

**FEDERAL ELECTION COMMISSION**

Washington, DC 20463

October 6, 2022

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Catherine Hinckley Kelley  
Campaign Legal Center  
1411 K Street, Suite 1400  
Washington, DC 20005

RE: MUR 7337

Dear Ms. Kelley:

This is in reference to the complaint you filed with the Federal Election Commission on March 1, 2018, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act") by Debbie Lesko, Re-Elect Debbie Lesko for Senate, Debbie Lesko for Congress and Ashley Ragan in her official capacity as treasurer, and Conservative Leadership for Arizona and Tim Sifert in his official capacity as treasurer.

On July 23, 2019, the Commission found that there was reason to believe that Debbie Lesko and Re-Elect Debbie Lesko for Senate violated 52 U.S.C. § 30125(e)(1)(A) by transferring funds that were not subject to the reporting requirements of the Act and used in connection with a federal election. The Commission also found that there was reason to believe that Conservative Leadership for America and Tim Sifert in his official capacity as treasurer violated 52 U.S.C. § 30125(e)(1)(A) by receiving and spending funds that were not subject to the reporting requirements of the Act and used in connection with a federal election.

On July 27, 2021, the Commission accepted a conciliation agreement with Conservative Leadership for Arizona and Tim Sifert in his official capacity as treasurer. On September 29, 2022, the Commission considered the General Counsel's brief addressed to Debbie Lesko and Re-Elect Debbie Lesko for Senate and a brief by Debbie Lesko and Re-Elect Debbie Lesko for Senate but was equally divided on whether to find probable cause to believe that Debbie Lesko and Re-Elect Debbie Lesko for Senate violated 52 U.S.C. § 30125(e)(1)(A). Accordingly, the Commission closed the file in this matter. A Statement of Reasons explaining the Commission's decision will follow.

MUR 7337  
Catherine Hinckley Kelley  
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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). A copy of the Conciliation Agreement with Conservative Leadership for Arizona and Tim Sifert in his official capacity as treasurer is enclosed. A copy of the Factual and Legal Analysis, which more fully explains the Commission's basis for the reason to believe finding as to Debbie Lesko and Re-Elect Debbie Lesko for Senate, is also enclosed.

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of part of this action. *See* 52 U.S.C. § 30109(a)(8). If you have any questions, please contact Delbert K. Rigsby, the attorney assigned to this matter, at (202) 694-1616 or [drigsby@fec.gov](mailto:drigsby@fec.gov).

Sincerely,

Lisa J. Stevenson  
Acting General Counsel

*Mark Allen*

BY: Mark Allen  
Assistant General Counsel

Enclosures

Conciliation Agreement with Conservative Leadership for Arizona  
Factual and Legal Analysis for Debbie Lesko and Re-Elect Debbie Lesko for Senate

## BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of	)	
	)	
Conservative Leadership for Arizona	)	MUR 7337
and Tim Sifert in his official capacity	)	
as treasurer	)	

### CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by the Campaign Legal Center and Catherine Hinckley Kelley. The Commission found reason to believe that Conservative Leadership for Arizona and Tim Sifert in his official capacity as treasurer (“CLA” or “Respondent”) violated 52 U.S.C. § 30125(e)(1)(A) by receiving and spending funds that were not subject to the reporting requirements of the Federal Election Campaign Act of 1971, as amended (the “Act”) and used in connection with a federal election.

NOW, THEREFORE, the Commission and the 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 the 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. CLA is an independent expenditure-only political committee that filed a Statement of Organization with the Commission on January 10, 2018. Tim Sifert is the treasurer of CLA.

2. On January 18, 2018, CLA received a \$50,000 contribution from Re-Elect Debbie Lesko for Senate, the campaign committee for Arizona State Senator Debbie Lesko, that had been authorized by Lesko, a candidate for Congress in the 8th Congressional District of Arizona special primary election held on February 27, 2018. On February 15, 2018, CLA filed its original 2018 Pre-Special Election Report with the Commission disclosing the \$50,000 contribution from Re-Elect Debbie Lesko for Senate as “other federal receipts.” On February 19, 2018, CLA filed an amended 2018 Pre-Special Election Report with the Commission disclosing that the \$50,000 contribution was from Re-Elect Debbie Lesko for Senate.

