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April 25, 2018

Federal Election Commission
Office of Complaints Examination & Legal Administration
Attn: Kathryn Ross, Paralegal
1050 First Street, NE
Washington, D.C. 20463
cela@fec.gov

Re: MUR 7327 and MUR 7337 – Response to Complaints

Dear Ms. Ross:

I write on behalf of Respondents Debbie Lesko, Debbie Lesko for Congress, Re-Elect Debbie Lesko for Senate, and Ashley Ragan in her official capacity as treasurer of Debbie Lesko for Congress (collectively, the "Lesko Respondents") in connection with Matters Under Review ("MUR") 7327 and 7337. Mrs. Lesko was a candidate for United States Representative for the Eighth District of Arizona in a special election held on April 24, 2018, and Debbie Lesko for Congress (the "Federal Committee") is her principal campaign committee. Re-Elect Debbie Lesko for Senate (the "State Committee") is a political committee organized under Arizona law to support Mrs. Lesko's prior campaigns for the Arizona Legislature.

Both complaints struggle to extract various campaign finance violations from a contribution of $50,000 by the State Committee to Conservative Leadership for Arizona ("CLA"), a federal independent expenditure-only political committee, on or around January 18, 2018. As set forth below, the State Committee could permissibly make the contribution, and CLA could permissibly accept such funds and use the monies in support of Mrs. Lesko's congressional campaign in its discretion. The contribution consisted exclusively of funds that complied with the source and amount limits of the Federal Election Campaign Act, as amended ("FECA"), in conformance with the Commission's own express guidance. In addition, because CLA is legally, organizationally and operationally separate from the Lesko Respondents, it is entitled to accept contributions in unlimited amounts from nearly any source. Finally, neither Mrs. Lesko nor any of her campaign's agents ever communicated directly or indirectly with CLA or any of its agents or representatives concerning whether or for what purposes CLA would use the contributed funds or either party's plans, projects, activities, or needs. Accordingly, because neither complaint presents reason to believe any of the Lesko Respondents violated any provision of federal law, the Commission should dismiss both complaints without further action.

MUR 7327- LOVAS COMPLAINT

The complaint in MUR 7327 sets forth three claims, all of which are either conclusory assertions lacking any factual foundation or foreclosed on their face by the plain text of the applicable regulations.

I. The State Committee Did Not Transfer Any Funds to the Federal Committee

In a feat of interpretative acrobatics, the complainant, Phil Lovas, contends that the State Committee impermissibly transferred its funds to Mrs. Lesko's federal campaign committee—despite implicitly acknowledging that no such transfer ever occurred. Commission regulations prohibit a federal candidate's state campaign committee from transferring any funds or assets to her "principal campaign committee or other authorized committee for a federal election." 11 C.F.R. § 110.3(d). It is undisputed, however, that Mrs. Lesko's principal campaign committee, Debbie Lesko for Congress, never received a dime from the State Committee at any time or for any purpose.

Nor can Lovas' claim be salvaged by the proscription on transfers to other "authorized committees" of a federal candidate. The Commission defines an "authorized committee" as one that has been "authorized by a federal candidate under 11 CFR §102.13 to receive contributions or make expenditures on behalf of such candidate, or which has not been disavowed pursuant to 11 CFR § 100.3(a)(3)." 11 C.F.R. § 100.5(f)(1). Section 102.13 in turn provides that a committee is "authorized" by a written designation from the candidate that is filed with the principal campaign committee. *See also id.* § 101.1(b).[1] CLA was formed and established without Mrs. Lesko's or the Federal Committee's knowledge or involvement by individuals who have no relationship with or connection to Mrs. Lesko's congressional campaign; she has not authorized (and could not have authorized) CLA to raise or spend any funds on her behalf.

Thus, even if it were in some way affiliated with the Federal Committee (and, as discussed below in connection with MUR 7337, it was not), CLA is not, and has never been, an "authorized committee" of Mrs. Lesko within the plain meaning of the regulation. While the Commission has invoked Section 110.3(d) to prohibit both direct and in-kind contributions from a candidate's state campaign committee to his or her federal campaign committee, the undersigned's research has revealed no advisory opinion, enforcement proceeding or other authority in which the Commission has applied Section 110.3(d) to transfers by a state campaign committee to a third party independent expenditure organization. Lovas' entreaty to adopt this novel and unprecedented extension of Section 110.3(d) is precluded by the unambiguous text of the regulation and the Commission should reject it.

II. None of the Lesko Respondents Coordinated with CLA or Its Agents

Lovas' *ipse dixit* that CLA's activities "were orchestrated by Mrs. Lesko" is not even remotely sufficient to sustain a claim that CLA's independent expenditures in support of Mrs. Lesko's congressional campaign were coordinated with any of the Lesko Respondents. And even if the complaint were not deficient on its face, the Lesko Respondents categorically and unqualifiedly deny the coordination of any expenditures with CLA.[2]

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[1] Section 100.3(a)(3) governs the circumstances under which an entity that has raised or spent at least $5,000 in support of an individual's potential candidacy renders such an individual a "candidate" for purposes of the Commission's registration and reporting requirements. It has no application to the facts at hand; it is undisputed that Mrs. Lesko was a federal candidate at the time the State Committee made its contribution to CLA.

[2] It should be noted that Lovas' coordination theory is mutually exclusive of his claim that the State Committee's contribution to CLA violated Section 110.3(d), which necessarily presupposes that CLA is an "authorized committee" of Mrs. Lesko. If in fact CLA were an "authorized committee" (and it is not), any coordination with the Federal Committee would be of no consequence; authorized committees of the same

A. The Complaint Offers No Factual Support for Its Coordination Allegation

The complaint's failure to allege any articulable facts that could constitute "coordination" between the Lesko Respondents and CLA compels its summary dismissal. A valid coordination claim entails a "public communication" that:

> (1) was paid for by someone other than a candidate, an authorized committee, or a political party committee;
>
> (2) contains content that satisfies at least one of the criteria set forth in 11 C.F.R. § 109.21(c); and
>
> (3) entailed conduct that satisfies at least one of the criteria set forth in 11 C.F.R. § 109.21(d).

See 11 C.F.R. § 109.21. The value of a coordinated communication is imputed to the benefitted candidate as a contribution. *See id.* § 109.21(b).

