

February 23, 2010

RECEIVED  
FEDERAL ELECTION COMMISSION  
2010 MAR -3 PM 4: 29  
OFFICE OF GENERAL COUNSEL  
2010 MAR -3 P 5: 07

Thomasenia Duncan, Esquire

General Counsel

Federal Election Commission

999 E Street, NW

Washington, DC 20463

**SENSITIVE**

MUR # 6259

Re: Lee McGroarty and McGroarty for Congress

Dear Ms. Duncan:

Pursuant to 2 USC § 437g(a)(1) and 11 CFR § 111.4, please accept this letter as a Complaint against Lee McGroarty (McGroarty) and McGroarty for Congress ("the Committee") for operating in violation of the Federal Election Campaign Act of 1971, as amended (the "Act"), and Federal Election Commission ("FEC" or "Commission") regulations and, more specifically, for violation of the provision prohibiting the acceptance of corporate contributions as set forth in 11 CFR § 114.2(a) and for violation of the provision that prohibits spending funds raised for the general election prior to the primary election as set forth in 11 CFR § 102.9(e)(2).

I. Facts

McGroarty for Congress is the principal campaign committee for Lee McGroarty, a candidate for the United States House of Representatives, campaigning to represent California's 42th Congressional District. The Committee's FEC Form 1 Statement of Organization was filed with the FEC on September 18, 2009. McGroarty's FEC Form 2 Statement of Candidacy was also filed with the FEC on September 18, 2009.

10190290730

The Committee lists an address of "15338 Central Avenue, Chino, CA 91710" on both its FEC Form 1 Statement of Organization and its FEC Form 3 Reports of Receipts and Disbursements. McGroarty lists this same address on his FEC Form 2 Statement of Candidacy.

RetireAmerica Corporation is a corporation registered with the California Secretary of State. See Attachment 1. 401(K) Administrators Inc. is also a corporation registered with the California Secretary of State. See Attachment 2. According to the companies' website, , Retire America and 401(K) Administrators Inc. also list an address of "15338 Central Avenue, Chino, CA 91710." See Attachment 3. McGroarty founded RetireAmerica and 401(K) Administrators and still serves as the president of the combined companies, according to his biography on the Committee's website. See Attachment 4.

Chino Executive Offices, LLC, is a limited liability corporation registered with the California Secretary of State. See Attachment 5. According to the company's website, , the company lists an address of "15338 Central Avenue, Chino, CA 91710." McGroarty and his wife are partners in Chino Executive Offices, LLC, according to his biography on the Committee's website. See Attachment 6.

The Committee also shares a fax number with RetireAmerica and 401(K) Administrators Inc. The Committee's website lists a fax number of "909.503.0399." See Attachment 7. Similarly, the RetireAmerica and 401(K) Administrators Inc. website lists a fax number of "909.503.0399." See Attachment 3.

Retire America Corporation is listed as the registrant for mcgroartyforcongress.com, the website domain used by the Committee. According to the website, , the domain was registered to Retire America Corporation on May 14, 2009. See Attachment 8.

No disbursements for rent, fax lines or websites are listed on either the Committee's FEC Form 3 Report of Receipts and Disbursements filed on October 15, 2009, or the Committee's Form 3 filed on January 29, 2010.

10190290731

On September 29, 2009, the Committee accepted a contribution in the amount of \$2,400 from Ronald Day, which was designated for the general election. This contribution was reported on the Committee's FEC Form 3, filed on October 15, 2009. The Committee has reported no disbursements for the general election on either of its FEC Form 3 reports filed with the FEC. The Committee reported a cash on hand of \$1,550.09 on its FEC Form 3, filed on January 29, 2010. The California primary election will be held on June 8, 2010.

## II. Relevant Law

The Act and FEC regulations define contribution to include "any gift, subscription, loan, advance, or deposit or money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 USC § 431(8)(A)(i), 11 CFR § 100.52(a). More specifically, where goods or services offered free or at the less than usual charge or where an individual or entity pays for services on the committee's behalf, the result is an in-kind contribution. 11 CFR § 100.52(d)(1), 11 CFR § 100.111(e)(1).

Corporations are prohibited from making contributions and campaigns are prohibited from knowingly accepting or receiving contributions made from the general treasury funds of corporations. 11 CFR § 114.2 (a) and (d).

