



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

By Certified Mail Return Receipt Requested

Arvin Black
20617-081
FCI Florence
Federal Correctional Institution
PO Box 6000
Florence, CO 81226

MAR 11 2015

RE: MUR 6850
Arvin Black

Dear Mr. Black:

Based on a complaint filed with the Federal Election Commission on June 30, 2014 (attached), the Commission, on November 18, 2014, found that there was reason to believe you violated 52 U.S.C. § 30122 (formerly 2 U.S.C. § 441f), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days. Enclosed is an agreement to toll the statute of limitations if you would like to request an extension.

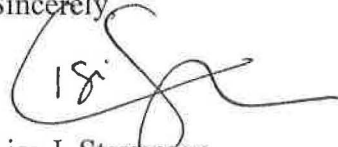
You may also request additional information gathered by the Commission in the course of its investigation in this matter. *See Agency Procedure for Disclosure of Documents and Information in the Enforcement Process*, 76 Fed. Reg. 34986 (June 15, 2011). To expedite this matter, we have attached all non-public documents on which our analysis relies, including a computer disk containing audio recordings of three interviews that the Brief cites.

In addition, you may also request an oral hearing before the Commission. *See Procedural Rules for Probable Cause Hearings*, 72 Fed. Reg. 64919 (Nov. 19, 2007) and *Amendment of Agency Procedures for Probable Cause Hearings*, 74 Fed. Reg. 55443 (Oct. 28, 2009). Hearings are voluntary, and no adverse inference will be drawn by the Commission based on a respondent's decision not to request such a hearing. Any request for a hearing must be submitted along with your reply brief and must state with specificity why the hearing is being requested and what issues the respondent expects to address. The Commission will notify you within 30 days of your request for a hearing as to whether or not the request has been granted.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

Should you have any questions, please contact Michael Columbo, the attorney assigned to this matter, at (202) 694-1341.

Sincerely,

A handwritten signature in black ink, appearing to read 'LJ Stevenson', with a large, stylized flourish extending to the right.

Lisa J. Stevenson
General Counsel

Enclosure

Brief with Attachments

Computer disk containing audio recordings

Reply Brief paper and return envelope

Complaint

Tolling Agreement

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3 In the Matter of)

4)
5 Arvin Lee Black, II) MUR 6850
6)
7)

8 **GENERAL COUNSEL'S BRIEF**

9
10 **I. STATEMENT OF THE CASE**

11
12 This matter was generated by a complaint filed with the Federal Election Commission by

13 The Alliance for a Better Utah and Maryann Martindale, alleging that Arvin Black violated the

14 Federal Election Campaign Act of 1971, as amended (the "Act"). The Complaint alleged that

15 Arvin Black allowed his name to be used for a contribution by Utah businessman Jeremy

16 Johnson, who admitted that in 2010 he made \$50,000 in contributions in the names of others to

17 the Friends of Mike Lee, the principal campaign committee of Sen. (then-candidate) Mike Lee.

18 Compl. at 2. An individual named Savannah Jones also informed the Lee Committee that Black

19 reimbursed her contribution. On November 18, 2014, the Commission found reason to believe

20 that Arvin Black violated 52 U.S.C. § 30122 (formerly § 441f) of the Act.¹

21 Based on our analysis of the facts described below, including statements by Johnson that

22 he made contributions in the names of others to the United States Senate campaign committees

23 of Mark Shurtleff, Mike Lee, and Harry Reid, that Johnsons' straw donors included business

24 associates, that Arvin Black was a business associate of Johnson's, that a company under

25 Johnson's control provided \$14,400 to Arvin Black's company, Sole Group, LLC, on June 14,

26 2010, and evidence that on that same day, Sole Group reimbursed six \$2,400 contributions to the

27 Friends of Mike Lee totaling \$14,400, this Office is prepared to recommend that the Commission

¹ Commission Certification ¶ 2(c), MUR 6850 (Arvin Black) (Nov. 18, 2014).

find probable cause to believe that Arvin Black violated 52 U.S.C. §30116(a)(1)(A) (formerly 2 U.S.C. § 441a(a)(1)(A)) and 52 U.S.C. § 30122.

II. ANALYSIS

A. Statement of Facts

1. Background

Jeremy Johnson is a Utah businessman who, before the events described here, had contributed funds to Mark Shurtleff, the Attorney General of Utah from January 2001 to January 2013. John Swallow is a former Congressional candidate who served as a fundraiser for Shurtleff's 2009 Senate campaign, was appointed Chief Deputy Attorney General by Shurtleff, and served as Utah Attorney General from January 2013 to November 2013. *See* Utah House of Representatives, Rpt. of the Special Investigative Comm. at 5 (Mar. 11, 2014), *available at* http://le.utah.gov/investigative/final_report_simple.pdf. Shurtleff and Swallow were criminally charged in state court with 10 counts, including receiving bribes, witness tampering, and evidence tampering, related to their service in the Utah Attorney General's Office and are awaiting trial. Information, *State v. Shurtleff*, No. 141907720 (Utah 3rd Dist. Ct. July 15, 2014).

As discussed in greater detail below, Arvin Black's violations stem from his part in an effort by Johnson to make contributions in the names of others in the belief that it would further Johnson's business interests. Those interests included companies that received approximately \$180 million in revenues between November 2009 and December 2010 to process financial transactions for online poker games. Rpt. of Receiver's Financial Reconstruction at 31-32, *FTC v. Johnson*, No. 2:10-2203 (D. Nev. Jan. 31, 2012) ("Receiver's Report"). At the time Johnson reimbursed contributions to the Lee Committee in June of 2010, the United States Attorney's Office in the Southern District of New York had been seizing the assets of online poker

1 companies, including companies like Johnson's that processed the financial transactions of those
2 poker companies.²

3 Johnson was also the owner of iWorks, an Internet marketing company. Following
4 customer complaints that iWorks charged them without authorization, the FTC investigated
5 iWorks and on December 21, 2010, filed suit against Johnson, his businesses, and his associates
6 in federal district court in Nevada. Complaint, *FTC v. Johnson*, No. 2:10-2203 (D. Nev. Dec. 21,
7 2010). The FTC alleges that Johnson and his associates conducted

8 a far-reaching Internet enterprise that deceptively enrolls unwitting consumers into
9 memberships for products or services and then repeatedly charges their credit cards or
10 debits funds from their checking accounts without consumers' knowledge or
11 authorization for memberships the consumers never agreed to accept . . .

12
13 *Id.* at 6. On January 13, 2011, the Court granted the FTC's request for a temporary restraining
14 order, froze Johnson's assets, and placed them under the control of a court-appointed Receiver.
15 A preliminary injunction followed on February 10, 2011. Johnson was subsequently indicted on
16 criminal charges in federal district court in Utah based on iWorks' business practices and is
17 currently awaiting trial. *See* Superseding Indictment, *United States v. Johnson*, No. 2:11-00501,
18 (D. Utah Mar. 6, 2013).

19 Arvin Lee Black, II, is currently incarcerated after pleading guilty in 2014 to wire fraud
20 and money laundering for using his company, Sole Group, LLC, to defraud customers in a ponzi
21 scheme masquerading as a day trading operation. Executed Judgment, *United States v. Arvin*
22 *Lee Black, II*, 13-cr-00836 (D. Utah July 31, 2014); Statement in Advance of Plea, *United States*
23 *v. Arvin Lee Black, II*, 13-cr-00836 (D. Utah Jan. 10, 2014). According to the Receiver in

² *See* Frederic Frommer, *Group Says Online Poker Winnings Are Frozen*, AP (June 9, 2009), available at http://www.nbcnews.com/id/31193285/ns/technology_and_science-tech_and_gadgets/t/group-says-online-poker-winnings-are-frozen/#.VOzFECzcvm8 (summarizing efforts of the federal government in 2009 to seize poker processing entities' accounts and the industry's reaction).

Johnson's FTC case, millions of dollars that originated with Johnson passed through Black and Sole Group. Receiver's Report at 12-15, 41, 50-57, Tab 72 at 3. The Receiver deposed Black about his role with respect to Johnson's money. Black testified that Jason Vowell introduced him to Johnson between August of 2009 and May of 2010. *Id.* at 12-13. Black testified that he had a background in construction, was a self-taught day trader, and provided conflicting testimony about how he was compensated. *Id.* at 12-14. Black testified that he was the sole member of Sole Group and, according to the Receiver, handled millions of dollars provided by entities and persons affiliated with Johnson. *Id.* at 51-61.

2. Johnson Admits He Previously Reimbursed Contributions to Shurtleff's 2009 Senate Campaign to Circumvent the Act's Contribution Limits

The record evidence includes Johnson's admission that he reimbursed contributions to Mark Shurtleff's 2009 Senate campaign. Utah state law enforcement officers, conducting an investigation with the assistance of the Federal Bureau of Investigation into corruption allegations, interviewed Johnson on August 14, 2013. According to the official summary of that interview, Johnson stated that:

he supplied money for someone else to donate to Mark Shurtleff and Mike Lee's campaigns. [Johnson] said John Swallow approached him with that plan . . . Swallow said they needed a certain amount of money. [Johnson] said he asked him who to make [his check] out to, and Swallow said the most they could donate was \$2,500 . . . Swallow said that most people cannot do that, referring to the amount of money. [Johnson] said the solution was that he put up the money when he could.

Scott Nesbitt Supplemental Report at 8 (Sept. 16, 2013) (attached here as Attach. 1); *see*

Recording B0397 at 45:14 ("I was like 'Yeah fine, I'll give you a check.' [Swallow said] 'The most it can be [is] \$2,500.' I don't know that many people that can write out \$2,500 checks.

Swallow is like 'You can give them a gift and they could donate that if they want.'"); *id.* at 49:00

1 (according to Johnson, "Swallow was careful, he didn't say 'go give the people money and then
2 have them write checks to the campaign.' [Swallow said] 'You can give them a gift and if they
3 want to donate that, then that's how we can get the money.' One of those shifty things
4 [Swallow] said.").

5 Johnson admitted that he contributed approximately \$100,000 to Shurtleff's Senate
6 Campaign in the names of others. When asked how many straw donors he used to contribute to
7 Shurtleff, Johnson answered: "Hundred grand worth. I don't know how many of them were
8 ones I gave money to. I would have to look at them, I could look at them and say I gave them
9 the money." Recording B0375 at 33:00. Mark Shurtleff abandoned his Senate campaign on
10 November 4, 2009.³

11 3. Johnson Admits Reimbursing Contributions to Friends of Mike Lee
12

13 According to Johnson, after Shurtleff dropped his campaign, Johnson reimbursed
14 approximately \$50,000 in contributions to Mike Lee's Senate campaign at John Swallow's
15 request. The evidence establishes that those contributions included ones made in the names of
16 Arvin Black, his family, and his associates.

17 Johnson explained that Swallow exploited his fears that criminal authorities would pursue
18 his online poker game processing businesses in Utah, stating that if they helped get Mike Lee
19 elected, Lee would appoint Utah's next U.S. Attorney who, in turn, may be in a position to
20 protect poker businesses in Utah from prosecutions by other U.S. Attorneys:

³ Any violations in connection with Shurtleff's 2009 Senate campaign are beyond the five-year statute of limitations applicable to the Act. *See* 28 U.S.C. § 2462. Nevertheless, statements about those contributions provides relevant background information concerning the contributions in the names of others to the Lee campaign, which remain within the statute of limitations and which involved Black. Indeed, Johnson's statements to law enforcement about his subsequent contributions in the names of others to the Lee campaign were made as part of the same interview in which he discussed his contributions in the names of others to Shurtleff's campaign and indicate that his reimbursement of contributions to the Lee Committee, like his reimbursements to the Shurtleff Senate campaign, commenced as a result of Swallow's request.

1 Swallow said . . . "let me explain to you why it is important that we raise
2 this money and make Mike Lee our guy. He is going to be . . . we need
3 him because he is going to be choosing the next U.S. Attorney and you
4 gotta have him in your corner and you gotta have the U.S. Attorney in
5 your corner especially while you are processing poker in this district. And
6 that way if there's problems that come up, you know, you've already got a
7 friend there that will combat that" And the poker guys, their arch
8 nemesis is a guy named Arlo Brown who is the AUSA in New York.
9 [Brown] keeps seizing their money, so they loved all this stuff that
10 Swallow was saying. . . .⁴
11

12 Recording DW B0375 at 19:40 – 20:26. Johnson further claimed that:

13 One of their strategies . . . one of the things Swallow was saying in getting
14 money for Lee is you know he says look, if there's a problem with your
15 [online poker payment] processing [business], even if the U.S. Attorney
16 from New York wants to bring an action and seize their money in Utah, he
17 is going to have to have the cooperation of the U.S. Attorney's office in
18 Utah. So it is important that you have a guy there that knows you and
19 understands your business and is on your side because if he says I don't
20 want to mess with it, that really rains on Arlo's parade and makes it really
21 hard for him to come in and cause mischief. . . . And so the poker people
22 were in heaven over that idea and they wanted to do anything Swallow
23 suggested to help make that happen . . . and that is why they were like
24 Jeremy this is why you gotta bring in Mike Lee and why you got to bring
25 him in early, if he has a strong showing in the beginning, it helps attract
26 money later on. We won't bother you for money. So I was like, "Okay."
27 So I got people to give him money, and most of them I had to end up
28 giving them money to give the money [for Lee].
29

30 Recording B0375 at 27:20 — 35:45; *see id.* at 37:50, 44:45, 51:45; Recording B0397 at 44:00,
31 51:25.

32 Having just contributed \$100,000 through others to Shurtleff's abandoned Senate
33 campaign, Johnson claimed that he was concerned about Swallow's request to donate to Lee:

34 The problem . . . with the Lee thing is that they just squeezed me to death
35 on Shurtleff. So I did probably, I know I did a hundred [thousand dollars]
36 plus on Shurtleff's [Senate campaign]. Then they come to me and they're

⁴ See Frommer, *supra* note 2.

1 like, "okay, Shurtleff is done. Will you get money for Lee?" And I'm
2 like, "Oh my God are you kidding me?"
3

4 Recording BO375 at 17:45 — 18:04; Recording B0397 at 51:20 (Johnson said "I just got done
5 doing this for Shurtleff and now you want me to get it for a new guy?"). Johnson estimated that
6 he reimbursed approximately \$50,000 to Lee's campaign.⁵

7 Johnson also described how he approached conduits and promised reimbursement.⁶ "I
8 just said 'Hey would you donate to Mike Lee? I'll get you the money.'" Recording BO375 at
9 31:00; *see id.* at 34:30 ("So I am going to like in some cases the same people I had already
10 hammered to donate to Shurtleff, and I'm like can you donate to Lee and I'll give you the
11 money.")). Johnson also stated that Todd Vowell, who was his associate and apparently one of
12 his straw donors, helped him find other straw donors. Recording B0397 at 59:45.

13 Johnson also reportedly explained in a press interview that "he was instructed by online
14 poker figures to hide illegal contributions to the campaigns of Reid and Lee in 2010 by finding
15 'straw donors' who were reimbursed from poker accounts in the bank for money they supposedly
16 contributed." Matthew Mosk, *et al.*, *Utah Officials Call on Feds To Investigate Senators Reid,*
17 *Lee*, ABC News (Mar. 13, 2014). In an interview with law enforcement, Johnson also stated that
18 he reimbursed contributions with cash. Recording B0397 at 58:00.

