

1 **FEDERAL ELECTION COMMISSION**
2
3 **FIRST GENERAL COUNSEL'S REPORT**

4
5 **MUR 7442**

6 DATE COMPLAINT FILED: July 26, 2018

7 DATE SUPPLEMENT FILED: June 20, 2019

8 DATE OF NOTIFICATIONS: July 31, 2018

9 June 21, 2019

10 DATE OF LAST RESPONSE: Apr. 27, 2021

11 DATE ACTIVATED: Sept. 12, 2019

12
13 EXPIRATION OF SOL: Feb. 20, 2023

14 Dec. 1, 2023

15 ELECTION CYCLE: 2018

16
17 **COMPLAINANTS:**

Campaign Legal Center

Margaret Christ

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19
20 **RESPONDENTS:**

Global Energy Producers, LLC

Igor Fruman

Lev Parnas

America First Action, Inc. and Jon Proch in his
official capacity as treasurer

Aaron Investments I, LLC

The Jacobs Law Group

Russell S. Jacobs

Unknown Respondents

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30 **RELEVANT STATUTES**
31 **AND REGULATION:**

52 U.S.C. § 30102

52 U.S.C. § 30103

52 U.S.C. § 30104

52 U.S.C. § 30118(a)

52 U.S.C. § 30121

52 U.S.C. § 30122

11 C.F.R. § 104.3(a)

11 C.F.R. § 110.4(b)

11 C.F.R. § 110.20

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40 **INTERNAL REPORTS CHECKED:**

Disclosure Reports

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42 **FEDERAL AGENCIES CHECKED:**

1 **I. INTRODUCTION**

2 As supplemented, the Complaint in this matter alleges that Igor Fruman, Lev Parnas,
3 Global Energy Producers, LLC (“GEP”), Aaron Investments I, LLC (“Aaron LLC”), Jacobs Law
4 Group, Russell S. Jacobs, and Unknown Respondents violated 52 U.S.C. § 30122 by using GEP
5 and Aaron LLC as conduits to contribute \$325,000 to American First Action, Inc. and Jon Proch
6 in his official capacity as treasurer (“AFA”), an independent expenditure-only political
7 committee (“IEOPC”), and that GEP failed to register as a political committee. Specifically, the
8 Supplemental Complaint attaches records of wire transfers indicating that, on behalf of Unknown
9 Respondents, the Jacobs Law Group transferred \$1.26 million to Aaron LLC, which then
10 transferred \$325,000 to AFA. AFA disclosed the contribution as coming from GEP. The
11 Supplemental Complaint also alleges that AFA knowingly accepted a contribution made in the
12 name of another and misreported it.

13 Respondents deny the allegations. Parnas and Fruman, co-founders of GEP, submitted
14 sworn statements attesting to GEP’s status as a legitimate business and that it was the true source
15 of the contributions. In a Supplemental Response, Parnas and Fruman further attest that they
16 obtained the funds for the contribution by mortgaging property Fruman owned but transferred
17 the money through Aaron LLC as “an intermediary holding account” because GEP’s bank
18 accounts had not been established at the time of the real estate closing. AFA initially argued that
19 it did not have information that the allegations in the Complaint were true, even though AFA
20 received the funds from Aaron LLC. In a Supplemental Response, AFA submitted a donor form
21 through which Parnas attributed the contribution to GEP, and in a second Supplemental
22 Response, AFA states that it disgorged the \$325,000 contribution in an interpleader proceeding
23 in federal court.

1 Subsequently, the Department of Justice (“DOJ”) criminally indicted Parnas and Fruman
2 on charges of conspiracy related to contributions made to AFA and other committees and
3 submission of false affidavits and false records in connection with their first response in this
4 matter. DOJ further indicted Parnas, Fruman, and three non-respondent co-conspirators for
5 activity not alleged in the Complaint, including the solicitation of contributions from Andrey
6 Muraviev, a foreign national, and the making of other contributions in the name of another using
7 Muraviev’s funds. Fruman and David Correia, one of the non-respondent co-conspirators, pled
8 guilty prior to trial. Parnas and Andrey Kukushkin (Muraviev’s employee), another non-
9 respondent co-conspirator, were convicted on all counts at trial. Muraviev remains at large.

10 The evidence presented at trial reflects that GEP had no money at the time of the
11 \$325,000 contribution to AFA, and that this contribution and another \$11,000 contribution made
12 in Parnas’s name were in fact funded with the proceeds from a loan secured by a Florida
13 condominium. Contrary to Fruman’s assertions in his Affidavit, the evidence at trial
14 demonstrates that Seafront Properties LLC, not Fruman, owned the Florida condominium, but
15 the available information does not resolve who owned Seafront Properties, which trial evidence
16 and other information suggests was at least partially owned by Fruman.

17 Further, evidence presented at trial raises additional potential violations by Parnas,
18 Fruman, GEP, and others who have not been notified as respondents in this matter. Evidence
19 presented at trial indicates that Parnas and Fruman charged numerous contributions to the
20 corporate credit cards of FD Import & Export Corp. (“FD Import”), a company with connections
21 to Igor Fruman and his brother Steven Fruman, and that the balance on that credit card account
22 was paid down, in part, with funds from the loan on the Florida condo and with foreign funds
23 provided by Muraviev to FD Import.

1 Accordingly, for the reasons discussed below, we recommend that the Commission:
2 (1) find reason to believe that Fruman, Parnas, and GEP knowingly and willfully violated
3 52 U.S.C. § 30122 by making contributions in the name of another or allowing their names to be
4 used in making contributions in the name of another; (2) take no action at this time that
5 Unknown Respondents, Aaron LLC, Jacobs Law Group, and Russell S. Jacobs violated
6 52 U.S.C. § 30122 by making contributions in the name of another; (3) take no action at this time
7 that AFA violated 52 U.S.C. § 30122 by knowingly accepting a contribution in the name of
8 another; (4) take no action at this time that AFA violated 52 U.S.C. § 30104(b) and 11 C.F.R.
9 § 104.3(a) by knowingly filing inaccurate disclosure reports; (5) take no action at this time that
10 GEP violated 52 U.S.C. §§ 30102, 30103, and 30104 by failing to register and report as a
11 political committee; (6) authorize OGC to name and notify Igor Fruman, Steven Fruman, GEP,
12 and FD Import as respondents for potential knowing and willful violations of 52 U.S.C.
13 §§ 30118 and 30122 for contributions charged to FD Import's American Express credit card
14 between February and May 2018; (7) authorize OGC to name and notify Parnas, Igor Fruman,
15 Steven Fruman, David Correia, Andrey Kukushkin, Andrey Muraviev,¹ FD Import, and GEP of
16 potential knowing and willful violations of 52 U.S.C. §§ 30121 and 30122 and 11 C.F.R.
17 § 110.20 in connection with the transfers of funds from Muraviev to FD Import to make
18 contributions in the names of Parnas, Fruman, and GEP; (8) approve the attached Factual and
19 Legal Analyses; and (9) approve compulsory process.

¹ The Department of Justice has characterized Muraviev as a Russian "oligarch." Press Release, U.S. Dep't of Justice, Russian Oligarch Charged with Making Illegal Political Contributions (Mar. 14, 2022), <https://www.justice.gov/usao-sdny/pr/russian-oligarch-charged-making-illegal-political-contributions>. Accordingly, if the Commission authorizes OGC to notify Andrey Muraviev, we will contact the Department of State in conformance with the Commission's procedure for the notification of foreign state respondents, or their instrumentalities. *See* Agency Procedure Concerning the Treatment of Foreign State Respondents at the Initiation of the Enforcement Process, 87 Fed. Reg. 11,950 (Mar. 3, 2022).

