt has been extant for approximately one year. 11 C.F.R. § 116.7(f)(2). The Committee's debt settlement offer was based on cash flow projections made after the debt reduction fundraiser and proposed an equal distribution to the creditor, i.e., offering 50%.

Analysis of the fourth factor shows that the total amount of remaining debt exceeds the Committee's available cash on hand, which is \$363.00 as of June 30, 2017, and, according to the DSP, the Committee has no remaining assets to liquidate. 11 C.F.R. § 116.7(f)(4).

With respect to factor five, the Committee reported \$33,500 in receipts and \$60,794 in disbursements during 2017. 11 C.F.R. § 116.7(f)(5).

The sixth factor compares the total percentage of any loans that were or will be repaid to the candidate with the total percentage that will be repaid on loans by other creditors. 11 C.F.R. § 116.7(f)(6). Because the candidate did not lend any funds to the Committee, there are no loans that need to be repaid to the candidate.

Conclusion. Considering all applicable factors, we conclude that the Committee's debt settlements with the creditor listed in Part II of the plan would not result in excessive or prohibited contributions. 11 C.F.R. § 116.7(f); *see* Debts, 55 Fed. Reg. 26,378-385. We, therefore, recommend that the Commission approve the debt settlement plan.²

III. RECOMMENDATION

Approve the debt settlement plan filed by Chris Christie for President Inc. with respect to Gibbons, P.C.

Attachments:

1. Memorandum to Lisa J. Stevenson and Lorenzo Holloway, Chris Christie for Congress, Inc. – Debt Settlement Plan (July 25, 2017).

² The Commission's regulations state that a committee shall not make any payments to creditors included in the debt settlement plan until the Commission has completed its review. 11 C.F.R. § 116.7(a). In this case, the creditor required payment immediately upon agreement to accept the settlement compromise. The premature payments do not require rejection of the Committee's Plan. *See* Beatty for U.S. Senate (DSP #09-01); Rudy Giuliani Presidential Committee, Inc. (DSP #13-02); DeVore for California (DSP #11-01); Donovan for Congress (DSP #16-02); and Sue Lowden for US Senate (DSP #16-04) (Commission approved the debt settlement plans although the committees paid their creditors before the Commission completed its review).