Even assuming that the first two elements are present,[3] the complaint proffers no facts that evince the requisite "conduct." Specifically, coordination may consist of any of the following:

- A request or suggestion by a federal candidate (or her agent) that a third party sponsor a public communication for her benefit (or, alternatively, a federal candidate assents to such a request or suggestion by a third party);
- A federal candidate's (or her agent's) material involvement in decisions concerning the content, intended audience, means or mode, choice of media outlet, timing or frequency, or other attributes of a third party's public communication benefitting the candidate;
- Substantial discussions between a federal candidate (or her agent) and a third party sponsoring a public communication benefitting the candidate concerning the candidate's plans, projects, activities, or needs;
- A vendor common to a federal candidate and a third party shares material, nonpublic information concerning the candidate's plans, projects, activities, or needs with the third party, which then uses such information to sponsor a public communication benefitting the candidate; or
- A former employee or independent contractor of a federal candidate shares material, nonpublic information concerning the candidate's plans, projects, activities, or needs with the third party, which

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candidate are affiliated and may transfer funds among themselves without limitation, *see* 11 C.F.R. §§ 100.5(g)(1), 110.3(c)(1).

[3] Although CLA apparently has disclosed in its campaign finance report certain disbursements as "independent expenditures" in support of Mrs. Lesko, none of the Lesko Respondents has reviewed these communications or otherwise has any personal knowledge concerning the nature of CLA's purported expenditures or the content of its communications.

then uses such information to sponsor a public communication benefitting the candidate.

See 11 C.F.R. § 109.21(d)(1)-(d)(5).

No matter how liberally it is construed, Lovas' complaint does not allege even the rudiments of a coordination claim. Lovas simply inveighs against unspecified "shenanigans" that he declares "were orchestrated by Mrs. Lesko" and opines that "[t]he possibility that all of these events [presumably CLA's apparent expenditures in support of Mrs. Lesko's campaign] just 'happened' is nil." Compl. at 2.

Rhetorical histrionics and thunderous remonstrances, however, are not suitable substitutes for objective facts. To merit referral for investigation, a complaint must supply an articulable "reason to believe that a respondent has violated a statute or regulation over which the Commission has jurisdiction." 11 C.F.R. § 111.9; *see also* 52 U.S.C. § 30109(a)(2). Importantly, a complaint's declaratory say-so that campaign finance infractions occurred is an inadequate predicate for an investigation. Rather, "[t]he Commission may find 'reason to believe' only if a complaint sets forth sufficient specific facts, which, if proven true, would constitute a violation of the [Federal Election Campaign Act]." MUR 4960 (In re Hillary Rodham Clinton, *et al.*), Statement of Reasons of Commissioners Mason, Sandstrom, Smith, and Thomas, at 1. In this vein, "[u]nwarranted legal conclusions from asserted facts or mere speculation, will not be accepted as true." *Id.* at 2.

While the obligation to adduce specific facts and sufficient corroboration attaches to all complaints filed with the Commission, it assumes particular salience in the context of alleged coordination. As the governing regulations make clear and as the Commission has consistently affirmed, a coordination claim constructed on generalized assertions of interactions between federal candidates and third parties sponsoring independent expenditures is inherently deficient. *See, e.g.*, MUR 7169 (Democratic Congressional Campaign Committee, *et al.*), Factual & Legal Analysis at 11 (allegations of "close and ongoing coordination" between political party and candidate committee were inadequate to state coordination claim); MUR 5963 (In re Club for Growth Political Action Committee, *et al.*), Factual & Legal Analysis at 6 (dismissing coordination allegations based on similarities between candidate's advertisements and those of third party, noting "the speculative nature of the complaint, and the absence of any other evidence of coordination"); MUR 6164 (In re Mike Sodrel, *et al.*), Factual & Legal Analysis at 5-6 (dismissing coordination claim that described existence but not contents of allegedly coordinated billboards, noting that "the allegations are not sufficient to warrant an investigation into whether the conduct and content standards…of the coordinated communications test have been met").

Indeed, the Commission has regularly disposed of even complaints that expressly alleged communications between a federal candidate and a third party sponsor of independent expenditures when such complaints did not posit particular conduct constituting "coordination." *See, e.g.*, MUR 6059 (In re Sean Parnell for Congress, *et al.*), Factual & Legal Analysis at 8 (dismissing complaint after finding that it "does not contain specific allegations as to" coordination, but rather rested solely on the assumption that coordination occurred because candidate had met with the independent expenditure committee); MUR 5754 (In re MoveOn.org Voter Fund), Factual & Legal Analysis at 3 (concluding that independent expenditure organization's alleged meetings with Democratic Party officials and candidate's attendance at events sponsored by the organization do "not provide a connection" between those contacts and actual coordination, particularly given the submission of affidavits specifically denying that coordination had occurred); MUR 6120 (In re Republican Campaign Committee of New Mexico, *et al.*), Factual & Legal Analysis at 11-12 ("The complaint only states the use of a mutual vendor 'further suggests' information sharing, but does not indicate what information…was actually shared."); MUR 6570 (In re Berman for Congress, *et al.*), First General Counsel's Report at 12-13 (reasoning that "the

Complaint does not present any allegation of specific conduct…Given the conclusory nature of the Complaint's allegations regarding the conveyance of information by a common vendor, the Complaint is essentially relying on a presumption of coordination, precisely the inferential leap the [Commission's guidance] disfavors").

In short, "[i]nstead of presenting facts, the complaint seems to rely on the 'when there's smoke, there's fire' speculation that. . .is insufficient to justify an investigation." MUR 6540 (In re Rick Santorum for President, *et al.*), Statement of Reasons of Commissioners McGahn and Hunter, at 23. Because Lovas' vague, speculative and argumentative assertions—even if construed broadly and assumed to be true—do not allege a *prima facie* coordination claim, his complaint should be dismissed.

B. The Lesko Respondents Did Not Coordinate with CLA or Its Agents

Even if Lovas' coordination complaint were not deficient on its face, the Lesko Respondents deny unequivocally and without qualification that they coordinated in any manner with CLA in connection with the latter's public communications. As set forth in the attached declarations, neither Mrs. Lesko nor her campaign consultant or treasurer requested or suggested that CLA undertake any activities for Mrs. Lesko's benefit, and never communicated directly or indirectly with CLA or its agents or vendors concerning any aspect of CLA's finances or activities or the Federal Committee's plans, projects, activities, or needs. *See* Lesko Decl. ¶¶ 13-16, Murray Decl. ¶¶ 11-12, Ragan Decl. ¶¶ 8-9. In addition, to the best of the Lesko Respondents' knowledge, no current or former employee, independent contractor or vendor of the Federal Committee has ever been employed or retained by CLA. *See* Lesko Decl. ¶ 12, Murray Decl. ¶ 17, Ragan Decl. ¶ 14.

Mrs. Lesko herself never communicated in any manner with CLA or any of its agents or vendors. *See* Lesko Decl. ¶ 15. Brian Murray, a consultant for the campaign, spoke with a consultant for CLA, Jon Seaton, solely to inquire how the State Committee could make a contribution to a different organization.[4] At no time did Messrs. Murray or Seaton discuss whether or for what purpose the recipient entity would use these funds. *See* Murray Decl. ¶¶ 6, 11. Similarly, Mr. Murray did not share any information with Mr. Seaton concerning the Lesko campaign's plans, projects, activities, or needs. *See id.* ¶ 12. Ashley Ragan, the Federal Committee's treasurer, prepared the paperwork for the wire transfer of funds using wiring instructions provided to her by Mr. Seaton's business partner, but did not communicate with CLA or any of its agents or vendors regarding the organization's finances or activities. *See* Ragan Decl. ¶¶ 7-9.