Limited liability companies (LLCs) are treated either as corporations or partnerships for contribution purposes, depending on whether the LLC has filed as a corporation or partnership with the Internal Revenue Service. 11 CFR § 110.1(g)(3), 11 CFR § 110.1(g)(2). If the LLC is considered a corporation, it is prohibited from making contributions to candidate committees. If the LLC is considered a partnership, it is subject to the contributions limits for partnerships and the reporting requirements for all contributions. 11 CFR § 110.1(g), 11 CFR § 104.3.

A candidate is entitled to an election limit only if he or she seeks office in that election. Thus, a candidate who loses the primary does not have a separate limit for the general. A candidate that accepts contributions for the general election before the primary is held and loses the primary must return the general election contributions within 60 days of the primary. 11 CFR § 102.9(e), 11 CFR § 110.1(b)(3)(i). Therefore, campaign committee records must at all times demonstrate that, prior to the primary election, recorded cash on

10190290732

hand is at all times equal to or greater than the sum of general election contributions received less the sum of general election disbursements made. 11 CFR § 102.9(e)(2).

### III. Legal Analysis

The Committee violated FEC regulations by knowingly accepting prohibited corporate contributions.

RetireAmerica Corporation and 401(K) Administrators, Inc. are corporations registered with the California Secretary of State. Federal Election Commission regulations strictly prohibit corporations "from making a contribution...in connection with any election to any political office, including local State and Federal offices." 11 CFR § 114.2(a). This strict prohibition on contributions from corporations also includes in-kind contributions. Likewise, the Committee is strictly prohibited from accepting contributions from corporations. 11 CFR § 114.2(d).

The Committee plainly shares office space and a fax number with two corporate entities, Retire America Corporation and 401(K) Administrators, Inc. The Committee also shares office space with a third entity, Chino Executive Offices, which is potentially a corporation. The Committee has reported no payments for rent or fax lines in either of its FEC Form 3 Reports filed with the FEC. Rent or fax-service offered to the Committee for free is an in-kind contribution. Since the Committee is strictly prohibited from accepting in-kind contributions from a corporation, the Committee has violated FEC regulations by accepting free rent and fax service from a corporation.

Additionally, the Committee's website domain is registered to Retire America Corporation. The Committee has reported no disbursements for website domain registration or any other website-related expenses. Any payments or fees incurred by RetireAmerica for the domain registration, and not reimbursed by the Committee, result in an in-kind contribution to the Committee. This corporate in-kind contribution to the Committee is a plain violation of Federal Election Commission regulations.

Finally, the Committee failed to maintain a cash on hand balance that was equal to or greater than contributions received for the general election less any disbursements for the

10190290733

10190290734

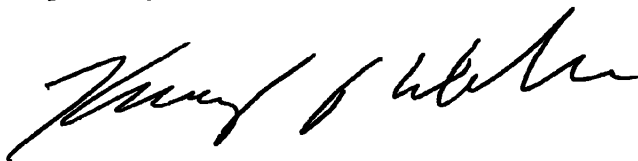
general election, as required by FEC regulations. On September 29, 2009, the Committee received a contribution in the amount of \$2,400, which was designated for the general election. The Committee reported no disbursements for the general election, and McGroarty has not won the primary election. Yet, on January 29, 2009, the Committee reported a cash on hand of \$1,550.09, which is obviously less than \$2,400. The Committee is not entitled to a general election contribution unless McGroarty wins the primary. Because McGroarty has not done so, the Committee is not entitled to spend funds raised for the general election. Spending general election funds prior to the primary election visibly violates FEC regulations.

IV. Conclusion

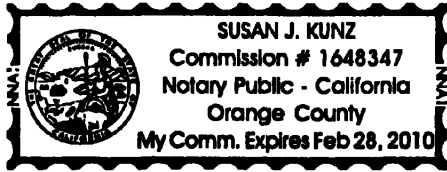
Upon information and belief, and based upon the facts relayed herein, Lee McGroarty and McGroarty for Congress have violated the Federal Election Campaign Act of 1971, as amended, and Federal Election Commission Regulations. Accordingly, we respectfully request that the Commission conduct an immediate investigation into the violations outlined above and impose the maximum penalty under law.

The foregoing is correct and accurate to the best of my knowledge, information and belief.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenny J. White", is written over the "Respectfully submitted," text.

Sworn to and subscribed before me this 25 day of February 2010.



