

MUR # 7327

OFFICE OF
GENERAL COUNSEL

2018 FEB 22 PM 1:25

February 21, 2018

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

Re: Federal campaign violations by candidate Debbie Lesko

Greetings:

I write to inform you of apparent campaign finance violations committed by Debbie Lesko, candidate for Congress, Arizona Congressional District 8, as well as an affiliated independent expenditure committee that Ms. Lesko has funded from her Arizona State Senate campaign account, "Re-elect Debbie Lesko for State Senate", Arizona Committee ID: 201800032. The name of the independent expenditure committee is "Conservative Leadership for Arizona", FEC Committee ID: C00665489.

Pursuant to 52 United States Code § 30109(a)(1), I submit the following complaint:

THE FACTS

The facts are simple and straight forward. Debbie Lesko was an Arizona State Senator. When Trent Franks vacated his seat in the United States House of Representatives, she declared her candidacy for this office, and subsequently resigned as an Arizona State Senator.

On January 18, 2018, Mrs. Lesko made a \$50,000 contribution from her State Senate campaign to Conservative Leadership for Arizona. (See attached campaign finance report, Exhibit 1). Mrs. Lesko is the Treasurer of her State Senate committee, so presumably she signed the check or some other authorization transferring these funds. Conservative Leadership for Arizona has received only \$50 from another source, and has been supporting Mrs. Lesko's candidacy for Congress. (See attached article from *The Arizona Capital Times*, Exhibit 2).

THE LAW

Mrs. Lesko's actions implicate different federal laws. The following violations are clear.

1. Violation of federal law prohibiting transfer of candidate's state committee funds to federal committee

Federal states that if candidate wants to use her state campaign funds to aid her federal campaign, she is required to obtain the consent of the individual donors who gave her the money to run for State Senate. Specifically, 11 CFR § 110.3, subsection (d) states:

Transfers from nonfederal to federal campaigns. Transfers of funds or assets from a candidate's campaign committee or account for a nonfederal election to his or her principal campaign committee or other authorized committee for a federal election are prohibited. However, at the option of the nonfederal committee, the nonfederal committee may refund contributions, and may coordinate arrangements with the candidate's principal campaign committee or other authorized committee for a solicitation by such committee(s) to the same contributors. The full cost of this solicitation shall be paid by the Federal committee.

If Mrs. Lesko wanted to use funds that contributors had been given her to run for Arizona State Senate, she was required to obtain consent on an individual basis. Instead, she just wrote a check for \$50,000 to an affiliated federal committee. This is a violation of federal law.

2. Illegal coordination between a candidate and an independent expenditure

Federal law on coordination involves a three prong inquiry focusing on payment, content, and conduct. 11 CFR § 121. Clearly the payment and content prongs are satisfied here, as the above recitation of facts show.

As to the conduct prong, FEC policy on this states that “This conduct standard has two parts, and satisfying either satisfies the standard. The first part is satisfied if the person creating, producing or distributing the communication does so at the request or suggestion of a candidate, authorized committee, or political party committee or agent of any of these.” (<https://www.fec.gov/help-candidates-and-committees/making-disbursements/coordinated-communications/>).

This independent expenditure committee was formed on January 10, 2018. Other than a \$50, token contribution (that was perhaps necessary to initially open a bank account), every penny has come from Mrs. Lesko. The possibility that all of these events just “happened” is nil. Clearly these shenanigans were orchestrated by Mrs. Lesko. This violation of federal law makes the whole process for independent expenditures a mockery. The FEC must take action to get to the bottom of this and hold Ms. Lesko accountable for her flouting of campaign finance laws.

3. Filing of erroneous campaign finance report

Conservative Leadership for Arizona initially tried to hide the source of the \$50,000 contribution from Mrs. Lesko. This attempted cover up the source of funds violates 52 U.S.C. § 30101 *et seq.*, requiring timely and accurate reports.

Conservative Leadership for Arizona initially reported raising \$50,000 in the form of interest, dividends or "other federal receipts." (See campaign finance reports, Exhibit 1). This was clearly not an accurate characterization of the source of these funds on the campaign finance reports, as Conservative Leadership for Arizona has acknowledged by belatedly amending its report to provide the true source of these funds, Mrs. Lesko's Arizona State Senate committee. With the election a mere six days away, it is a fair inference that Mrs. Lesko had intended to try to hide these shenanigans until after the election. Action must be take on this violation as well to protect the integrity of the federal campaign finance disclosure system.