1 II. FACTUAL BACKGROUND

2 Fruman and Parnas formed GEP as a Delaware LLC on April 11, 2018.² FD Import is a
 3 New York company.³ Igor Fruman is FD Import's Chief Executive Officer; his brother, Steven
 4 Fruman, appears to operate FD Import.⁴ The available information does not indicate FD
 5 Import's ultimate ownership. Seafront Properties LLC is a Florida company linked to Igor and
 6 Steven Fruman.⁵ Steven Fruman is the "manager" of Seafront Properties, but the available
 7 information does not indicate the ultimate ownership of Seafront Properties.⁶ Aaron LLC is a
 8 Florida company controlled by Parnas and his wife.⁷

² Compl. ¶ 7 (July 26, 2018); GEP, Parnas and Fruman Resp. at 4 (Oct. 14, 2018) ("Joint Resp."); Delaware Dep't of State, Division of Corporations, <https://icis.corp.delaware.gov/eCorp/EntitySearch/NameSearch.aspx> (search for "Global Energy Producers"). Fruman and Parnas attest that, around the same time, they also formed Global Energy Partners, LLC (a holding company) and Global Developers/Miami, LLC (a real estate company). Joint Resp. at 4, Parnas Aff. ¶ 18, Fruman Aff. ¶ 15. According to evidence introduced at trial, GEP has never filed a federal tax return. *See U.S. v. Parnas*, No. 19 CR 725 (S.D.N.Y.), Trial Ex. S2 (stipulation of the parties at trial).

³ New York Department of State, Division of Corporations, <https://apps.dos.ny.gov/publicInquiry/EntityDisplay>.

⁴ *See, e.g., id.* (listing Igor Fruman as Chief Executive Officer); Trial Ex. 43-A-20 (showing a "Loan Agreement" that Steven Fruman signed on behalf of FD Import as "Manager" to secure \$500,000 from Muraviev, as discussed further below); Trial Ex. 48-A-26 (same except Steven Fruman signed as "Director" of FD Import); Trial Transcript 949:8-10 (Espinoza, Direct) ("Trial Tr.") (Steven Fruman is the primary cardholder on the FD Import corporate credit card); Trial Tr. 952:15-17 (Espinoza, Direct) (Steven Fruman is the account holder for FD Import's Chase bank account used to pay off 99% of FD Import's credit card); Trial Ex. 1403 at 2 (summary exhibit showing "Sources of Payment on FD Import Export Amex Credit Card Balance").

⁵ *See* Florida Dep't of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for "Seafront Properties LLC") (listing Steven Fruman as the "Authorized Person" and "Title Manager" and Igor Fruman as the registered agent); *see also* Miami-Dade County Clerk of the Courts, County Recorder's Official Record Search, <https://onlineservices.miami-dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW==&AspxAutoDetectCookieSupport=1> (depicting warranty deed with signature of Steven Fruman but with the notation underneath "Steven Fruman by Igor Fruman, as his attorney-in-fact").

⁶ Fruman, Parnas, GEP, and Aaron LLC Supp. Resp. ("Joint Supp. Resp."), Ex. J (Sept. 4, 2019) (Borrower's Closing Statement showing Steven Fruman signing as "manager").

⁷ Florida Dep't of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for "Aaron Investments I, LLC") (indicating administrative dissolution in 2019); *see also* Supp. Compl. at 2 n.1 (June 20, 2019). Parnas attests that he and his wife controlled the Aaron LLC account. *See* Joint Supp. Resp., Parnas Supp. Aff. ¶ 10. Parnas's assistant, Deana

1 Disclosure reports filed with the Commission and state officials identify \$675,500 in
2 contributions and donations attributed to Fruman, Parnas, and GEP in 2018,⁸ including a
3 \$325,000 contribution from GEP to AFA on May 17, 2018.⁹ As supplemented, the Complaint
4 alleges that an unknown client of Florida real estate attorney Russell S. Jacobs was the true
5 source of the \$325,000 contribution and provides wire transfer records that reveal that Jacobs
6 transferred the funds to Aaron LLC, who transferred the funds to AFA.¹⁰

7 In October 2019, DOJ filed an Indictment charging: (1) Parnas and Fruman with
8 conspiracy in connection with contributions made in the names of others to AFA and other
9 committees; (2) Parnas and Fruman with making false statements to and filing false records with
10 the Commission; and (3) Parnas, Fruman, Correia, and Kukushkin with conspiracy in connection
11 with making contributions with foreign funds in the names of others.¹¹ DOJ later filed a first
12 Superseding Indictment that additionally charged: (1) Correia with making false statements to
13 and filing false records with the Commission; (2) Parnas, Fruman, and Correia with soliciting

Van Rensburg, testified that Aaron LLC was “Parnas’s personal bank account.” Trial Tr. 577:16-20 (Deanna Van Rensburg, Direct).

⁸ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/individual-contributions/?contributor_name=igor+furman&contributor_name=Global+energy+producers&contributor_name=Igor+fruman&contributor_name=igor+furman&contributor_name=lev+parnas&min_date=01%2F01%2F2018&max_date=12%2F31%2F2018 (last visited Apr. 27, 2022) (reflecting contributions by Fruman, Parnas, and GEP in 2018). Igor Fruman’s name is misspelled as “Furman” at times in the disclosure reports. Trial Ex. S11 (stipulating to “all contributions and donations reported to the Commission, the California Secretary of State, the Nevada Secretary of State, the Florida Department of State, the New York State Board of Elections, and the New Jersey Election Law Enforcement Commission in the 2018 calendar year in the name for Lev Parnas, Igor Fruman, and Global Energy Producers”).

⁹ AFA 2018 July Quarterly Report at 15 (July 15, 2018); *see also* Compl. ¶ 10 (quoting AFA’s website to describe AFA as the “the primary super PAC dedicated to electing federal candidates who support the agenda of the Trump-Pence administration”).

¹⁰ Supp. Compl. at 4-5 (Jun. 20, 2019) (implying that Jacobs’s client could be a foreign national).

¹¹ *See generally* *U.S. v. Parnas*, Indictment (Oct. 9, 2019).

1 activity that has not been the focus of any complaint filed with the Commission — namely,
2 efforts to solicit contributions from a foreign national, Muraviev, to make contributions and
3 donations in the names of others in federal and state elections. In March 2022, after the
4 conclusion of the Parnas and Kukushkin trial, a third Superseding Indictment was unsealed,
5 alleging largely the same conduct, but naming Muraviev as a defendant.¹⁶

6 **A. Loan Proceeds from the Florida Real Estate Transaction**

7 The initial Complaint in MUR 7442 alleges that Parnas, Fruman, or Unknown
8 Respondents, not GEP, were the true source of the \$325,000 contribution to AFA.¹⁷ The
9 Complaint points to “[t]he temporal proximity between GEP’s formation and its contribution”
10 and the lack of evidence that “GEP conducted any business or had sufficient income from assets,
11 investment earnings, business revenues, or bona fide capital investments to make the \$325,000
12 contribution.”¹⁸

13 Fruman, Parnas, and GEP denied the allegations.¹⁹ In sworn affidavits filed with their
14 response to the Commission, Fruman and Parnas attest that “GEP is a real business enterprise
15 funded with substantial bona fide capital investment; its major purpose is energy trading, not
16 political activity.”²⁰ They attested that the “donation [to AFA] was made with GEP funds for

¹⁶ *U.S. v. Parnas*, Third Superseding Indictment at 1 (unsealed Mar. 14, 2022) (originally filed Sept. 17, 2020) (indicting Muraviev on counts of conspiracy to make foreign national contributions and making foreign national contributions).

¹⁷ Compl. ¶¶ 22-24.

¹⁸ *Id.* ¶ 22 (also arguing that GEP solicited bids to build a website after making the contribution to AFA).

¹⁹ *See generally* Joint Resp.

²⁰ Joint Resp., Parnas Aff. ¶ 25, Fruman Aff. ¶ 22.