*Susan J. Kunz*  
\_\_\_\_\_  
Notary Public *Susan J. Kunz*

My Commission Expires: *02/28/2010*

10190290735

10194222

# Attachment 1

2012 12 21 09:00 privacy All people Speak Conference California Secretary of State Labor Board

Business Entities (BE)

Online Services

- Business Search
- Disclosure Search
- E-File Statements
- Mail Processing Times

Main Page

Service Options

Name Availability

Forms, Samples & Fees

Annual/Biennial Statements

Filing Tips

Information Requests  
(certificates, copies & status reports)

Service of Process

FAQs

Contact Information

Resources

- Business Resources
- Tax Information
- Starting A Business
- International Business Relations Program

Customer Alert  
(misleading business solicitations)

Business Entity Detail

Data is updated weekly and is current as of Friday, February 19, 2010 It is not a complete or certified record

Entity Name:	RETREAMERICA CORPORATION
Entity Number:	C2721534
Date Filed:	02/09/2005
Status:	SUSPENDED
Jurisdiction:	CALIFORNIA
Entity Address:	13751 ROSWELL AVE STE C
Entity City, State, Zip :	CHINO CA 91710
Agent for Service of Process:	LEON P MCGROARTY
Agent Address:	13751 ROSWELL AVE STE C
Agent City, State, Zip :	CHINO CA 91710

\* Indicates the information is not contained in the California Secretary of State's database

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Corporations Code section 2114 for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to Name Availability
- For information on ordering certificates, copies of documents and/or status reports or to request a more Information Requests
- For help with searching an entity name, refer to Search Tips
- For descriptions of the various fields and status types, refer to Field Descriptions and Status Definitions

[Modify Search](#) [New Search](#) [Printer Friendly](#) [Back to Search Results](#)

[Request Statement](#) | [Free Document Request](#)

Copyright © 2010 California Secretary of State

10190290737

10190290738

# Attachment 2

*10190290739*  
*1/22/2010* *All people* *Speak*  
California Secretary of State *Business*

**Business Entities (88)**

**Online Services**

- Business Search
- Disclosure Search
- E-File Statements
- Mail Processing Times

**Main Page**

**Service Options**

**Name Availability**

**Forms, Samples & Fees**

**Annual/Biennial Statements**

**Filing Tips**

**Information Requests**  
(certificates, copies & status reports)

**Service of Process**

**FAQs**

**Contact Information**

**Resources**

- Business Resources
- Tax Information
- Starting A Business
- International Business Relations Program

**Customer Alert**  
(misleading business solicitations)

**Business Entity Detail**

Data is updated weekly and is current as of Friday, February 19, 2010. It is not a complete or certified record.

Entry Name:	401 (K) ADMINISTRATORS INC
Entry Number:	C2721535
Date Filed:	02/09/2005
Status:	SUSPENDED
Jurisdiction:	CALIFORNIA
Entity Address:	13751 ROSWELL AVE STE C
Entity City, State, Zip :	CHINO CA 91710
Agent for Service of Process:	LEE MCGROARTY
Agent Address:	13751 ROSWELL AVE STE C
Agent City, State, Zip :	CHINO CA 91710

\* Indicates the information is not contained in the California Secretary of State's database

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Corporations Code section 2114 for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to Name Availability.
- For information on ordering certificates, copies of documents and/or status reports or to request a more Information Request.
- For help with searching an entity name, refer to Search Tips.
- For descriptions of the various fields and status types, refer to Field Descriptions and Status Definitions.

[Modify Search](#) [New Search](#) [Printer Friendly](#) [Back to Search Results](#)

[Privacy Statement](#) | [Free Document Reader](#)

Copyright © 2010 California Secretary of State

10190290739

10190290740

# Attachment 3

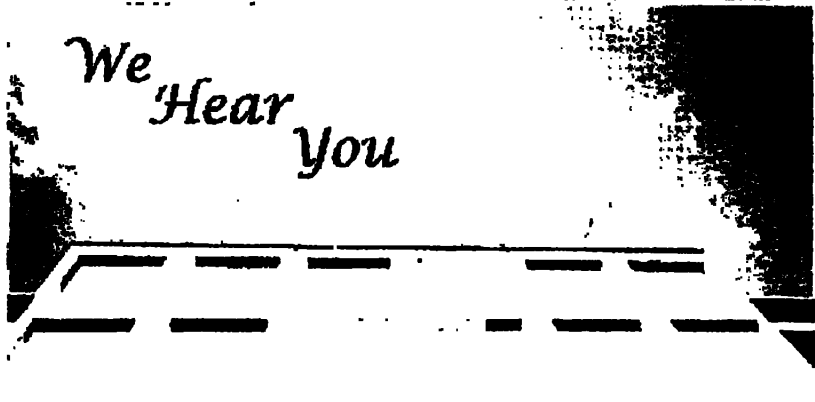
[Home](#) [About Us](#) [Services](#) [Testimonials](#) [Contact Us](#)

