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2010 DEC 17 AM 10:16

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA

CLERK, US DISTRICT COURT
MIDDLE DISTRICT OF FL
JACKSONVILLE FLORIDA

FEDERAL ELECTION COMMISSION,
999 E Street, N.W.
Washington, DC 20463,

Plaintiff,

v.

SAM KAZRAN a/k/a Sam Khazrawan, 1531
Harrington Park Drive, Jacksonville, FL
32225, and

11-2001 LLC d/b/a HYUNDAI OF NORTH
JACKSONVILLE, 3333 North Main Street,
Jacksonville, FL 32206,

Defendants.

3:10-cv-1155-j-99TJC-JRK
Civ. No. _____

COMPLAINT FOR
DECLARATORY, INJUNCTIVE,
AND OTHER APPROPRIATE
RELIEF

COMPLAINT FOR DECLARATORY, INJUNCTIVE, AND OTHER
APPROPRIATE RELIEF

1. The defendants used funds from defendant 11-2001 LLC d/b/a Hyundai of North Jacksonville (“HNJ”) to reimburse HNJ employees and others for federal political contributions in violation of the Federal Election Campaign Act, as amended, 2 U.S.C. §§ 431-455 (“Act”), which provides, *inter alia*, that “no person shall make a contribution in the name of another person.” 2 U.S.C. § 441f. In particular, defendants used HNJ funds to reimburse \$67,900 in contributions to Vern Buchanan for Congress (“VBFC”), the principal campaign committee of Representative Vernon G. Buchanan during his 2006 and 2008 congressional campaigns.

2. Defendant HNJ further violated the Act by making contributions to VBFC during the 2006 and 2008 election cycles in excess of the applicable contribution limits for each election

cycle. 2 U.S.C. § 441a(a). Specifically, HNJ contributed \$49,500 to VBFC during the 2006 election cycle, in violation of the \$2,100 maximum it was permitted to contribute in connection with the 2006 primary and general elections (for a total of \$4,200). HNJ contributed \$18,400 to VBFC during the 2008 election cycle, which exceeded the \$2,300 maximum it was permitted to contribute in connection with the 2008 primary and general elections (for a total of \$4,600).

JURISDICTION AND VENUE

3. This Court has jurisdiction over this suit pursuant to 28 U.S.C. § 1345 as an action brought by an agency of the United States expressly authorized to sue by an act of Congress. *See* 2 U.S.C. §§ 437d(a)(6), 437g(a)(6).

4. This action seeks declaratory, injunctive, and other appropriate relief pursuant to the express authority granted to the Federal Election Commission (“Commission”) by the Act.

5. Venue is properly found in the Middle District of Florida in accordance with 28 U.S.C. § 1391(b), (c), and 2 U.S.C. § 437g(a)(6)(A). All or a substantial part of the events giving rise to the claims in this action occurred in this district. At the time of the events described herein, defendants resided and transacted business in this district.

PARTIES

6. Plaintiff, the Commission, is the independent agency of the United States government with exclusive jurisdiction over the administration, interpretation, and civil enforcement of the Act. *See generally* 2 U.S.C. §§ 437c(b)(1), 437d(a), 437g. The Commission is authorized to institute investigations of possible violations of the Act, 2 U.S.C. § 437g(a)(1), (2), and has exclusive jurisdiction to initiate civil actions in the United States district courts to obtain judicial enforcement of the Act, 2 U.S.C. §§ 437c(b)(1), 437d(e).

7. At all relevant times, defendant HNJ was a Florida Limited Liability Company with a registered address of 3333 North Main Street, Jacksonville, FL 32206.

8. Defendant Sam Kazran is a Florida resident whose current address is 1531 Harrington Park Drive, Jacksonville, FL 32225.

RELEVANT STATUTORY AND REGULATORY PROVISIONS

9. Under 2 U.S.C. § 441f, “[n]o person shall make a contribution in the name of another person”

10. The Act defines “contribution” to include, *inter alia*, “any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.” 2 U.S.C. § 431(8)(A)(i).