3. CLA received a total of \$50,050 in contributions in 2018 with 99% of its contributions coming from Re-Elect Debbie Lesko for Senate. CLA disclosed that it had disseminated mailers in support of Debbie Lesko’s campaign for Congress on January 29, 2018, and paid \$20,193.50 for the mailers on January 31, 2018. CLA also disclosed that it had paid \$7,581 for road signs on January 29, 2018, in support of Debbie Lesko’s campaign for Congress.

4. The Act prohibits federal candidates and officeholders, their agents and entities directly or indirectly established, financed, maintained or controlled by or acting on behalf of one or more candidates or individuals holding office from receiving or spending 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)(1)(A).

5. As a state campaign committee of a federal candidate, Re-Elect Debbie Lesko for Senate was established, financed, maintained, or controlled by Debbie Lesko and acted on

her behalf. Re-Elect Debbie Lesko for Senate established, financed, maintained, or controlled CLA because it provided 99% of CLA's total contributions. *See* 11 C.F.R. § 300.2(c)(2).

V. CLA violated 52 U.S.C. § 30125(e)(1)(A) by receiving and spending \$50,000 in funds from Re-Elect Debbie Lesko for Senate that were not subject to the limitations, prohibitions, and reporting requirements of the Act and were used in connection with a federal election.

VI. 1. In ordinary circumstances, the Commission would seek a civil penalty based on the violation outlined in the agreement. However, the Commission is taking into account that the Committee represents that it intends to terminate, is defunct, has no cash on hand, and has a limited ability to raise any additional funds. Accordingly, the Commission agrees that no civil penalty will be due. If evidence is uncovered indicating Respondent's financial condition is not as represented, a civil penalty of \$15,000 will be immediately due, pursuant to 52 U.S.C. § 30109(a)(5)(A).

2. Respondent will cease and desist from committing violations of 52 U.S.C. § 30125(e)(1)(A).

VIII. 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.

IX. This agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

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Conciliation Agreement  
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X. 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.

XII. 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 within this written agreement shall be enforceable.

FOR THE COMMISSION:

Lisa J. Stevenson  
Acting General Counsel

BY: Charles Kitcher  
Charles Kitcher  
Acting Associate General Counsel  
for Enforcement

8/17/21  
Date

FOR THE RESPONDENT:

Tim Sifert  
Tim Sifert  
Treasurer

June 24, 2021  
Date

**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

RESPONDENTS: Debbie Lesko  
Re-Elect Debbie Lesko for Senate

MUR 7337

**I. INTRODUCTION**

Debbie Lesko, a former Arizona State Senator and a 2018 Congressional candidate, transferred \$50,000 from her state committee to Conservative Leadership for Arizona and Tim Sifert in his official capacity as treasurer (“CLA”), a newly-formed independent-expenditure-only political committee (“IEOPC”) that raised a total of \$50,050 and spent most of its funds in support of Lesko’s federal campaign. The Complaints in MURs 7327 and 7337 allege that the transactions by Lesko, Re-Elect Debbie Lesko for Senate (“State Committee”), and CLA violated the soft money prohibitions of the Federal Election Campaign Act of 1971, as amended (the “Act”).<sup>1</sup>

Lesko and the State Committee (collectively, “Lesko Respondents”) assert that the State Committee’s contribution to CLA was permissible and CLA could use the monies in support of Lesko in its discretion.

As explained below, the Commission finds that there is reason to believe that Lesko and the State Committee transferred funds in connection with an election for federal office that were not subject to the limitations, prohibitions, and reporting requirements of the Act.

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<sup>1</sup> The Commission merged MUR 7327 into MUR 7337.