1 GEP purposes.”²¹ AFA responded that it “did not and does not have any knowledge,” nor is
2 there an allegation that it had knowledge, that “the Complaint’s allegations about GEP . . . are
3 true.”²²

4 In 2019, the Complainants filed a Supplemental Complaint (“Supplement”) that drew on
5 records made public in the course of Florida litigation involving Parnas.²³ According to wire
6 transfer records attached to the Supplement, the Jacobs Law Group transferred \$1.26 million
7 from its Interest on Trust Account (“IOTA”) to Aaron LLC on May 15, 2018, and two days later
8 Aaron LLC, not GEP, transferred \$325,000 to AFA.²⁴ The Supplement further alleges that an
9 unknown client of the Jacobs Law Group was the true source of the AFA contribution.²⁵

10 In a Joint Supplemental Response, Fruman and Parnas submitted new affidavits stating
11 that they “had their recollections refreshed” after seeing the wire transfer records and recalled
12 that the funds used to make the contribution to AFA came from an “intermediary holding
13 account” in the name of Aaron LLC.²⁶ Nonetheless, the Joint Supplemental Response argues

²¹ Joint Resp., Parnas Aff. ¶ 21, Fruman Aff. ¶ 18. Fruman and Parnas attest that they “each contributed capital,” including \$2.8 million in the business enterprise, and \$1.2 million in GEP itself, “within the first five months of operation.” Joint Resp. at 4, Parnas Aff. ¶ 17, Fruman Aff. ¶ 14.

²² AFA Resp. at 2 (Sept. 9, 2018).

²³ Supp. Compl. at 2. As relevant to the Florida litigation, Parnas has unpaid debts, including a \$500,000 judgment entered following a trial in New York federal court. *See Pues Family Tr. IRA by Pues v. Parnas Holdings Inc.*, No. 11-CV-5537 (ADS), 2015 WL 13375030, at *1 (E.D.N.Y. Oct. 20, 2015), *aff’d sub nom. Pues Family Tr. Ira v. Parnas Holdings Inc.*, 677 F. App’x 4 (2d Cir. 2017). The plaintiffs in that New York litigation filed debt collection proceedings in Florida, seeking to unwind the \$325,000 contribution to AFA to collect the judgment. *Pues Family Trust IRA v. Parnas Holdings, Inc.*, No. 9:19-cv-80024-DMM (S.D. Fla.).

²⁴ Supp. Compl. at 4, Exs. A-B. An IOTA is required under Florida rules governing an attorney’s management of client funds. *See* Rules Regulating Trust Accounts, Rule 5-1.1 (Fla.), <https://www-media.floridabar.org/uploads/2017/10/2017-RRTFB-Chapter-5-10-06-17.pdf>.

²⁵ Supp. Compl. at 4.

²⁶ Joint Supp. Resp. at 2, Parnas Supp. Aff. ¶ 7, Fruman Supp. Aff. ¶ 7. On February 1, 2022, counsel for Fruman, Parnas, and GEP informed this Office that he no longer represented them and had not had contact with

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1 that the contribution to AFA “was made with funds dedicated[] and raised for the purpose of
 2 funding GEP, labeled as coming from GEP . . . [and] credited on GEP’s books as an
 3 investment in and contribution out, as GEP was always the intended owner of said funds.”²⁷
 4 Fruman and Parnas now attest that the funds used to make the contribution to AFA derived from
 5 a loan taken against a Florida condo owned by Fruman.²⁸

6 The Joint Supplemental Response attached a “Borrower’s Closing Statement” in
 7 connection with the Florida condo transaction.²⁹ That document identifies Seafront Properties as
 8 the “borrower” for the condo transaction and Steven Fruman as Seafront’s “manager,” who
 9 signed the loan documents on behalf of Seafront Properties.³⁰ According to the document, three
 10 individuals lent a total of \$3 million to Seafront Properties.³¹ After paying taxes, fees, and the

them “in over two years.” Email from Laurence Levy, former counsel to GEP, *et al.*, to Nicholas Bamman, Att’y,
 FEC (Feb. 1, 2022, 9:40 AM).

²⁷ Joint Supp. Resp. at 3.

²⁸ Joint Supp. Resp., Fruman Supp. Aff. ¶ 11 (“I owned a valuable property . . . which I decided to borrow
 against to invest in our new businesses. . . . The over \$1,200,000 in liquid assets I received I dedicated to the new
 business ventures, with Mr. Parnas, primarily GEP.”); Joint Supp. Resp., Parnas Supp. Aff. ¶ 15 (“Fruman provided
 the investment funds . . . from a mortgage transaction involving a United States property he owned in Florida.”).

²⁹ Joint Supp. Resp., Ex. J.

³⁰ *Id.*; see also *supra* note 5 (Florida public records concerning Seafront Properties). The Borrower’s Closing
 Statement does not identify Igor Fruman’s relationship to Seafront Properties. At trial, the mortgage broker testified
 that “the borrower would be Seafront and the guarantor would be Igor.” Trial Tr. 910:18-21 (Neil Ross, Direct) (“Q.
 What’s Seafront? A. That’s a corporation in which the property vested.”). Ross also testified that Igor Fruman
 was the client, but that he spoke to Igor Fruman “infrequently.” *Id.* at 906:23-907:4 (Ross, Direct). Testimony
 suggests that Fruman “was not as comfortable in English.” Trial Tr. 915:13-17 (Ross, Cross).

³¹ Joint Supp. Resp., Ex. J. The loan was a form of “bridge financing or . . . hard money,” where borrowers
 were “willing to take a higher interest rate loan at a shorter period of time” Trial Tr. 904:19-25 (Neil Ross,
 Direct). Two of the three lenders appear to own a different condo in the same building as the mortgaged property.
 See Miami-Dade Property Appraiser; <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter owner name
 “Abovsky”). In August 2019, Seafront Properties sold the condo for \$4.9 million to FVV23 LLC, a company
 connected to one of the lenders. See Miami-Dade County Clerk of the Courts,
<https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter folio number 12-2226-044-1560), Miami-Dade
 Property Appraiser, [https://onlineservices.miami-
 dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhZozJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/5
 3XEJLSGKOW==&AspxAutoDetectCookieSupport=1](https://onlineservices.miami-dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhZozJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEJLSGKOW==&AspxAutoDetectCookieSupport=1); see also Clear Report, FVV23 LLC, on file with OGC.

1 balance of a previous debt, the Jacobs Law Group transferred loan proceeds of \$1,260,329.80
2 from its IOTA to Aaron LLC on May 15, 2018.³² Wire transfer records associated with these
3 transfers denote “Special Instructions” of “Loan Proceeds to Seafront Properties LLC per
4 instruction.”³³ Prior to its receipt of the \$1.26 million, the Aaron LLC bank account contained
5 \$3,582.³⁴ In their Response, the Jacobs Law Group and Jacobs assert that they served as counsel
6 to the lenders in an authorized commercial transaction, wired proceeds to a Florida LLC,
7 comported with all legal requirements, and were not involved with the subsequent political
8 contribution.³⁵

9 The next day, on May 16, 2018, Aaron LLC wired \$490,000 to FD Import.³⁶ The
10 following day, on May 17, 2018, Aaron LLC transferred \$325,000 to AFA with the notation
11 “Global Energy Producers LLC.”³⁷ Prosecutors introduced at trial the below visual depiction of
12 this transaction:³⁸

³² Supp. Compl., Ex. B; Joint Supp. Resp., Ex. J. The mortgage broker testified that “The money was supposed to go to Seafront, but [Parnas] had asked if we could send it to Aaron because . . . it would allow them to save time.” Trial Tr. 913:14-19 (Ross, Direct). It is unclear why Parnas had the power to redirect the funds.

³³ Trial Ex. 1004.

