



FEDERAL ELECTION COMMISSION
Washington, DC 20463

August 17, 2020

VIA ELECTRONIC MAIL ONLY

E-mail: cg@gobergroup.com
Chris K. Gober, Esq.
The Gober Group PLLC
P.O. Box 341016
Austin, TX 78734

RE: MUR 7048
Cruz for President and
Bradley S. Knippa in his
official capacity as treasurer
Senator Ted Cruz

Dear Mr. Gober:

On August 6, 2020, the Commission accepted the signed conciliation agreement submitted on behalf of your client, Cruz for President and Bradley S. Knippa in his official capacity as treasurer, in settlement of violations of 52 U.S.C. § 30125(e) and 11 C.F.R. § 300.61, provisions of the Federal Election Campaign Act of 1971, as amended, and Commission regulations. On that same date, the Commission voted to dismiss the allegation that Senator Ted Cruz violated 52 U.S.C. § 30125(e) and 11 C.F.R. § 300.61, and the Commission closed the file.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation

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agreement's effective date. If you have any questions, please contact Joseph Wenzinger, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

Mark Allen

Mark Allen
Assistant General Counsel

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Cruz for President and Bradley S. Knippa) MUR 7048
in his official capacity as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Crystal K. Perkins, Texas Democratic Party. The Federal Election Commission (“the Commission”) found reason to believe that Respondent Cruz for President and Bradley S. Knippa in his official capacity as treasurer (“Respondent” or “the Committee”) violated 52 U.S.C. § 30125(e) and 11 C.F.R. § 300.61.

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

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

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

1. Respondent is the principal campaign committee within the meaning of 52 U.S.C. § 30102(e) for the candidacy of Rafael Edward “Ted” Cruz (“Cruz”) for president during the 2016 election cycle.

28 2. In 2015 and 2016, J. Keet Lewis (“Lewis”) served as a volunteer fundraiser for the
29 Committee.

30 3. Stand for Truth, Inc. (“the Super PAC”) is a political committee within the meaning of
31 52 U.S.C. § 30101(4), and is an independent-expenditure-only political committee (“IEOPC”);
32 thus, it has filed a notice with the Commission stating that it makes independent expenditures
33 and, consistent with the U.S. Court of Appeals for the District of Columbia Circuit decision in
34 *SpeechNow.org v. FEC*, 599 F.3d 686 (D.C. Cir. 2010), raises funds in unlimited amounts and
35 does not use those funds to make contributions to federal candidates or committees.

36 4. On December 30, 2015, Respondent hosted an official fundraiser to solicit
37 contributions for Respondent, and Lewis served as a co-host and the emcee of the event.

38 5. At the event, in his role as co-host and emcee, Lewis made spoken remarks to
39 attendees during which he (1) solicited individual contributions to Respondent and (2) stated the
40 following:

41 A. That an “unlimited table” for “the Super PAC, Stand for Truth” was present
42 and able to accept “corporate dollars”;

43 B. That the Super PAC “can take corporate dollars” and “can take partnership
44 dollars”; and

45 C. That “the method to our madness is this: you max out [to Respondent] and
46 then get engaged in the Super PAC.”

47 6. The Federal Election Campaign Act of 1971, as amended (“the Act”), and
48 Commission regulations prohibit any agent acting on behalf of a federal candidate or any
49 individual holding federal office, or any entity directly or indirectly established, financed,

maintained, or controlled by or acting on behalf of one or more federal candidates or individuals holding federal office, from soliciting funds in connection with an election for federal office unless the funds are subject to the limitations, prohibitions, and reporting requirements of the Act. 52 U.S.C. § 30125(e); 11 C.F.R. §§ 300.60, 300.61.

7. The Act limits contributions to non-authorized, non-party committees to \$5,000 in any calendar year, 52 U.S.C. § 30116(a)(1)(C), and prohibits contributions to such committees from a variety of sources, including corporations and labor organizations, *see* 52 U.S.C. §§ 30118(a), (b). These contribution limits and source restrictions do not apply to contributions to IEOPCs in the wake of *Citizens United v. FEC*, 558 U.S. 310 (2010), and *SpeechNow.org v. FEC*, 599 F.3d 686 (D.C. Cir. 2010).

