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IN THE FEDERAL ELECTION COMMISSION

COMPLAINT

2016 JAN 22 AM 10: 07

**COMPLAINANT**

Steven E. Schonberg

OFFICE OF GENERAL

Ocala, FL 34480

MUR # 7003

**RESPONDENTS**

Senator Ted Cruz and  
"Ted Cruz for Senate," 2012, FEC ID Number C00492785  
815 A BRAZOS PMB 550  
Austin, TX 78701

*PARTIES*

1. Complainant Schonberg is a registered voter in Marion County Florida. He has voted in every Presidential election for at least the last 30 years including several when he was a resident of the State of Texas from 1993 to 2006.
2. Respondent Ted Cruz is a top-ranked Harvard Law School graduate who, in 2012, was a highly regarded practicing attorney very familiar with election laws, including FECA. Mr. Cruz was first elected to the United States Senate from the State of Texas in 2012. He is now a leading candidate running to be the 2016 Republican nominee for the election of the President of the United States. Respondent "Ted Cruz for Senate," 2012, is the principal campaign committee for Ted Cruz's 2012 election campaign for the U.S. Senate in 2012.

*FACTS BASED ON COMPLAINANT'S INFORMATION AND BELIEF*

3. In 2012, Senate candidate Ted Cruz obtained bank loans from Citibank and Goldman Sachs in the total amount of more than \$1,000,000 (One Million Dollars) which he used in his election campaign for the U.S. Senate in 2012. Mr. Cruz knew, when he obtained the loans, that disclosure of the source of these funds was required by the FEC in his July, 2012 quarterly filing. Instead of disclosure, Mr. Cruz hid the source of these bank loans from the FEC.
4. Mr. Cruz, the Senate candidate, portrayed himself as a "populist" opponent of Wall Street while at the same time he secretly took the huge loans from Wall Street banks to fund his campaign. This intentional misconduct was a gross violation of FEC regulations and the rules of the Federal Election Campaign Act, as amended.

5. Respondent Cruz knew in 2012 that these loans had to be reported on his campaign committee filings with the FEC. Rather than disclose the loans, Mr. Cruz decided to lie, explaining to the media that he told his wife, Heidi, "Sweetheart, I'd like to liquidate our entire net worth, liquid net worth, and put it into the campaign." See EXHIBIT 1, New York Times Article. There is, therefore, an intentional misrepresentation to the FEC by Mr. Cruz, a lie to the media by Mr. Cruz claiming liquidation of assets, and a benefit to Mr. Cruz who used this fable to propel him to victory in the 2012 U.S. Senate race in Texas. There is Probable Cause to Believe (PCTB) that Mr. Cruz had scienter for the criminal act of intentional misrepresentation to the FEC of the source of campaign funds.

6. Instead of being honest about the loans in 2012, Mr. Cruz filed FEC Form 3 claiming that the loans were "made or guaranteed by the candidate," withholding a proper itemization of the loans that was required on Form 3, Schedule C-1. Here are the excerpts from Ted Cruz for Senate July Quarterly, identifying loans on Schedule C Form 3:



100770-1-11-11

**SCHEDULE C (FEC Form 3)  
LOANS**

Use separate schedule(s) for each category of the Detailed Summary Page  
 PAGE 1107 OF 1107  
 FOR LINE NUMBER (check only one)  13a  13b