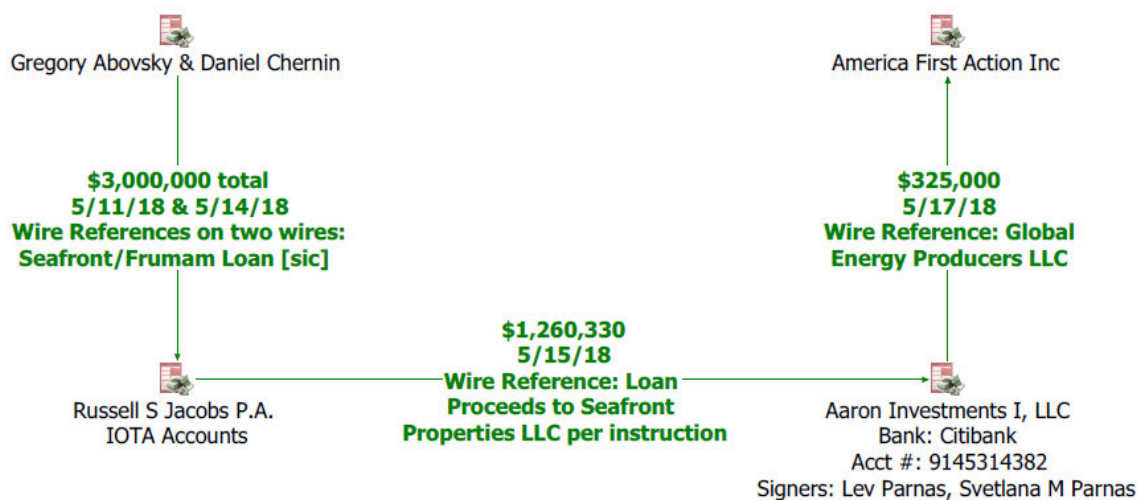
³⁴ Trial Ex. 1403 at 12; Trial Tr. 1018:20-1019:2 (Kimberly Espinoza, FBI agent, Direct). Trial Exhibit 1403 is a summary exhibit reflecting financial information derived from other admitted trial exhibits.

³⁵ Jacobs Law Group and Jacobs Resp. at 3 (Sept. 12, 2019) (“Jacobs Resp.”).

³⁶ Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same). FD Import’s corporate credit card account was later used to make numerous contributions throughout the rest of 2018 and is discussed in greater detail below.

³⁷ Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

³⁸ Trial Ex. 1403 at 12.



1

2 In its Response to the Supplemental Complaint, AFA argues that it properly attributed the

3 contribution to GEP.³⁹ AFA points to the “Global Energy Producers LLC” notation on the wire

4 transfer record and states that Parnas had submitted a donor form also attributing the contribution

5 to GEP, which AFA attached to its supplemental response.⁴⁰ The form required the donor to

6 affirm that the “contribution is made from the funds of the above-listed donor, will not be

7 reimbursed by another, and if this contribution is made via credit card, it is being made with a

8 card for which the donor has a legal obligation to pay and will not be made on the card of

9 another.”⁴¹ It is initialed “LP.”⁴²

10 Parnas’s assistant, Deanna Van Rensburg, testified that she filled out and submitted to

11 AFA the contribution form on behalf of Parnas at his direction.⁴³ She testified that she initialed

³⁹ AFA First Supp. Resp. at 1 (Aug. 7, 2019).

⁴⁰ AFA First Supp. Resp., Ex. A; *see also* Trial Ex. 111 (May 17, 2018 email from Joseph Ahearn of AFA to Parnas attaching the donor form and asking: “Can you fill out this form for how you want the contribution listed?”).

⁴¹ AFA First Supp. Resp., Ex. A.

⁴² *Id.*

⁴³ Trial Tr. 616:21-620:12 (Van Rensburg, Direct) (describing how Parnas instructed her how to fill out the form and sign and initial on his behalf).

1 the form's "affirmation" for Parnas after speaking to him about it,⁴⁴ but also testified that the
2 contribution "was not made with Global Energy Producer funds."⁴⁵ Instead, the funds "came
3 from Igor's refinance" on the Florida condo, which "had nothing to do with Global Energy
4 Producers," and that Parnas "[n]ever contribut[ed] any capital to Global Energy Producers."⁴⁶

5 On May 22, 2018, several days after the \$325,000 contribution to AFA, Aaron LLC
6 transferred \$100,000 in funds derived from the loan on the Florida condo to an account held by
7 GEP.⁴⁷ According to the evidence introduced at trial, these funds constituted the first funds
8 deposited into an account in GEP's name.⁴⁸

9 On June 29, 2018, an \$11,000 contribution to Protect the House was debited from GEP's
10 bank account on a debit card issued to Parnas.⁴⁹ Protect the House identified Parnas as the
11 contributor on its relevant disclosure report.⁵⁰ The GEP account had received no other funds
12 between its initial receipt of \$100,000 on May 22 and when the \$11,000 debit was made on June
13 29, 2018.⁵¹ FBI Agent Kimberly Espinoza, a forensic accountant, testified that Parnas did not
14 have sufficient funds in any bank account to make the Protect the House contribution without the

⁴⁴ Trial Tr. 619:19-24, 620:3-7 (Van Rensburg, Direct).

⁴⁵ Trial Tr. 622:3 (Van Rensburg, Direct).

⁴⁶ Trial Tr. 621:6, 14, 23-25 (Van Rensburg, Direct); *see also* Trial Tr. 568:14-16, 621:10-11 (Van Rensburg Direct) (testifying that Parnas did not have any ownership interest in the Florida condo).

⁴⁷ Trial Ex. 1403 at 13; Trial Tr. 1060:1-3, 8-18 (Espinoza, Cross); Trial Ex. 420 at USAO_00049873 (GEP bank record of transfer).

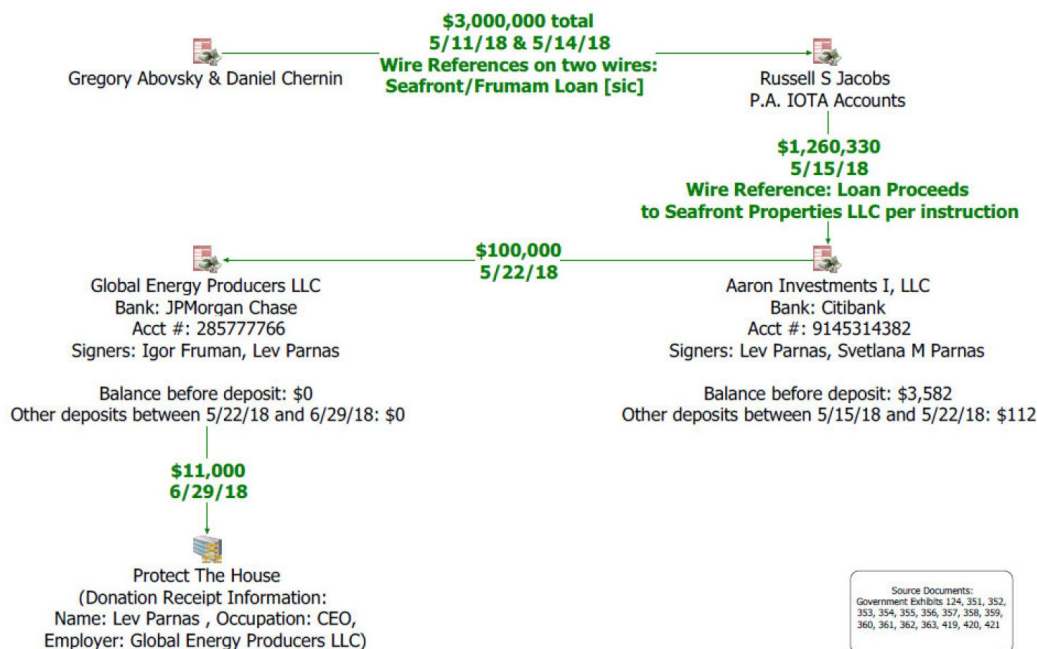
⁴⁸ Trial Ex. 1403 at 13; Trial Ex. 420 at USAO_00049873.

⁴⁹ Ex. 420 at USAO_00049885, 87 (showing \$11,000 debit on Parnas's debit card).

⁵⁰ Protect the House 2018 July Quarterly Report at 10 (July 13, 2018). The Joint Supplemental Response submitted a Profit & Loss Statement of GEP that lists an "other political" expense of \$11,000. Joint Supp. Resp., Ex. L.

⁵¹ Tr. Ex. 1403 at 13; Trial Tr. 1020:24-1021:2 (Espinoza, Direct); Trial Ex. 420 at USAO_00049872, 76, 84.