## II. FACTUAL BACKGROUND

In December 2017, Debbie Lesko, then a State Senator in Arizona, became a candidate in the 2018 special election for the U.S. House seat from Arizona's Eighth District.<sup>2</sup> On January 10, 2018, CLA registered with the Commission as an IEOPC.<sup>3</sup> Eight days later, Lesko's state committee, for which Lesko served as chair and treasurer, contributed \$50,000 to CLA, the only funds CLA reported receiving other than an unitemized \$50 contribution.<sup>4</sup> According to CLA's reports, it disbursed \$21,000 for polling the very next day, and on January 29, 2018, within nine days of receiving the donation, it disseminated mailers supporting Lesko that cost \$20,193.50 and paid \$7,581 for road signs supporting Lesko.<sup>5</sup> CLA disclosed its disbursement for the mailers on a 48-hour independent expenditure ("IE") report filed on January 31, 2018, which was the first reported IE in support of Lesko before the February 27, 2018, special primary

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<sup>2</sup> See Debbie Lesko's Statement of Candidacy (Dec. 21, 2017). Lesko won the special primary election of the Republican Party for United States Congress on February 27, 2018 and the special general election for United States Congress on April 24, 2018. See [https://azsos.gov/sites/default/files/2018\\_0307\\_official\\_canvass\\_special\\_primary\\_election.pdf](https://azsos.gov/sites/default/files/2018_0307_official_canvass_special_primary_election.pdf) and <https://azsos.gov/about-office/media-center/press-releases/826>. Lesko was re-elected to Congress in November 2018.

<sup>3</sup> See CLA Statement of Organization (Jan. 10, 2018). Lesko's Federal Committee named as treasurer Ashley Ragan, who previously served as treasurer of a state-registered entity called Conservative Leadership for Arizona that operated as an independent-expenditure-only committee from 2014 to 2016. See Federal Committee Original Statement of Organization at 3 (Dec. 12, 2017); Conservative Leadership for Arizona (state-registered committee) 2014 Report (June 30, 2014), available at <https://apps.azsos.gov/apps/election/cfs/search/publicreports/2014/932DB29B-F57F-4553-AB77-7EB3B782DCFC.pdf>.

<sup>4</sup> See State Committee 2018 3rd Report (1st Quarter) at 6 (Apr. 16, 2018); Lesko Resp., Lesko Decl. ¶ 3. CLA Amended 2018 Pre-Special Election Report at 3, 6, 7 (Feb. 19, 2018). CLA did not receive any further contributions during 2018; see *infra* n.6.

<sup>5</sup> CLA disseminated the road signs on February 2, 2018. See CLA Amended 2018 Pre-Special Election Report at 8. Both the mailers and yard signs included the phrase "Debbie Lesko for Congress."



election.<sup>6</sup> CLA had \$1,230.50 cash-on-hand after the special primary election and has been largely inactive since then.<sup>7</sup>

CLA's original 2018 Pre-Special Election Report disclosed the \$50,000 receipt from the State Committee as unitemized "Other Federal Receipts."<sup>8</sup> After a reporter questioned CLA's treasurer concerning its description of this transaction, CLA amended its Pre-Special Election Report to disclose the \$50,000 receipt as a contribution from the State Committee.<sup>9</sup>

Respondents explain the \$50,000 transfer from the State Committee to CLA as follows. In her declaration, Lesko states that upon becoming a federal candidate, she decided to donate the State Committee's funds "to an independent organization that shares [her] values and priorities" and, after seeking legal counsel, she asked her political consultant, Brian Murray, to select an appropriate organization.<sup>10</sup> Murray avers that he asked Jon Seaton, a consultant to Arizona Grassroots Action PAC ("Arizona PAC") about the State Committee making a contribution to Arizona PAC.<sup>11</sup> According to Murray, Seaton told him that Arizona PAC would

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<sup>6</sup> CLA 24/48 Hour Report of Independent Expenditures (Jan. 31, 2018). The next independent expenditure in support of Lesko was made on Feb. 6, 2018. *See* House Freedom Fund 24/48 Hour Report of Independent Expenditures (Feb. 6, 2018).