NAME OF COMMITTEE (In Full) <b>Ted Cruz for Senate</b>			Transaction ID: <b>SC3</b>		
LOAN SOURCE Full Name (Last, First, Middle Initial) <b>RAPHAEL EDWARD TED CRUZ</b>			Election: 2012 <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
Mailing Address <b>815 A BRAZOS PMB 660</b>					
City <b>AUSTIN</b>	State <b>TX</b>	ZIP Code <b>78701</b>	CANDIDATE LOAN FROM PERSONAL FUNDS		
Original Amount of Loan <b>400000.00</b>	Cumulative Payment To Date <b>160000.00</b>	Balance Outstanding at Close of This Period <b>240000.00</b>			
TERMS		Date Incurred <b>05/18/2012</b>	Date Due <b>12/31/12</b>	Interest Rate <b>0.00</b>	Secured: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
List All Endorsers or Guarantors (if any) to Loan Source					
1. Full Name (Last, First, Middle Initial)			Name of Employer		
Mailing Address			Occupation		
City	State	ZIP Code	Amount Guaranteed Outstanding:		
2. Full Name (Last, First, Middle Initial)			Name of Employer		
Mailing Address			Occupation		
City	State	ZIP Code	Amount Guaranteed Outstanding:		

**SCHEDULE C (FEC Form 3)  
LOANS**

Use separate schedule(s) for each category of the Detailed Summary Page  
 PAGE 1107 OF 1107  
 FOR LINE NUMBER (check only one)  13a  13b

NAME OF COMMITTEE (In Full) <b>Ted Cruz for Senate</b>			Transaction ID: <b>SC3</b>		
LOAN SOURCE Full Name (Last, First, Middle Initial) <b>RAPHAEL EDWARD TED CRUZ</b>			Election: 2012 <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
Mailing Address <b>815 A BRAZOS PMB 660</b>					
City <b>AUSTIN</b>	State <b>TX</b>	ZIP Code <b>78701</b>	CANDIDATE LOAN FROM PERSONAL FUNDS		
Original Amount of Loan <b>560000.00</b>	Cumulative Payment To Date <b>0.00</b>	Balance Outstanding at Close of This Period <b>560000.00</b>			
TERMS		Date Incurred <b>05/22/2012</b>	Date Due <b>12/31/2012</b>	Interest Rate <b>0.00</b>	Secured: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
List All Endorsers or Guarantors (if any) to Loan Source					
1. Full Name (Last, First, Middle Initial)			Name of Employer		
Mailing Address			Occupation		
City	State	ZIP Code	Amount Guaranteed Outstanding:		
2. Full Name (Last, First, Middle Initial)			Name of Employer		
Mailing Address			Occupation		
City	State	ZIP Code	Amount Guaranteed Outstanding:		
3. Full Name (Last, First, Middle Initial)			Name of Employer		
Mailing Address			Occupation		
City	State	ZIP Code	Amount Guaranteed Outstanding:		

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7. Contrary to the FEC rules, Mr. Cruz and his committee failed to report these loans were actually from Citibank and Goldman Sachs in his FEC filings in 2012, 2013, 2014, 2015 and early 2016. It was only after the sources of the loans were widely reported by the media, nationwide, that Respondent Cruz admitted the existence of the Wall Street bank loans to the FEC. Here is a copy of Mr. Cruz's 2016 letter to the FEC:

**TED★CRUZ**  
REPUBLICAN for US SENATE

SECRETARY OF THE SENATE

16 JAN 14 PM 5:41

January 14, 2016

Reports Analysis Division  
Federal Election Commission  
999 E St., NW  
Washington, DC 20463

RE: Ted Cruz for Senate (C00492785)

To Whom it May Concern:

To supplement the public record regarding personal loans from Senator Ted Cruz to Ted Cruz for Senate (the "Committee") during the 2011-2012 election cycle, please be advised that the underlying source of some of the loan amounts, while previously and consistently disclosed on Senator Cruz's U.S. Senate Financial Disclosure Reports, was inadvertently omitted from the Committee's Federal Election Commission reports. As disclosed on the Senator's U.S. Senate Financial Disclosure Reports, the following underlying loan information should have also been reported as follows on the Committee's reports: Goldman Sachs Margin Loan, Incurred 2012, 3% Floating Interest Rate; Citibank Line of Credit, Incurred in 2012, Prime plus floating Interest Rate.

If, upon your further review, you have any other questions, please feel free to contact me.