11. Commission regulations clarify that under section 441f, it is unlawful to “[k]nowingly help or assist any person in making a contribution in the name of another.” 11 C.F.R. § 110.4(b)(iii).

12. At the time of the contributions related to the 2006 election cycle alleged in this complaint, federal law provided that “no person shall make contributions . . . to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed [\$2,100]” 2 U.S.C. § 441a(a). *See* 11 C.F.R. § 110.1(b)(1); Price Index Increases for Expenditures and Contribution Limitations, 70 Fed. Reg. 11,658 (Mar. 9, 2005). That limit was raised to \$2,300 per election for contributions related to the 2008 election cycle. Price Index Increases for Expenditures and Contribution Limitations, 72 Fed. Reg. 5,295 (Feb. 5, 2007).

13. Commission regulations provide that “[a] contribution by an LLC that elects to be treated as a partnership by the Internal Revenue Service pursuant to 26 C.F.R. § 301.7701-3, or

does not elect treatment as either a partnership or a corporation pursuant to that section, shall be considered a contribution from a partnership pursuant to 11 C.F.R. § 110.1(e).” 11 C.F.R. § 110.1(g)(2).

14. Under section 110.1(e) of the Commission’s regulations, contributions of a partnership are attributed to both the partners and the partnership itself, and are subject to the same contribution limitations as contributions from other individuals. 11 C.F.R. § 110.1(e).

FACTUAL ALLEGATIONS

15. At all relevant times, HNJ was a car dealership located in Jacksonville, Florida, that was organized as a partnership and registered in Florida as a limited liability company.

16. In 2004, Kazran acquired a 49 percent interest in HNJ from Buchanan, who continued to hold a 51 percent interest in HNJ. Kazran completed the purchase of Buchanan’s interest in HNJ in 2008 and became the sole owner of HNJ.

17. In 2005, Buchanan began his campaign for the 2006 election to Congress in Florida’s 13th Congressional District. VBFC was Buchanan’s principal campaign committee during his 2006 and 2008 congressional campaigns.

18. Beginning in 2005, Kazran arranged for HNJ employees and others to contribute to VBFC and for such contributions to be reimbursed with HNJ funds. HNJ reimbursed \$16,800 in contributions to VBFC in 2005. In particular, the following HNJ employees and their family members were reimbursed with HNJ funds for the following contributions to VBFC:

Purported Contributor	Date of Contribution	Amount of Contribution
Lephart, Ernest C.	11/29/2005	\$2,100.00
Lephart, Ernest C.	11/29/2005	\$2,100.00
Lephart, Gayle	11/29/2005	\$2,100.00
Lephart, Gayle	11/29/2005	\$2,100.00
Smith, Diana M.	11/29/2005	\$2,100.00
Smith, Diana M.	11/29/2005	\$2,100.00
Smith, Gary W.	11/29/2005	\$2,100.00
Smith, Gary W.	11/29/2005	\$2,100.00

19. In 2006, Kazran arranged for HNJ employees, Kazran's relatives, and Kazran's business partners and their spouses to contribute to VBFC, and for such contributions to be reimbursed with HNJ funds. HNJ reimbursed \$32,700 in contributions to VBFC in 2006. In particular, the following individuals were reimbursed with HNJ funds for the following contributions to VBFC:

