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FEDERAL ELECTION  
COMMISSION

Douglas Guetzloe

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Orlando, FL 32806

OFFICE OF GENERAL  
COUNSEL

March 27, 2017

MUR # 7242

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

**RE: Complaint against Patrick Murphy the Friends of Patrick Murphy, Tom  
Murphy Jr., and Coastal Construction Group of South Florida Inc.,  
for Corporate Contribution and Violation of Contribution Limits**

Dear General Counsel:

The basis for this complaint is that Patrick Murphy ("Rep. Murphy"), and his campaign committee the Friends of Patrick Murphy, accepted an illegal corporate contribution and a contribution in violation of contribution limits by purporting to sell \$1 million in stock on Oct. 26, 2016, in a closely-held company controlled by his father – stock for which there was no ascertainable value and no market – and immediately injecting these illegal funds into Rep. Murphy's failing Senate campaign, less than two weeks before the 2016 election.

Rep. Murphy was elected to Congress in 2012. According to Rep. Murphy's House of Representatives financial disclosures, he received stock in Coastal Construction Group of South Florida, Inc. ("Coastal Construction") as a "gift," after the 2012 election but before he was sworn into office on Jan. 3, 2013. Rep. Murphy placed the value of that stock at between \$1 million and \$5 million. Rep. Murphy's father, Tom Murphy Jr., is Chairman of the Board and Chief Executive Officer of Coastal Construction. Rep. Murphy was a Vice President of Coastal Construction before his election to Congress.

Coastal Construction has always been a privately held company. Its shares have never traded publicly. There has never been any market for its stock. Nor has there ever been any public assessment or appraisal of the value of that stock.

During Rep. Murphy's time in Congress, his only substantial asset has been his gifted ownership of Coastal Construction stock. Every other asset listed on his financial disclosures has been worth no more than \$100,000, and Rep. Murphy reported less than \$50,000 in cash.

Tom Murphy has undertaken dubious measures in order to support Rep. Murphy's political career. For instance, Murphy participated in a donor swap arrangement with Rep. Ami Bera's parents, a crime for which Bera's 83-year-old father was convicted and sent to prison.

Last year, Rep. Murphy was the Democratic nominee against Sen. Marco Rubio (R-FL). Trailing in the polls in late October, with the Democratic Party having canceled its TV buys supporting him, Rep. Murphy was desperate to prop up his failing campaign. According to Rep. Murphy's Periodic Transaction Report (Exhibit A), on October 26, 2016, less than two weeks before the election, Rep. Murphy sold "\$500,000 - \$1,000,000" of his Coastal Construction stock. Murphy reported no other financial transaction during 2016. On the very same day, according page 6043 of the Friends of Patrick Murphy Post-Election Report (Exhibit B), Murphy lent his campaign \$1 million – the money he received from selling the Coastal Construction stock.<sup>1</sup>

Such stock, *i.e.*, a small minority interest in a closely-held family business, has no real market value whatsoever. For such stock, there is no legal entitlement to dividends or any other income. There is no way to influence corporate governance. There is no prospect that such shares can or will ever be salable to the public or to anyone else. There is no record of any appraisal of the purported value of such shares. The contrived sale of such shares on October 26, 2016, was simply a desperate artifice to inject cash into the Murphy Senate campaign, in violation of campaign contribution limits.

Murphy has not identified who "bought" the Coastal Construction shares from him, and handed him approximately \$1 million for his campaign. If it was his

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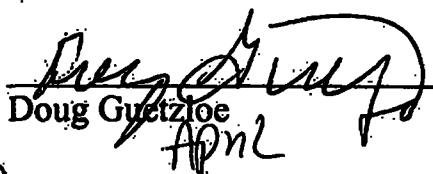
<sup>1</sup> Rep. Murphy reported a \$1 million short-term bank loan that he personally guaranteed on page 6044 of the same report (Exhibit C). The Post-Election Report listed these as two separate loans, but Rep. Murphy's subsequent FEC report suggested that they had been misreported, they were one-and-the-same, and Rep. Murphy used the proceeds of his stock sale to pay off the bank loan on behalf of the campaign, on or about Dec. 1, 2016. Presumably, the bank insisted that Rep. Murphy have the cash on hand to make good on the bank loan, as he did.

father, Tom Murphy, Jr., then Murphy – just as he did in the donor swaps with Rep. Bera's parents and others – violated individual contributions limits. If Coastal Construction paid for the shares and retired them, then Coastal Construction made a *de facto* illegal corporate contribution to Rep. Murphy's campaign. Indeed, as long as the market value of this closely-held family business stock was *anything* less than the \$1 million that Rep. Murphy evidently received for them, then the difference between the money he received and the actual value of the shares represents an illegal campaign contribution.<sup>2</sup>

Hence Patrick Murphy and his campaign committee the Friends of Patrick Murphy violated the Federal Election Campaign Act and related regulations by employing the artifice of a stock sale to exceed personal campaign contribution limits, or provide an illegal corporate campaign contribution. Because of the substantial sum involved -- \$1 million – the participants should face criminal penalties and fines.

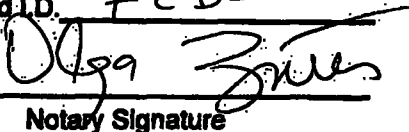
I declare under penalty of perjury that the foregoing is true and correct.

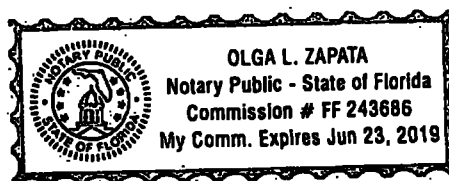
Sincerely,

  
Doug Guetzloe  
APN2

Subscribed and sworn to before me, this 19 day of March, 2017.  
(Notary public.)

Douglas M. Guetzloe appeared before me  
on this date April 19, 2017 who is  
personally known or  
produced I.D. FL DL

  
Notary Signature



<sup>2</sup> Indeed, the purchase of an asset of a Member of Congress at an inflated value might be taken as an act of bribery.

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