



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MAR - 1 2011

Steven P. Price, Esq.
The Law Offices of Steven P. Price
Lincoln Center
7800 IH-10 West, Suite 521
San Antonio, TX 78230

RE: MUR 6188
Clifford Morgan

Dear Mr. Price:

On February 25, 2011, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 432(c)(5) and 434(b)(4) and (6), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Wanda D. Brown
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Clifford Morgan) MUR 6188
)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Clifford Morgan ("Respondent"), knowingly and willfully violated 2 U.S.C. §§ 432(c)(5), 434(b)(4) and (6) of the Federal Election Campaign Act of 1971, as amended ("the Act").

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this agreement with the Commission.

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IV. The pertinent facts in this matter are as follows:

1. The San Antonio Police Officers' Association PAC ("Committee") is a separate segregated fund of the San Antonio Police Officers' Association ("Association"), a labor organization, and a political committee within the meaning of 2 U.S.C. § 431(4)(B). See 2 U.S.C. § 441b(b). Robert Grajeda is the treasurer of the Committee.

2. The Committee has filed reports with the Commission since 2004. During the relevant period, from February 2004 through February 2006, Clifford Morgan served as treasurer for both the Association and the Committee.

3. On December 4, 2004, Mr. Morgan made an unauthorized transfer of \$60,000 from the Committee Account to the Association's Police Benefit Fund/Store Operating Account ("Police Benefit Fund Account"). He then used the funds deposited into the Police Benefit Fund Account to make other transfers and disbursements. Specifically, in July and December 2005, he made three transfers totaling \$55,594.13 from the Police Benefit Fund Account to the Association's Operating Account (\$40,000 on July 14, 2005, \$14,594.13 on July 20, 2005, and \$1,000 on December 9, 2005). On July 14, 2005, he also transferred \$1,000 from the Police Benefit Fund Account to a Wells Fargo Money Service Business Account. Mr. Morgan also used a Committee credit card to make personal charges totaling \$2,400. According to the Committee, the \$60,000 unauthorized transfer and credit charges were not disclosed on the Committee's original disclosure reports and "were made without the knowledge and/or authority of the Committee and/or the Association's Officers and Board of Directors."

4. Mr. Morgan wrote three checks totaling \$49,080.88 (\$25,276.00 on June 27, 2005, and \$11,200.05 and \$12,604.83 on November 4, 2005) drawn on the Association's main operating account (into which he had deposited funds from the Police Benefit Fund Account

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around the same time), and deposited the checks into his personal bank account. Mr. Morgan used the deposited funds to make personal purchases. On June 29, 2005, he wrote a \$25,250.01 check to purchase a truck, and on December 11, 2005, he wrote a \$14,204.22 check to purchase a vehicle. On December 5, 2005, he transferred \$9,180.69 from his personal account into his personal business account.

5. In February 2006, the Association asked Clifford Morgan to resign as treasurer after discovering that funds were missing from its accounts. From February 2006 through August 2006, the Committee failed to file disclosure reports and the Reports Analysis Divisions ("RAD") received no communications from the Committee. On September 14, 2006, RAD contacted the Committee regarding its failure to respond to administrative fine notices. The Committee representative informed RAD for the first time that Mr. Morgan had resigned as Committee treasurer and that an investigation was underway. In July 2007, the Committee filed disclosure reports indicating that Mr. Morgan had made an unauthorized transfer of \$60,000 from the Association's Committee account to the Association's Police Benefit Fund/Store Operating Account.

6. On November 28, 2007, the Bexar County (Texas) District Attorney's Office issued a press release stating that Clifford Morgan, a San Antonio Police Officer for eleven years and treasurer of the Association from 2002-2006, had been indicted for stealing \$100,000-\$200,000 from the Association.

7. In October 2008, the Committee filed amended disclosure reports for 2004-2008. In these reports, the Committee noted that "following some alleged aberrant behavior by the former PAC treasurer," the Committee had voluntarily audited its records and that an investigation determined that the former treasurer had transferred \$60,000 from the Committee account to the

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Association's General Account. The Committee noted that none of the \$60,000 was returned to the Committee account and none was used for Federal elections. The message further stated that the bulk of the alleged improper use of funds by the former Committee treasurer occurred through the Association accounts.

8. Under the Act, a treasurer is required to accurately keep an account of and report disbursements. See 2 U.S.C. §§ 432(c)(5), 434(b)(4) and (6).

9. Clifford Morgan failed to properly keep an account of and disclose disbursements of at least \$62,400.

10. On August 3, 2010, Mr. Morgan pleaded no contest to embezzling over \$104,000 from the San Antonio Police Officers Association. On October 29, 2010, Mr. Morgan was sentenced to serve five years in Texas state prison for second degree felony theft. In addition, Mr. Morgan paid \$57,000 in court-ordered restitution to the San Antonio Police Officers Association at his sentencing hearing, and was ordered to pay the remainder once he is released from prison.

V. Respondent knowingly and willfully violated 2 U.S.C. §§ 432(c)(5), 434(b)(4) and (6) by failing to accurately keep an account of and report disbursements in the Committee's disclosure reports.