Purported Contributor	Date of Contribution	Amount of Contribution
Sams, Vincent G.	1/02/2006	\$2,100.00
Sams, Vincent G.	1/02/2006	\$2,100.00
Sams, Patricia G.	1/02/2006	\$2,100.00
Sams, Patricia G.	1/02/2006	\$1,200.00
Farid, Atefah K.,	3/31/2006	\$2,100.00
Farid, Atefah K.	3/31/2006	\$2,100.00
Farid, Joshua	3/31/2006	\$2,100.00
Farid, Joshua	3/31/2006	\$2,100.00
Cutaia, Doreen A.	6/28/2006	\$2,100.00
Cutaia, Doreen A.	6/28/2006	\$2,100.00
Cutaia, Joseph P.	6/28/2006	\$2,100.00
Cutaia, Joseph P.	6/28/2006	\$2,100.00
Khazravan, Eric	6/28/2006	\$2,100.00
Khazravan, Eric	6/28/2006	\$2,100.00
Khazravan, Heidi	6/28/2006	\$2,100.00
Khazravan, Heidi	6/28/2006	\$2,100.00

20. In 2007, Kazran again arranged for HNJ employees and their family members to contribute to VBFC and for such contributions to be reimbursed with HNJ funds. HNJ

reimbursed \$18,400 in contributions to VBFC in 2007. The following HNJ employees and their family members were reimbursed with HNJ funds for the following contributions to VBFC:

Purported Contributor	Date of Contribution	Amount of Contribution
Cutaia, Doreen A.	12/31/2007	\$2,300.00
Cutaia, Doreen A.	12/31/2007	\$2,300.00
Champ, Stephanie K.	12/31/2007	\$2,300.00
Champ, Stephanie K.	12/31/2007	\$2,300.00
Lephart, Ernest C.	12/31/2007	\$2,300.00
Lephart, Ernest C.	12/31/2007	\$2,300.00
Lephart, Gayle	12/31/2007	\$2,300.00
Lephart, Gayle	12/31/2007	\$2,300.00

21. In total, defendants used HNJ funds to reimburse at least \$67,900 in purported individual contributions to VBFC during Buchanan's 2006 and 2008 congressional campaigns.

ADMINISTRATIVE PROCEEDINGS

22. On June 23, 2009, the Commission, by an affirmative vote of at least four of its members, determined, pursuant to 2 U.S.C. § 437g(a)(2), that there was reason to believe ("RTB") that defendants HNJ and Kazran violated 2 U.S.C. § 441f by using HNJ funds to make contributions to VBFC in the names of others. The Commission also found RTB by an affirmative vote of at least four of its members that HNJ violated 2 U.S.C. § 441a(a) by making contributions to VBFC in excess of the statutory \$2,100 per-election limit for the 2006 election cycle, and the \$2,300 per-election limit for the 2008 election cycle.

23. On August 19, 2009, the Commission, pursuant to 2 U.S.C. § 437g(a)(2), informed defendants of its RTB findings and provided them with copies of the Factual and Legal Analysis that formed the basis of the Commission's findings. The Commission also invited defendants to submit any factual or legal materials that defendants believed to be relevant to the Commission's consideration of the matter.

24. On July 16, 2010, the Commission's Office of General Counsel, pursuant to 2 U.S.C. § 437g(a)(3), informed defendants that the Commission had conducted an investigation in connection with its RTB findings and that, after considering all the evidence available, the General Counsel was prepared to recommend that the Commission find "probable cause" to believe that HNJ and Kazran violated 2 U.S.C. § 441f by using HNJ funds to make contributions to VBFC in the names of others, and that HNJ violated 2 U.S.C. § 441a(a) by making contributions to VBFC in excess of the statutory limits. The July 16 notice included the General Counsel's Brief stating the position of the General Counsel on the factual and legal issues of the matter, and invited defendants to submit a brief to the Secretary of the Commission stating their positions on such issues and replying to the General Counsel's Brief. The July 16 notice explained that any brief submitted by defendants would be considered by the Commission, along with the General Counsel's brief, before the Commission proceeded to a vote on whether probable cause existed to find a violation.