19 Johnson explained that sometimes the contribution checks would be deposited before the
20 conduits deposited their reimbursements for the contributions, which in some cases caused the
21 conduits' contribution checks to bounce:

⁵ Johnson stated in one interview: "I went through Lee's [list of disclosed contributions] yesterday and I
picked out a lot of them . . . I am guessing about 50 grand worth. . . . You can get them online. . . . I figured out it
looked about 50 grand worth, but there were a bunch I was wondering that maybe, maybe not." Recording BO375
at 33:25.

⁶ Johnson stated that there were no fictitious conduits. Recording BO375 at 32:25.

1 And then because there was just so much pressure to get these checks. So I would get the
2 check and I wouldn't get the money fast enough and then they would hurry up and cash
3 the check and it would bounce. That happened all the time. I'm like "Geez can you
4 guys just give me a few days to breathe?" 'Cause I got to go out and figure it out, get the
5 cash and get it from somebody.

6
7 Recording BO375 at 32:30. As explained in detail below, Johnson's statement in his interview
8 that some of his conduits' checks bounced is further corroborated by the Lee Committee's
9 disclosure reports and additional e-mail correspondence between Swallow and Johnson
10 concerning certain contribution checks with insufficient funds — apparently referring to checks
11 for contributions made in the names of Black, his family, and his associates.⁷

12 5. Black Made Contributions in the Names of Others as Part of Johnson's
13 Contribution Scheme

14 In recorded interviews with law enforcement officers, Johnson described his conduits as
15 family, employees, associates, people he did business with, and friends. Recording B0397 at
16 47:25. As noted above, the court-appointed Receiver in the FTC's case against Johnson
17 determined that millions of dollars of Johnson's company's revenues flowed through Arvin
18 Black and his Sole Group, LLC.

19 On June 14, 2010, one of the companies operated by Johnson's associates for his benefit,
20 Triple 7, issued a check to Sole Group, for \$14,400.00. *See* Attach. 2 (Triple 7 check to Sole
21 Group); *see also* Receiver Report at 26-28 ("[I]t is clear that after February 2010 Jeremy Johnson
22 continued to exercise control over Triple 7 . . . The depositions of the five former SunFirst
23 [Bank] officers and the voluminous documents produced to the FTC and the Receiver have
24 provided substantial additional evidence that Jeremy Johnson owned and controlled Triple 7[.]").
25 Triple 7 nominally was owned by Jason and Todd Vowell. *Id.* at 29, 37. Johnson also stated that

⁷ In a recorded interview, Johnson stated that he also reimbursed \$20,000 in contributions to the Reid Committee, using approximately eight conduits. *See* B0397 at 58:00.

Todd Vowell helped him find other straw donors. Recording B0397 at 59:45. The signature on the Triple 7 check to Sole Group appears to be that of "J Vowell."

The \$14,400 check from Triple 7 to Sole Group would have been the exact amount needed to fund six contributions for \$2,400, the individual contribution limit in the 2010 election cycle. The same day that Triple 7 issued its \$14,400 check to Sole Group, Sole Group issued six checks for \$2,400 (totaling \$14,400) to Arvin Black, Atia Black, Matthew Black, Savannah Jones, Kyle Boyer, and Tiffany Boyer (sequential checks all signed by Sole Group CFO, Savannah Jones). *See* Attach. 3. Each of those six persons made \$2,400 contributions to the Lee Committee in June of 2010, *see* Attach. 4, as summarized below:

Contributions Reimbursed on June 14, 2010, Through Sole Group		
Donor	Amount	Reported Date
Arvin Black	\$2,400	June 12, 2010 (NSF June 15, 2010)
Atia Black	\$2,400	June 12, 2010 (NSF June 16, 2010)
		June 22, 2010
Matthew Black	\$2,400	June __, 2010 (NSF June 16, 2010) ⁸
		June 22, 2010 (NSF June 25, 2010)
Savannah Jones	\$2,400	June 14, 2010 (NSF June 16, 2010)
		June 22, 2010
Kyle Boyer	\$2,400	June 21, 2010

⁸ Matthew Black's first contribution check was dated June 11, 2010. *See* Attach. 4. The Lee Committee disclosed the failure of this contribution check in an entry dated June 16, 2010, but did not disclose receiving this check before that date, as it had done with the contributions of Arvin Black, Atia Black, and Savannah Jones. It also disclosed that Matthew Black's June 21, 2010, contribution check bounced through an entry dated June 25, 2010. *See* Friends of Mike Lee Amended 2010 July Quarterly Rpt. at 121-123 (Aug. 24, 2011).

Tiffany Boyer	\$2,400	June 21, 2010
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As to the status of Johnson and Arvin Black's reimbursement through Sole Group of Black's contribution and the contributions of his family, friends, and employees, we note also the following particularized facts:

Arvin Black: In response to the Commission's subpoena, Arvin Black suggested that he has responsive information but asked that a criminal defense attorney be appointed to represent him. *See* Arvin Black Subpoena Resp. (attached here as Attach. 5). Black also stated that he did not receive the Commission's original notification of the Complaint (a copy of the Complaint is being provided to him with this Brief).

Atia Black: Atia Black is Arvin Black's wife. In response to public reports relating to the same allegations in this matter, the Lee Committee attempted to identify Johnson's potential conduits. It focused on deposits that were close in time and location to Johnson's personal contribution. It determined that Johnson's personal \$2,400 contribution was included in a deposit to the Committee's account at the Zion Bank branch in St. George, Utah, where Johnson resided. That deposit, made by a Committee volunteer, included the contributions of 17 individuals. The Committee sent certified letters to 15 of those donors, including Atia Black, Savannah Jones, and Tiffany and Kyle Boyer. *See* Mike McCauley Aff. ¶¶ 7-14, Ex. A (attached here as Attach. 6). Atia Black did not respond to the inquiry letter sent by the Lee Committee. *Id.*, Ex. A.

Atia Black responded to the Commission's Order and Subpoena by producing the June 14, 2010, check from Sole Group, LLC, to her for \$2,400 and stated: "Yes, I received a check from my husband's company, as I always did to pay my bills and make any purchases. As far as

I am aware the funds were not from any other person. I was not and am not aware of this being unlawful in any way.” Atia Black Subpoena Resp. at 1 (attached here as Attach. 7).

Savannah Jones: In response to the Lee Committee’s inquiry letter, Savannah Jones called the Committee and stated that she had worked for “Mr. Black” in 2010, and that he asked her to contribute to the Lee campaign and said he would reimburse her. *See McCaulley Aff.* ¶¶ 7-14, 17, Ex. A (attached here as Attach. 6). In Response to the Commission’s Order and Subpoena, Jones submitted a statement conceding that:

My former employer, Lee Black, asked me to write a check to Mike Lee for \$2400 to be paid as a contribution. I did not use my own personal funds. . . . [Black] provided me with [a] reimbursement for the contribution . . . in the form of a check. . . . [M]y former employer instructed me to write [a Sole Group, LLC] check to myself. . . . The reimbursement was deposited into my account on June 15, 2010.⁹

Jones Subpoena Resp. at 1 (attached here as Attach. 8).

Tiffany Boyer and Kyle Boyer: The Lee Committee also identified two \$2,400 contributions that it received on June 21, 2010, from Tiffany and Kyle Boyer of St. George, Utah, as potentially reimbursed contributions. *See McCaulley Aff.* ¶¶ 7-14, 17, Ex. A (attached as Attach. 6). Kyle Boyer did not respond to the Lee Committee’s inquiry and its letter to Tiffany Boyer was returned as undeliverable. *Id.* Each wrote their checks on June 11, 2010, and appear to have been reimbursed by checks issued from Sole Group on June 14, 2010. *See* Attach. 3. Kyle Boyer appears to be married to Tiffany Boyer and to work in St. George, Utah. *See* <http://www.crossfitdixie.com/coaches/> (last visited Mar. 5, 2015). The Commission also sent Tiffany and Kyle Boyer Orders to Submit Written Answers and Subpoenas to Produce Documents. They did not respond.

⁹ Jones stated that she had been working for Black only for two months at the time and that she was unaware that it was unlawful to allow one’s name to be used to make a contribution. Attach. 8 at 1.

1 Additional evidence further corroborates that these six contributors served as straw
2 donors for Johnson and were reimbursed by Black through his company, Sole Group. Johnson
3 noted in his interviews with law enforcement that some of his straw donors' checks bounced
4 because they were deposited by the Lee Committee before the donors received reimbursement.
5 The Lee Committee identified only five donors whose contribution checks had insufficient funds
6 during the period covered by the 2010 July Quarterly Report: Arvin Black, Atia Black, Matthew
7 Black, Savannah Jones, and an individual for whom we have not found a connection to Black or
8 Johnson (and whose contribution differs in amount, timing, and location). *See* Friends of Mike
9 Lee 2010 July Quarterly Rpt. at 121-123. The Lee Committee's 2009 July Quarterly Report
10 disclosed the failure of Arvin Black's check on June 15, 2010, and included like entries denoting
11 the failure of Savannah Jones's and Atia and Matthew Black's checks on June 16, 2010. *Id.* at
12 122-123.

13 Moreover, in an e-mail exchange between Swallow and Johnson on June 21, 2010 — the
14 day before the primary in which Lee would be nominated — Swallow wrote "We are working
15 hard and tomorrow is the big day," and that "4 [o]f those checks bounced. I'll forward you the
16 names." Special Committee Report, Appendix III, Ex. 22 [p. 918] ("Swallow June 22 E-mail")
17 (attached as Attach. 9). In reply, Johnson stated "I am really sorry about the checks. I will get it
18 fixed ASAP! Let me know whos [*sic*] bounced. I was in a mad rush to get those so maybe I
19 pushed a few people too hard." *Id.* The Lee Committee then disclosed that it received \$2,400
20 contributions from Atia Black, Matthew Black, and Savannah Jones on June 22, 2010 — the day
21 after Johnson pledged to correct the problem. *See* Friends of Mike Lee Amended July 2009

Quarterly Report at 15, 61 (Aug. 24, 2011).¹⁰ No other bounced contribution checks from other donors to the Lee Committee were re-submitted after June 21, 2010.

C. There is Probable Cause to Believe that Black Reimbursed Contributions to the Lee Committee

The Act provides that no person shall make contributions to any candidate and his or her authorized political committees with respect to any election for federal office that, for the 2010 election cycle, exceed \$2,400 in the aggregate. 52 U.S.C. § 30116(a)(1)(A) (formerly 2 U.S.C. § 441a(a)(1)(A)). The Act further provides that no person “shall make a contribution in the name of another person.” 52 U.S.C. § 30122 (formerly 2 U.S.C. § 441f). That prohibition extends to knowingly permitting one’s name to be used to effect the making of a contribution in the name of another, or to knowingly helping or assisting any person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(ii), (iii). The Commission has explained that “knowingly helping or assisting” a false-name contribution would reach the conduct of “those who initiate or instigate or have some significant participation in a plan or scheme to make a contribution in the name of another.” Explanation & Justification for 11 C.F.R. § 110.4, 54 Fed. Reg. 34,098, 34,105 (Aug. 17, 1989).

The record evidence in this matter amply demonstrates that there is probable cause to believe that Arvin Lee Black violated 52 U.S.C. §§ 30116(a)(1)(A) and 30122. As summarized above, Johnson consistently admitted in multiple recorded interviews that over the course of the 2010 election cycle he reimbursed contributions to the U.S. Senate campaign of Mike Lee.¹¹

¹⁰ Matthew Black’s contribution check appears to have bounced a second time. Friends of Mike Lee Amended July 2009 Quarterly Report at 122 (Aug. 24, 2011).

¹¹ Johnson also admitted that he reimbursed \$100,000 in contributions to the Shurtleff Committee in 2009, which are now beyond the statute of limitations, and \$20,000 in contributions to the Reid Committee. There is no evidence that Black or his associates were involved in these other reimbursed contributions.

1 Johnson explained that he did so, in part, through persons with whom he did business and with
2 the assistance of Todd and Jason Vowell. *See* Section II(A)(3), *supra*. Arvin Black was one
3 such Johnson associate who engaged in transactions with businesses nominally controlled by the
4 Vowells for Johnsons' benefit, and millions of dollars of Johnson's business revenues flowed
5 through Black and Sole Group. The record includes a \$14,400 check dated June 14, 2010, from
6 Triple 7, a company Johnson controlled, and apparently signed by Jason Vowell, that was
7 payable to Arvin Black's Sole Group, LLC. *See* Attach. 2. The record also includes six \$2,400
8 checks (totaling \$14,400) that are also dated June 14, 2010, from Sole Group to six individuals
9 who each contributed \$2,400 to the Friends of Mike Lee. *See* Attach. 3. Black's wife, Atia
10 Black, has also admitted that her \$2,400 contribution was funded by the \$2,400 check she
11 received from Sole Group. *See* Attach. 7. And Savannah Jones, the Sole Group CFO, has
12 admitted that Black asked her to make her contribution and directed her to reimburse it. *See*
13 Attach. 8.

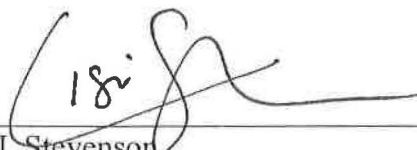
14 Additionally, Johnson stated that some of his straw donors' contribution checks bounced
15 and the record includes an e-mail from Swallow informing him on June 21 that four contribution
16 checks to the Lee Committee bounced. Johnson responded with a pledge to "fix" the bounced
17 contribution checks immediately. *See* Attach. 9. The next day, the Lee Committee received
18 renewed contributions from Atia Black, Matthew Black, and Savannah Jones, three of the five
19 donors whose contribution checks bounced at the relevant time and the only three contributions
20 that were renewed.

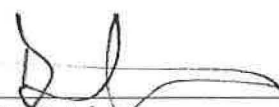
21 Consequently, there is probable cause to believe that Arvin Black violated 52 U.S.C.
22 §§ 30116(a)(1)(A) and 30122 by making excessive contributions in the names of others.

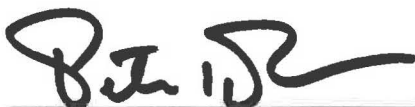
1 **III. CONCLUSION**


2 Based on the foregoing, the Office of General Counsel is prepared to recommend that
3 there is probable cause of believe that Arvin Black violated 52 U.S.C. § 30116(a)(1)(A) and
4 30122 (formerly 2 U.S.C. §§ 441a(a)(1)(A) and § 441f).

5
6 March 11, 2015
7 Date

8
9
10
11
12 
13 Lisa J. Stevenson
14 Deputy General Counsel - Law

15
16
17 
18 Daniel A. Petalas
19 Associate General Counsel for Enforcement

20
21 
22 Peter Blumberg
23 Assistant General Counsel

24
25 
26 Michael A. Columbo
 Attorney

Attachment 1

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Supplemental Report

Created By: Nesbitt, Scott

Creation Date: 09/16/2013

Creation Time: 13:43

Reporting Investigator: S. Nesbitt

INTERVIEW WITH JEREMY JOHNSON

On 08-14-13, Jeremy Johnson was interviewed at the Davis County Attorney's Office in Farmington, Utah. I was present for the interview as well as Davis County Attorney Troy Rawlings, Davis County Attorney's Office Chief Investigator Craig Webb, Ron Yengich who was representing Jeremy Johnson, and Jeff Wright who was working as an investigator for Ron Yengich.