When juxtaposed against the striking absence of *any* identifiable evidence supporting Lovas' coordination claim, the Lesko Respondents' sworn rebuttals of his speculative accusations foreclose any reason to believe that CLA made, or the Federal Committee accepted, any contribution in the form of coordinated communications. *See* MUR 7169, *supra* at 11 (finding that vague coordination allegations were "sufficiently rebutted by the specific sworn responses denying the alleged coordination); MUR 5823 (In re Wahlberg for Congress, *et al.*), Factual & Legal Analysis at 12-13 (dismissing complaint and finding that common vendor's sworn statements that it did not internally share sensitive campaign information "sufficiently refute the speculative allegations of common vendor coordination"); MUR 6077 (In re Larson), Factual & Legal Analysis at 7 (dismissing coordination complaint premised partly on common vendor theory, noting that "Complainant's inferences are convincingly refuted by the available information including [the respondent's]

[4] As discussed further *infra*, Mr. Murray's intent was to make a contribution of State Committee funds to Arizona Grassroots Action PAC, another entity for which Mr. Seaton serves as a consultant.

Response, which denies knowledge of [other organizations'] actions. . .and denies any coordinating activity."). Lovas' allegations of coordination accordingly should be dismissed.

III. The Lesko Respondents Had No Involvement in the Preparation or Filing of CLA's Campaign Finance Reports

Lovas' intemperate accusation that Mrs. Lesko was somehow responsible for apparent errors or omissions in CLA's initial campaign finance report is grossly irresponsible and entirely false. The obligation to accurately prepare and timely file CLA's campaign finance filings rests solely and exclusively with the organization's treasurer. *See* 11 C.F.R. § 104.14(d). None of the Lesko Respondents ever communicated with CLA or its agents or vendors concerning CLA's campaign finance reports, and possessed absolutely no knowledge of, or involvement in preparing, the contents of those submissions prior to their filing. *See* Lesko Decl. ¶¶ 17-18 , Murray Decl. ¶ 18, Ragan Decl. ¶ 15. The reasons for or circumstances attendant to any errors in CLA's initial report and its subsequent amendment were unknown to the Lesko Respondents until CLA's treasurer, Tim Sifert, filed his response to Lovas' complaint with the Commission. Lovas' contention that the Lesko Respondents sought to obstruct the disclosure of information or otherwise participated in the preparation of CLA's campaign finance reports is an arrant fabrication, and the Lesko Respondents deny such allegations in the strongest terms.

MUR 7337 – CAMPAIGN LEGAL CENTER COMPLAINT

The complaint filed in MUR 7337 by the Campaign Legal Center ("CLC") similarly furnishes no reason to believe that any of the Lesko Respondents has violated any provision of federal law. As discussed below, the State Committee's contribution to CLA consisted solely and exclusively of funds that complied with the source, amount and reporting requirements imposed by the FECA. None of the Lesko Respondents possessed or exercised any authority over, or had any involvement or participation in, CLA's finances, operations or activities. Because CLC accordingly was not directly or indirectly established, financed, maintained, or controlled by any of the Lesko Respondents, it could permissibly accept the State Committee's contribution of $50,000.

I. The State Committee's Contribution to CLA Was Permissible

CLC's contention that the Lesko Respondents improperly "spen[t] and transferr[ed] funds that were not 'subject to the [Act's] limitations, prohibitions, and reporting requirements' to Conservative Leadership for Arizona," Compl. ¶ 18, is belied by both the Commission's own guidance and the actual facts.

It is undisputed that Mrs. Lesko and her agents may "solicit, receive, direct, transfer, or spend funds in connection with an election for Federal office" only if such monies are "subject to the limitations, prohibitions, and reporting requirements of" the FECA. *See* 52 U.S.C. § 30125(e)(1)(A); *see also* 11 C.F.R. § 300.61. The Commission has affirmed on multiple occasions that federal candidates and officeholders thus may transfer the assets of their state-level campaign committees to other political organizations, provided that these contributed funds "must not have been received . . . in amounts in excess of those permitted to Federal candidates and must not be from sources prohibited by the [FECA]." Adv. Op. 2007-26 (Schock); *see also* Adv. Op. 2006-38 (Casey); Adv. Op. 2005-05 (LaHood). A non-federal committee should utilize a "reasonable accounting method" to identify federally compliant funds among its cash on hand. *See id.*

In conformance with the Commission's guidance, the State Committee applied a "last in, first out" protocol—

which the Commission has deemed a "reasonable accounting method," *see* Adv. Op. 2006-38 (Casey)—to segregate only those funds that represented contributions from individuals in amounts not to exceed $2,700 or from federal PACs in amounts not to exceed $5,000.[5] *See* Ragan Decl. ¶ 6. The State Committee's subsequent contribution to CLA consisted solely and exclusively of these FECA-compliant funds. *See id.*[6]

CLC's claim appears to be derived from the erroneous premise that, as an entity that was established, financed, maintained or controlled by federal candidate, the State Committee could contribute no more than $5,000 to CLA. *See* Compl. ¶ 16. This reasoning, however, distorts the text of the controlling regulations and misconstrues the Commission's precedents. As the Commission has explained, the federal source and amount limitations govern only the **underlying funds** used to make a contribution, not the composite contribution itself. In other words, the State Committee "may donate *any amount* of Federally permissible funds remaining in its account," provided that the recipient could lawfully accept such funds. *See* Adv. Op. 2007-26 (Schock) [emphasis added].[7] Because CLA, an independent expenditure-only committee, is entitled to accept unlimited contributions from a non-federal committee such as the State Committee, the latter's transfer of $50,000 of FECA-compliant funds was entirely lawful and permissible. *See generally SpeechNow.org v. FEC*, 99 F.3d 686 (D.C. Cir. 2010); *cf.* Adv. Op. 2012-34 (Freedom PAC) (concluding that former federal candidate committee could contribute its surplus funds without limitation to an independent expenditure-only committee); *see also* Policy Statement of Commissioner Lee E. Goodman, Feb. 16, 2018 ("[A]s the Commission has routinely found, candidates' authorized committees and leadership PACs may make unlimited contributions to independent expenditure committees . . . .").

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[5] All funds received and/or transferred by the State Committee complied with Arizona's campaign finance code. Arizona law does not permit, and the State Committee has never accepted, contributions from corporations, limited liability companies or labor unions. *See* Ariz. Rev. Stat. § 16-916(A). In performing its "last in, first out" analysis, the State Committee excluded contributions made by non-federal political committees from the funds it identified as federally permissible. *See* Ragan Decl. ¶ 6.

