FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

VIA ELECTRONIC AND FIRST CLASS MAIL

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JUN 0 6 2019

19044470730

RE: MUR 7221
James Laurita, Jr.

Dear Mr. Farah:

On May 30, 2019, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 52 U.S.C. §§ 30116 and 30122, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* 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 agreement's effective date. If you have any questions, please contact me at (202) 694-1577.

Sincerely,

Nicholas O. Mueller
Attorney

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 7221
James Laurita, Jr.	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by a *sua sponte* submission (the "Submission") made to the Federal Election Commission (the "FEC" or "Commission") by Mepco Holdings, LLC ("Mepco") and its parent company, Longview Intermediate Holdings C, LLC ("Longview"). The Commission found reason to believe that James Laurita, Jr. ("Respondent") violated 52 U.S.C. § 30116, and knowingly and willfully violated 52 U.S.C. § 30122 of the Federal Election Campaign Act of 1971, as amended (the "Act").

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree 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 and legal provisions in this matter are as follows:

Applicable Law

1. The Act prohibits any person from making a contribution in the name of another or knowingly permitting his or her name to be used to effect such a contribution. 52 U.S.C. § 30122; *see also* 11 C.F.R. § 110.4(b)(1)(i)-(ii).

2. The Act further 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, which, in the aggregate, exceed $2,000. 52 U.S.C. § 30116(a)(1). Contribution limits are indexed for inflation. *See* 11 C.F.R. §§ 110.1(b)(1)(i), 110.17(b). The limit for the 2010 election cycle was $2,400 per election, the limit for the 2012 election cycle was $2,500 per election, and the limit for the 2014 election cycle was $2,600 per election.

3. Under Commission regulations, contributions from a partnership shall be attributed to the partnership and to each partner "in direct proportion to his or her share of the partnership profits." 11 C.F.R. § 110.1(e)(1), (g)(2).

Facts

4. Mepco is a West Virginia coal company that was headed by President and CEO James Laurita, Jr. during the relevant period, 2009 through 2013. Laurita, who was also a minority owner, managed the company with the assistance of executives.

5. In 2009, Laurita began having discussions with leadership from Mepco's parent companies, Longview Intermediate Holdings C, LLC ("Longview") and GenPower Holdings GP, Ltd. ("GenPower"), regarding the need to be politically active in the face of increased regulation of the coal industry. Laurita started making political contributions and helped to arrange meetings with politicians to discuss issues facing the coal industry.

6. On March 4, 2010, Laurita sent an email to the Mepco executives, setting up a meeting to discuss "elections, and our support for particular candidates." At the meeting, held on March 5, 2010, Laurita spoke about increased regulation of the coal industry and presented a plan whereby the executives would make contributions to pro-coal candidates and then receive compensation from Mepco so they could afford to make the contributions.

7. Shortly after the March 5, 2010, meeting, Laurita approached Karen Hughes, a Mepco executive who served as Secretary/Treasurer, to discuss how the political contribution program would operate. Laurita told Hughes that he would give her the names of the candidates and the requested contribution amounts, and Hughes would communicate this information to the Mepco executives and collect their contribution checks. Laurita directed Hughes to initiate "bonus" payments to compensate the Mepco executives for making the contributions. Laurita and Hughes decided to "gross up" the bonus payments so that the after tax amount would match the full amount of the contributions. The payments were recorded in Mepco's payroll system as a "bonus" without any other annotation.

8. Mepco's political reimbursement program followed a general pattern: Laurita decided the candidates and amounts and passed this information to Hughes who, in turn, notified the executives, attaching copies of any relevant campaign materials or donor cards. Hughes then collected their checks and forms, unless the donations were made online. Laurita often requested not just that the executives themselves make contributions, but also that their spouses contribute as well, and their contributions were included in the reimbursement payments. The contributions were often connected to fundraising events, which were sometimes attended by Laurita and the executives. Laurita personally hosted several of these campaign fundraisers.

9. All federal political contributions made in the names of the Mepco executives and their spouses between 2010 and 2013 were made at Laurita's behest with funds either advanced or reimbursed by Mepco. The total amount of those contribution is $364,093.52.

10. During the relevant time period, Laurita owned approximately 7.8% of Mepco. His share of the partnership profits, according to the partnership agreement, was equal to his ownership. Based on Laurita's 7.8% share in the partnership profits and the total amount of federal contributions that were reimbursed ($364,093.52), $28,399.29 of the reimbursed contributions should have been attributed to Laurita.

11. Between May 29, 2009, and October 6, 2010, Laurita personally made 17 federal contributions totaling $37,450. On January 7, 2011, Laurita received a $165,000 bonus from GenPower, Mepco's ultimate parent company, as a reimbursement for the grossed up amount of the federal and state contributions that Laurita and his wife had made during this period.

12. In early 2013, facing certain financial difficulties at Mepco, which ultimately led to bankruptcy filings later that year, Laurita decided to end the program, after which none of the executives made contributions in their personal capacities. On August 30, 2013, Mepco and certain of its affiliates, including Longview, filed petitions for Chapter 11 bankruptcy. In the course of reviewing Mepco's executive compensation records, the law firm representing Mepco in the bankruptcy proceeding discovered the contribution reimbursement program. On November 17, 2013, Mepco and Longview filed the Submission, notifying the Commission of the program's existence. On September 24, 2014, Laurita joined in the Submission.

V. Respondent violated 52 U.S.C. §§ 30116 and 30122 by making contributions in the name of another that exceeded the applicable limit.

VI. Respondent will take the following actions:

1. Pay a civil penalty to the Commission in the amount of eighteen thousand dollars ($18,000), pursuant to 52 U.S.C. § 30109(a)(5)(A).

2. Cease and desist from violating 52 U.S.C. §§ 30116 and 30122.

3. Waive the right to any refund from the recipient committees of any and all of its contributions referenced in this Agreement, and request that the recipient committees disgorge to the United States Treasury all such contributions.

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.

IX. Respondent shall have no more than thirty (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.

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

FOR THE COMMISSION:

Lisa J. Stevenson
Acting General Counsel

BY: ______________________ 6/4/19
Charles Kitcher Date
Acting Associate General Counsel for Enforcement

FOR THE RESPONDENT:

William Farah March 28, 2019
______________________ ______________
William J. Farah, Esq. Date
Attorney for James Laurita, Jr.