Jeremy said that he met Mark Shurtleff first. Jeremy said the "Lost Boys" were leaving Colorado City, and he took one in. Jeremy said it was a girl he took in, and more showed up. Jeremy said that was when the state was taking over the trust. Jeremy said there was chaos, and kids were leaving. Jeremy said Mark Shurtleff helped and lobbied the legislature.

Jeremy said that there were 14 kids, and money was received from the Atkinson grant to transition them. Jeremy said a house was needed for the kids. Jeremy said he purchased a house and paid for half of it. Jeremy said they paid for the other half. Jeremy said he did not know Mark Shurtleff or John Swallow before this. Jeremy said he had not made any significant donations in the past to politicians.

Jeremy said he met Mark Shurtleff face to face, and he was introduced to Mark Shurtleff by a foundation lady. Jeremy said he liked Mark Shurtleff. Jeremy said he met John Swallow after he donated money to Mark Shurtleff but before John Swallow was the Chief Deputy.

Jeremy said he has a "fair amount" of documentation regarding Mark Shurtleff and John Swallow. Jeremy said that documentation included recordings and emails. Jeremy said he liked John Swallow. Jeremy said the first meeting he had with John Swallow had to do with money. Jeremy said John Swallow said he was Mark Shurtleff's event or campaign manager.

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Report requested by SCOTT NESBITT

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

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Office: 801-532-2168 Fax: 801-532-3769

Jeremy said he received a telephone call from John Swallow, and John Swallow said something like that Mark Shurtleff wanted him (John Swallow) to call him (Jeremy). Jeremy said that any time John Swallow called him, he wanted something. Jeremy said he gave John Swallow money, and he did not remember what that money was for. Jeremy said that money could have been for the meth project or crimes against children. Jeremy said he would give \$50,000 or \$100,000, and payment would usually be in the form of a check. Jeremy said he would call the accountants and tell them to cut a check.

Jeremy said that Nathan (Crane) asked him to record people. Jeremy said he did not record people of his own accord. Jeremy said he had an employee that was taking data and selling it as a side company. Jeremy said that employee said he (Jeremy) had authorized that. Jeremy said he started recording things because of that situation. Jeremy said that the Iworks PBX recorded everything automatically.

Jeremy said he developed distrust for John Swallow after he got sued by the FTC. Jeremy said that all of the things John Swallow told him were not happening, and he got excuses. Jeremy said he had even possibly developed distrust for John Swallow even before that. Jeremy said John Swallow was concerned with enriching himself, and John Swallow was in it for himself.

Jeremy said that Mark Shurtleff was not the same but did receive perks from his (Mark Shurtleff's) relationship with him (Jeremy). Jeremy said that John Swallow portrayed himself as a front man for Mark Shurtleff and spoke for Mark Shurtleff. Jeremy said this was after Mark Shurtleff was the Attorney General.

Jeremy said that John Swallow told him that he was going to be the Chief Deputy before he became the Chief Deputy. Jeremy said that John Swallow saw him (Jeremy) as an opportunity to access resources and to accomplish goals. Jeremy said the resources included money, airplanes, and connections. Jeremy said these resources were to further John Swallow's political agendas and other things that were for the public good as well.

Jeremy said John Swallow knew what Iworks was doing, and John Swallow assured him that there would not be an FTC investigation. Jeremy said he has an email regarding this. Jeremy said he found out that the FTC was investigating Iworks. Jeremy said he didn't involve the Attorney General's Office.

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Report requested by SCOTT NESBITT

Case Management

CASE# JEDPS0570

Printed Date: 12/04/2014

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said that Mark Shurtleff and John Swallow went step by step through the operation of Iworks and said nothing was wrong. Jeremy said he was showing the FTC documents, and the FTC made accusations. Jeremy said he showed the FTC documents, and nothing was good enough. Jeremy said the FTC was hell bent on making them pay a fine. Jeremy said that when Barack Obama became president, people thought there was a lot of free money. Jeremy said he saw an increase in sales.

Jeremy said that six months into it, he told John Swallow. Jeremy said John Swallow told him that he would talk to Mark Shurtleff, and they would meet with (Senator Bob) Bennett and (Senator Orrin) Hatch. Jeremy said that John Swallow set it up, and Mark Shurtleff went with him to meet with either or both of them. Jeremy said that Senator Bennett told him to threaten the FTC. Jeremy said that Senator Hatch told him he (Jeremy) was a good guy and would look into things to see if he had been treated unfairly.

Jeremy said that about one month later, John Swallow called him and asked him how things were going with Senator Hatch. Jeremy said he told John Swallow that he had not heard much. Jeremy said that John Swallow told him he was afraid of that. Jeremy said John Swallow told him how it works in Washington; the wheels needed to be greased. Jeremy said that John Swallow told him that he had a friend in Washington to get things done. Jeremy said that at some point, that friend was Senator Harry Reid. Jeremy said John Swallow told him it was going to be expensive, a couple of million dollars.

Jeremy said he told John Swallow that he did not have that amount of money, and John Swallow asked him how much money he could do. Jeremy said he told John Swallow he would talk to Scott (Leavitt). Jeremy said he was having financial trouble and had 300 employees in Utah. Jeremy explained that he was paying lawyers and for document production.

Jeremy said that John Swallow was not representing him with Iworks, and Iworks had its own lawyers. Jeremy said that John Swallow asked him if he could do \$600,000, and Jeremy said he told John Swallow he could do half of that. Jeremy said John Swallow said he thought that could work. Jeremy said he told John Swallow he could do the whole amount if his business was working.

Jeremy said John Swallow set up the meeting with (Richard) Rawle. Jeremy said he sent \$50,000 up front, and he said he was told to do that. Jeremy said that the meeting was in Richard Rawle's office in Orem, and present at the meeting were Nathan Crane, Richard Rawle, Brady Whittingham, and John Swallow. Jeremy said that Brady Whittingham is the brother of Coach Kyle Whittingham. Jeremy said that Brady just sat there in the meeting and played with his phone.

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Report requested by SCOTT NESBITT

MUR 6850 03524

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said there were two meetings with Richard Rawle, and John Swallow was at one of the two meetings. Jeremy said John Swallow said he was not there. Jeremy said John Swallow told him he (Jeremy) had taken someone else to the meeting. Jeremy said he did record the meeting that took place in Orem. Jeremy said he asked Brady, and Brady told him he didn't know if John Swallow was there.

Jeremy said that both meetings were recorded, and he has 500 recordings. Jeremy said he sent \$50,000 ahead of time, and they set up an entity for it. Jeremy said Richard Rawle had a guy named Cort Walker. Jeremy said the \$50,000 was paid either with a check or through a wire. Jeremy said he has emails, and the money was from the Iworks company account.

Jeremy said that Richard Rawle said that nobody does things for free. Jeremy said Richard Rawle said that when (President) Barack Obama was on the campaign trail, Barack Obama promised to put limits on payday lenders. Jeremy said Richard said that would be devastating to him. Jeremy said Richard asked him who would have the clout to go into Barack Obama's office to have him not make good on a campaign promise. Jeremy said that guy is Harry Reid.

Jeremy said that Richard was selling himself and said Harry Reid was not dumb. Jeremy said that Richard said he (Jeremy) needed to work with him (Richard). Jeremy said he gave \$200,000, and John Swallow knew he had given that money. Jeremy said he spoke with John Swallow. Jeremy said he told John Swallow that the \$200,000 he gave was supposed money he was going to pay attorneys with.

Jeremy said John Swallow told him to trust him that he will fix it so he would not need an attorney. Jeremy said he believed that John Swallow was trying to help them until he found out that John Swallow got a chunk of the money. Jeremy said he found out from Mark Shurtleff that John Swallow got gold out of the deal. Jeremy said he did not know what John Swallow did with the gold.

Jeremy said that Mark Shurtleff cornered him in a meeting and asked him about John Swallow. Jeremy said the meeting was regarding the guilty plea. Jeremy said he told Mark that he didn't want to say anything because he didn't want him (Mark Shurtleff) to have to act.

Jeremy said that Mark Shurtleff said that John Swallow is a friend and that their families are friends. Jeremy said Mark Shurtleff said that John Swallow had not received any money from the Richard Rawle deal. Jeremy said Mark Shurtleff said that John Swallow got some gold coins as a Christmas gift. Jeremy said Mark Shurtleff said things were already swirling.

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Report requested by SCOTT NESBITT

Utah Case Management

CASE# 12DPS0570

Printed Date: 12/04/2014

**Utah Department of Public Safety****State Bureau of Investigation**

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said someone called Mark Shurtleff and told Mark Shurtleff that he needed to help Jeremy. Jeremy said this occurred because of the guilty plea he was going to take. Jeremy said Jason Peterson was trying to do anything to stop it. Jeremy said Jason went to Mark Shurtleff, and Mark Shurtleff wanted to meet with him (Jeremy) also. Jeremy said they then had the above described meeting. Jeremy said he stayed away from Mark Shurtleff because he did not want them to get involved.

Jeremy said he was willing to go to prison to protect John Swallow and John Swallow's family. Jeremy said Mark Shurtleff told him not to do it. Jeremy said Mark Shurtleff specifically said that if John Swallow has broken the law, he himself would have to bring charges. Jeremy said Mark Shurtleff said that John Swallow was a dear friend and has endorsed him as Attorney General.

Jeremy said that Mark Shurtleff is just a person but is not saying that he is not flawed. Jeremy said there was no quid pro quo with Mark Shurtleff. Jeremy said Mark Shurtleff was different from John Swallow. Jeremy said he suspected that John Swallow was getting something out of it from the beginning because he was so adamant that he do it, referring to the Richard Rawle situation.

Jeremy said that without John Swallow, he wouldn't have given the money and wouldn't have had the connection. Jeremy said John Swallow convinced him that was what he needed to do. Jeremy said he was already having dealings with Harry Reid with the poker guys. Jeremy said that John Swallow was answering questions and convincing him to do it. Jeremy said he would "definitely not" have done it without that. Jeremy said it would be hard to say if he would have done it if Richard Rawle was saying it. Jeremy said the "Chief Deputy" was saying to do it.

Jeremy said that he wanted someone to go into the FTC and show them that what they were alleging wasn't true. Jeremy said he wasn't buying his way out of crimes. Jeremy said he wanted to show what John Swallow and Mark Shurtleff had already blessed. Jeremy said he was paying for an influential ear.

Jeremy said that John Swallow used his airplane to go to the guy's place in California. Jeremy said that John Swallow didn't pay for it. Jeremy said he paid for the fuel and fees for landing the airplane. Jeremy said that John Swallow and Mark Shurtleff both used his airplane, and they both had access to it. Jeremy said they would call and ask, and he told them to contact his pilot, Scott.

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Report requested by SCOTT NESBITT

MUR 6850 03526

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said that John Swallow and Mark Shurtleff went to New York twice to pick up a celebrity guy who was on the television show Law & Order for a campaign fundraiser for Mark Shurtleff. Jeremy said those were the most expensive trips. Jeremy said he wasn't told it was a campaign contribution, and he didn't believe it was a campaign contribution. Jeremy said there were "probably" plane logs, and he said he was sure he could locate them.

Jeremy said he was told that John Swallow was using his airplane. Jeremy said his (Jeremy's) relatives wanted to use his airplane, and John Swallow was put off by them being on the airplane. Jeremy said "Yeah, I'm sure I did" donate to John Swallow's campaign. Jeremy then said he actually didn't do so because his money was taken by then.

Jeremy said he didn't recognize the name Proper Role of Government. Jeremy said John Swallow would ask him for money for this or that, and Jeremy said the amount of \$50,000. Jeremy said John Swallow was using his airplane until it got taken away in December of 2010. Jeremy said John Swallow portrayed himself as Mark Shurtleff's main guy.

Jeremy said he spoke with Mark Shurtleff about meth cops and the predator thing. Jeremy said the little things were John Swallow. Jeremy said John Swallow had some product, and he wanted them to sell it. Jeremy said that product was possibly credit monitoring. Jeremy said there were a lot of things that John Swallow brought to him. Jeremy said the light bulb thing sounded familiar. Jeremy said John Swallow would sit down with him and ask him how he could make more money. Jeremy said he had a lot of conversations like that with people.

Jeremy said that at Iworks, they would only take things that would make \$10,000,000. Jeremy said they did take a couple of projects that didn't do that. Jeremy said that Mark Shurtleff got the use of his airplane and drove his (Jeremy's) Lamborghini for his (Mark Shurtleff's) birthday. Jeremy said Mark Shurtleff got things from him while he was the Attorney General. Jeremy said Mark Shurtleff stayed in their house in Saint George. Jeremy said that was the vacation house that was used for clients. Jeremy said there may be records of that.

Jeremy said he had a houseboat, a house in Santa Monica, California, a helicopter, and a house in Saint George. Jeremy said all of those things were available for use. Jeremy said he liked Mark Shurtleff. Jeremy said he thought it was a noble thing that Mark Shurtleff was a public servant and could have made more money in the private sector. Jeremy said Mark Shurtleff never offered anything.

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Report requested by SCOTT NESBITT

Utah Case Management

CASE# 12DPS0570

Printed On: 12/04/2014

**Utah Department of Public Safety****State Bureau of Investigation**

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said the first money he gave to Mark Shurtleff was \$50,000 to his campaign at the behest of Rob Stahura. Jeremy said Mark Shurtleff said he appreciated the donation and hoped they could work together. Jeremy said Mark Shurtleff said that didn't mean he could break laws. Jeremy said he specifically remembered Rob Stahura pitching it as "fire insurance". Jeremy said he didn't get that from Mark Shurtleff.

Jeremy said Rob Stahura said their industry needs legal protection. Jeremy said the check was made out to Mark Shurtleff's campaign, and he didn't tell Mark Shurtleff what Rob Stahura had said. Jeremy said Rob Stahura knew the money would please Mark Shurtleff. Jeremy said John Swallow got trips, the use of his airplane, and the use of his houseboat. Jeremy said he possibly gave John Swallow some golf clubs that were worth \$100,000 or paid his credit card for him.

Jeremy said he gave a girl who couldn't eat \$100,000 for surgery. Jeremy said he allowed the use of his airplane for her family. Jeremy said John Swallow brow beat the insurance company into paying. Jeremy said John Swallow was in the Attorney General's Office at that time. Jeremy said he had asked John Swallow to help out with this.

Jeremy said that when he found out that the federal government was investigating John Swallow, he called him and warned him. Jeremy said he promised John Swallow he wouldn't cooperate. Jeremy said Nathan Crane gave him the proffer agreement to prosecute John Swallow. Jeremy said he assumed that Brent (Ward) was prosecuting. Jeremy said John Swallow said that he and Brent Ward had a meeting, and Brent agreed not to run against him if he hired him after becoming the Attorney General.

Jeremy said he gave Brent a list of people that he believed could have been prosecuted. Jeremy said Brent agreed to the list, and the language in the plea agreement covered John Swallow more than anyone else.

Jeremy said he was involved in the poker accounts of "Poker Stars" and "Full Tilt". Jeremy said those accounts were making \$100,000 a day. Jeremy said they were important. Jeremy said he had \$30,000,000 at a time, and he wanted to keep the their trust. Jeremy said it was lucrative for him and the bank. Jeremy said he got a call from Harry Reid's staff. Jeremy said he was told that Harry Reid wanted to take him to lunch and had heard about his thing in Haiti.