[6] Further, the transferred funds sufficiently complied with the FECA's "reporting requirements." *See* 11 C.F.R. § 300.61. Pursuant to Arizona law, the State Committee itemized and publicly disclosed all contributions in excess of $50 from any source in its periodic campaign finance reports filed with the Arizona Secretary of State. *See* Ariz. Rev. Stat. § 16-926(B)(2)(a). Although these contributions were not reported to the Commission, the Commission in similar contexts has reasoned that "[t]he requirement that a state or local candidate officeholder pay . . . with money subject to FECA limits, prohibitions, and *reporting* requirements does *not* establish a reporting requirement that would not otherwise exist. In other words, if, for example, FECA does not otherwise require a state or local candidate or officeholder to report, then the candidate or officeholder need not do anything to comply with the 'reporting requirement' language of" the FECA. MUR 5604 (In re William D. Mason, *et al.*) Statement of Reasons of Commissioners Toner, Mason and von Spakovsky at 5-6 (internal citations omitted).

[7] Although the recipient political organizations in Advisory Opinion 2007-26 were non-federal entities (specifically, non-federal candidates and state and local political party committees), the distinction is immaterial. The limitations governing a federal candidate's transfer of funds in connection with a federal election is substantively identical to its counterpart in the context of non-federal elections, *compare* 11 C.F.R. § 300.61 *with id.* § 300.62, and there is no indication that the reasoning employed or conclusions reached in Advisory Opinion 2007-26 would have been different had the recipient political organizations included a federal independent expenditure-only committee.

II. Mrs. Lesko Did Not Directly or Indirectly Establish, Finance, Maintain, or Control CLA

CLC's second claim posits that CLA was "established, financed, maintained, or controlled" by Mrs. Lesko and thus was precluded from accepting so-called "soft money," to include the State Committee's contribution. *See* Compl. ¶¶ 19-22. In determining whether a federal candidate or officeholder has "established, financed, maintained, or controlled" a third-party organization, the Commission undertakes a holistic and contextual analysis of the relationship between the two parties; this review is anchored in an assessment of ten enumerated factors gauging the nature and extent of the entities' operational and financial entanglements. *See* 11 C.F.R. § 300.2(c)(2). For the reasons discussed below, the State Committee's one-time transfer of $50,000 to CLA—which was made without any knowledge of, or ability to exert control over, the organization's finances and activities—did not render CLA "established, financed, maintained, or controlled" by Mrs. Lesko.

A. The Lesko Respondents Did Not "Finance" CLA

CLC's theory appears to be predicated exclusively on the two regulatory factors addressing the "financing" of an entity by a federal candidate or officeholder.[8] For at least two reasons, however, the State Committee's single contribution to CLA did not "finance" the latter within the meaning of the controlling regulation.

1. The Lesko Respondents Were Not Aware of, and Did Not Control, CLA's Finances

A federal candidate or officeholder can "finance" another organization only if she possesses actual authority or control over—or at least substantial knowledge concerning—the organization's resources. As then-Commissioner Goodman recently explained:

> An arms-length contribution—even a large contribution—from a candidate's campaign committee or leadership PAC to an independent expenditure committee may be a form of financial support, but it does not constitute the kind of financial control over non-federal funds which is the focus of the statute. The candidate or officeholder must exercise a significant degree of control of the recipient organization beyond the mere provision of financial support in order for an organization to be 'financed' by the candidate as contemplated by the statute.

Policy Statement of Commissioner Lee E. Goodman, Feb. 16, 2018. Indeed, in one of the few enforcement matters featuring application of the "finance" rubric, the Commission dismissed in its prosecutorial discretion allegations that a federal candidate's transfer of $10,000 to a political committee controlled by the candidate's former campaign aide and the candidate's brother—a contribution that represented two-thirds of the recipient's budget—rendered the PAC "financed" by the candidate. Integral to the Office of General Counsel's recommendation of dismissal was the fact that the candidate and recipient PAC "were unaware that their funds would constitute a significant portion of [the PAC's] receipts and have submitted [a] sworn affidavit . . . in support of that claim." MUR 6753 (In re People for Pearce, *et al.*), First General Counsel's

[8] Section 300.2(c)(2)(vii) queries "[w]hether a sponsor, directly or through its agent, provides funds or goods in a significant amount or on an ongoing basis to the entity, such as through direct or indirect payments for administrative, fundraising, or other costs." Section 300.2(c)(2)(viii) examines "[w]hether a sponsor, directly or through its agent, causes or arranges for funds in a significant amount or on an ongoing basis to be provided to the entity."

Report at 6-7.[9]

Both Commissioner Goodman's statement and the disposition of MUR 6753 are consonant with the animating purpose of the law, to wit, ensuring that federal candidates cannot circumvent the source and amount limitations of the FECA by forming an archipelago of subsidiary entities that are mere appendages of their campaigns. The statute and its implementing regulation were never intended to ensnare candidates who do nothing more than simply make a contribution to an independent, third party organization.

That the State Committee's contribution ended up constituting the lion's share of CLA's gross receipts to date is, as far as the Lesko Respondents are concerned, the product of pure happenstance. Believing that she was unlikely to seek state office in the future, Mrs. Lesko wished to donate a portion of the State Committee's remaining assets to an organization with a track record of supporting the same conservative causes Mrs. Lesko has long championed. After seeking the advice of the Federal Committee's legal counsel, Mrs. Lesko asked her campaign consultant, Brian Murray, to select a worthy recipient. *See* Lesko Decl. ¶ 6; Murray Decl. ¶ 4. To this end, Mr. Murray spoke with Jon Seaton, another political consultant who Mr. Murray knew had been engaged by Arizona Grassroots Action PAC, a prominent organization that has traditionally worked to advance conservative candidates and policy priorities in Arizona. *See* Murray Decl. ¶ 5. Mr. Murray's communications with Mr. Seaton were limited to a discussion of the logistics of how the State Committee might make a contribution to Arizona Grassroots Action PAC; neither party conveyed any requests, suggestions, directives, or information concerning the recipient organization's finances, operations or activities. *See id.* ¶¶ 6, 11-12. Mr. Murray requested that Mr. Seaton send to Ashley Ragan wiring information for Arizona Grassroots Action PAC. *See id.* ¶ 6.

Unbeknownst to Mr. Murry, however, Mr. Seaton's business partner, Chad Heywood, subsequently provided Ms. Ragan with wiring information for the bank account of CLA, which apparently was a new entity whose existence was unknown to Mrs. Lesko, Mr. Murray or Ms. Ragan. *See* Lesko Decl. ¶¶ 7-8; Murray Decl. ¶ 9; Ragan Decl. ¶ 7. Unaware of Mr. Murray's intention to make the contribution to Arizona Grassroots Action PAC, Ms. Ragan prepared the necessary paperwork for the State Committee's wire transfer, which she then forwarded to Mrs. Lesko. *See* Ragan Decl. ¶ 7. Having entrusted Mr. Murray with the task of selecting a reputable recipient for the State Committee's contribution, Mrs. Lesko did not inquire about or otherwise obtain any information concerning CLA or that entity's origins, budgets or activities. *See* Lesko Decl. ¶¶ 7-8.