- 1 infusion of funds from the mortgage transaction into Aaron LLC.⁵² Prosecutors introduced the
 2 following visual depiction of this transaction at trial:⁵³



- 3
 4 Van Rensburg testified that Parnas and Fruman were friendly with executives of several
 5 oil companies, and that GEP had a logo, business cards, and a website briefly.⁵⁴ She further
 6 testified, however, that GEP did not conduct any energy trading, and had no revenue, income,
 7 assets, offices, or employees other than her and her husband, who served as Parnas's driver.⁵⁵

⁵² Trial Tr. 1027:11-1028:17 (Espinoza, Direct); Trial Tr. Ex. 1403 at 18 (chart of Parnas's total liquid funds from May to July 2018). Nor were there any transfers from Parnas to Igor Fruman, Steven Fruman, or FD Import described as a reimbursement. Trial Tr. 1027:1-17 (Espinoza, Direct). The GEP account, however, received \$90,000 on July 6, 2018, from LSDAMA LLC, another entity under the control of Parnas and his wife. Trial Ex. 425 (bank record identifying Parnas and his wife as "Managers" of LSDAMA LLC). LSDAMA's account had received a \$205,000 transfer from Aaron LLC on May 18, 2018, from the proceeds of the loan on the Florida condo. See Trial Ex. 454 at USAO_00138268 (showing receipt of \$205,000 in LSDAMA LLC account on May 18, 2018); Trial Ex. 353 at USAO_00178261 (showing transfer of \$205,000 out of the Aaron LLC account on May 18, 2018).

⁵³ Trial Ex. 1403 at 13.

⁵⁴ Trial Tr. 779:2-15 (Van Rensburg, Cross).

⁵⁵ Trial Tr. 620:13-623:15 (Van Rensburg, Direct), 779:16-19 (Van Rensburg, Cross).

1 The address listed on documents for GEP was Parnas's home address.⁵⁶ Van Rensburg testified
2 that while there was one Memorandum of Understanding with Global Oil Management, "nothing
3 came of it."⁵⁷ The FBI's forensic accountant, Agent Espinoza, testified that the bank records
4 likewise did not reveal activity relevant to an energy trading company.⁵⁸ FBI agent Ellen
5 Thomas, who conducted the search of Parnas's residence that purportedly also served as GEP's
6 office, testified that she found nothing — no documents, electronic documents, or other evidence
7 — to indicate that an energy company operated out of the premises.⁵⁹ Agents did locate
8 materials describing federal campaign finance law, including the prohibition on contributions in
9 the name of another.⁶⁰

10 On April 27, 2021, AFA filed a second Supplemental Response, stating that shortly after
11 the original Indictment of October 9, 2019, counsel for Fruman requested that AFA refund the
12 GEP contribution.⁶¹ AFA reiterates that it did not knowingly accept a contribution in the name
13 of another and has "disgorged the funds through an interpleader proceeding in federal
14 court"⁶² In a later FEC disclosure report, AFA reported the deposit into the court registry as

⁵⁶ Trial Tr. 646:16-20 (Van Rensburg, Cross).

⁵⁷ Trial Tr. 623:21-624:2 (Van Rensburg, Direct).

⁵⁸ Trial Tr. 1024:25-1025:16 (Kimberly Espinoza, Direct).

⁵⁹ Trial Tr. 1076:14-1077:4 (Ellen Thomas, Direct).

⁶⁰ Trial Tr. 1070:1-1074:14. (Ellen Thomas, Direct); *see also* Trial. Ex. 503 ("Trump Pence Victory Finance Committee Acceptance Form" explaining campaign finance rules, including the prohibition on corporate contributions and contributions in the name of another); Trial Ex. 125 ("Lev, Thank you for signing up to be part of the Trump Victory Committee.").

⁶¹ AFA Second Supp. Resp. at 1 (Apr. 27, 2021).

⁶² AFA Second Supp. Resp. at 2. On October 29, 2019, AFA was joined in a Florida lawsuit to collect debt from Parnas concerning a judgment in an unrelated matter; plaintiff in that suit alleged that the contribution was a fraudulent transfer and sought to collect the contribution in settlement of Parnas's debt. AFA filed an interpleader motion with the court in Florida disclaiming the funds and requesting that the court settle the competing claims of Fruman and the judgment creditor. On February 19, 2021, the Florida court allowed AFA to deposit \$325,000 into

1 a “disgorgement per interpleader order” with a cross reference to the transaction ID number of
 2 the GEP contribution.⁶³

3 **B. Contributions and Donations Authorized on FD Import’s American Express**
 4 **Credit Card Account in 2018**

5 In addition to the contribution to AFA, the initial Complaint in this matter identified other
 6 contributions made in the names of Parnas, Fruman, and GEP.⁶⁴ In their initial Joint Response,
 7 Parnas and Fruman acknowledge that they “made the contributions by a business credit card . . . ,
 8 and paid the credit card bill for their contributions from their personal resources.”⁶⁵ Fruman
 9 attested that he made contributions to Joe Wilson for Congress, Pete Sessions for Congress, and
 10 a Florida committee supporting Adam Putnam for governor.⁶⁶ Parnas attested that he made
 11 contributions to the NRCC and Pete Sessions for Congress in his own name, and a Florida state
 12 committee supporting Ron DeSantis in the name of GEP.⁶⁷

13 Copies of exhibits admitted into evidence at Parnas and Kukushkin’s trial indicate that at
 14 least \$339,660 in contributions were charged to the American Express credit card account of FD

the court registry. *Id.* at 2 (citing the electronic docket in *Pues Family Trust IRA v. Parnas Holdings, Inc.*, No. 9:19-cv-80024-DMM (S.D. Fla.)).

⁶³ See AFA 2021 Midyear Report at 23 (Jul. 31, 2021). AFA has not amended any prior reports disclosing the GEP contribution.

⁶⁴ Compl. ¶¶ 12-17 (identifying the following contributions: (1) \$500 from Parnas to NRCC on June 6, 2018; (2) \$2,700 from Fruman to Pete Sessions for Congress on June 25, 2018; (3) \$2,700 from Parnas to Pete Sessions for Congress on June 25, 2018; (4) \$50,000 from GEP to Friends of Ron DeSantis, “a Florida PAC supporting gubernatorial candidate Ron DeSantis;” and (5) \$25,000 from Fruman to Florida Grown PC, a Florida political committee “supporting DeSantis’s opponent in the gubernatorial race, Adam Putnam.”).

⁶⁵ See Joint Resp. at 17.

⁶⁶ Joint Resp., Fruman Aff. ¶ 24.

⁶⁷ Joint Resp., Parnas Aff. ¶¶ 27-28.

1 Import in 2018.⁶⁸ All of these contributions were attributed to Parnas, Fruman, or GEP on the
2 recipients' disclosure reports.⁶⁹ Igor Fruman and Parnas were issued cards on the FD Import
3 American Express credit card account but were not the account owner.⁷⁰ Steven Fruman was the
4 primary accountholder and paid nearly the entire balance of the FD Import credit card bills from
5 an FD Import bank account.⁷¹

6 *i. Contributions Between February and May 2018*

7 The following chart depicts \$183,160 in contributions attributed to Fruman and GEP
8 from February through May 2018, all of which were charged to FD Import's American Express
9 credit card.

⁶⁸ See Trial Ex. 203 at USAO_00109761-818 (FD Import American Express credit card statements from February to May 2018); Trial Ex. 1403 at 1 (chart of contributions and donations on the FD Import American Express credit card from June to December 2018).

⁶⁹ See *infra* Part II.B.i.-ii. (charts depicting contributions).

⁷⁰ Trial Tr. 949:9-950:3 (Espinoza, Direct); see also Trial Ex. 203 at USAO_00109799.

⁷¹ Trial Ex. 1403 at 2 (showing that an FD Import bank account paid 99.27% of the balance of the American Express credit card bill from June to December 2018 with the remainder coming from a bank account in the names of Steven Fruman and his wife); Trial Tr. 949:8-954:20 (Espinoza, Direct) (same); Trial Tr. 568:17-569:21 (Van Rensburg, Direct) (testifying that Parnas was not an employee or owner of FD Import and that he never paid the FD Import credit card bill).