<sup>7</sup> *See* CLA Amended 2018 Pre-Special Election Report at 2 (Feb. 19, 2018). On subsequent disclosure reports, CLA disclosed no additional receipts. CLA's 2018 April Quarterly and July Quarterly Reports only disclose disbursements of \$10 and \$30, for "other federal operating expenditures," respectively, and cash-on-hand of \$335 and \$305, respectively. *See* CLA 2018 April Quarterly Report at 4 (Apr. 15, 2018); CLA 2018 July Quarterly Report at 4 (July 3, 2018). CLA disclosed \$305 in other federal operating expenditures and a zero balance for its ending cash-on-hand on its 2018 October Quarterly Report. *See* CLA 2018 October Quarterly Report at 2, 3 (Oct. 14, 2018). On its 2019 April Quarterly Report and its 2018 Year-End Report, CLA disclosed no financial activity and cash-on-hand of zero. *See* CLA 2019 April Quarterly Report (Apr. 10, 2019) and CLA 2018 Year-End Report (Jan. 31, 2019).

<sup>8</sup> CLA 2018 Pre-Special Election Report (Feb. 15, 2018) at 3 (Line 17 of detailed summary page).

<sup>9</sup> CLA Amended 2018 Pre-Special Election Report (Feb. 19, 2018) at 3, 6 (Schedule A and Line 11 of detailed summary page); *see* State Committee 2018 3rd Report (1st Quarter) at 6 (Apr. 16, 2018).

<sup>10</sup> Lesko Resp., Lesko Decl. ¶ 6.

<sup>11</sup> Lesko Resp., Murray Decl. ¶ 5.

accept a contribution, so Murray told Seaton to provide wiring instructions to Ashley Ragan, who both served as the Federal Committee's treasurer and assisted Lesko with the State Committee's finances.<sup>12</sup> However, according to Murray, Seaton sent Ragan instructions for a wire transfer to CLA, not Arizona PAC.<sup>13</sup> Murray adds that Seaton never mentioned CLA, Murray had never heard of CLA, and he did not know that the State Committee's funds had been transferred to CLA until CLA reported the transfer to the Commission.<sup>14</sup>

In her declaration, Ragan states that she worked with the State Committee's counsel to identify federally permissible funds for the contribution, and she received wire transfer instructions for CLA from Seaton's business partner, Chad Heywood. She too states that she had never heard of CLA,<sup>15</sup> but she assumed Murray had selected CLA, so she prepared the wire transfer.<sup>16</sup> Lesko, who personally authorized the transfer, provided an explanation similar to Murray's and Ragan's.<sup>17</sup>

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<sup>12</sup> Lesko Resp., Murray Decl. ¶ 6; Lesko Decl. ¶ 7; Ragan Decl. ¶ 4.

<sup>13</sup> Lesko Resp., Murray Decl. ¶ 8. Jon Seaton is a partner at East Meridian, an entity with a connection to the company that produced the pro-Lesko mailers for CLA. See <http://www.meridianhq.com/>. East Meridian is a part of a strategic political consulting group called the Meridian Family of Companies, which also includes Meridian Pacific. *Id.* Meridian Pacific owns a direct-mail company called Post Road Communications, which is the vendor that produced the CLA mailers supporting Lesko. See <https://opengovus.com/sacramento-business/1000636>; see also CLA Amended Pre-Special Election Report at 8 (Feb. 19, 2018).

<sup>14</sup> Lesko Resp., Murray Decl. ¶¶ 9, 10.

<sup>15</sup> Ragan acknowledges that she previously served as the treasurer of the state-registered Conservative Leadership for Arizona, although she states that to the best of her knowledge, there is no relationship between the state and federal CLA committees. See Lesko Resp., Ragan Decl. ¶ 14.