Given these facts, it cannot be plausibly contended that Mrs. Lesko knowingly "financed" CLA. Had Mr. Murray succeeded in implementing his intended plan of contributing the State Committee's funds to Arizona Grassroots Action PAC, the State Committee's donation would have represented barely 3% of the more than $1.5 million in contributions reported by that organization in its most recent report to the Commission. Surely not even CLC would argue that such a miniscule percentage constituted the "financing" of Arizona Grassroots Action PAC. Through an apparent miscommunication, the State Committee instead transferred its funds to

[9] By contrast, the Commission has generally deemed the "financed" prong satisfied only when the donating federal candidate acts with the *ex ante* knowledge that his or her contribution will comprise most of the organization's financial sustenance. *See, e.g.*, Adv. Op. 2006-04 (Tancredo) (federal candidate querying whether he would be "financing" state ballot measure organization if his campaign committee supplies 50% or, alternatively, 25%, of its overall budget); MUR 5367 (In re Darrell Issa, *et al.*), First General Counsel's Report at 5 (congressman's provision of "seed money" to state recall committee was accompanied by news reports that he was "'seeking to commandeer the struggling [recall] drive,' 'bankroll[ing] the campaign,' and 'tak[ing] control of the recall organization'").

CLA, an entity that was, and remains, a proverbial "black box" to the Lesko Respondents; CLA's inability or unwillingness to amass funds from other sources was unknown to, and beyond the control of, the Lesko Respondents. Neither the law nor common sense can sustain a finding that a federal candidate can inadvertently "finance" (and hence acquire regulatory responsibility for) a third party entity solely by force of extrinsic contingencies that the candidate did not know and was powerless to affect.

2. The State Committee's Single, One-Time Contribution Did Not Constitute the "Financing" of CLA

The isolated and delimited nature of the State Committee's support for CLA also militates against a finding that Mrs. Lesko "financed" that organization. In the Notice of Proposed Rulemaking that preceded the promulgation of the Section 300.2(c)(2), the Commission remarked that the purpose of restrictions governing federal candidates' "financing" of other entities is "preventing the proliferation of committees or organizations as a means of evading . . . BCRA prohibitions." *NPRM: Prohibited and Excessive Contributions; Non-Federal Funds or Soft Money*," 67 Fed. Reg. 35654, 35658 (May 20, 2002). In that vein, the Commission suggested that the "financing" standard should weigh the "magnitude, frequency, and duration of funding." Thus, "a sponsor that had provided a sizable, but one-time contribution to an entity many years earlier would be able to assert that the one-time nature of the contribution, combined with its remoteness in time, make this funding not 'significant,' as the term is used here." *Id.* at 35658-59.

Although the Commission ultimately decided to transpose the familiar factors defining the "affiliation" of committees onto the new "established, financed, maintained, or controlled" rubric, *see Prohibited and Excessive Contributions: Non-Federal Funds or Soft Money*, 67 Fed. Reg. 49064, 49083-84 (July 29, 2002), the regulation's conceptual underpinnings and apprehension of Congress' intent remains the same. Indeed, in assessing the existence of a posited "affiliation," the Commission has reasoned that a single, lump-sum transfer is less indicative of an affiliation relationship than ongoing financial support or coordinated transactions. *See, e.g.*, Adv. Op. 2004-41 (CUNA Mutual) (finding no affiliation between corporate entities, explaining that "although CUNA Mutual provided a one-time $50,000 payment to CUNA's Administrative Fund to further its political advocacy efforts, CUNA Mutual has not made any other similar payments and it intends none in the future"); *compare* MUR 6753, *supra* at 6 (noting that candidate committee made only one contribution to independent expenditure committee and "did not provide funds on an ongoing basis or in a manner that might suggest a continuing relationship between the committees") *with* MUR 5367, *supra* at 11 (congressman and entities he controlled provided donations to state recall committee "regularly - indeed, almost weekly . . . indicating that the donations were made on an 'ongoing basis'").

In short, the State Committee's single contribution to CLA, made without any knowledge of how the funds would be used or the organization's other sources of financial support, cannot render CLA "financed" by the Lesko Respondents as a matter of law.

B. No Other Factor Indicates That CLA Was Established, Financed, Maintained, or Controlled by the Lesko Respondents

More generally, in determining whether an entity is directly or indirectly established, financed, maintained, or controlled by a federal candidate, the Commission evaluates an array of considerations—including, but not limited to, the ten enumerated regulatory factors—"in the context of the overall relationship between" the candidate and the organization. 11 C.F.R. § 300.2(c)(2). Thus, even if CLC had adduced sufficient evidence concerning the two regulatory factors bearing on financial support of an entity (and, for the reasons discussed

above, it did not), it still has not delineated the *prima facie* elements of its claim. Importantly, none of the remaining eight regulatory factors support a finding that CLA was established, financed, maintained, or controlled by the Lesko Respondents.

1. Controlling Voting Interest in CLA

To the best of the Lesko Respondents knowledge, CLA does not have outstanding stock or securities; this factor is thus inapplicable. *See* 11 C.F.R. § 300.2(c)(2)(i).

2. Participation in Governance of CLA

Mrs. Lesko and her agents have never possessed or exercised any formal or informal right, authority or ability of any kind to direct or participate in the governance of CLA. *See* Lesko Decl. ¶ 10; Murray Decl. ¶ 15; Ragan Decl. ¶ 12; 11 C.F.R. § 300.2(c)(2)(ii).

3. Control of CLA Personnel

Mrs. Lesko and her agents have never possessed or exercised any formal or informal authority or ability to hire, appoint, demote, or otherwise control any officer or employee of CLA. *See* Lesko Decl. ¶ 11; Murray Decl. ¶ 16; Ragan Decl. ¶ 13; 11 C.F.R. § 300.2(c)(2)(iii).

4. Overlapping Members

If and to the extent CLA has "members," to the best of Mrs. Lesko's knowledge, such individuals have no relationship with the Federal Committee or the State Committee. *See* Lesko Decl. ¶ 12; 11 C.F.R. § 300.2(c)(2)(iv).

5. Overlapping Current Personnel

To the best of Mrs. Lesko's knowledge, no officer or employee of either the State Committee or the Federal Committee currently is an officer or employee of CLA. *See* Lesko Decl. ¶ 12; Murray Decl. ¶ 17; Ragan Decl. ¶ 14; 11 C.F.R. § 300.2(c)(2)(v).