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Report requested by SCOTT NESBITT

MUR 6850 03528

Utah Case Management

CASE# 12DPS0570

Printed Date: 12/04/2014

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said Jeff was pounding him to meet with Harry Reid. Jeremy said they met at the Rio in Las Vegas, Nevada. Jeremy said the poker guys came. Jeremy said Harry Reid said he was behind in the election and needed his help. Jeremy said Harry Reid said that in the past he had been against online gambling and was willing to switch his position on poker and help get legislation passed, so they did not have to operate in the grey area. Jeremy said there are photographs of that meeting.

Jeremy said he was portrayed as a Mormon honest guy who was transparent. Jeremy said Harry Reid thanked him and left. Jeremy said he asked one of Ray Bitar's cronies how he convinced Harry Reid to go against his constituents, and that person said to just say that Harry Reid is getting something in his retirement.

Jeremy said John Swallow said it wasn't legal to play poker in Utah, but there was nothing wrong with processing it. Jeremy said there was a PAC called Poker Players Alliance. Jeremy said he was not aware of taking poker money and putting it into PACs. Jeremy said "Yes, I know Jason Powers." Jeremy said he knew Jason Powers "really well". Jeremy said he did not know who Seth Crossley, Renae Cowley, and Jessica Fawson were. Jeremy said he knew Jack Powers, and Jack Powers ran Mike Lee's finance.

Jeremy said his job was to go out and get money for campaigns. Jeremy said it happened that he supplied money for someone else to donate to Mark Shurtleff and Mike Lee's campaigns. Jeremy said John Swallow approached him with that plan. Jeremy said John Swallow said they needed a certain amount of money. Jeremy said he asked him who to make it out to, and John Swallow said the most they could donate was \$2,500.

Jeremy said John Swallow said that most people cannot do that, referring to the amount of money. Jeremy said John Swallow said he (Jeremy) could give a gift or a bonus, and the other's could donate. Jeremy said the solution was that he put up the money when he could. Jeremy said John Swallow came to him in behalf of the Mike Lee and Mark Shurtleff campaigns for donations. Jeremy said Jason Powers and Jack Powers wanted him to donate to Mike Lee. Jeremy said Ray Bitar came to him to donate to Harry Reid's campaign.

Jeremy said they asked for money in excess of what was allowed to donate. Jeremy said they would tell him how to do it. Jeremy said they were aware that the people were not going to give the money and that the money was really coming from him. Jeremy said they came to him more than once.

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Report requested by SCOTT NESBITT

MUR 6850 03529

Case Management

CASE# 12DPS0576

Printed Date: 12/04/2014

**Utah Department of Public Safety****State Bureau of Investigation**

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Jeremy said he had no specific knowledge of the \$200,000 to Jack Powers. Jeremy said he did not know Marc Jenson. Jeremy said he didn't believe Marc Jenson when Marc Jenson said that Mark Shurtleff wanted him to purchase his books. Jeremy said he offered to purchase a whole bunch of Mark Shurtleff's books, and Mark Shurtleff said that would be considered an improper gift.

The interview was recorded by Ron Yengich, and we agreed to his request not to record it ourselves. Ron Yengich agreed to provide a copy of the recording at some point.

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Report requested by SCOTT NESBITT

MUR 6850 03530


Utah Department of Public Safety

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Supplemental Report

Created By: Nesbitt, Scott

Creation Date: 11/06/2013

Creation Time: 19:18

Reporting Investigator: S. Nesbitt

ITEMS FROM ATTORNEY RONALD YENGICH

On 10-30-13, Troy Rawlings and I went to the the law office of Ronald Yengich located at 175 East 400 South #400 in Salt Lake City. Ronald Yengich told us that he had his client, Jeremy Johnson's permission to allow us to have copies of anything in his case file with the exception of his (Ronald Yengich's) notes. I obtained electronic copies of all of the transcriptions of the depositions in the Federal Trade Commission case against Jeremy Johnson, copies of some court filings in the Federal Trade Commission case against Jeremy Johnson, copies of emails between Assistant United States Attorney Jared Bennett and Ronald Yengich regarding Jeremy Johnson, copies of emails between Assistant United States Attorney Jeannette Swent and Brent Ward, copies of emails between Jeremy Johnson and Brent Ward, copies of emails involving John Swallow and poker, copies of emails between John Swallow and Jeremy Johnson, an interview synopsis for John Young, and a statement from Karen Beck-Redd.

The statement from Karen Beck-Redd read in part "I am Jeremy Johnson's personal assistant. My duties for Jeremy included taking care of and scheduling some of his properties, vehicles, boats, helicopters and planes. I have been asked to state the time that I remember John Swallow or Mark Shurtleff using any of these items. The way it usually worked was.....Jeremy would send me a text message specifying what he needed..I wouldn't ask a lot of Questions so as far as details go, I would have to pull my old cell phones out, charge them up and go through them to find dates etc. Here are some of the times I can remember just off the top of my head... -I remember getting the houseboat all stocked up and ready for John Swallow and his family to use. (Terrance Jacob also helped with that) -I remember quite a few times I had to arrange a pilot and plane for them to use. Trips to and from SLC-SG, trips to Vegas, to daughters soccer games in Mesquite and back to Salt Lake City. -Numerous times Jeremy would ask me to leave a car at the airport because one of them would be flying in and needed a car to use. -I also recall a few times arranging for them to come and stay at his "Green House" (Its Jeremy's home on Main street that is the color green) Terrance Jacob also helped get properties ready...I am in the process of getting his phone number...I will forward it on as soon as I get it. He would also know some of this information. Karen Beck -Redd".

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The interview synopsis for John Young read "John Young was introduced to Mark Shurtleff and John Swallow in 2009. John Young and Rob Stuhura were previous employees with MOA (Monitoring of America) and were aware that MOA (owned by Doug Gervink and Gary Hewitt) were not compliant and possibly involved in some inappropriate activity. John and Rob were being sued by Doug and Gary for \$ 175 million. Rob arranged a meeting with Shurtleff and Swallow to negotiate a deal that resulted in them being fined \$ 14,000.00. Following this their relationship Rob and John were introduced to Mark Jensen, who was working on the Mt. Holly."

The interview synopsis read "Rob Stuhura working with Shurtleff negotiated a Plea Bargain for Mark Jensen. Jensen relocated to Montage, CA. Young stated that he believed Jensen paid approximately \$200 K for the house and later purchased another for his spouse. Rob Stuhura notified John Young that they now "had to pay up" for their own job security. Young arranged for Tim Lawson to travel to California and meet with Mark Jensen. Young stated he provided Tim with \$ 2,500.00 on 4 (four) different occasions. Young stated that Lawson was to keep Jensen and Shurtleff's association. Young stated that Tim Lawson could help with the contact with the AG, and assist Swallow with fund raising."

The interview synopsis read "Rob Stuhura contacted Young and stated he needed \$ 10,000 for Swallow's campaign. This happened numerous times and for different amounts of cash. Young was told to contact Jeremy Johnson and Lawson for Swallow's campaign and raise funds. Young stated he was told by Rob to tell Jeremy that \$ 20,000.00 was for "Job Security and Fire Insurance". Young described Mark Jensen's role as "Pimping" for Swallow and Shurtleff. Young stated it was very clear that if the individuals involved wanted to maintain the association and relationship with the AG (job security and fire insurance) Swallow was going to replace Shurtleff - they would have to contribute."

The interview synopsis read "Young stated two other individuals that could assist with providing information were Joe Johnson and Amy Wolf both of Tampa, FL. Young stated that Joe and Amy came in with \$ 10 million and Amy "leveraged" a houses package for approximately \$960 K. Young stated that Joe and Amy had a business (Get Motivated) and they wanted to purchase and merge with a company Wealth Rock. Wealth Rock's CEO was Aaron Osmond. Young stated that Osmond later became uncomfortable because funds began to disappear and he believed they were "stealing" money from investors. Young stated that he believes Amy will be very cooperative and will provide additional information. He also believes Joe will also cooperate."

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Report requested by SCOTT NESBITT

MUR 6850 03532

Case Management

CASE# 12DP50570

Printed Date: 12/04/2014

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

The interview synopsis read "Young stated that while he and Rob were being sued by Doug and Gary, he and Rob went to Swallow. Young stated they went to lunch and requested assistance with hiring a lawyer to help them. Young stated Swallow introduced them to "Stole-Reeves". Young indicated that a short time later Doug and Gary dropped the law suit. Young later was told that the AG had threatened Doug and Gary and that was the reason for dropping the law suit. Young stated that he recalled another instance when Rob came to him and again stated for their "Job Security" he needed to give Jensen another \$ 5,000. Young assumed that the request was generated by Swallow. John Young stated he would cooperate in any way he could."

The emails regarding poker were from Salt Lake Tribune reporter Tom Harvey, and they appeared to have been cut and pasted from actual emails. The email information read "From: Jeremyjohnson@elitedebit.com Rep: Utah Draft Opinion March 4, 2010 To: john.swallow1@me.com Previous message from "A. Jeff Ifrah jeff@ifrahlaw.com To: Jeremyjohnson@elitedebit.com and chad@elitedebit.com Please take a look at this. We would like you to deliver this to the Utah AG and request that he meet next week T-W or Th, with me and the Executive Director of the Poker Players Alliance (John Pappas) who he already knows."

The email information read "March 8, 2010, JJ@elitedebit.com To: john.swallow1@me.com Re: Utah draft opinion Any progress on his opinion? Do you think I can come up and meet with Mark about it next week? March 8, 2010 From: john.swallow1@me.com Mark and I met today and we discussed it and he read it like I did. Can I call you tomorrow and we can talk about it? Utah law is less lenient than federal law. But I have some ideas that should help. Let's talk tomorrow. john@theppa.org arranging a meeting with Shurtleff. SLC Tribune reporter inquiring why he meeting with AG. To jj Marc J. Zwillger; Jeff Ifrah, re: UT AG meeting 4-1-2010".

The email information read "April 1, 2010 From: Marc Zwillinger Marc@zwillgen.com To john@theppa.org Cc: Jeff Ifrah This was second message on one to Jeremy Johnson at jeremyjohnson@iworks.com April 2, 2010.... Discussion opinion on poker process ... AG and deputy warned an opinion might backfire "because the public nature of the opinion might cause members of the legislature to demand a change in the law to make it more clear that poker was illegal"...points out church is opposed to poker... more include to try something less than formal opinion, like nonprosecution letter or statement. ... suggest amicus brief ... We also discuss how such a brief might be portrayed as consistent with Utah's view of federalism ..."

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Report requested by SCOTT NESBITT

MUR 6850 03533

Case Management

CASE# 12DPS-570

Printed Date: 12/04/2014


Utah Department of Public Safety
State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

The email information read "April 1, 2010 This is in an email exchange, the last of which is April 4, 2010, from Jeff Ifrah to Jeremy Johnson and Chad Elie At this point, I am trying to figure out how Mark can help you. Also, he totally loves you, talked about how you were the top businessman with the most integrity etc. From Jeremy Johnson to Ifrah Zwiner papers April 1, 2010 'Mark is a really great guy that will shoot straight with you.' 6/14/2010 Jeff Ifrah to Jeremy Johnson, cc Chad Elie attached letter. We would still very much like to have John Swallow consider signing this informal letter like the attached."

The email information read "From: Jeremyjohnson@elitedebit.com To: john.swallow1@me.com July 1, 2010, Forwarded message from Jeff Ifrah to Jeremy Johnson and Chad Elie Subject: FW: DJ latest Drafts You should share this with John Swallow and see whether his office will provide the amicus support promised in support of your position that online poker processing does not violate Utah law. July 4, 2010 From john.swallow1@me.com To: Jeremyjohnson@elitedebit.com Continues same day from Johnson to Swallow Subject: fw: Akin memo re DOJ The question here is is there a Utah law that prohibits the processing of Poker transactions for persons in other states and countries aside from Utah? We have decied that the law is unclear on if Poker is legal to play online if you are residing in Utah so we are blocking transactions from anyone in Utah but we still think it is legal to process the transactions for other states and countries. Let me know your thoughts. Jeremy July 5, 2010 To: john.swallow1@me.com From: Jeremyjohnson@elitedebit.com Jeremy, I am not aware of any such law in Utah to prohibit what you are doing. I'll have one of our assistant Attorneys General look into it tomorrow. Let's talk tomorrow. Johneswallow@gmail.com".

The emails between Jeremy Johnson and John Swallow read "From: John Swallow <johneswallow@gmail.com> Date: Monday, August 9, 2010 8:51 PM To: Jeremy Johnson <jeremyjohnson@elitedebit.com> Cc: Mark Shurtleff <shurtleffmark@gmail.com>, Mike Lee <mike@mikelee2010.com> Subject: Re: It looks like it will work. Any progress? I think we should plan on flying out in the morning on the 30th and returning sometime on the 1st of Sept. Thanks. John".

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Report requested by SCOTT NESBITT

MUR 6850 03534

Utah Case Management

CASE# 12DPS1570

Print Date: 12-4-2014

**Utah Department of Public Safety****State Bureau of Investigation**

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

The emails between Jeremy Johnson and John Swallow read "On Mon, Aug 9, 2010 at 6:36 PM, Jeremy Johnson <jeremyjohnson@elitedebit.com> wrote: I got Karen working on it now ...What dates do you want? Jeremy On 8/9/10 5:28 PM, 'John Swallow' <johneswallow@gmail.com> wrote: I lost my phone here in Mexico. Let's coordinate via email. Thanks. John FW: Meeting with Check City and me On 2/15/10 11 :49 AM, 'John Swallow' <john.swallow1@me.com> wrote: Jeremy: They also want to meet with us. My schedule is the X factor right now. Is there any way to get you up here on Friday for a few hours? If not, I might need some help to get down there since it's so busy with the session right now. They are going to be going down there to meet with your team next week--when do you usually leave for SM? When are you normally back? John".

Jeremy Johnson made the following comment regarding those emails "I don't think this trip ever happened but they wanted to take the jet to Alaska for a little junket with Mike Lee."

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Report requested by SCOTT NESBITT

MUR 6850 03535

**Utah Department of Public Safety****State Bureau of Investigation**

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

On 06-27-14, Special Agent J. Isakson and I met with Jeremy Johnson at the office of Ronald Yengich in Salt Lake City. Pamela Lindquist and Ronald Yengich were present. Jeremy said that Jared Pierce was a copy cat, referring to the government grant business. Jeremy said that Jared Pierce had a houseboat on Lake Mead. Jeremy said he discussed Jared Pierce with John Swallow, and John Swallow said he was a friend of Jared Pierce and had known him for years.

Jeremy said that things with Jared Pierce got worse, and Jared Pierce told him that bad things were going to happen. Jeremy said that Jared Pierce told him to stop saying things about John Swallow.

Jeremy said that John Swallow told him that (Senator) Mike Lee remembers what he (Jeremy) did and is looking out for him (Jeremy).