CONCLUSION

Mrs. Lesko is thumbing her nose at federal campaign finance law, and in the process violating various federal campaign finance statutes. If others are expected to follow these laws, that requires that scofflaws such as Ms. Lesko be held accountable. I request that you exercise your powers to do just this.

Very truly yours,

Phil Lovas

VERIFICATION

The complainant listed below hereby verifies that the statements made in the above Complaint are, upon his information and belief, true. Sworn pursuant to 18 U.S.C. § 1001.



Phil Lovas

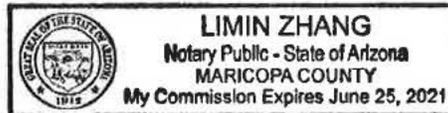
Sworn to and subscribed to me this 21st day of February, 2018.



Notary Public

Limin Zhang

Printed Name



My commission expires: June 25, 2021

LESKO FUNDS HER OWN INDEPENDENT EXPENDITURE

February 26, 2019 3:11 pm

A super PAC that's aiding Lesko's CD8 campaign received nearly every dollar of the money it's raised from Lesko's state Senate re-election committee. Conservative Leadership for Arizona, which Republican politico Tim Sifert registered as an independent expenditure-only committee with the FEC on January 10, filed an amended campaign finance report Monday night showing that it received \$50,000 from the Re-elect Debble Lesko for Senate committee on January 18. The IE committee reported raising \$50,050. Sifert would not answer questions from our reporter about whether Conservative Leadership for Arizona had coordinated with Lesko's CD8 campaign. But Lesko spokesman Barrett Marson said, "There was no coordination." Marson repeatedly told our reporter that "there were no strings attached" to the money that Lesko gave to the super PAC, though he said he doesn't know if Lesko was aware when she gave the \$50,000 that it would be used to aid her CD8 campaign, or if she gave it with the intention of the money being used to help her win the special election. Conservative Leadership for Arizona reported spending about \$20,000 on mail pieces, nearly \$7,600 on road signs and \$21,000 on polling. Marson said the Lesko campaign has not seen the super PAC's polling.



TWO OUT OF THREE AIN'T COORDINATION

February 27, 2019 1:40 pm

Lesko does not appear to have run afoul of the three-pronged test (LINK) that the FEC uses to determine whether an independent expenditure should be considered coordination and therefore an in-kind contribution to a campaign that's subject to contribution limits. The "payment prong" is satisfied when a communication is paid for, in whole or in part, by someone other than the candidate or candidate committee. The "content prong" can be met a number of ways, one of which is if a communication expressly advocates for the election or defeat of a federal candidate. And the "conduct prong" requires a communication to meet at least one of five criteria to be considered coordination: if it's made at the request or suggestion of the candidate; if the candidate is materially involved in decision-making regarding the IE; if the communication was produced following substantial discussions about it between the person paying for the communication and the candidate; if the candidate and super PAC employ a common vendor; or if a person who had previously been an employee or independent contractor for a candidate provided information to the super PAC about the candidate's needs. There is no indication that Lesko and Conservative Leadership for Arizona triggered the conduct prong of the FEC's test.

SCHEDULE A**ITEMIZED RECEIPTS**
All Listed Line Numbers**Committee: CONSERVATIVE LEADERSHIP FOR ARIZONA**

Contributor's Name	Contributor's Address	Employer/Occupation	Memo/Description	Memo Text Date	Amount (\$)	Aggregate (\$)	Limits
Re-elect Debbie Lesko for Senate	PO Box 5292 Peoria, Arizona 85385		Contribution	01/18/2018	50000.00	50000.00	

Total Donation Amount (Non-Memo)	\$50000
Total Memo Amount	\$0
Number of Transactions (Non-Memo)	1
Number of Transactions (Memo)	0

Generated Wed Feb 21 15:15:28 2018

Federal Election Commission, 999 E Street, NW, Washington, DC 20463 (800) 424-9530 In Washington (202) 694-1100
For the hearing impaired, TTY (202) 219-3336 Send comments and suggestions about this site to: webmaster@fec.gov.