6. Overlapping Former Personnel

To the best of Mrs. Lesko's knowledge, no officer or employee of the Federal Committee or the State Committee has ever served as an officer or employee of CLA. *See* Lesko Decl. ¶ 12; Murray Decl. ¶ 17; Ragan Decl. ¶ 14; 11 C.F.R. § 300.2(c)(2)(vi).

CLC alleges that Ashley Ragan, the treasurer of the Federal Committee, "also appears to have been treasurer of Conservative Leadership for Arizona when it was a state committee, immediately before it was established as a federal super PAC." Compl. n.15. CLC's uniformed and irresponsible speculation is incorrect. The organization to which CLC refers is an Arizona political committee that was established in 2014 and terminated nearly two years ago. Other than the happenstance of sharing the same name, there is no connection whatsoever between the two entities, and the now defunct Conservative Leadership for Arizona state committee was not a predecessor in interest of CLA. *See* Ragan Decl. ¶ 14.

7. Role in Formation of CLA

Mrs. Lesko and her agents did not have any direct or indirect role in the formation of CLA. *See* Lesko Decl. ¶ 9; Murray Decl. ¶ 14; Ragan Decl. ¶ 11; 11 C.F.R. § 300.2(c)(2)(ix). As recounted above, Mr. Murray intended to effectuate a contribution of State Committee funds to Arizona Grassroots Action PAC and was not even aware of CLA's existence. *See* Murray Decl. ¶¶ 5, 9. Mrs. Lesko and Ms. Ragan were similarly unaware of CLA's existence until they arranged for the wire transfer, and had no knowledge whatsoever of the identities of the individuals who formed the organization, their reasons for doing so, or the organization's budget or activities. *See* Lesko Decl. ¶¶ 7-8; Ragan Decl. ¶¶ 9-10.

8. Patterns of Receipts and Disbursements

There is no discernable pattern of receipts or disbursements that plausibly indicate a formal or ongoing relationship between the Lesko Respondents and CLA. *See* 11 C.F.R. § 300.2(c)(2)(x). Although the Commission has rarely had occasion to explicate or apply this factor, it has suggested that it is evidenced by one entity's regular and consistent payment of liabilities (*e.g.*, overhead expenses) owed by another entity. *See, e.g.*, MUR 6062 (In re Harry Truman Fund), General First General Counsel's Report at 10-11 (finding pattern where, over the course of a year, one entity paid second entity's rent and salary costs each month and then was reimbursed by the latter). Here, CLA's small number of disbursements reflected payments for activities it independently decided to undertake wholly without the knowledge or participation of the Lesko Respondents; they did not satisfy or otherwise pertain to liabilities owed by the Federal Committee.

In sum, because the State Committee did not "finance" CLA within the meaning of the Section 300.2(c)(2), and because no other factor evidencing an affiliated relationship is present, there is no reason to believe that any of the Lesko Respondents directly or indirectly established, financed, maintained, or controlled CLA.

CONSTITUTIONAL ISSUES

For the reasons described above, Lovas' and CLC's complaints fail to delineate any cognizable violations of federal campaign finance law, and the Commission should dismiss the complaints without further action. Even if the permissibility of the State Committee's contribution to CLA were fairly debatable, however, "validly conferred discretionary executive authority is properly exercised . . . to avoid serious constitutional doubt." *Arizona v. Inter Tribal Council of Arizona, Inc.*, 570 U.S. 1, 19 (2013). The Supreme Court "has identified only one legitimate governmental interest for restricting campaign finances: preventing corruption or the appearance of corruption." *McCutcheon v. Fed. Election Comm'n*, 134 S. Ct. 1434, 1450 (2014). As a general matter, of course, the FECA's restrictions on the receipt or disbursement of so-called "soft money" funds by federal candidates or entities they establish, finance, maintain, or control have been deemed constitutional. *See McConnell v. Fed. Election Comm'n*, 540 U.S. 93, 182-83 (2003). For at least two reasons, however, application of those provisions to sanction the transfer at issue in these proceedings would be, at best, constitutionally dubious.

First, the "soft money" provisions are constitutionally sustained on the grounds that they are necessary to "prevent[] the proliferation of committees or organizations as a means of evading" federal source and amount limits. *See NPRM: Prohibited and Excessive Contributions; Non-Federal Funds or Soft Money*," 67 Fed. Reg. at 35658; *McConnell*, 540 U.S. at 182-83. This rationale, however, relies on the premise that the federal candidate exerts or could exert control or decision-making authority over such organizations. Here, by contrast, it cannot plausibly be contended that the Lesko Respondents are actually or apparently "corrupted" by the finances,

activities or expenditures of an entity that was formed, and remains governed and controlled by, third parties who have no relationship whatsoever to any of the Lesko Respondents. Indeed, the Lesko Respondents know no more than does the Commission regarding who formed CLA and for what purposes, the organization's sources of financial support, or the operations and activities it may undertake in the future. Penalizing the Lesko Respondents under these circumstances would transgress the foundational constitutional precept that the finances and activities of independent third parties are intrinsically incapable of engendering actual or apparent corruption of candidates. *See Buckley v. Valeo*, 424 U.S. 1, 46-47 (1976).

Second, the State Committee's contribution, which consisted of $50,000 of FECA-compliant funds, itself presents no articulable risk of actual or apparent corruption. It is undisputed that, if the State Committee were Mrs. Lesko's principal campaign committee in a prior campaign for federal office, she could permissibly transfer all its remaining funds to the Federal Committee. *See* 11 C.F.R. § 110.3(c)(4)(i). Indeed, even if underlying contributions to the State Committee were to be aggregated with contributions by the same donors to the Federal Committee during this election cycle, the State Committee still had sufficient federally compliant cash on hand to comprise its transfer to CLA. In other words, no "soft money" was involved; the transferred funds consisted of donations made in accordance with federal source and amount limits and hence could not impart any corrupting effect. *See McConnell*, 540 U.S. at 183 ("By severing the most direct link between the soft-money donor and the federal candidate, [the] ban on donations of soft money is closely drawn to prevent the corruption or the appearance of corruption of federal candidates and officeholders.").

The Commission has justified its categorical "prohibition on all transfers from state to federal campaigns" by reasoning that it precludes "the indirect use of impermissible funds in federal elections." *Transfers of Funds from State to Federal Campaigns*, 58 Fed. Reg. 3474-01, 3475 (Jan. 8, 1993). While the Commission's unqualified approach may effectively advance this end in some circumstances, the Supreme Court in *McCutcheon* clarified that regulatory strictures on political contributions must be "closely drawn" to "achieve the desired objective." 134 S. Ct. at 1456. Thus, even if CLA were somehow an authorized committee or otherwise affiliated with the Lesko Respondents (and it is not), application of Section 110.3(d) or other regulatory prohibitions to penalize the State Committee's transfer of federally compliant funds—particularly given that the same transfer of the same funds provided by the same donors would be unquestionably permissible if the State Committee were instead a federal campaign committee of Mrs. Lesko—is conceptually untenable and constitutionally problematic.