25. Defendants did not submit a response to the General Counsel's brief.

26. On September 21, 2010, pursuant to 2 U.S.C. § 437g(a)(4), the Commission, by an affirmative vote of at least four of its members, found probable cause to believe that HNJ and Kazran violated 2 U.S.C. § 441f by using HNJ funds to make contributions to VBFC in the names of others. The Commission further determined, by an affirmative vote of at least four of its members, that there was probable cause to believe that HNJ violated 2 U.S.C. § 441a(a) by making contributions to VBFC in excess of the statutory limits of \$2,100 per election for the 2006 election cycle and \$2,300 per election for the 2008 election cycle.

27. On September 28, 2010, the Office of General Counsel sent a letter to defendants notifying them of the Commission's probable cause findings and enclosing a proposed

conciliation agreement. The Commission thereafter endeavored for a period of not less than thirty days to correct the violations by informal methods of conference, conciliation, and persuasion, and sought to enter into a conciliation agreement with defendants pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

28. The Commission was unable through informal methods to secure an acceptable conciliation agreement with the defendants. The Commission determined on December 1, 2010, by an affirmative vote of at least four of its members, to authorize the initiation of this civil suit for relief in federal district court. *See* 2 U.S.C. § 437g(a)(6).

29. The Commission has satisfied all of the jurisdictional requirements under the Act that are prerequisites to filing this action against the defendants. *See* 2 U.S.C. § 437g(a).

FIRST CAUSE OF ACTION
(CONTRIBUTIONS IN THE NAME OF ANOTHER)

30. Paragraphs 1 through 29 are incorporated herein by reference.

31. HNJ violated 2 U.S.C. § 441f by using HNJ funds to make contributions to VBFC in the names of others.

32. Kazran violated 2 U.S.C. § 441f and 11 C.F.R. § 110.4(b)(iii) by knowingly helping or assisting HNJ make contributions to VBFC in the names of others.

SECOND CAUSE OF ACTION
(EXCESSIVE CONTRIBUTIONS)

33. Paragraphs 1 through 32 are incorporated herein by reference.

34. HNJ violated 2 U.S.C. § 441a(a) by contributing \$49,500 to VBFC during the 2006 election cycle, in violation of the \$2,100 limit for contributions in connection with the 2006 primary and general elections.

35. HNJ violated 2 U.S.C. § 441a(a) by contributing \$18,400 to VBFC during the 2008 election cycle, in violation of the \$2,300 limit for contributions in connection with the 2008 primary and general elections.

REQUEST FOR RELIEF

Wherefore, plaintiff Federal Election Commission requests that this Court:

A. Declare that HNJ violated 2 U.S.C. § 441f by making contributions to VBFC in the names of others.

B. Declare that HNJ violated 2 U.S.C. § 441a(a) by making contributions to VBFC during the 2006 election cycle in excess of the \$2,100 per-election limit on contributions from individuals to candidates or their authorized political committees.

C. Declare that HNJ violated 2 U.S.C. § 441a(a) by making contributions to VBFC during the 2008 election cycle in excess of the \$2,300 per-election limit on contributions from individuals to candidates or their authorized political committees.

D. Declare that Kazran violated 2 U.S.C. § 441f and 11 C.F.R. § 110.4(b)(iii) by knowingly helping or assisting HNJ make contributions to VBFC in the names of others.

E. Permanently enjoin HNJ and Kazran from further violations of the Act similar to those found by the Court.

F. Assess an appropriate civil penalty against the defendants for each violation that they are found to have committed, not to exceed the greater of \$6,500 for each violation found or the amount of the contribution involved for each violation found. *See* 2 U.S.C. § 437g(a)(6)(B); 11 C.F.R. § 111.24. The maximum civil penalties for the violations of 2 U.S.C. § 441f and 11 C.F.R. § 110.4(b)(iii) of the Commission's regulations, if calculated based on the amount in violation, are approximately \$67,900 for Kazran and \$67,900 for HNJ. The maximum civil

penalty for HNJ's violation of 2 U.S.C. § 441a(a), if calculated based on the amount in violation, is approximately \$59,100.

G. Grant the Commission such other relief as may be appropriate.

Respectfully submitted,

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David Kolker
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December 16, 2010