8. The Act's solicitation restrictions under 52 U.S.C. § 30125(e)(1)(A) remain applicable to agents acting on behalf of federal candidates and individuals holding federal office. *See* Advisory Opinion 2015-09 (Senate Majority PAC); Advisory Opinion 2011-12 (Majority PAC). Accordingly, agents acting on behalf of federal candidates and individuals holding federal office "may not solicit unlimited contributions from individuals, corporations, or labor organizations on behalf of [IEOPC's]" Advisory Opinion 2011-12 (Majority PAC) at 3.

9. For purposes of the 52 U.S.C. § 30125(e) and 11 C.F.R. § 300.61, the Commission defines "agent" to mean "any person who has actual authority, either express or implied, to engage in any of the following activities on behalf of" a federal candidate or individual holding federal office: "solicit, receive, direct, transfer, or spend funds in connection with any election." 11 C.F.R. §§ 300.2(b), (b)(3).

10. The Commission has explained that, under the Commission’s definition of “agent” for purposes of 11 C.F.R. §§ 300.2(b), (b)(3), in the event that an agent of a candidate or committee makes impermissible solicitations, “the candidate/principal may . . . be liable for any impermissible solicitations by the agent, despite specific instructions not to do so.” Definition of “Agent” for BCRA Regulations on Non-Federal Funds or Soft Money and Coordinated and Independent Expenditures, 71 Fed. Reg. 4975, 4978 (Jan. 31, 2006) (citing *U.S. v. Investment Enterprises, Inc.*, 10 F.3d 263, 266 (5th Cir. 1993) (determining that under settled agency law liability exists “for unlawful acts of [] agents, provided that the conduct is within the scope of the agent’s authority”).

11. The Commission defines “to solicit” to mean:

to ask, request, or recommend, explicitly or implicitly, that another person make a contribution, donation, transfer of funds, or otherwise provide anything of value. A solicitation is an oral or written communication that, construed as reasonably understood in the context in which it is made, contains a clear message asking, requesting, or recommending that another person make a contribution, donation, transfer of funds, or otherwise provide anything of value. A solicitation may be made directly or indirectly. The context includes the conduct of persons involved in the communication. A solicitation does not include mere statements of political support or mere guidance as to the applicability of a particular law or regulation.

11 C.F.R. § 300.2(m).

12. The Commission found reason to believe that Lewis, as an agent acting on behalf of the Committee, solicited unlimited contributions to the Super PAC.

13. Respondent contends that Lewis’s remarks violated Respondent’s own policies and that Respondent’s policies, as written, did not give Lewis authority to solicit impermissible Super PAC funds.

V. To settle this matter expeditiously and avoid the expense of litigation, Respondent agrees not to further contest this matter after the Commission found reason to believe that Respondent violated 52 U.S.C. § 30125(e) and 11 C.F.R. § 300.61 by soliciting contributions outside of the limitations, source restrictions, and reporting requirements of the Act, in connection with a federal election.

VI. Respondent will do the following the fully resolve and settle this matter:

1. Respondent will pay a civil penalty to the Commission in the amount of Thirteen Thousand Dollars (\$13,000), pursuant to 52 U.S.C. § 30109(a)(5)(A) and 11 C.F.R. § 111.24(a)(1).

2. Respondent will cease and desist in committing violations of 52 U.S.C. § 30125(e) and 11 C.F.R. § 300.61.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement pursuant to an affirmative vote of four of its members.

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

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119 X. This Conciliation Agreement constitutes the entire agreement between the parties on
120 the matters raised herein, and no other statement, promise, or agreement, either written or oral,
121 made by either party or by agents of either party, that is not contained in this written agreement
122 shall be enforceable.

123 FOR THE COMMISSION:

124 Lisa J. Stevenson
125 Acting General Counsel

126 BY: Charles Kitcher
127 Charles Kitcher
128 Acting Associate General
129 Counsel for Enforcement

8/11/20

Date

130 FOR RESPONDENT:

131 Bradley S. Knippa
132 Bradley Knippa
133 Treasurer

6/10/20

Date