***

In sum, there is no reason to believe that any of the Lesko Respondents (1) impermissibly transferred a non-federal committee's funds to an authorized federal campaign committee, *see* 11 C.F.R. § 110.3(d); (2) accepted excessive contributions in the form of coordinated expenditures, *see* 52 U.S.C. § 30116(a)(7)(B)(i); or (3) directed "soft money" funds to an entity they directly or indirectly established, financed, maintained, or controlled, *see* 52 U.S.C. § 30125(e)(1).

Accordingly, the Commission should dismiss both complaints without further action.

Respectfully,

Thomas Basile

Declaration of Debbie Lesko

I, Debbie Lesko, do upon oath declare as follows:

1. I am over 18 years of age, and am competent to testify in this matter.

2. I make this declaration based upon my own personal knowledge.

3. Re-Elect Debbie Lesko for Senate (the "State Committee") is a candidate committee registered with the Secretary of State of Arizona to support my campaign for reelection to the Arizona State Senate in the 2018 election cycle. The State Committee is the successor entity to campaign committees organized to support my candidacies for the Arizona House of Representatives in the 2008, 2010 and 2012 election cycles, and for the Arizona State Senate in the 2014 and 2016 election cycles. I am the chairman and treasurer of the State Committee.

4. I am registered with the Federal Election Commission as a candidate for the office of United States Representative for the eighth district of Arizona. Debbie Lesko for Congress (the "Federal Committee") is my principal campaign committee.

5. Upon becoming a candidate in the February 27, 2018 special primary election to fill the vacant seat in congressional district eight, I concluded that I was unlikely to run for election to state office in the foreseeable future. Rather than let the State Committee's remaining assets languish in a bank account, I decided to donate its funds to an independent organization that shares my values and priorities.

6. After seeking the advice of legal counsel, I asked my political consultant, Brian Murray, to select a credible organization with an established track record of supporting conservative and Republican causes.

7. Several weeks later, I received from Ashley Ragan, who is the treasurer of the Federal Committee and who assists me in managing the State Committee's finances, paperwork for a wire transfer of funds from the State Committee to an organization called Conservative Leadership for Arizona ("CLA"). I had never heard of CLA and had no knowledge whatsoever of its origins, finances, operations, personnel, or activities. Trusting Mr. Murray's diligence and judgment, however, I assumed that he had selected CLA as a deserving recipient of the State

Committee's contribution, and I authorized the wire transfer without finding out any information about CLA's origins or activities.

8. At the time I authorized the wire transfer, I possessed no knowledge or information whatsoever concerning CLA's finances, including whether or to what extent CLA has received or would receive financial support from other sources. To date, my knowledge of CLA's finances is limited to the information contained in the campaign finance reports it has filed with the Commission. To the best of my knowledge, no officer, employee, agent, or vendor of the State Committee or the Federal Committee possessed any knowledge or information concerning CLA's finances at the time of the State Committee's contribution.

9. I did not participate directly or indirectly in the establishment or formation of CLA. To the best of my knowledge, no officer, employee, agent, or vendor of the State Committee or the Federal Committee did so either.

10. I have never possessed or exercised any formal or informal right, authority or ability of any kind to direct or participate in the governance of CLA, and, to the best of my knowledge, neither has any officer, employee, agent, or vendor of the State Committee or the Federal Committee.

11. I have never possessed or exercised any formal or informal authority or ability to hire, appoint, demote, or otherwise control any officer or employee of CLA, and, to the best of my knowledge, neither has any officer, employee, agent, or vendor of the State Committee or the Federal Committee.

12. To the best of my knowledge, no officer, employee, agent, or vendor of either the State Committee or the Federal Committee currently is, or has ever been, an officer, employee, agent, member, or vendor of CLA.

13. I have never requested or suggested to any person that CLA make any communication or expenditure in connection with my candidacy, and no person has ever suggested to me that CLA make any communication or expenditure in connection with my candidacy.

14. To the best of my knowledge, no officer, employee, agent, or vendor of the Federal Committee or the State Committee has ever (a) requested or suggested to any person that CLA make any communication or expenditure in connection with my congressional candidacy, or (b) assented to any suggestion that CLA make any communication or expenditure in connection with my congressional candidacy.

15. I have never communicated directly or indirectly with CLA or any officer, employee, agent, or vendor of CLA regarding (a) any plans, projects, or needs of my congressional campaign, or (b) any communications or expenditures by CLA.

16. To the best of my knowledge, no officer, employee, agent, or vendor of the Federal Committee or the State Committee has ever communicated directly or indirectly with CLA or any officer, employee, agent, or vendor of CLA regarding (a) any plans, projects, or needs of my congressional campaign; or (b) any communications or expenditures by CLA.

17. I never communicated with CLA or any officer, employee, agent, or vendor of CLA concerning CLA's campaign finance reports, and had absolutely no knowledge of, or involvement in preparing, the contents of those submissions prior to their filing.

18. To the best of my knowledge, no officer, employee, agent, or vendor of the Federal Committee or the State Committee ever communicated with CLA or any officer, employee, agent, or vendor of CLA concerning CLA's campaign finance reports, or had any knowledge of, or involvement in preparing, the contents of those submissions prior to their filing.

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

Executed on this 25 day of April, 2018.

Lesko

Debbie Lesko

Declaration of Brian Murray

I, Brian Murray, do upon oath declare as follows:

1. I am over 18 years of age, and am competent to testify in this matter.

2. I make this declaration based upon my own personal knowledge.

3. I am a partner at Summit Consulting Group, which was retained by Debbie Lesko for Congress (the "Federal Committee") in or around December 2017 to provide general consulting services in connection with Mrs. Lesko's campaign for the office of United States Representative for the Eighth District of Arizona.

4. In or around December 2017, Mrs. Lesko informed that she was wished to donate remaining funds of Re-elect Debbie Lesko for Senate, her campaign committee for state legislative office (the "State Committee"), to an independent organization that has a strong reputation for supporting conservative and Republican causes. Mrs. Lesko asked me to select a deserving recipient in accordance with this criterion.

5. Shortly after my conversation with Mrs. Lesko, I spoke with Jon Seaton, who I knew provided consulting services to Arizona Grassroots Action PAC, a longstanding organization that has been active in promoting conservative candidates and public policy priorities, to inquire about making a contribution of the State Committee's funds.

6. Mr. Seaton indicated that Arizona Grassroots Action PAC would accept such a contribution, and I asked him to provide wiring instructions to Ashley Ragan, who is the treasurer of the Federal Committee and who assists Mrs. Lesko in managing the State Committee's finances. Mr. Seaton and I did not directly or indirectly discuss whether or for what purposes Arizona Grassroots Action PAC would use the donated funds.