Sincerely,

Bradley Klippa

8. The above letter is actually a further intentional gross misrepresentation of Mr. Cruz's loans because:

- A. The letter fails to mention that Mr. Cruz was not a senator when the loans were made.
- B. The letter implies that the loans were fully disclosed on U.S. Senate Financial Disclosure Reports, as if those were a contemporaneous disclosure with the FEC required filing.
- C. The letter fails to acknowledge that Mr. Cruz obtained an unfair advantage in his 2012 election for the Senate by failing to fully disclose the loans.
- D. The letter fails to set forth that the loans were not disclosed on the U.S. Senate Financial Disclosure reports until the year 2013, at the earliest.

- E. The letter fails to note that the loans were obtained *before* the 2012 Republican Primary Election for the U.S. Senate.
- F. The letter just recites "talking points" of the Ted Cruz Presidential Campaign. See EXHIBIT I.
- G. The letter falsely implies that the amount of each loan was disclosed on the U.S. Senate Financial Disclosure reports when in fact just a range of loan amounts was disclosed. Here is the excerpt from Mr. Cruz's Senate reports *filed in 2013, after the 2012 election*, showing the limited disclosure:

00000622488

Reporting Individual Name		PART VII. LIABILITIES						Page Number										
TED CRUZ								8										
Report liabilities over \$10,000 owed by you, your spouse, or dependent child (See p.3 CONTENTS OF REPORTS Part B of Instructions), to any one creditor at any time during the reporting period. Check the highest amount owed during the reporting period. Exclude: (1) Mortgages on your personal residences unless rented; (2) loans secured by automobiles, household furniture or appliances; and (3) liabilities owed to certain relatives listed in Instructions. See Instructions for reporting revolving charge accounts.				Date Incurred	Interest Rate	Term if Applicable	Category of Amount of Value (\$)											
							\$10,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000**	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	
Name of Creditor		Address	Type of Liability															
S. Example DC. or J		First District Bank	Wash. DC	Mortgage on undeveloped land	1992	13%	75yrs			X								
		(U) John Jones	Wash. DC	Promissory Note	2000	10%	On demand			X								
1.		CITIBANK	NEW YORK, NY	LOW PRICED CAPITAL ACCOUNT LOAN	2008	1.25%	10 yrs						X					
2.		CITIBANK	NEW YORK, NY	LINE OF CREDIT	2012	Prime Rate	-						X					
3.		ANDREWS STEAKS MARGIN LOAN	NEW YORK, NY	MARGIN LOAN	2012	7% Quarterly	-						X					

9. Because of Senator Cruz's intentional FECA violations, his victory in the 2012 Texas election for U.S. Senate was election fraud, forever blemished, and illegal. It must not stand. There is Probable Cause to Believe (PCTB) that Mr. Cruz made knowing and willful violations of FECA rules and FEC regulations; and so the Commission should, after it completes its investigation, refer such violations to the DOJ for possible criminal prosecution. See 2 U.S.C. § 437g(a)(5)(C)

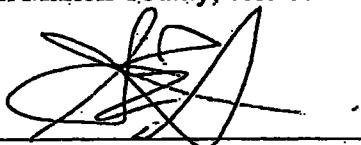
10. Time is of the essence for the FEC to issue an MUR on this matter. There is a five year statute of limitations for Senator Cruz's apparent criminal violations, governed by 2 U.S.C. § 455. The statute will run in 2017.

**CONCLUSION**

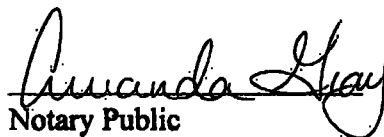
There is PCTB that Mr. Cruz made knowing and willful violations of FECA rules and FEC regulations in July of 2012. The Commission should, after it completes its investigation, refer such violations to the DOJ for possible criminal prosecution as set forth in 2 U.S.C. § 437g(a)(5)(C). Complainant requests that the Commission pursue the maximum civil and criminal penalties against Respondent Ted Cruz that are allowed by law.