Contributions on American Express FD Import Credit Card February – May 2018⁷²			
Date	Recipient Committee	Disclosed Contributor	Amount
2/20/2018	Trump Victory	Fruman	\$2,700
3/19/2018	Protect the House	“Furman”	\$50,000
4/5/2018	Trump Make America Great Again Committee	Fruman	\$360 ⁷³
4/27/2018	House Majority Trust	“Furman”	\$100,000
5/3/2018	35th Inc (N/K/A 35th PAC)	GEP ⁷⁴	\$15,000
5/5/2018	Trump Make America Great Again Committee	Fruman	\$100
5/25/2018	Rick Scott Victory Fund	Fruman	\$15,000
		TOTAL	\$183,160

1 Records for FD Import’s American Express account reflect numerous payments made
 2 towards its balance between March and May 2018, after the first contribution of \$2,700 was
 3 charged to FD Import’s American Express account on February 20, 2018.⁷⁵ The name “Steven
 4 Fruman” is denoted next to all of the payments on the American Express credit card statement,
 5 although the payments came from the FD Import checking account and the checking account
 6 belonging to Steven Fruman and his wife.⁷⁶ As discussed above, on May 16, 2018, Aaron LLC

⁷² Trial Ex. S11 (stipulated at trial to complete list of contributions in the names of Parnas, Fruman, and GEP); *see also* Trial Ex. 203 at USAO_00109763-823 (FD Import credit card statements from February to May 2018); *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/individual-contributions/?contributor_name=igor+furman&contributor_name=Global+energy+producers&contributor_name=Igor+fruman&contributor_name=igor+furman&contributor_name=lev+parnas&min_date=02%2F01%2F2018&max_date=05%2F31%2F2018 (last visited Apr. 27, 2022) (reflecting contributions by Fruman, Parnas, and GEP from February 1 to May 31, 2018).

⁷³ Although the parties’ stipulated at trial to \$200 of contributions, the American Express credit card statement shows \$360 of contributions to Trump Make American Great Again Committee on April 5, 2018. *Compare* Trial Ex. S11 *with* Trial Ex. 203 at USAO_00109787.

⁷⁴ Trial Ex. 203 at USAO_00109805 (identifying \$15,000 paid to “35INC” on the credit card issued to Fruman on May 3, 2018).

⁷⁵ *See, e.g.*, Trial Ex. 203 at USAO_00109763, 81, 99.

⁷⁶ *Id.*; Trial Ex. 408 at USAO_00043535, 55, 67 (showing payments from the FD Import checking account to American Express of approximately \$220,000 between March and May 2018); Trial Ex. 204 (showing payments from the checking account of Steven Fruman and his wife, ending in 0065, to pay the FD American Express account of approximately \$46,284.25 between March and May 2018). The only other payment is from an account ending in

1 wired \$490,000 to FD Import's Chase bank account.⁷⁷ Days before that transfer, FD Import had
 2 approximately \$5,000 in its bank account.⁷⁸ Shortly after receipt of the funds, FD Import
 3 disbursed approximately \$260,000 to pay down its American Express credit card balance.⁷⁹

4 *ii. Contributions Between June and December 2018*

5 The following chart depicts another \$156,500 in contributions and donations to federal
 6 and state committees from June to December 2018, which were attributed to Fruman, Parnas,
 7 and GEP and charged to FD Import's American Express credit card.⁸⁰

Contributions on American Express FD Import Credit Card June 2018 – December 2018			
Date	Recipient Committee	Disclosed Contributor	Amount
6/5/2018	Make America Great Again Committee	Fruman	\$100
6/6/2018	NRCC	Parnas	\$500
6/12/2018	Protect the House ⁸¹	"Furman"	\$50,000
6/12/2018	Joe Wilson for Congress	Fruman	\$5,400
6/21/2018	Friends of Ron DeSantis	GEP	\$50,000
6/25/2018	Pete Sessions for Congress	Fruman	\$2,700
6/25/2018	Pete Sessions for Congress	Parnas	\$2,700
6/26/2018	Florida Grown PC PAC	Fruman	\$25,000
7/5/2018	Make American Great Again Committee	Fruman	\$100
11/1/2018	Adam Laxalt for Nevada	Fruman	\$10,000
11/1/2018	Committee to Elect Wes Duncan	Fruman	\$10,000

624, initiated by Steven Fruman, but our review of the records does not indicate who owns that account. *See* Trial Ex. 204.

⁷⁷ Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

⁷⁸ Trial Ex. 408 at USAO_00043568 (showing daily ending balance of \$5,333 on May 11).

⁷⁹ Trial Ex. 408 at USAO_00043567-68 (FD Import bank account statement showing payments of \$36,672.35 on May 16 and \$224,880.99 on May 22, and prior payment on May 11 for \$40,000).

⁸⁰ Trial Ex. 1403 at 1; Trial Ex. S11; Trial Tr. 950:13-951:18 (Espinoza, Direct) (testifying that \$156,500 in contributions were charged to the FD Import American Express credit card account from June 2018 to December 2018); *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/individual-contributions/?contributor_name=igor+furman&contributor_name=Global+energy+producers&contributor_name=Igor+fruman&contributor_name=igor+furman&contributor_name=lev+parnas&min_date=06%2F01%2F2018&max_date=12%2F31%2F2018 (last visited Apr. 27, 2022) (reflecting contributions by Fruman, Parnas, and GEP from June 1 to December 31, 2018). DOJ focused its charges on transactions that occurred from June 2018 to November 2018.

⁸¹ Van Rensburg testified that she made the Protect the House contribution using Igor Fruman's FD Import credit card at Parnas's direction without any input from Fruman. Trial Tr. 588:1-8 (Van Rensburg, Direct).

		TOTAL	\$156,500
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1
 2 Evidence presented at Parnas and Kukushkin's trial included extensive documentation of
 3 communications between Parnas, Fruman, Andrey Kukushkin, and Russian businessman Andrey
 4 Muraviev.⁸² In those communications, the group discussed a plan for Muraviev to fund
 5 contributions and donations made by Parnas and Fruman to federal and state candidates and
 6 political committees in order to influence politicians to help obtain licenses to open cannabis
 7 dispensaries for a planned joint cannabis venture.⁸³ For example, Kukushkin wrote to Parnas,
 8 Muraviev, and Fruman on October 24, 2018, in relation to missing deadlines to apply for
 9 licenses: "We are 2 months too late to the game unless we change the rules."⁸⁴ In an October
 10 30, 2018, message to Parnas, Fruman, and Kukushkin, Muraviev wrote: "In Las Vegas we
 11 agreed on the principles of our cooperation . . . It was decided that I will provide \$1 million four
 12 [sic] our future enterprise . . . As of today, I have fulfilled my obligations completely!"⁸⁵
 13 Kukushkin responded to that message, "Money transferred by Andrey M to Global Energy was
 14 to support the very specific people & states (per Igor's table) in order to obtain green light for
 15 licensing."⁸⁶ When Van Rensburg texted Kukushkin to inquire when particular checks would be

⁸² Kukushkin represented Muraviev's interests on a "day-to-day basis" in America. Trial Tr. 176:19-177:1 (Brad Hirsch, Direct).

⁸³ *See generally* Trial Exhibit 1402. Trial Exhibit 1402 is a summary exhibit of communications derived from other admitted trial exhibits. The communications come from text messages, WhatsApp messages, and other electronic communications, but are referred to herein as "text messages." The exact date of the plan could not be confirmed; however, the parties met in Las Vegas in late May 2018, and on June 2, 2018, Kukushkin messaged Fruman that "[w]e will resolve it with you and Andrey will support \$:)" Trial Ex. 1402 at 2.

⁸⁴ Trial Ex. 1402 at 20 ("This is what we want: All the counties supporting Republicans have, at least, to ask the Governor (by the way of requesting licenses quota), and he will approve it for our particular group.>").

⁸⁵ *Id.* at 22 (ellipses in original). Parnas, evidently realizing that the parties should not be communicating in writing about their illegal enterprise, replied, "I don't want to discuss everything over text. . . . If you want I would be happy to have a call with you and discuss." *Id.*

⁸⁶ *Id.* at 22. As detailed below, the money was not in fact transferred to GEP, but to FD Import.