7. I did not inform Mrs. Lesko of my conversation with Mr. Seaton and had never heard of, or discussed with Mrs. Lesko, any organization called Conservative Leadership for Arizona.

8. Unbeknownst to me, Mr. Seaton apparently provided to Ms. Ragan instructions for a wire transfer to Conservative Leadership for Arizona ("CLA"), rather than to Arizona Grassroots Action PAC.

9. Mr. Seaton never mentioned Conservative Leadership for Arizona to me, and I had never heard of any such organization.

10. I did not know that the State Committee's funds were transferred to CLA until after CLA publicly disclosed the contribution in its campaign finance reports filed with the Commission.

11. At no time did I request or suggest that Mr. Seaton, Arizona Grassroots Action PAC, CLA, or any officer, employee, agent, or vendor of any of the same sponsor a communication or expenditure in connection with Mrs. Lesko's congressional campaign, nor did Mr. Seaton, Arizona Grassroots Action PAC, CLA, or any officer, employee, agent, or vendor of any of the same ever make such a suggestion to me.

12. I have never communicated directly or indirectly with Mr. Seaton, Arizona Grassroots Action PAC, CLA, or any officer, employee, agent, or vendor of any of the same regarding (a) any plans, projects, or needs of Mrs. Lesko's congressional campaign, or (b) any communications or expenditures by Arizona Grassroots Action PAC or CLA.

13. At the time of the State Committee's contribution to CLA, I possessed no knowledge or information whatsoever concerning CLA's finances, including whether or to what extent CLA has received or would receive financial support from other sources. To date, my knowledge of CLA's finances is limited to the information contained in the campaign finance reports it has filed with the Commission.

14. I did not participate directly or indirectly in the establishment or formation of CLA.

15. I have never possessed or exercised any formal or informal right, authority or ability of any kind to direct or participate in the governance of CLA.

16. I have never possessed or exercised any formal or informal authority or ability to hire, appoint, demote, or otherwise control any officer or employee of CLA.

17. Neither I nor Summit Consulting Group has ever been an employee or vendor of CLA.

18. I never communicated with CLA or any officer, employee, agent, or vendor of CLA concerning CLA's campaign finance reports, and had absolutely no knowledge of, or involvement in preparing, the contents of those submissions prior to their filing.

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

Executed on this 23rd day of April, 2018.

Brian Murray

Declaration of Ashley Ragan

I, Ashley Ragan, do upon oath declare as follows:

1. I am over 18 years of age, and am competent to testify in this matter.

2. I make this declaration based upon my own personal knowledge.

3. I am the treasurer of Debbie Lesko for Congress (the "Federal Committee"), Debbie Lesko's principal campaign committee in connection with her candidacy for the office of United States Representative for the eighth district of Arizona.

4. I am not the treasurer of Re-Elect Debbie Lesko for Senate, Mrs. Lesko's campaign committee for state legislative office (the "State Committee"), but I have assisted Mrs. Lesko in managing the State Committee's accounting and finances as it winds down its activities.

5. In or around December 2017, Brian Murray, a consultant for the Federal Committee, informed me that Mrs. Lesko wished to make a contribution of State Committee funds to an independent organization, which was not identified to me. Mr. Murray informed me that Jon Seaton, a political consultant, would provide me with wiring instructions.

6. To ensure that the funds used to make the contribution complied with the source and amount restrictions imposed by federal law, I worked in consultation with the Federal Committee's legal counsel to identify, through application of the "last in, first out" accounting method, the State Committee's cash on hand that represented contributions from individuals in amounts not to exceed $2,700 and contributions from federal multicandidate political action committees in amounts not to exceed $5,000. Contributions received from state political committees were assumed not to be federally compliant and hence were excluded from the funds identified as eligible for contributions to third parties. As required by Arizona law, the State Committee did not accept contributions from corporations, limited liability companies or unions.

7. In or around January 2018, I received from Chad Heywood, who I believe is Mr. Seaton's business partner, wire transfer instructions for an organization called Conservative Leadership for Arizona ("CLA"), pursuant to a prior conversation between Mr. Seaton and Mr. Murray. I had never heard of CLA and had no knowledge of its origins, finances, operations, or

activities. Assuming that CLA was the organization selected by Mr. Murray for the State Committee's contribution, I prepared the paperwork for a wire transfer of funds without discussing the identity or nature of CLA with Mr. Murray or Mrs. Lesko, and then sent the paperwork to Mrs. Lesko for her approval.

8. At no time did I request or suggest that Mr. Seaton, Mr. Heywood, CLA, or any officer, employee, agent, or vendor of CLA sponsor a communication or expenditure in connection with Mrs. Lesko's congressional campaign, nor did Mr. Seaton, Mr. Heywood, CLA, or any officer, employee, agent, or vendor of CLA ever make such a suggestion to me.

9. I have never communicated directly or indirectly with Mr. Seaton, Mr. Heywood, CLA, or any officer, employee, agent, or vendor of CLA regarding (a) any plans, projects, or needs of Mrs. Lesko's congressional campaign, or (b) any communications or expenditures by CLA.

10. At the time of the State Committee's contribution to CLA, I possessed no knowledge or information whatsoever concerning CLA's finances, including whether or to what extent CLA has received or would receive financial support from other sources. To date, my knowledge of CLA's finances is limited to the information contained in the campaign finance reports it has filed with the Commission.

11. I did not participate directly or indirectly in the establishment or formation of CLA.

12. I have never possessed or exercised any formal or informal right, authority or ability of any kind to direct or participate in the governance of CLA.

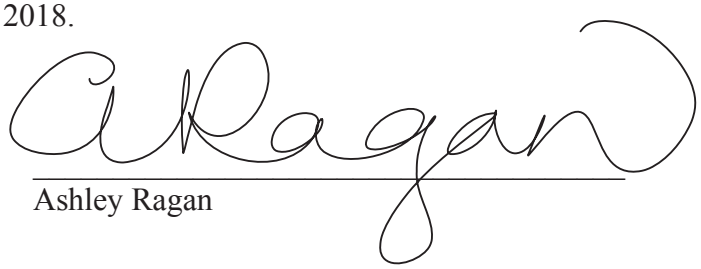
13. I have never possessed or exercised any formal or informal authority or ability to hire, appoint, demote, or otherwise control any officer or employee of CLA.

14. I have never been an employee or vendor of CLA. Although I previously served as the treasurer of an Arizona state-level political committee called Conservative Leadership for Arizona, which was formed in 2014 and terminated in 2016, to the best of my knowledge there is no relationship or connection whatsoever between that organization and CLA.

15. I never communicated with CLA or any officer, employee, agent, or vendor of CLA concerning CLA's campaign finance reports, and had absolutely no knowledge of, or involvement in preparing, the contents of those submissions prior to their filing.

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

Executed on this __24_____ day of April, 2018.



Ashley Ragan