VI. Respondent will take the following actions:

1. Respondent will cease and desist from violating 2 U.S.C. §§ 432(c)(5), 434(b)(4) and (6).
2. Respondent is prohibited from working or volunteering for federal political committees in a capacity involving the committee's finances for a period of 10 years.
3. In ordinary circumstances, the Commission would seek a civil penalty

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based on the violations outlined in this agreement. However, the Commission is taking into account the fact that Mr. Morgan, through the submission of financial documentation to the Commission and additional representations, has demonstrated that financial hardship prevents the payment of a civil penalty. In addition, Mr. Morgan has been sentenced to five years in prison for criminal charges related to the embezzlement of Committee funds, and upon release the court has ordered that he be required to pay the remaining restitution of \$47,000.

Accordingly, the Commission agrees that no civil penalty will be due. If evidence is uncovered indicating that Respondent's financial condition is not as stated, a civil penalty of up to One Hundred Twenty-Five Thousand dollars (\$125,000) shall be immediately due, pursuant to 2 U.S.C. § 437g(a)(5)(B).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

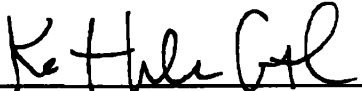
X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

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oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

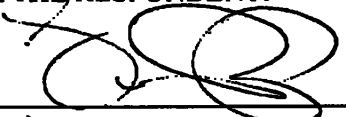
FOR THE COMMISSION:

P. Christopher Hughey
Acting General Counsel

BY: 
Kathleen M. Guith
Acting Associate General Counsel
for Enforcement

3-1-11
Date

FOR THE RESPONDENT:


(Name)
(Position) ATTORNEY FOR
CLIFFORD MORGAN

1-28-2011
Date

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Clifford Morgan - Pre-Probable Cause) MUR 6188
Conciliation Agreement)

CERTIFICATION

I, Shawn Woodhead Werth, Secretary and Clerk of the Federal Election Commission, do hereby certify that on February 25, 2011, the Commission decided by a vote of 6-0 to take the following actions in MUR 6188:

1. Accept the signed conciliation agreement, as recommended in the General Counsel's Memorandum dated February 14, 2011.
2. Approve the appropriate letter.
3. Close the file.

Commissioners Bauerly, Hunter, McGahn II, Petersen, Walther, and Weintraub voted affirmatively for the decision.

Attest:

February 25, 2011
Date

Shawn Woodhead Werth
Shawn Woodhead Werth
Secretary and Clerk of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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MEMORANDUM

TO: The Commission

FROM: Christopher Hughey
Acting General Counsel

Kathleen M. Guith
Acting Associate General Counsel for Enforcement

Stephen A. Gura
Deputy Associate General Counsel for Enforcement

BY: Peter G. Blumberg *PGB*
Assistant General Counsel

Wanda D. Brown *WDB by PGB*
Attorney

SUBJECT: MUR 6188 (Clifford Morgan)

RE: Pre-Probable Cause Conciliation Agreement

ACTIONS RECOMMENDED: (1) Accept the signed conciliation agreement;
(2) approve the appropriate letter; and (3) close the file.

BACKGROUND

On April 30, 2009, the Commission found reason to believe that Clifford Morgan knowingly and willfully violated 2 U.S.C. §§ 432(c)(5) and 434(b)(4) and (6) by failing to keep an accurate account of funds belonging to the San Antonio Police Officer's Association PAC, (the "Committee") and by failing to disclose transactions associated with his embezzlement scheme in reports filed with the Commission. The Commission also authorized this Office to enter into conciliation with Morgan prior to a finding of probable cause to believe,

Morgan's embezzlement scheme also resulted in his prosecution for Second Degree Theft in Bexar County, Texas.

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On October 29, 2010, Morgan pled no contest to the state theft charges and was sentenced to five years in prison. At his sentencing, Morgan paid \$57,000 to reimburse part of the funds he embezzled, and the court ordered him to reimburse the remainder of the funds, \$47,000, after he is released from prison.

DISCUSSION

Attached is a signed conciliation agreement negotiated with Respondent Clifford Morgan.¹ Attachment 1. The agreement recites the pertinent facts of this matter and contains knowing and willful admissions to violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), as well as an agreement to cease and desist from further violations. The agreement also prohibits Morgan from working or volunteering for federal political committees in a financial capacity for ten years.²

¹ The conciliation agreement is signed by counsel for Morgan. Counsel indicates that Morgan's incarceration makes him inaccessible at this time and unable to sign the agreement, and in the interest of a speedy resolution, counsel requested to be allowed to sign the agreement on behalf of his client. This Office verified both verbally and by letter that counsel discussed with his client the provisions of the agreement, and that Morgan consented to those provisions and authorized counsel to sign and submit the agreement on his behalf.

² The Commission previously approved a ten-year prohibition in a conciliation agreement resolving MUR 6162 (Sohn).

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Considering Morgan's limited assets and outstanding debt, as well as a lengthy incarceration related to criminal theft charges, this Office believes that the negotiated agreement is an appropriate settlement of this matter. Therefore, we recommend that the Commission accept the signed agreement, approve the appropriate letter, and close the file in this matter.

RECOMMENDATIONS

1. Accept the signed conciliation agreement;
2. Approve the appropriate letter; and
3. Close the file.