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Report requested by SCOTT NESBITT

Case Management

CASE# 12DPS0570

Printed Date: 12/04/2014

**Utah Department of Public Safety**

State Bureau of Investigation

5500 West Amelia Earhart Drive Building 100

Salt Lake City, Utah 84116

Office: 801-532-2168 Fax: 801-532-3769

Supplemental Report

Created By: Nesbitt, Scott

Creation Date: 08/19/2014

Creation Time: 13:32

Reporting Investigator: S. Nesbitt

INFORMATION FROM JEREMY JOHNSON

On 08-10-14, Jeremy Johnson sent me text messages with attachments asking me if I had heard about what was in the attachments. The attachments included a copy of a letter that was addressed to Kerry V. Johnson in Santa Clara, Utah, and the letter was from Mike McCauley the Treasurer for Friends of Mike Lee. The letter was regarding "Your contribution to Friends of Mike Lee in June 2010".

Part of the letter read "Recently, there have been news stories and allegations that certain individuals who helped raise money for Senator Lee's 2010 campaign may have reimbursed donors for their contributions to the campaign. This is not something that the Lee campaign or Senator Lee was aware of or in any way condoned. Senator Lee has asked me as treasurer of the campaign, to review all contributions received by the campaign during the time period in question - late June 2010 - and to contact each donor to confirm that the contribution was from the donor's own funds and that the donors were not reimbursed by any third party. If that is not the case, and if there were reimbursements, we need to know that information as well as for legal and reporting purposes. Our records reflect that you made a contribution of \$2,400 via check dated June 11, 2010."

The attachments included a copy of a check made out to "Friends of Mike Lee" for \$2,400. The check was dated 06-11-10, and the memo line read "Contribution". The account name on the check is "KERRY V. JOHNSON", and the check number is 1028.

The attachments included a form that read in part "Confirmation of Contribution to Friends of Mike Lee This is to confirm that my contribution to Friends of Mike Lee in June 2010 was from my personal funds and that I was not reimbursed by any third party for the contribution." The form had lines for a signature and a date.

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Report requested by SCOTT NESBITT

MUR 6850 03537

Attachment 2

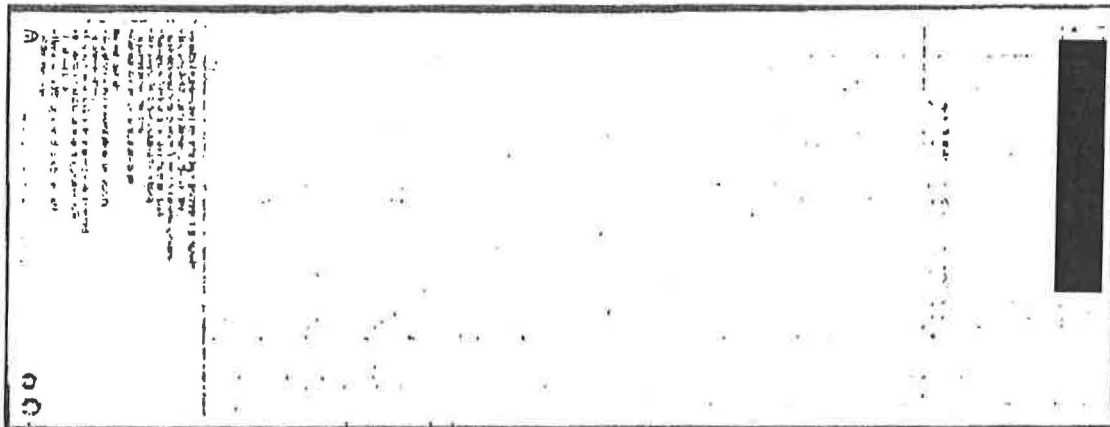
6/14/10 Check 5075 Amount 14,400.00

Triple Screen, LP Operating Account 401 North Main Street, Ste 200 Salt Lake City, UT 84179-1729 (801) 594-8827		5075
6/14/2010		
PAY TO THE ORDER OF Sole Group, LLC		\$ -14,400.00
Fourteen Thousand Four Hundred and 00/100		DOLLARS <input type="checkbox"/> <input type="checkbox"/>
Sole Group, LLC		
ME M		LD

Attachment 3

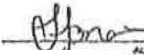
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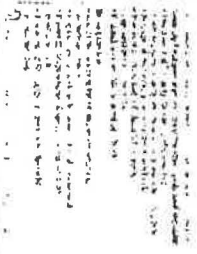

SOLE GROUP, LLC 230 N 1680 E STE B2 ST GEORGE, UT 84790-2682		WELLS FARGO BANK, N.A. www.wellsfargo.com 81-87771640		1019
PAY TO THE ORDER OF <u>Savannah Jones</u>		<u>6/14/10</u>		\$ 2,400.00
<u>Two thousand four hundred 9/100</u>		DOLLARS		0
MEMO		<u>Olene</u>		AUTHORIZED SIGNATURE



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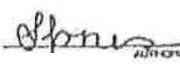
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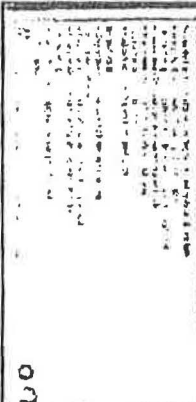


SOLE GROUP, LLC 230 N 1880 E STE B2 ST GEORGE, UT 84790-2582		WELLS FARGO BANK, N.A. <small>www.wellsfargo.com</small> 81-237711640		1020
		6/14/2010		
PAY TO THE ORDER OF <u>Atta Black</u>		\$ <u>2,400.00</u>		
Two Thousand Four Hundred and 00/100				DOLLARS
Atta Black 2984 S Slate Ridge Dr St. George, UT 84790		 <small>AUTO-CRUISED SIGNATURE</small>		
MEMO				

			
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Site	Paid Date	Serial	Routing	Account	PC	Amount	Sequence #	CI
VIEWPOINTE	20100616	1021	12400297	5510050999	000080	2,400.00	8553874493	

SOLE GROUP, LLC 230 N 1800 E STE B2 ST GEORGE, UT 84780-2502		WELLS FARGO BANK, N.A. www.wellsfargo.com 81-297768-40		1021
		6/14/2010		
PAY TO THE ORDER OF <u>Kyle Boyer</u>		\$2,400.00		
Two Thousand Four Hundred and 00/100		DOLLARS		
Kyle Boyer 3222 South 355 West Washington, UT 84780		 AUTHORIZED SIGNATURE		
MEMO		0000240000		

				
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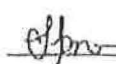
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SOLE GROUP, LLC 230 N 1680 E STE B2 ST GEORGE, UT 84790-2562		WELLS FARGO BANK, N.A. www.wellsfargo.com 81-88771240	1022
		8/14/2010	
PAY TO THE ORDER OF <u>Lee Black</u>		\$2,400.00	
Two Thousand Four Hundred and 00/100			DOLLARS
Lee Black 2964 South Slate Ridge Drive St. George, UT 84790			
MEMO		 AUTHORIZED SIGNATURE	

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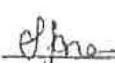
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SOLE GROUP, LLC 230 N 1080 E STE 02 ST GEORGE, UT 84790-2682		WELLS FARGO BANK, N.A. <small>www.wellsfargo.com</small> 81-85771840		1023
		6/14/2010		
PAY TO THE ORDER OF <u>Matt Black</u>		\$2,400.00		
Two Thousand Four Hundred and 00/100		DOLLARS		
Matt Black				
MEMO		AUTHORIZED SIGNATURE		

			
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Site	Paid Date	Serial	Routing	Account	PC	Amount	Sequence #
VIEWPOINTE	20100616	1024	12400297	5510050999	000060	2,400.00	8553874492

SOLE GROUP, LLC 230 N 1680 E STE 62 ST GEORGE, UT 84790-2582		WELLS FARGO BANK, N.A. www.wellsfargo.com 31-897/1940	1024
		0/14/2010	
PAY TO THE ORDER OF <u>Tiffany Boyer</u>		\$2,400.00	
Two Thousand Four Hundred and 00/100		DOLLARS	
Tiffany Boyer			
MEMO		AUTHORIZED SIGNATURE 	
		⑈0000240000⑈	

MICR LINE ⑈0000240000⑈	16 10		
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Attachment 4

05/12/2010 12:38

435-628-7188

FEDEX OFFICE

5593

PAGE 82

MIKELLE YATES 0197
LIC. UT 159058211/19011

128

ST. GEORGE, UT 84770

6/11/10

31-7955/3240

PAY TO THE
ORDER OF

Mike Lee

\$ 2,400.00

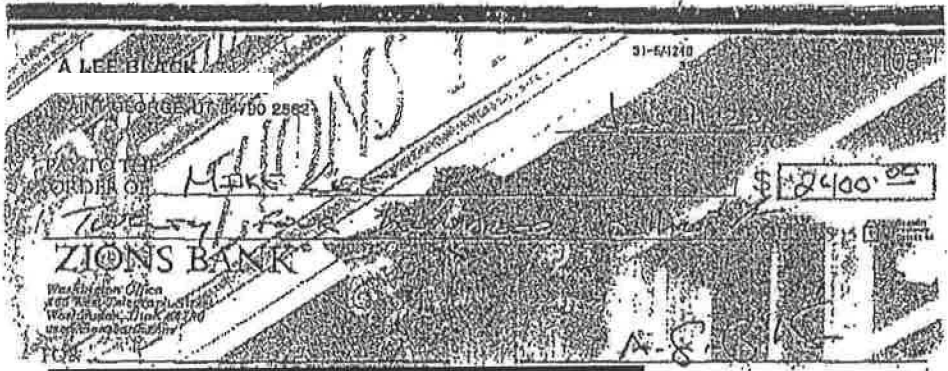
Two Thousand Four Hundred AND xx/100

DOLLARS

FEDEX ROAD OFFICE
MOUNTAIN AMERICA
CREDIT UNION
123 MAIN ROAD • ST. GEORGE, UT 84790

FOR [REDACTED]

Mikelle Yates [Signature]



(United States)

SAVANNAH JONES 0500

1118

UNIVERSITY, UT 84725

31-297/1240 2064
6755001708

6/14/10

Date

Pay to the
Order of

Mike Lee

\$ 2,400.00

Two thousand four hundred 00/100

Dollars

WHITE PAPER

For

[Signature]

06/12/2010 12:38

435--628-7188

FEDEX OFFICE

5593

PAGE 03

MATTHEW E BLACK 08-09

MAPLETON, UT 84664-2208

1031

31-29771240-284
6289786225

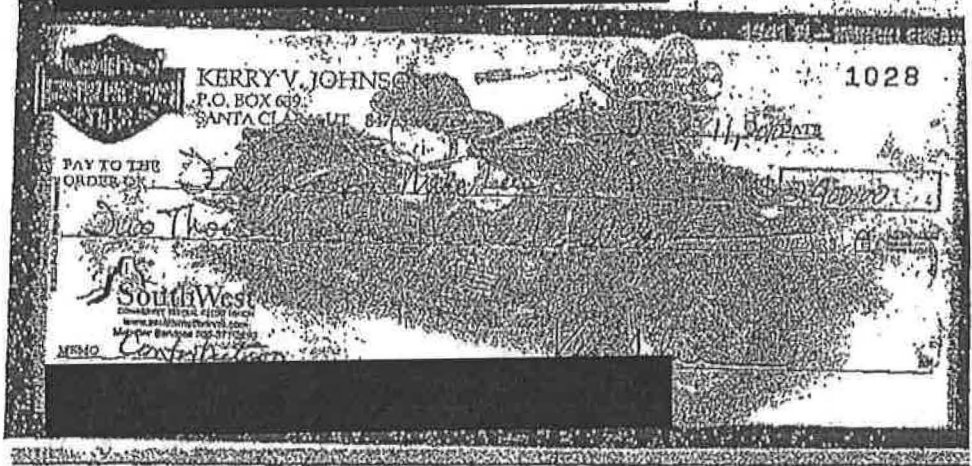
June 11, 2010

Pay to the Order of MIKE LEE

TWENTY FOUR HUNDRED DOLLARS & no/100 \$ 2400



Wells Fargo Bank, N.A.
Utah
wellsfargo.com



KERRY V. JOHNSON 12-08
BARBARA JOHNSON

SANTA CLARA, UT 84765

31-293/1240
21310213

253

DATE 6/11/10

PAY TO THE ORDER OF Friends of Mike Lee \$ 2,400.00
Two thousand four hundred & no/100 DOLLARS



THE VILLAGE BANK
1081 N. Main Street, Bldg. 200 • St. George, UT 84778
Ph: (435) 632-4292

MEMO



Barbara Johnson

MATTHEW E BLACK 08-09
MAPLETON, UT 84664-3206

1002
31-237/1240 2838
6299756225

6/21/10 Date

Pay to the Order of MIKE LEE \$ 2,400.

Two thousand four hundred dollars and no/100 Dollars

WELLS FARGO Wells Fargo Bank, N.A. wfs.com

For [Signature]

01002

CREDITED TO THE ACCOUNT
OF THE WITHIN NAMED PAYEE
ZIONS BANK

112-110005-00 06/15/10 22
ZIONS BANK, FRT7
601-974-6899

7551235760

Date: 06/22/10 Sequence Num: 51835760 [Redacted] Serial: - Amount: \$2,400.00 Dep Seq#: 51835740

06/12/2010 12:38

435--628-7188

FEDEX OFFICE


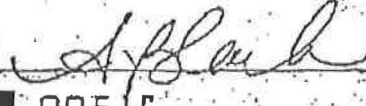
5593

PAGE 01

ATIA BLACK 08-00 515
 91 WESTING, UT 84730
 DATE 6/10/10
 PAY TO THE ORDER OF Mike Lee \$2400.⁰⁰
two thousand four hundred no/100 DOLLARS
 WELLS FARGO Wells Fargo Bank, N.A. UDA www.wellsfargo.com
 FOR [Signature]

TIFFANY BOYER 06-02 837
 ST GEORGE UT 84770
 DATE 6-11-10 87-7751/8243 40
 PAY TO THE ORDER OF Mike Lee \$2400.⁰⁰
twenty four hundred 00/100 DOLLARS
 AMERICA FIRST P.O. Box 9780 Ogden UT 84400 www.americafirst.com
 FOR [Signature]

KYLE BOYER 06-05 207
 OGDEN, UT 84403
 DATE 6-11-10 87-7751/8243 19
 PAY TO THE ORDER OF Mike Lee \$2400
twenty four hundred 00/100 DOLLARS
 AMERICA FIRST P.O. Box 9780 Ogden UT 84400 www.americafirst.com
 FOR [Signature]

ATIA BLACK 09-09		516
ST GEORGE, UT 84790		31-297/1240 2871 3139365329
DATE <u>6/21/2010</u>		
PAY TO THE ORDER OF <u>Mike Lee</u>	\$2,400.00	
<u>Two thousand Four hundred no/100</u>		DOLLARS
 Wells Fargo Bank, N.A. Utah wells.fargo.com		
FOR _____	 00516	

CREDITED TO THE ACCOUNT
OF THE WITHDRAWAL PAYEE
ZIONS BANK

124042354 3010/06-22
 ZIONS Bank Pk17
 811-974-2800
 7551835750

Date: 06/22/10 Sequence Num: 51835750 Serial: - Amount: \$2,400.00 Dep Seq#: 51835740

Site	Paid Date	Serial	Routing	PC	Amount	Sequence #	Ci
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SAVANNAH JONES 05-08
ENTERPRISE, UT 84725

1118
31-297/1240 2848
8783601732

6/22/10 Date

Pay to the Order of Mike Lee \$ 2,400.00

Two thousand four hundred and 00/100 Dollars

 Wells Fargo Bank, N.A.
Utah
wellsfargo.com

For [Signature]

CREDITED TO THE ACCOUNT
OF THE WITHIN NAMED PAYEE
ZIONS BANK

12-00000000000000000000
ZIONS BANK
601-974-6344
7551835770

The following are the
Wells Fargo Bank, N.A.
branches that are
located in the area of
the payee's address.
If the payee's address
is not in the area of
the payee's address,
the payee's address
is not in the area of
the payee's address.