**Customer Login**

User Name:

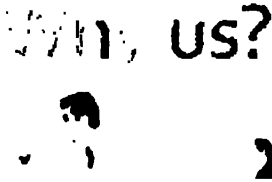
Password:

chart.com Indicos Nasdaq Comp Stocks IBM GE EBAY  
 2007-04-24 09:55:07 AM PST



**STOCK QUOTE**

Symbol:	Name:
Last:	Change:
Opening:	High:
Low:	Volume:



- Full Service Retirement Company
- Consulting Services
- Plan Design
- Plan Administration
- Employer/Employee Servicing

[Home](#) • [About Us](#) • [Services](#) • [Testimonials](#) • [Contact Us](#)  
 Copyrighted 2009 All Rights Reserved.  
 15338 Central Avenue, Chino, Ca 91710  
 909.591.1724 • Fax 909.503.0399

10190290741

10190290742

# Attachment 4



10190290744

# Attachment 5

*...and every* All people *Speak*  
California Secretary of State Debra Bowen

**Business Entities (BE)**

**Online Services**

- Business Search
- Disclosure Search
- E-File Statements
- Mail Processing Times

**Main Page**

**Service Options**

**Name Availability**

**Forms, Samples & Fees**

**Annual/Biennial Statements**

**Filing Tips**

**Information Requests**  
(certificates, copies & status reports)

**Service of Process**

**FAQs**

**Contact Information**

**Resources**

- Business Resources
- Tax Information
- Starting A Business
- International Business Relations Program

**Customer Alert**  
(misleading business solicitations)

**Business Entity Detail**

Data is updated weekly and is current as of Friday, February 19, 2010. It is not a complete or certified record.

Entity Name:	CHINO EXECUTIVE OFFICES, LLC
Entity Number:	200830310179
Date Filed:	10/27/2008
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	15338 CENTRAL AVE
Entity City, State, Zip :	CHINO CA 91710
Agent for Service of Process:	LEE MCGROARTY
Agent Address:	15338 CENTRAL AVE
Agent City, State, Zip :	CHINO CA 91710

- Indicates the information is not contained in the California Secretary of State's database
- Note: If the agent for service of process is a corporation, the address of the agent may be requested by or:
  - For information on checking or reserving a name, refer to Name Availability
  - For information on ordering certificates, copies of documents and/or status reports or to request a more Information Requests.
  - For help with searching an entity name, refer to Search Tips
  - For descriptions of the various fields and status types, refer to Field Descriptions and Status Definitions

[Modify Search](#) [New Search](#) [Printer Friendly](#) [Back to Search Results](#)

[Privacy Statement](#) | [Free Document Reader](#)

Copyright © 2010 California Secretary of State

10190290745

10190290746

# Attachment 6

# Chino Executive Offices



Chino Executive Offices  
 15338 Central Avenue Chino, Ca 91710  
[sales@chinoexecutiveoffices.com](mailto:sales@chinoexecutiveoffices.com)

10190290747

10190290740

# Attachment 7

[Home](#)   [Who is Lee?](#)   [Lee's Priorities](#)   [Lee's Long Term Goals](#)   [Endorsements](#)   [Campaign Information](#)

## Contact Us

Thank you for your interest and support in Lee McGroarty for the 42nd District of the US Congress. We look forward to your comments, suggestions, questions and other inquiries. Use the contact form below to reach us. Please understand that due to a high volume of submissions we cannot respond to each message individually.

**Please enter your message below.**

We appreciate your feedback.

Your Name \_\_\_\_\_ Email Address \_\_\_\_\_

### Contact us at

McGroarty For Congress  
15338 Central Avenue  
Chico, CA 91710  
Phone 949.566.VOTE (8683)  
Fax 908.506.0399

Notes \_\_\_\_\_

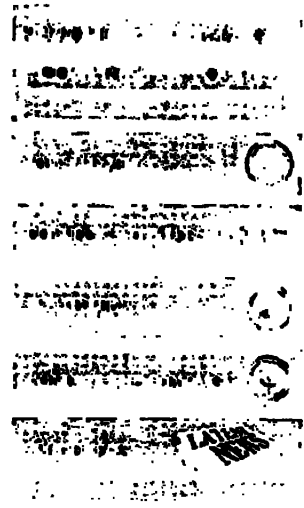
### Found a bug?

If you are having an issue with the way the website performs or are experiencing what you believe is an error please make us aware of it by reporting it.

Powered by [SarkArator](#)

[Back](#)   [Email](#)   [Print](#)

10190290749



10190290750

# Attachment 8