<sup>16</sup> Lesko Resp., Ragan Decl. ¶ 7. In her affidavit, Ragan does not say if she questioned or investigated the wire transfer to an entity with the same name as one for which she once served as treasurer.

<sup>17</sup> Lesko Resp., Lesko Decl. ¶ 7.

Finally, as to CLA's \$21,000 expenditure for polling the day after it received \$50,000 from the State Committee, the MUR 7327 Complaint attached a news article reporting that a Lesko spokesperson said that the campaign had not seen CLA's polling.<sup>18</sup> The Lesko Respondents do not mention the polling in their response.

### III. LEGAL ANALYSIS

#### A. The State Committee's Transfer to CLA Violated the Soft Money Prohibition

The Complaints allege that the \$50,000 transfer from Lesko's State Committee to CLA and CLA's expenditures in support of Lesko's federal committee violated the Act's soft money prohibitions.<sup>19</sup> The Act prohibits federal candidates and officeholders, their agents, and entities directly or indirectly established, financed, maintained or controlled by ("EFMC'd") or acting on behalf of one or more candidates or individuals holding federal office from "solicit[ing], receiv[ing], direct[ing], transfer[ing], or spend[ing] funds in connection with an election for federal office . . . unless the funds are subject to the limitations, prohibitions, and reporting requirements of the Act."<sup>20</sup> Thus, the nature of the funds and the funds being subject to the Act's reporting requirements are separate requirements,<sup>21</sup> and the failure to comply with any one

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<sup>18</sup> MUR 7327 Compl. Exh. 2, *Lesko Funds Her Own Independent Expenditure*, THE ARIZONA CAPITOL TIMES, (Feb. 20, 2018).

<sup>19</sup> MUR 7327 Compl. at 1, 2; MUR 7337 Compl. at 1, 2, 6.

<sup>20</sup> 52 U.S.C. § 30125(e)(1)(A). This provision, among others enacted as part of the Bipartisan Campaign Reform Act of 2002, was designed to "plug the soft-money loophole." *See McConnell v. FEC*, 540 U.S. 93, 133 (2003).

<sup>21</sup> *See* 52 U.S.C. § 30125(e).

aspect is sufficient to comprise a violation.<sup>22</sup> A soft money violation may also result from a direct or indirect transfer of funds from a state committee to a federal committee.<sup>23</sup>

The Commission has determined that the state campaign committee of a federal candidate is, as a matter of law, established, financed, maintained or controlled by the federal candidate and is acting on the candidate's behalf.<sup>24</sup> Accordingly, Lesko EFMC'd the State Committee.

To determine whether Lesko also directly or indirectly EFMC'd CLA, the Commission considers a non-exhaustive list of ten factors set forth in 11 C.F.R. § 300.2(c)(2), as well as any other relevant factors, in the context of the overall relationship between the candidate and the entity.<sup>25</sup> Some of these factors include whether the candidate "provides funds or goods in a significant amount or on an ongoing basis to the entity," "causes or arranges for funds in a significant amount or on an ongoing basis to be provided to the entity," whether the candidate "has authority or ability to direct or participate in the governance of the entity," "had an active or significant role in the formation of the entity," or whether the candidate "has common or overlapping officers or employees with the entity that indicates a formal ongoing relationship."<sup>26</sup>

The key factor in this matter is whether Lesko provided funds in a "significant amount or an ongoing basis" to CLA. The Commission has approached the question of what constitutes "a

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<sup>22</sup> For purposes of statutory interpretation, "one of the most basic interpretive canons" is that a "statute should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant." *Rubin v. Islamic Republic of Iran*, 138 S. Ct. 816, 824 (2018) (quoting *Corley v. United States*, 556 U.S. 303, 314 (2009)); see also *Hibbs v. Winn*, 542 U.S. 88, 101 (2004).

<sup>23</sup> 11 C.F.R. § 110.3(d).

<sup>24</sup> See Advisory Op. 2009-26 (Coulson) at 5; Advisory Op. 2007-26 (Schock) at 4.