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Attachment 6

IN AND BEFORE THE FEDERAL ELECTION COMMISSION

State of Utah
County of Salt Lake

AFFIDAVIT OF MIKE MCCAULEY

The undersigned, Mike McCauley, a resident of the state of Utah and being of lawful age, does hereby affirm and state:

1. I am the treasurer of Friends of Mike Lee, the principal authorized committee of Mike Lee ("the Committee"), Republican member of the United States Senate from the State of Utah ("Sen. Lee").
2. I have served as Treasurer of the Committee since September 2012.
3. I was not the Committee treasurer during the 2010 election cycle but I have in my possession the books and records of the Committee since its inception, which includes the books and records for the 2010 election cycle.
4. I have read news reports in which Mr. Jeremy Johnson, an individual who is under criminal indictment in Utah ("Mr. Johnson"), supposedly claims to have reimbursed donors to the political campaigns of various Utah candidates, including his assertion that Sen. Lee's 2010 campaign was one in which he reimbursed one or more donors.
5. In order to ascertain whether such claims are true or false, I have worked with Mr. Dan Hauser and others who were involved in the 2010 campaign in an effort to reconstruct the facts regarding donors to the 2010 campaign, and the claims by Mr. Johnson of having reimbursed donors.
6. There is no evidence in the records of the campaign's bank accounts or other documents which would indicate in any manner that contributions were from a source other than the donor(s) on whose account the check(s) were drawn.
7. Because there is no documentary evidence of donor reimbursement, and there was no knowledge or suspicion among any of the 2010 Committee staff of donor reimbursement, we have constructed a potential method for inquiring into possible reimbursement(s).
8. The methodology we developed was to identify the deposit(s) that were close in proximity in time and geographical location to Mr. Johnson's personal contribution.
9. There was a deposit into the campaign's account on June 12, 2010, which included Mr. Johnson's personal contribution of \$2400, the maximum legal primary contribution during the 2010 election cycle.

10. The June 12, 2010 deposit was made into the campaign's account in the Zion Bank branch in St. George, UT.

11. Mr. Johnson was a resident of St. George, UT in 2010.

12. The June 12, 2010 deposit was made by a campaign volunteer and included contributions from seventeen individual donors.

13. Attached to this affidavit is a list of 15 donors whose contributions were included in that June 12, 2010 deposit, with two checks subsequently redeposited on June 22, 2010 that cleared the bank. See Exhibit A.

14. I personally sent certified letters to each of the donors whose contributions were part of the same deposit as Mr. Johnson's in June 2010, requesting that each donor sign and return a certification as to having made the contributions from his/her own personal funds. A copy of the letter and the certification form is attached hereto as Exhibit B.

15. As of this date, we are still awaiting receipt of the forms from the donors; no forms have been returned to the Committee at this time.

16. Four of the donor letters have been returned as having moved with no forwarding addresses.

17. In response to the letters I sent, one individual, Ms. Savannah Jones, telephoned me on August 16, 2014 and told me she had been working for a "Mr. Black" in 2010 and that he had asked her to write a check to the Lee campaign, and that he would reimburse her.

18. The 2010 Lee campaign received a check in the amount of \$2400 from Ms. Savannah Jones.

19. I told Ms. Jones that we would appreciate her sending information in writing about the transaction. I re-sent the letter and forms previously sent which her mother had received and signed for at the address the Committee has in its records.

20. To date, I have received nothing further from Ms. Jones.

21. There are no records, documents or evidence in the possession of the Committee that would suggest or indicate that any contribution to the Committee was from a source other than the donor recorded in the Committee's records and duly reported to the FEC. The telephone conversation with Ms. Jones is the first information about reimbursement of any contribution(s) that the Committee has received.

22. The Committee is prepared to disgorge the contribution from Ms. Jones to a payee as directed by the FEC.

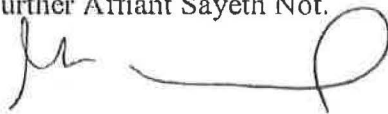
23. The Committee has made a good faith effort to validate from a select group of donors that their contributions were from their own funds. The Committee seeks the Commission's guidance as to further steps that should be taken, as there is no published guidance on this particular topic.

24. The Committee is not aware of any further actions or obligations that it can or should take to seek additional information or confirmation of source(s) of contributions.

25. The Committee makes every effort at all times to fully comply with the regulations of the Federal Election Commission regarding the solicitation, receipt, deposit and reporting of contributions.

I understand that these statements are made under penalty of perjury and I swear and affirm that the statements contained herein are made of my personal knowledge and are true and correct to the best of my knowledge and belief.

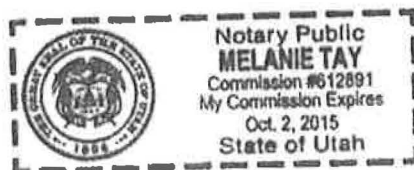
Further Affiant Sayeth Not.



Mike McCauley, Treasurer
Friends of Mike Lee

Before me this 19th day of August, 2014 appeared Mike McCauley who affirmed and stated under penalty of perjury that the above and foregoing is true and correct to the best of his knowledge and belief.

NOTARY PUBLIC
S E A L



My Commission Expires: 10/2/2015

EXHIBIT A

Contribution Entries

First Last	Address	City	State	Zip	Employer	Occupation	Date of Receipt	Amount	Election to Date	FEC Transaction ID	FEC Page #	FEC Report	FEC Reference Contribution	Response
First Last	Address	City	State	Zip	Employer	Occupation	Date of Receipt	Amount	Election to Date	FEC Transaction ID	FEC Page #	FEC Report	FEC Reference Contribution	Response
Atia Black	2964 S. Slate Ridge Circle	St. George	UT	84790	Not provided	Not provided	6/22/2010	\$2,400	\$2,400	SA11AL289257	15/128	July 15, 2010 Amended	11020331406	certified mail receipt - no response
Kyle Boyer	2548 Adams Ave	Ogden	UT	84403	Not provided	Not provided	6/22/2010	\$2,400	\$2,400	SA11AL28918	17/128	July 15, 2010 Amended	11020331408	No receipt No response
Tiffany Boyer	333 West 200 North Apt 3	St. George	UT	84770	Not provided	Not provided	6/12/2010	\$2,400	\$2,400	SA11AL28917	17/128	July 15, 2010 Amended	11020331408	Letter returned for undeliverable address
Duane Fielding	162 N. Shadow Point Dr	St. George	UT	84770	Not provided	Not provided	6/12/2010	\$2,400	\$2,400	SA11AL28925	36/128	July 15, 2010 Amended	11020331427	Letter returned for undeliverable address
Robin Fielding	162 N Shadow Point Dr	St. George	UT	84770	Homemaker	Homemaker	6/12/2010	\$2,400	\$2,400	SA11AL28924	37/128	July 15, 2010 Amended	11020331428	Letter returned for undeliverable address
Barbara Johnson	2485 Riverfront Dr.	Sancti Clara	UT	84765	Self	Entrepreneur	6/12/2010	\$2,400	\$2,400	SA11AL28912	57/128	July 15, 2010 Amended	11020331448	No receipt No response
Jeremy Johnson	529 S. Woods View Circle	St. George	UT	84770	ITWorks	President	6/12/2010	\$2,400	\$2,400	SA11AL28923	58/128	July 15, 2010 Amended	11020331449	No receipt No response
Kerry Johnson	PO Box 639	St. George	UT	84765	Self	Entrepreneur	6/12/2010	\$2,400	\$2,400	SA11AL28911	59/128	July 15, 2010 Amended	11020331450	certified mail receipt - no response
Sharla Johnson	529 South Woods View Ct	St. George	UT	84770	Homemaker	Homemaker	6/12/2010	\$2,500	\$2,400	SA11AL28926	59/128	July 15, 2010 Amended	11020331450	No receipt No response
Savannah Jones	626 S. 150 E	Enterprise	UT	84725	Not provided	Not provided	6/22/2010	\$2,400	\$2,400	SA11AL289255	61/128	July 15, 2010 Amended	11020331452	certified mail receipt - no response
Bryce Payne	2399 E. Bella Rosa Circle	St. George	UT	84790	Infotek	Management	6/12/2010	\$2,400	\$2,400	SA11AL28920	74/128	July 15, 2010 Amended	11020331465	certified mail receipt - no response
Krista Payne	2399 E. Bella Rosa Circle	St. George	UT	84790	Mutel Wireless	Management	6/12/2010	\$2,400	\$2,400	SA11AL28919	74/128	July 15, 2010 Amended	11020331465	certified mail receipt - no response
Christopher Wade	56 Shadow Point Dr	St. George	UT	84770	Not provided	Not provided	6/12/2010	\$2,400	\$2,400	SA11AL28922	93/128	July 15, 2010 Amended	11020331484	No receipt No response
Stephen Wade	1439 Bloomsington Drive	St. George	UT	84790	Stephen Wade Auto	Sales	6/12/2010	\$2,400	\$2,400	SA11AL28921	93/128	July 15, 2010 Amended	11020331484	certified mail receipt - no response
Michelle Yates	816 E. Vermillion Ave	St. George	UT	84770	Not provided	Not provided	6/12/2010	\$2,400	\$2,400	SA11AL28913	98/128	July 15, 2010 Amended	11020331489	Letter returned for undeliverable address

* Contribution divided in two per report, \$2400 and 100. Two letters sent to confirm activity. Neither have received a certified receipt or a response

EXHIBIT B



10 West Broadway
Suite 500
Salt Lake City, Utah 84101

Mikelle Yates

St. George, UT 84770

RE: Your contribution to Friends of Mike Lee in June 2010

Dear Mikelle Yates:

First, thank you for your past support of Sen. Mike Lee (R-UT) in his campaign for the United States Senate in the 2010 Utah Republican primary.

Recently, there have been news stories and allegations that certain individuals who helped raise money for Senator Lee's 2010 campaign may have reimbursed donors for their contributions to the campaign. This is not something that the Lee campaign or Senator Lee was aware of or in any way condoned.

Senator Lee has asked me, as treasurer of the campaign, to review all contributions received by the campaign during the time period in question -- late June 2010 - and to contact each donor to confirm that the contribution was from the donor's own funds and that the donors were not reimbursed by any third party. If that is not the case, and if there were reimbursements, we need to know that information as well for legal and reporting purposes.

Our records reflect that you made a contribution of \$2,400 via check dated June 11, 2010.

Enclosed is a form and pre-addressed envelope directed to my attention. Please complete, sign and return the enclosed form as soon as possible. We have set a deadline of August 15, 2014 to receive the forms and process them.

We apologize for any inconvenience and very much appreciate your help in ensuring that we comply with all campaign laws.

Please contact me at (801) 706-4427 if you have any questions or feel free to send me an email to: mike@mccauleyassociatespc.com

Thank you very much for your prompt attention.

Sincerely,

A handwritten signature in black ink, appearing to be "Mike McCauley". The signature is fluid and cursive, with a large loop at the end.

Mike McCauley
Treasurer, Friends of Mike Lee

www.mikeleeutah.com

Not printed or mailed at government expense

Mikelle Yates

St. George, UT 84770

Confirmation of Contribution to Friends of Mike Lee

This is to confirm that my contribution to Friends of Mike Lee in June 2010 was from my personal funds and that I was not reimbursed by any third party for the contribution.

Signature

Date


MIKELLE YATES 8/97 128
LIC. UT 159858914/2001
ST. GEORGE, UT 84770 6/11/10 31-795503240

PAY TO THE ORDER OF Mike Lee \$ 2,400.00
Two Thousand Four Hundred AND XX/100 DOLLARS

AMER ROAD OFFICE 17
MOUNTAIN AMERICA
CREDIT UNION
123 River Road • St. George, UT 84790
FOR DONATION Mikelle Yates

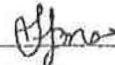


McCauley & Associates P.C.
10 West Broadway, Suite 500
Salt Lake City, UT 84101

ATIA BLACK 09-09		516
ST GEORGE, UT 84790		31-287/1240 2871 3139355329
DATE <u>6/21/2010</u>		
PAY TO THE ORDER OF <u>Mike Lee</u>	\$ <u>2,400.00</u>	
<u>Two thousand four hundred no/100</u>		DOLLARS
 Wells Fargo Bank, N.A. Utah wells.fargo.com		
FOR _____	<u>Atia Black</u>	
CREDITED TO THE ACCOUNT OF THE WITHIN NAILED PAYEE ZIONS BANK 124092454 3010/06/22 ZIONS BANK FR 17 811-974-3900 7551835750		

Date: 06/22/10 Sequence Num: 51835750 [REDACTED] Serial: Amount: \$2,400.00 Dep Seq#: 51835740

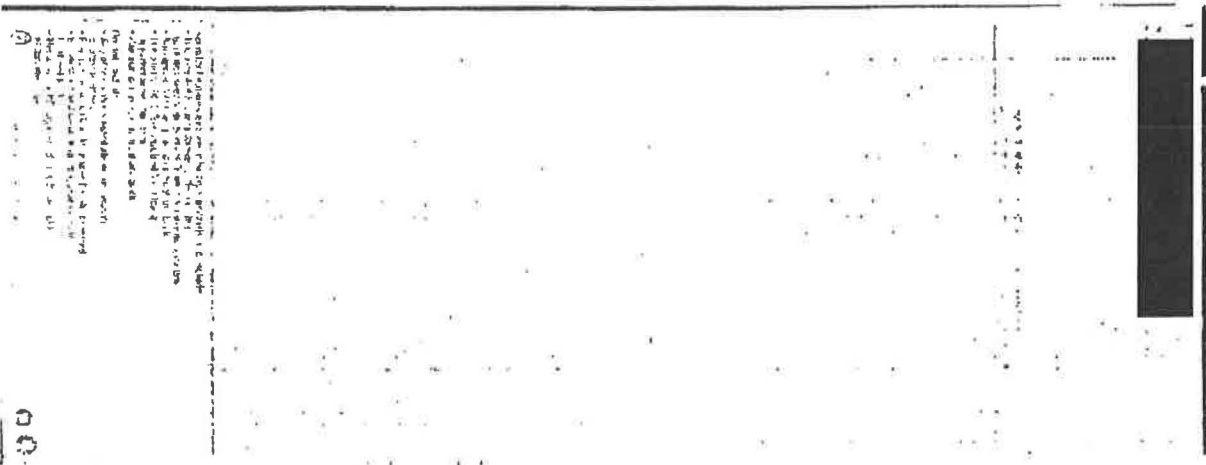
Routing	Sequence #	Paid Date	Amount	Account	Serial	Capture Source
12400297	7741087491	06152010	\$2400.00	5510050999	1020	00310297

SOLE GROUP, LLC 230 N 1990 E STE B2 ST GEORGE, UT 84790-2562		WELLS FARGO BANK, N.A. <small>www.wellsfargo.com</small> 81-3871040	1020
		6/14/2010	
PAY TO THE ORDER OF: Atta Black		\$2,400.00	
Two Thousand Four Hundred and 00/100			DOLLARS
Atta Black St. George, UT 84790			
MEMO		 AUTHORIZED SIGNATURE	

[Faint, illegible text, possibly a routing slip or internal memo]		[Redacted area]
-------------------------------------------------------------------	--	-----------------

Routing	Sequence #	Paid Date	Amount	Account	Serial	Capture Source
12400297	7741087492	06152010	\$2400.00	5510050999	1019	00310297

SOLE GROUP, LLC 290 N 1680 E STE 82 ST GEORGE, UT 84790-2562		WELLS FARGO BANK, N.A. www.wellsfargo.com 31-89771240		1019
PAY TO THE ORDER OF <u>Savannah Jones</u>		<u>6/14/10</u>		
<u>Two thousand four hundred 9/100</u>		\$ 2,400.00		
MEMO		<u>[Signature]</u> AUTHORIZED SIGNATURE		



Site	Paid Date	Serial	Routing	Account	PC	Amount	Sequence #	Cl
VIEWPOINTE	20100623	1118	12400297		000060	2,400.00	8156175168	

SAVANNAH JONES 05-08
ENTERPRISE, UT 84725

1118
31-297/1240 2869
8783601732

6/22/10 Date

Pay on the Order of Mike Lee \$ 2,400.00

Two thousand four hundred 0/100 Dollars

WELLS FARGO BANK, N.A.
Utah
wellsfargo.com

For [Signature]

CREDITED TO THE ACCOUNT
OF THE WITHIN NAMED PAYEE
ZIONIS BANK

129955550 001/06/20
ZIONIS BANK FK77
801-974-6244
7551835770

The following information is for your reference only. It is not intended to be used for any other purpose.