**VERIFICATION**

Signed and affirmed before me *UNDER PENALTY OF PERJURY* this 19th day of January, 2016 in Marion County, Florida.

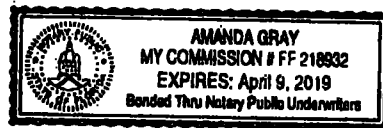


Steven E. Schonberg



Notary Public

FLDL: 5016-785-42-212-0  
ex: 06/12/2021



ex: 04/09/19

http://www.nytimes.com/2016/01/16/us/politics/ted-cruz-failed-to-report-a-second-campaign-loan-in-2012.html?ref=topics

# Ted Cruz Failed to Report a Second Campaign Loan in 2012

EXHIBIT I

By MIKE McINTIRE JAN. 15, 2016



Ted Cruz in Webster City, Iowa, last week. (Eric Thayer for The New York Times)

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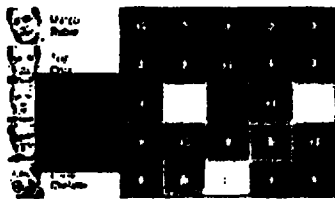
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**Cruz, already facing scrutiny for not disclosing a Goldman Sachs loan he used for his 2012 Senate campaign, also failed to disclose a second loan, from Citibank, for the same race, according to a letter he sent Thursday to federal election officials.**

**The one-page letter said that the “underlying source” of money for a series of personal loans Mr. Cruz made to his Senate campaign in Texas included both bank loans, which totaled as much as \$1 million. Both loans were “inadvertently omitted” from the required filings, the letter said. Previously, Mr. Cruz had acknowledged only using the loan from Goldman for his campaign.**

1604749-1-1M38

The latest disclosure casts further doubt on his oft-stated story of having liquidated his entire family savings of slightly more than \$1 million to fuel a come-from-behind win in the Republican primary. The tale has become part of a campaign narrative of a populist, scrappy Mr. Cruz putting everything on the line to overcome a wealthy establishment opponent.



## Interactive Graphic: Who's Winning the Presidential Campaign?

His letter to the Federal Election Commission came after The New York Times reported that at least some of the "personal funds" Mr. Cruz and his wife, Heidi, put into his campaign actually came from a large loan from Goldman Sachs, where Mrs. Cruz works. The loan, for up to \$500,000, was secured by holdings in a brokerage account at Goldman Sachs. The

Cruz campaign called the failure to disclose the loan an honest mistake and said it would contact the election commission for guidance on how to amend its filings.

The Citibank loan, also for as much as \$500,000, was a line of credit, and it is not clear from Mr. Cruz's letter what collateral, if any, was used to obtain it. Mr. Cruz's presidential campaign has declined to answer questions from The Times about the Citibank loan.

Kent Cooper, a former election commission official, said the letter from the Cruz campaign was still "lacking critical information" that candidates must report, including the exact amount of the loans and whether there were any co-signers. Federal law required that those details, and more, were to be reported during the primary and general election campaigns.

"This failure to disclose to the public," Mr. Cooper said, "meant voters in Texas did not have the required information."

The Times report about the Goldman Sachs loan surfaced in the Republican presidential debate Thursday night, when Mr. Cruz was asked how he could have overlooked disclosing it. Mr. Cruz suggested that the

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issue was overblown, dismissing it as a "paperwork error" and saying he had disclosed the loans in another public filing.

That filing is the annual personal disclosure, where members of Congress list their assets and income. On those reports, he listed the bank loans — without indicating that they were used for his campaign.

It is the other type of report, which campaigns must file with the Federal Election Commission, that is at issue. On those reports, Mr. Cruz failed to disclose any bank loans he obtained to finance his Senate race. So, while it is true that Mr. Cruz listed the loans in his Senate reports, he has never disclosed in any report that they were used for his campaign.

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