<sup>25</sup> See 11 C.F.R. § 300.2(c)(2).

<sup>26</sup> 11 C.F.R. § 300.2(c)(2)(ii), (v), (vii), (viii), (ix).

significant amount” on a case-by-case basis in view of all the relevant circumstances.<sup>27</sup> The Commission has explained that amounts that are so large or comprise a substantial percentage of the organization’s receipts would be considered as “financing” a committee under 11 C.F.R. § 300.2.<sup>28</sup> In Advisory Opinion 2006-04 (Tancredo), the Commission determined that a donation of 50 percent of an organization’s total receipts would be a “significant amount.”<sup>29</sup>

Lesko authorized the State Committee’s \$50,000 wire transfer to CLA, and that contribution comprised 99% of CLA’s total receipts.<sup>30</sup> Thus, under the above authorities, the current record provides reason to believe that Lesko EFMC’d CLA. The Lesko Respondents maintain that they did not “finance” CLA because the State Committee made a single contribution, they allegedly did not know how the funds would be used, nor did they know whether or not the organization had other funding sources.<sup>31</sup> The Lesko Respondents further

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<sup>27</sup> See 11 C.F.R. § 300.2(c)(2); Advisory Op. 2006-04 (Tancredo) at 3.

<sup>28</sup> See Advisory Op. 2004-29 (Akin) at n.4; Advisory Op. 2004-25 (Corzine) at 4.

<sup>29</sup> AO 2006-04 (Tancredo) at 4. The Commission further determined in the context of the overall relationship between the committee and the entity that even a donation of 25 percent of the entity’s total receipts would result in the committee “financing” the entity under 11 C.F.R. § 300.2. *Id.* at 4.

<sup>30</sup> As noted, CLA only received another \$50 in contributions, and CLA spent most of its funds within 10 days of receipt of the \$50,000 contribution. See *supra* at 4 and nn.3, 6.

<sup>31</sup> Lesko Resp. at 10. The Lesko Respondents also assert that they did not know that CLA either could not or would not amass funds from other sources, and CLA’s fundraising was beyond their control. *Id.* Respondents cite MUR 6753 (People for Pearce) and Advisory Op. 2004-41 (CUNA Mutual) in support of their position, but these authorities are distinguishable. In MUR 6753, the Commission dismissed the alleged soft money violation where the candidate committee’s \$10,000 donation to WestPAC, an independent expenditure-only political committee, was a significant amount of WestPAC’s receipts for the first six months of operation, but the \$10,000 donation was ultimately refunded and WestPAC did not disburse any funds for substantive, non-administrative expenses before refunding it. See Factual and Legal Analysis in MUR 6753 at 7 (Aug. 11, 2015). In AO 2004-41, the Commission determined that a one-time \$50,000 payment did not constitute evidence of affiliation. See 11 C.F.R. § 100.5(g). The current matters are distinguishable from MUR 6753 and AO 2004-41 because the State Committee’s donation to CLA was 99% of CLA’s receipts and CLA immediately spent a significant amount of the funds in support of Lesko’s federal campaign. Moreover, while the affiliation factors are similar to the EFMC factors, the latter incorporates the “directly or indirectly” language of the soft money provisions and, as noted above, AO 2006-04 (Tancredo) specifically addressed the EFMC factors and concluded that “[a] donation” of 50% of an organization’s total receipts constituted “financing.”