Copyright © 2002-06 Wells Fargo & Company. All rights reserved.

Attachment 9

From: j
Sent: Tuesday, June 22, 2010 6:21 AM
To: dan@mikelee2010.com
Subject: Fw: Letter

Sent from my Verizon Wireless BlackBerry

From: Jeremy Johnson <jeremyjohnson@elitedebit.com>
Date: Mon, 21 Jun 2010 22:16:35 -0700
To: John Swallow
Subject: Re: Letter

I can do tomorrow night or Wednesday am. I am really sorry about the checks. I will get it fixed ASAP! Let me know whos bounced. I was in a mad rush to get those so maybe I pushed a few people too hard.

Jeremy

On 6/21/10 3:25 PM, "John Swallow"

wrote:

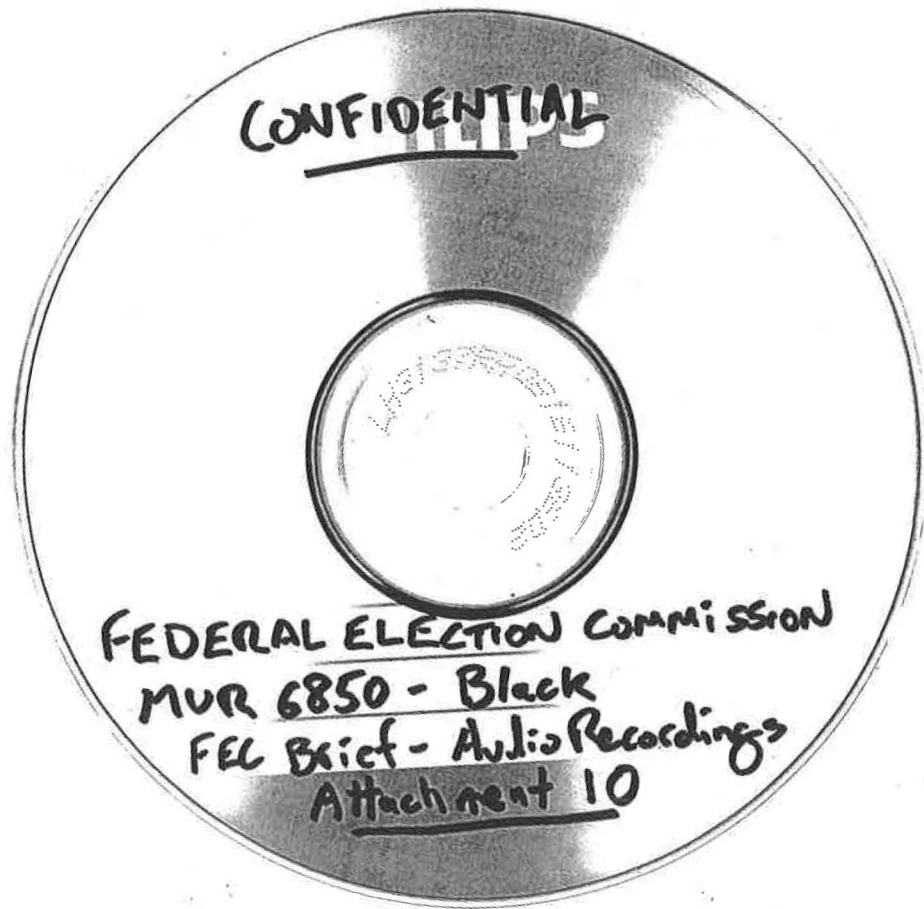
Tomorrow if you have time. Also I was told that 4 f those checks bounced. I'll forward you the names. We are working hard and tomorrow is the big day.

Sent from my Verizon Wireless BlackBerry

From: Jeremy Johnson <jeremyjohnson@elitedebit.com>
Date: Mon, 21 Jun 2010 14:49:38 -0700
To: John Swallow
Subject: Letter
Do you have time for lunch this week? Let me know what day if so.

Jeremy

Attachment 10



ALLIANCE FOR A BETTER UTAH

2014 JUN 20 AM 3:19

June 25, 2014
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington D.C. 20463

SENSITIVEMUR # 6850OFFICE OF GENERAL
COUNSEL

2014 JUN 30 AM 10:54

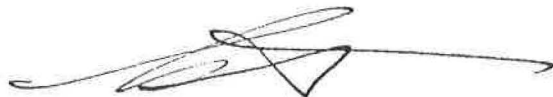
RECEIVED
FEDERAL ELECTION
COMMISSION

To Whom It May Concern:

Enclosed please find a sworn complaint alleging campaign finance violations by Senator Michael S. Lee and/or his campaign committee, including fundraisers John E. Swallow and Jeremy Johnson, campaign donor Ron McMillan, J.P. Morgan Chase, and the unidentified straw donors to the Lee campaign.

In addition to the enclosed complaint, I plan to request that Salt Lake County and Davis County prosecutors refer the findings of an ongoing investigation into former Attorney General John Swallow, which has broadened to include activities related to Lee's campaign for U.S. Senate in 2010, to the Federal Elections Commission as per the FEC's instructions that investigators who find evidence that alleges a violation of Federal election law should refer their findings to the FEC for review.

Sincerely,



Maryann Martindale
Executive Director
Alliance for a Better UTAH

MUR # 6850

FEDERAL ELECTION COMMISSION

In the matter of: Michael S. Lee, United States Senator, and
John E. Swallow, Lee campaign fundraiser, and
Jeremy Johnson, Lee campaign fundraiser, and
Ron McMillan, donor to Lee campaign, and
J.P. Morgan Chase, and
John and Jane Doe, unidentified straw campaign donors

RECEIVED
FEDERAL ELECTION
COMMISSION
2011 JUN 30 PM 10:54
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

COMPLAINT

1. The Alliance for a Better UTAH ("Better UTAH") and Maryann Martindale bring this complaint before the Federal Election Commission ("FEC") seeking an immediate investigation and enforcement action against Michael S. Lee ("Lee"), United States Senator, and former campaign fundraisers John E. Swallow ("Swallow") and Jeremy Johnson ("Johnson"), for violations of the Federal Election Campaign Act ("FECA").

Complainants

2. Complainant Better UTAH is a non-profit organization, organized under section 501(c)4 of the Internal Revenue Code with an address of 7090 Union Park Ave., Suite 460, Midvale, UT 84047. Complainant Maryann Martindale is Executive Director of Better UTAH. Better UTAH is committed to improving the lives of Utahns by ensuring that their government remains responsive to their concerns. One of the ways Better UTAH improves the lives of Utahns is through monitoring the integrity of public officials by ensuring that state and federal election laws are followed.

Respondents

3. Michael S. Lee is a United States Senator representing the State of Utah, whose campaign committee is Friends of Mike Lee.

4. John E. Swallow engaged in direct fundraising for Lee during the 2010, two-year disclosure cycle.

5. Jeremy Johnson engaged in direct fundraising for Lee during the 2010, two-year disclosure cycle.

Factual Allegations

COUNT I

6. FECA prohibits giving campaign contributions in the name of another individual or accepting campaign contributions "made by one person in the name of another person." 2 U.S.C. § 441f.

7. According to an affidavit in an ongoing investigation into Utah's former Attorney General John Swallow, Jeremy Johnson alleged that he contributed \$50,000 to Lee's campaign by gifting money to various other individuals who then contributed that money to Lee's campaign. (Exhibit A, page 37, items 116 & 117).

8. This behavior, contributing campaign donations by laundering the money through various individuals, was not unusual for Johnson or Swallow. Johnson engaged in similar behavior, at Swallow's bidding, in Mark Shurtleff's U.S. Senate bid in 2010 when Swallow served as Shurtleff's chief fundraiser. (Exhibit A, page 37, item 116 & 117).

9. Multiple checks bounced, suggesting that the donations were indeed gift donations that had not been processed quickly enough. (Exhibit A, page 37, item 117).

10. According to an investigation by the Utah House of Representative, those bounced checks allegedly came from Arvin Lee Black, Altia Black and Matthew Black. (Exhibit B).

COUNT II

11. All contributions must be included in campaign disclosures. A contribution is "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)

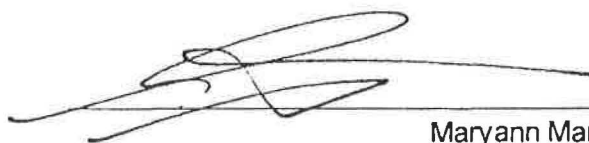
12. Pursuant to FECA, 2 U.S.C. § 439a(b)(1)(A), candidates may not use campaign contributions to pay for "a home mortgage, rent, or utility payment."

13. In May 2012, Lee engaged in a short-sale of his home in Alpine, Utah to Ron McMillan, a 2010 campaign donor to Lee's campaign for U.S. Senate. (Exhibit C). Lee then rented another home from McMillan immediately following Lee's loss of his Alpine, Utah home. (Exhibit C). Given the appearance that these transactions were prearranged, Complainants allege that these transactions were not negotiated at arms-length and may have been arranged at prices other than fair market value, thus resulting in a contribution of value from McMillan to Lee.

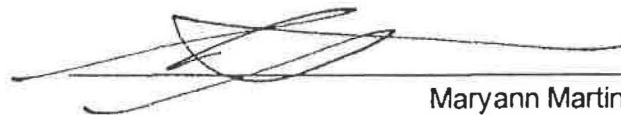
14. The short-sale described above resulted in a significant, voluntary loss to Lee's mortgage lender, J.P. Morgan Chase, for which Lee, a sitting U.S. Senator, was released from liability, while other J.P. Morgan Chase mortgage borrowers faced foreclosure and ongoing personal liability. The loss to J.P. Morgan Chase was valued up to \$400,000. (Exhibit D). Complainants allege that the \$400,000 loss to J.P. Morgan Chase, and the resulting benefit to Lee in the same amount, may have constituted an unreported campaign contribution in violation of FECA.

CONCLUSION

WHEREFORE, Alliance for a Better UTAH and Maryann Martindale request that the Federal Election Commission conduct an investigation into these allegations and impose appropriate sanctions for these violations and take such further action as appropriate.



Maryann Martindale
Executive Director
Alliance for a Better UTAH
7090 Union Park Ave., Suite 460
Midvale, UT 84047



Maryann Martindale
An Individual
7090 Union Park Ave., Suite 460
Midvale, UT 84047

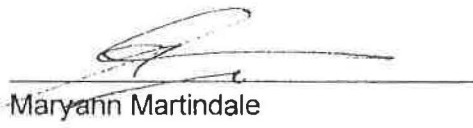
Verification

Alliance for a Better UTAH and Maryann Martindale hereby verify that the statements made in the attached Complaint are, upon information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

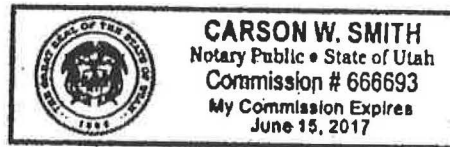
Alliance for a Better UTAH

By:  _____
Maryann Martindale
Executive Director

 _____
Maryann Martindale

Sworn to and subscribed before me this 25th day of June, 2014.

 _____
Notary Public



The Salt Lake Tribune

Exhibit B

Complaint to target alleged laundered donations to Mike Lee

Politics • Experts doubt FEC would punish the senator for accepting allegedly laundered funds.

BY ROBERT GEHRKE

THE SALT LAKE TRIBUNE

PUBLISHED JUNE 6, 2014 08:08AM

UPDATED JUNE 5, 2014 08:59PM

The Alliance for a Better Utah is preparing a federal election complaint stemming from revelations that indicted businessman Jeremy Johnson told investigators he laundered \$50,000 in campaign contributions — at John Swallow's request — to Mike Lee's successful 2010 Senate bid.

"If Utah's freshman senator did indeed allow, whether by ignorance, negligence or complete disregard of the law, a sizable amount of money to be illegally funneled into his campaign, then Sen. Lee should be held accountable," the progressive advocacy group said Thursday in a statement.

Experts doubt that Lee's campaign, in the end, would be punished; candidates usually aren't.

The Republican senator's spokesman said Wednesday that neither Lee nor his campaign knew of any arrangement with Swallow, who resigned in December after less than a year as Utah's attorney general.

Johnson told investigators in the long-running criminal probe of Swallow and his predecessor, former three-term Attorney General Mark Shurtleff, that Swallow directed him to give \$50,000 to other individuals, who then donated the money to Lee to bypass caps on federal campaign contributions.

Johnson said he also did the same for Shurtleff, kicking in \$113,600 through straw donors to the then-attorney general when he was exploring his own run for Senate in 2010.

Shurtleff said he, like Lee, was unaware of any such arrangement.

Johnson had been Shurtleff's top financial backer during his previous runs for office, with more than \$200,000 pouring into Shurtleff's causes from Johnson, his business or his associates.

Swallow's attorney, Rod Snow, said Thursday he is surprised Johnson's allegations are taken seriously.

"Someone [like Swallow] who had twice run for Congress and was aiding in the fundraising for serious senatorial candidates for the United States Senate," Snow said, "is not going to get involved in straw donations."

He added that, to his knowledge, none of the contributors told Swallow they had used Johnson's money.

"Johnson's game plan has been to try and trade up to save himself," Snow said, "and the only people who are buying into his plan are members of the press [who] do not care who [they] recklessly damage in the process."

The new information came to light in an affidavit accompanying a search warrant unsealed Wednesday afternoon.

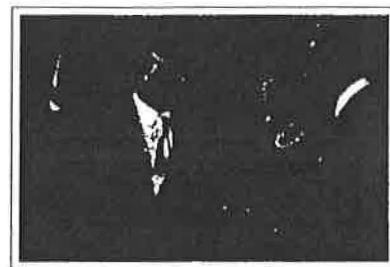
"Campaign election law violations are serious business," the Alliance for a Better Utah said in its statement. "Unfortunately, too many of Utah's elected leaders seem to treat election laws like the rest of us treat speed limits — as if they were merely suggestions."