1 received by a state candidate, Kukushkin responded that “the money was transferred ~\$1M to
2 Lev & Igor’s company a long time ago to cover all the contributions as planned.”⁸⁷ On
3 November 3, 2018, Kukushkin messaged the group to say that “the money where [sic] wired to
4 Global Energy in order to cover all the donations whatsoever” and “You are the one issuing them
5 the checks NOT me or Andrey.”⁸⁸

6 Correia and Steven Fruman also sent and received messages that suggest that they knew
7 of and participated in the plan. For example, Correia drafted a budget of contributions and a
8 “funding schedule,” and Steven Fruman coordinated with Muraviev’s employee to receive the
9 wire transfer of Muraviev’s funds to FD Import.⁸⁹

10 By September 2018, the FD Import credit card account had a balance of nearly \$500,000,
11 which included \$136,500 in contributions.⁹⁰ But Muraviev had not yet transferred any funds.
12 On September 11 and 12, 2018, Parnas, Fruman, and Correia drafted a document entitled
13 “Schedule and Contribution Budget, Cannabis Multi-State License Strategy,” outlining a plan to
14 make more than a million dollars of contributions to Federal and state candidates from five
15 states, along with a “funding schedule” in two tranches of \$500,000, and “remaining funds
16 TBD.”⁹¹ Fruman transmitted the document to Kukushkin on September 12, and the next day,

⁸⁷ *Id.* at 21. Fruman, upset that Kukushkin had divulged the scheme to Van Rensburg, wrote to Kukushkin, “Andrey, what kind of mushroom did you eat today!?” and “What are these discussions with our secretary????????” and “Have nothing to do with many situations!!!!!!!!!!” *Id.*

⁸⁸ *Id.* at 23. In response, Parnas warned that “You are going to get everyone in trouble.” *Id.*

⁸⁹ *Id.* at 4-7, 10-14, 20-21 (identifying messages in which Correia was a sender or recipient); *id.* at 9, 16-17 (same as to Steven Fruman).

⁹⁰ Trial Ex. 1403 at 2.

⁹¹ Trial Ex. 33-A-6 (Schedule and Contribution Budget, Cannabis Multi-State License Strategy); *see also* Trial Ex. 1402 at 7 (communications concerning same). The document identifies candidates who ultimately received contributions, including for example, Ron DeSantis, then-candidate for Governor of Florida, and Adam

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1 Kukushkin forwarded the document to Muraviev stating: “Tomorrow it’s necessary to set the
2 priorities and to confirm the transfer to the guys. Do you already know from where can
3 \$500,000 be given to them. . .?”⁹²

4 On September 17, 2018, Steven Fruman signed an agreement on behalf of FD Import, by
5 which Intellect Capital (Cyprus) Limited (“Intellect LLC”), an LLC organized under the laws of
6 the Republic of Cyprus and owned by Muraviev, purported to loan \$500,000 to FD Import.⁹³
7 The next day, FD Import received a wire for \$500,000 to FD Import’s Chase bank account, and,
8 the next day, on September 19, 2018, FD Import paid \$494,415.21 from the Chase bank account
9 to settle the overdue American Express bill.⁹⁴ Prosecutors introduced the following visual
10 depiction of the transaction at trial:⁹⁵

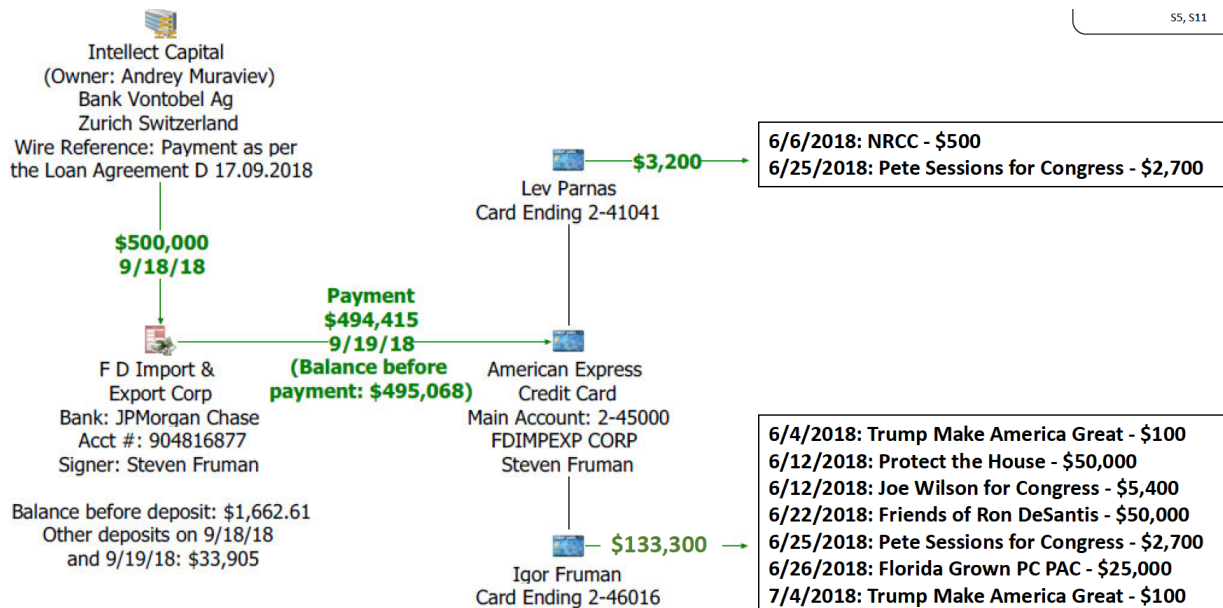
Laxalt, then-candidate for Governor of Nevada; however, most of the “projected contributions” were not made. *Id.*; *compare* Trial Ex. S11 (stipulation of contributions actually made).

⁹² Trial Ex. 1402 at 7-8.

⁹³ Trial Ex. 43-A-20 (Loan Agreement); Trial Ex. S5 (stipulating that Muraviev owns Intellect LLC).

⁹⁴ Trial Ex. 1403 at 2 (chart entitled “Sources of Payments on FD Import Export Amex Credit Card Balance” showing 99.27% of the payments came from the FD Import checking account from June to December 2018); Trial Ex. 408 at USAO_00043626 (FD Import bank records showing deposit of \$500,000).

⁹⁵ Trial Ex. 1403 at 7.



1
 2 A few weeks later, in October 2018, Fruman reminded Kukushkin of their “agreements”
 3 to receive a total of \$1 million from Muraviev “before October 1.”⁹⁶ On October 7, 2018,
 4 Fruman texted Kukushkin “please don’t forget to send 500” because “[a]fter [November] 6th,
 5 nobody will need anything here !!!!!!!!!!!!!!!!!!!!!”⁹⁷ On October 9, 2018, Fruman texted Kukushkin
 6 “We will fuck up everything again!! Where is the money, Andrey?!” and also sent an updated
 7 table of contributions to Kukushkin, Muraviev, and Parnas that falsely indicated paid
 8 contributions of \$720,000, outstanding commitments of \$1,230,000, and total projected
 9 contributions of \$1,950,000.⁹⁸ The same day, Fruman again texted Kukushkin: “I understand
 10 that \$500,000 is a lot of money, but I don’t understand why no one remembers what we agreed
 11 on?!”⁹⁹ Apparently in response to these messages, an employee of Muraviev’s texted Steven

⁹⁶ Trial Ex. 1402 at 13.

⁹⁷ *Id.* at 14. Election day was on November 6, 2018.

⁹⁸ *Id.* at 15; Trial Ex. 61-A-5; *compare supra* Part II.B.i.-ii. (charts depicting contributions actually made).

⁹⁹ Trial Ex. 1402 at 15.