MUR 7337 (Debbie Lesko and Re-Elect Debbie Lesko for Senate)

Factual and Legal Analysis

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assert that most of the § 300.2(c)(2) factors do not apply to them.<sup>32</sup> None of these arguments alters the fact that the State Committee almost completely funded CLA—far beyond the 50% the Commission found to constitute “financing” in Advisory Opinion 2006-04.<sup>33</sup>

Thus, there is reason to believe Lesko EFMC’d both her State Committee and CLA, and the \$50,000 transfer was prohibited. Neither the State Committee nor CLA reported the donations that comprised the transfer to the Commission. The Lesko Respondents argue that the \$50,000 transfer to CLA was permissible because the funds comprising it did not violate the Act’s source prohibitions and contribution limits.<sup>34</sup> Respondents rely on Advisory Opinion 2007-26 (Schock), but that opinion addressed a federal candidate’s state committee contributing funds to other *state* committees, not to a federal committee EFMC’d by the federal candidate. The more relevant Advisory Opinion is 2011-21 (Constitutional Conservatives Fund), in which the Commission determined that funds received by a committee EFMC’d by a federal candidate were subject to the limitations, prohibitions, and reporting requirements of the Act.<sup>35</sup>

In addition, in MURs 6563/6733 (Schock), the fact that the underlying funds satisfied the source prohibitions and amount limitations did not avoid the violation. The Commission pursued

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<sup>32</sup> Lesko Resp. at 11.

<sup>33</sup> As mentioned above, CLA spent the majority of the \$50,000 on Lesko’s election within nine days of receiving the money.

<sup>34</sup> Lesko Resp. at 6, 7. Respondents assert that the State Committee applied a “last in, first out” protocol, which the Commission has determined to be a reasonable accounting method, to segregate funds not exceeding \$2,700 from individuals or from federal political action committees not exceeding \$5,000. *Id.* at 7. Arizona does not permit corporate contributions. *Id.* at 7, n.6.

<sup>35</sup> See AO 2011-21 (Constitutional Conservatives Fund) at 4. See 2 U.S.C. § 30125(e)(1)(A); 11 C.F.R. § 300.61. The committee at issue in AO 2011-21 was a leadership PAC. Even assuming that the funds comprising the \$50,000 contribution did not violate the Act’s source prohibitions and amount limitations, the State Committee had not reported those funds to the Commission, thus, the contribution was not permissible. See 52 U.S.C. § 30125(e)(1)(A); 11 C.F.R. § 300.61.

Schock, a federal candidate and officeholder, for soliciting a \$25,000 contribution from a multicandidate committee to an IEOPC and a \$25,000 contribution from a local party committee to the IEOPC. The underlying funds contributed by the multicandidate committee and the local party committee were of federally permissible amounts, but the Commission nevertheless applied section 30125(e)'s prohibition on soliciting amounts in excess of the \$5,000 contribution limit, and considered Schock's solicitation of the two \$25,000 contributions to violate section 30125(e).<sup>36</sup> Just as a federal candidate may not solicit nonfederal funds to an IEOPC, a federal candidate may not direct or transfer non-federal funds to an IEOPC.

In sum, Lesko and the entities she EFMC'd transferred, spent, and received funds that had not been reported to the Commission.<sup>37</sup> Section 30125(e) prohibits the State Committee's disbursement of \$50,000 in non-federal funds to CLA, CLA's receipt of those funds, and CLA's disbursement of the funds in connection with a federal election.<sup>38</sup> Accordingly, the Commission finds that there is reason to believe that Debbie Lesko and the State Committee violated 52 U.S.C. § 30125(e)(1)(A).

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<sup>36</sup> Factual and Legal Analysis in MURs 6563/6733 (Aaron Schock). The Commission found reason to believe that Schock violated 52 U.S.C. § 30125(e) and conciliated with him. *See* Certifications, MUR 6563/6733 (Schock)(Nov. 23, 2015)(Reason to Believe), (Oct. 6, 2016)(Accepting Conciliation Agreement). *See also* Advisory Op. 2011-12 (Majority PAC) (federal candidates and officeholders may solicit contributions of up to \$5,000 on behalf of IEOPCs).

<sup>37</sup> Respondents have not disclosed an itemization of the funds comprising the \$50,000 contribution from the State Committee to CLA.

<sup>38</sup> *See* 11 C.F.R. § 300.60, 300.61 (entities EFMC'd by a federal candidate shall not solicit, receive, direct, transfer, spend, or disburse non-federal funds in connection with an election for Federal office).