Matt Sanderson, a campaign finance law attorney with the Washington, D.C., firm Caplin & Drysdale, said the Federal Election Commission has gone after these so-called "straw donors" in the past.

"They have come down hard on people who have done that, both entities and individuals," Sanderson said, "and they've repeatedly penalized them."

The FEC can impose only civil penalties, but if there is a "knowing and willful violation," it can be referred to the U.S. Department of Justice for criminal prosecution.

It is unlikely, however, that the FEC would go after the Lee campaign.



Djamila Grossman | Tribune file photo Sen. Mike Lee, R-Utah, was sworn in last year by Vice President Joe Biden, as his wife, Sharon, holds the Bible. Getting the federal debt under control has been his No. 1 issue.

"From the campaign's perspective, it's relatively opaque as to where the money is originally coming from," Sanderson said. "All they see is a check coming in from donors X, Y and Z. It's impossible to tell where donors X, Y and Z got that money."

If the FEC does pursue the case, it could take years for the matter to run its course, Sanderson said. Any fines usually are for the amount in question — in this case the \$50,000 — multiplied by some other figure, depending on the severity of the violation.

Johnson's allegations against Swallow last year sparked the scandal that eventually drove the Republican attorney general from office. Johnson said Swallow helped orchestrate plans to aid the embattled St. George businessman in fighting a federal investigation of his I Works business.

Johnson faces 86 federal felony charges, as well as a civil lawsuit by the Federal Trade Commission in association with his business dealings.

In a June 2010 email to Johnson, according to the affidavit, Swallow wrote: "I was told that four [of] those checks bounced. I'll forward you the names."

"I am really sorry about the checks. I will get it fixed ASAP!" Johnson replied. "Let me know [whose] bounced. I was in a mad rush to get those so maybe I pushed a few people too hard."

Johnson told investigators Swallow cashed some of the checks from the straw donors before the individuals could deposit the money that Johnson had given them, causing the checks to bounce.

Swallow forwarded the email exchange to Dan Hauser, one of Lee's deputy campaign managers and finance director in 2010 who later served as the senator's state director.

Hauser said Swallow had contacted the campaign and reported that Johnson wanted to deliver a number of contributions to Lee's bid. Nobody in the campaign, including Lee, had met Johnson, but an Internet search showed the businessman had done humanitarian work in Haiti and had helped boys cast out of southern Utah polygamist sects.

"Jeremy Johnson, at that time," Hauser said, "looked like a great philanthropist and a donor any campaign would want."

Hauser said he was included in the email after the checks bounced for informational purposes.

"[We] categorically deny any involvement with any laundering scheme or anything like that," Hauser said. "The Lee campaign and Senator Lee had no knowledge if that actually occurred and never would have accepted that at all."

The report from the Utah House investigation of Swallow identified four checks totaling \$9,600 that bounced. The contributions ostensibly were from Arvin Lee Black, Atia Black and Matthew Black. The Blacks have ties to Johnson.

Three of the checks arrived on or before the day of Lee's Republican primary with opponent Tim Bridgewater.

Arvin Lee Black was subsequently charged and later pleaded guilty to felony fraud charges for running what prosecutors said was a Ponzi scheme that defrauded an estimated 50 victims out of \$21 million. He was sentenced last month to five years and three months in prison.

House investigators also found that Swallow tried to set up a retreat with Lee. The plan called for the two to fly aboard Johnson's private jet to Alaska, where Swallow, Lee and campaign consultant Jason Powers could map out Lee's campaign strategy. The trip apparently never took place.

It is not the first time that Swallow has found himself in the middle of federal campaign finance impropriety. When he ran for Congress in 2002, his campaign and several entities — made up of longtime Swallow supporters — were fined for exceeding contribution limits.

The campaign received checks from the business entities, but itemized them as donations from members who formed the businesses, violating campaign law. The FEC fined the campaign and the individuals more than \$32,000 combined.

gehrke@sltrib.com

Twitter: @RobertGehrke

—

The bounced checks

The Utah House investigation of John Swallow identified four checks — totaling \$9,600 — to Mike Lee's Senate campaign that bounced. The contributions ostensibly were from Arvin Lee Black (recently sentenced to prison for a Ponzi scheme), Atia Black and Matthew Black — all of whom have ties to Jeremy Johnson.

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The Salt Lake Tribune

Sen. Mike Lee rents house from friend who bought his home

Politics • Lee says the rental deal was separate from the sale and "you do what you have to do."

BY THOMAS BURR THE SALT LAKE TRIBUNE

PUBLISHED MAY 22 2013 10 14 AM

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Washington • Sen. Mike Lee sold his home in a short sale two years ago to a friend and then rented a home nearby from the same man, a neighbor, federal contractor and campaign donor.

Lee was forced to forfeit his down payment and sell his sprawling million-dollar Alpine home — at a big loss to his mortgage bank, J.P. Morgan Chase — in 2011 after he was elected to the Senate and couldn't afford the payments.

The buyer, property records show, was Ron McMillan, an author and co-founder of VitalSmarts LLC, an organizational consulting firm.

Soon after, Lee began renting a home less than a quarter mile from his lost "dream home," and county records show McMillan is the owner.

Asked Tuesday about the arrangement, Lee said the rental from McMillan wasn't part of the short-sale in which his two-story home on Quail Hollow Circle was sold.

"We negotiated that separately," Lee said as he left the Capitol to head to a Judiciary Committee hearing.

The senator didn't elaborate about the negotiation but said that he does pay fair-market rent to McMillan and sees the agreement as aboveboard. Zillow.com, an online housing company, estimates the rent for Lee's current home — a 14-year-old, single-story four-bedroom house on one-half acre, at around \$2,200 a month.

Pressed about the federal contractor aspect, Lee demurred.

"I know almost nothing about his business," Lee said.

VitalSmarts raked in about \$2 million in federal contracts during fiscal year 2010 through 2011.

The contracts came from various government departments and agencies — ranging from the Environmental Protection Agency to the Department of Defense — and for the most part, they were all non-competitive accounts, meaning the government did not look elsewhere for another vendor.

A year after McMillan bought Lee's home for about \$720,000 — Lee originally bought it for \$1.1 million — McMillan's federal contracts dropped. He made about \$215,000 in fiscal 2012, according to federal records, with the largest part of that coming from sales of books and pamphlets.

Lee's office said the senator and McMillan were acquaintances and neighbors but didn't know each other before moving into the area.

McMillan and his wife donated \$7,200 to Lee's campaign during his 2010 election to the Senate.

Lee had mentioned his "friend" McMillan and his books during a Senate floor debate in 2011 about the need to work together and pass a budget. McMillan's company promoted the comment on social media.

McMillan was out of the country Tuesday and unavailable for comment, his office said. His wife, Bonnie, said through VitalSmarts that they met the Lee family when they moved to the neighborhood and are renting their previous home to the Lees at fair-market value. The Lee family is free to end the rental agreement at any time, Bonnie McMillan said.

VitalSmarts said that it has no association with Lee and all federal contracts secured in recent years have "had absolutely no connection" with Lee.

Michael Josephson, founder of the Los Angeles-based Josephson Institute, which teaches ethics for business executives and public officials, says what the senator has done may be completely "aboveboard."

"At the same time, it's a deal that by its very nature opens up the question of at least an appearance of impropriety," Josephson said.

The ethicist says the deal seems "imprudent" for a public figure.

Lee, who had clerked for Supreme Court Justice Samuel Alito and served as general counsel for then-Gov. Jon Huntsman, bought his home when he was a private-sector attorney making hundreds of thousands of dollars a year. When he ran for the Senate, which pays its members a \$174,000 salary, Lee said previously, he knew he'd have to sell.

01/17/2014

SEN. MIKE LEE RENTS HOUSE FROM FRIEND WHO BOUGHT THE SALT LAKE TRIBUNE

But then the real estate market tanked and Lee's former law firm went bankrupt, still owing him a large sum, he said.

In a deal with his bank, Lee sold his home for \$720,000 and the bank took the hit and Lee lost his "significant" down payment.

"It certainly is something that is painful to go through and I know a lot of people are going through it, and I feel for those who have had to go through it," Lee said last year.

"It's not fun. It's not something any of us would have chosen. But you do what you have to do when income doesn't match your outlays. You have to pare your outlays down."

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The Salt Lake Tribune

Senator Lee forced to sell 'dream home' in short sale

Alpine • Senator knew he'd have to sell when he left job as a lawyer.

BY THOMAS BURR

THE SALT LAKE TRIBUNE

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Washington • Less than two years into office, Sen. Mike Lee was forced to sell his dream home in Alpine with his mortgage bank taking a significant loss — up to \$400,000 — in a “short sale” as the housing bust in his neighborhood drained his house’s value.

Lee purchased the home for around \$1.1 million in January 2008, at the height of the housing boom and when he was working as a private practice lawyer. But as home prices dipped and he was elected to the Senate, Lee found himself underwater in the home and without the means to pay off the difference.

The home eventually sold for around \$720,000, according to Utah County records, after J.P. Morgan Chase agreed to write off the loss in the value and Lee forfeited his “significant” down payment.

“It certainly is something that is painful to go through and I know a lot of people are going through it, and I feel for those who have had to go through it,” Lee said Thursday in response to questions from The Salt Lake Tribune.

“It’s not fun. It’s not something any of us would have chosen. But you do what you have to do when income doesn’t match your outlays. You have to pare your outlays down.”

Lee’s wife and three children are now living in a rental home in Alpine, he said, and will continue to do so for some time.

The state’s newest senator ended up in a “short sale” — in which a mortgage holder and bank agree to take a monetary hit to sell the home — after Lee was elected to the Senate and left his law firm, Howrey L.L.P.

Lee said he knew he had to sell his home if elected because he went from a salary of several hundred thousand dollars a year to the Senate payroll of \$174,500. But he thought improvements to the home and a rebound in housing prices would help. Failing that, he was owed a large sum, he says, from Howrey that could provide a “cushion.”

But then a neighbor’s home went through a short sale, dropping home values on the street, and Howrey filed for bankruptcy, leaving Lee with little option other than to persuade the bank to take a loss.

“It pains me that those were the circumstances, but they were,” Lee said.

Lee’s home sale came up as members of Congress were required to disclose their personal finances and for the first time list their home mortgages; Lee’s disclosure, because of his home sale, listed both his mortgage and a refinance loan for his home. Pressed on the mortgages, Lee’s office noted the senator was now renting.

Taylor Oldroyd, the chief executive of the Utah County Association of Realtors, said housing prices are stabilizing in his area and for the first month in three years, they’ve seen averages flattening after the previous run of declines.

Generally, Oldroyd said, his group has been trying to work with lenders to modify current mortgages or use other means to help out a customer rather than face a short sale or, worse, foreclosure.

Lee isn’t alone in Congress.

The Illinois Daily Herald reported that Rep. Joe Walsh, R-Illinois, faced a foreclosure on his condominium in 2009 as well as financial setbacks from past-due child support and tax liens. Walsh, too, spun his financial situation as making him more attune to the troubles of many Americans.

Short sales are increasingly becoming the preferred option for banks, according to Daren Blomquist, vice president of California-based RealtyTrac, which looks at housing trends.

“Banks have recently been given additional reasons to opt for short sales rather than foreclosure over the past 18 months,” Blomquist wrote this week on his company’s blog, noting that scrutiny over foreclosure practices were a nightmare for the banks.



Al Hartmann | Tribune file photo Sen. Mike Lee is one of three Republican senators on the Senate Energy and Natural Resources Committee who voted against Interior Department secretary nominee Sally Jewell on Thursday

Because of a recent court settlement between attorneys general of 49 states and several lenders over foreclosure practices, short sales will surge in 2012, Blomquist predicted.

For Lee, who has made his mark in the Senate hammering the theme of government living within its means, the move was challenging but necessary.

"It wasn't, of course, what we wanted," he said. "We were, of course, willing to take the sacrifice for the opportunity to serve in the Senate. We knew that it could become necessary."

The loss, he says, is hard for his family, displaced because of his election and the circumstances of the housing bust and his former firm.

"We bought our dream home," he said. "It was a beautiful home."

The home is now owned by the vice president of a telecommunications company, county records show.

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Andreas Rivera contributed to this report.

Utah's congressional delegation -- what they're worth

Sen. Mike Lee*

Net Worth ranges:

2011 • -\$5,349,000 to -\$845,000

2010 • -\$118,000 to \$150,000

2009 • \$33,000 to \$194,000

* includes two mortgages for a home he no longer owns

Rep. Jim Matheson

2011 • -\$192,000 to \$1,070,000

2010 • \$543,000 to \$1.37 million

2009 • \$479,000 to \$1.24 million

Rep. Rob Bishop

2011 • -\$234,000 to -\$35,000

2010 • \$16,000 to \$65,000

2009 • \$1,000 to \$16,000

Rep. Jason Chaffetz**

2011 • \$41,000 to \$988,000

2010 • \$39,000 to \$987,000

2009: \$39,000 to \$1.03 million

** Chaffetz has always disclosed his home and mortgage

Sen. Orrin Hatch

2011 • \$1,722,000 to \$3,736,000

2010 • \$1.36 million to \$3.09 million

2009 • \$1.29 million to \$3.17 million

(Hatch does not have a mortgage)

Source: New personal financial disclosures filed with the Secretary of the U.S. Senate and the House Clerk

BEFORE THE FEDERAL ELECTION COMMISSION

Arvin Black

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MUR 6850

**CONSENT TO EXTEND THE TIME
TO INSTITUTE A CIVIL LAW ENFORCEMENT SUIT**

Respondent, Arvin Black, hereby consents to toll the statute of limitations for any civil enforcement action that the Federal Election Commission might institute in connection with MUR 6850 pursuant to 52 U.S.C. § 3019(a)(6) (formerly 2 U.S.C. § 437g(a)(6)) for a period of 30 days.

This agreement will extend the time to institute a civil law enforcement suit for a period of 30 calendar days from the expiration date of the five-year statute of limitations found at 28 U.S.C. § 2462 or any other statute of limitations or repose that may be applicable in this matter.

There shall be no additional consent to extend the time to institute a civil law enforcement suit without the written consent of the Respondent.

Arvin Black
Respondent

Date

UPS Service Order Form

UPS mailings must be received by the Mail Center by 4:00pm to be processed on the requested date.
Mailings received after 4:00pm will be processed on the next business day.

PLEASE PRINT AND FILL OUT COMPLETELY

ORIGINATOR INFORMATION

Today's Date: March 3, 2015
Your Name: Arvin Lee Black Telephone Ext: _____

DESTINATION INFORMATION

TO: Michael Colombo, Esq
ATTN: _____
STREET: 999 E St, NW
CITY: Washington
STATE OR COUNTRY: DC ZIP: 20463
PHONE NUMBER: _____

SERVICE TYPE*

- ☒ Next Day Air
Next Business Day by 10:30am
- ☐ Next Day Air Saver
Next Business Day by 3:00pm
- ☐ 3-Day Select
Deliver by end of 3rd Business Day

- ☐ 2nd Day Air A.M.
Deliver by 10:30am on 2nd Day
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OPTIONAL SERVICES

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Adults 21 years of Age or Older
- ☐ Signature Required
- ☐ Saturday Delivery