1 Fruman: “I need to send you the second tranche,” and “[S]hould I use the same company as a
2 borrower?”¹⁰⁰

3 Van Rensburg testified that, around the time of these communications, she worked with
4 Irina Gelfand, Steven Fruman’s bookkeeper, to make tables of the contributions made, including
5 those on the FD Import credit cards.¹⁰¹ The table exhibit introduced at trial does not reflect all
6 the contributions because Gelfand evidently believed these were only the contributions “showing
7 money transfers from Producers.”¹⁰²

8 On October 12, 2018, Steven Fruman signed a second agreement on behalf of FD Import
9 by which Nilder Investments Limited (“Nilder LLC”), an LLC organized under the laws of the
10 Republic of Cyprus and owned by Muraviev, purported to loan \$500,000 to FD Import.¹⁰³ FD
11 Import received the funds on October 16, 2018.¹⁰⁴ The prosecution’s forensic accountant was
12 able to directly trace \$136,500 of contributions directly to Muraviev’s funds, but was unable to
13 say whether Muraviev’s funds reimbursed the remaining \$20,000 of contributions because the
14 American Express credit card “was not paid off in full.”¹⁰⁵

¹⁰⁰ *Id.* at 16; Trial Tr. 178:24-179:3 (Hirsch, Direct) (testifying to relationship between Mikhalev, the employee, and Muraviev).

¹⁰¹ Trial Tr. 574:7-12 (Van Rensburg, Direct) (“She would send me over an Excel spreadsheet of all the donations that were made, and then anywhere that there was anything missing that I knew that we made a contribution for, and any receipts that I would receive back from any campaign or super PAC, I would then fill in the blank and say to her, you just missed one contribution, just to fill in the gaps.”).

¹⁰² Trial Ex. 147 (email from Gelfand to Van Rensburg) (table reflecting more than \$520,000 of contributions to federal and state committees).

¹⁰³ Trial Ex. 48-A-26; Trial Ex. S5 (stipulating that Muraviev owns Nilder LLC).

¹⁰⁴ Trial Ex. 408 at USAO_00043640 (FD Import bank statement); *see also* Trial Ex. 1402 at 17 (Steven Fruman communication to Mikhalev confirming receipt).

¹⁰⁵ 1011:4-1012:1, 1014:15-1016:2 (Espinoza, Direct). The evidence introduced at trial revealed that Parnas and Fruman spent only a fraction of the \$1 million on contributions; at trial, Kukushkin argued that Parnas and Fruman stole the money. *See* Trial Tr. 1355:14-17 (Government Summation) (“Kukushkin bargained for a million

1 On October 29, 2018, Fruman texted Kukushkin, stating that “I spoke with Andrey. We
 2 have to resolve what we are adding regarding our program . . . We think 2 million. If there such
 3 [sic] a possibility it would be really correct and timely,” but Kukushkin responded “let’s stick to
 4 \$1M budget.”¹⁰⁶ The day after the election, on November 7, 2018, after DeSantis had won,
 5 Kukushkin texted Parnas, Fruman, and Muraviev: “Congratulations to everybody on victory in
 6 Florida!!! When can we get a license and find the stores?”¹⁰⁷

7 **III. LEGAL ANALYSIS**

8 **A. The Commission Should Find Reason to Believe that Parnas, Fruman, and** 9 **GEP Violated the Act’s Ban on Contributions in the Name of Another**

10
 11 The Act provides that a contribution includes “any gift, subscription, loan, advance, or
 12 deposit of money or anything of value made by any person for the purpose of influencing any
 13 election for Federal office.”¹⁰⁸ The term “person” for purposes of the Act and Commission
 14 regulations includes partnerships, corporations, and “any other organization or group of
 15 persons.”¹⁰⁹ The Act prohibits a person from making a contribution in the name of another
 16 person, knowingly permitting his or her name to be used to effect such a contribution, or
 17 knowingly accepting such a contribution.¹¹⁰ The Commission has included in its regulations
 18 illustrations of activities that constitute making a contribution in the name of another:

19 (i) Giving money or anything of value, all or part of which was provided to
 20 the contributor by another person (the true contributor) without disclosing

dollars worth of crime. Now, it’s true, he only got about \$150,000 worth of crime, but that is still a whole lot of crime. This is not a defense, it’s an admission.”).

¹⁰⁶ Trial Ex. 1402 at 21 (ellipsis in original).

¹⁰⁷ *Id.* at 24.

¹⁰⁸ 52 U.S.C. § 30101(8)(A).

¹⁰⁹ *Id.* § 30101(11); 11 C.F.R. § 100.10.

¹¹⁰ 52 U.S.C. § 30122.

1 the source of money or the thing of value to the recipient candidate or
2 committee at the time the contribution is made; or

3 (ii) Making a contribution of money or anything of value and attributing as the
4 source of the money or thing of value another person when in fact the
5 contributor is the source.¹¹¹

6 The requirement that a contribution be made in the name of its true source promotes
7 Congress's objective of ensuring the complete and accurate disclosure by candidates and
8 committees of the political contributions they receive.¹¹² Courts therefore have uniformly
9 rejected the assertion that "only the person who actually transmits funds . . . makes the
10 contribution,"¹¹³ recognizing that "it is implausible that Congress, in seeking to promote
11 transparency, would have understood the relevant contributor to be [an] intermediary who
12 merely transmitted the campaign gift."¹¹⁴ Consequently, both the Act and the Commission's
13 implementing regulations provide that a person who furnishes another person with funds for the
14 purpose of contributing to a candidate or committee "makes" the resulting contribution.¹¹⁵ This

¹¹¹ 11 C.F.R. § 110.4(b)(2)(i)–(ii). Commission regulations also prohibit persons from "knowingly help[ing] or assist[ing] any person in making a contribution in the name of another." 11 C.F.R. § 110.4(b)(1)(iii). However, in *FEC v. Swallow*, 304 F. Supp. 3d 1113, 1115-16 (D. Utah 2018), the United States District Court for the District of Utah held that Section 30122 unambiguously precluded secondary liability and that the regulation at 11 C.F.R. § 110.4(b)(1)(iii) exceeded the Commission's authority. The court enjoined the Commission from enforcing the provision. *Id.* at 1118-19.

¹¹² *United States v. O'Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) ("[T]he congressional purpose behind [Section 30122] — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.") (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

¹¹³ *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

¹¹⁴ *O'Donnell*, 608 F.3d at 554; *see also Citizens United*, 558 U.S. 310, 371 (2010) ("The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."); *Doe v. Reed*, 561 U.S. 186, 199 (2010) ("Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.").

¹¹⁵ *See Boender*, 649 F.3d at 660 (holding that to determine who made a contribution "we consider the giver to be the *source* of the gift, not any intermediary who simply conveys the gift from the donor to the donee." (emphasis added)); *O'Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) ("The Act prohibits the use of 'conduits' to circumvent . . . [the Act's reporting] restrictions." (quoting then-Section 441f)).

1 is true whether funds are advanced to another person to make a contribution in that person's
2 name or promised as reimbursement of a solicited contribution.¹¹⁶ Because the concern of the
3 law is the true source from which a contribution to a candidate or committee originates, we look
4 to the structure of the transaction itself and the arrangement between the parties to determine
5 who, in fact, "made" a given contribution.

6 The extensive record available to the Commission reflects that loan proceeds on the
7 Florida condo funded at least two contributions made in the names of another — the \$325,000
8 contribution to AFA and the \$11,000 contribution to Protect the House. AFA attributed the
9 \$325,000 contribution to GEP on instructions from Parnas. But the \$325,000 was transferred to
10 AFA from an Aaron LLC account that itself had negligible funds until receipt of the loan
11 proceeds on the Florida condo two days earlier. Similarly, the \$11,000 contribution to Protect
12 the House was attributed to Parnas, but the only funds in the GEP account from which the
13 \$11,000 transferred were funds derived from the loan on the Florida condo delivered via Aaron
14 LLC. Neither Parnas nor GEP had any interest in the Florida condo; only Seafront and Fruman,
15 as a guarantor, were obligated to repay the loan. Thus, the owner of the Florida condo, not GEP
16 or Parnas, was the true source of these contributions to AFA and Protect the House.

17 The record is incomplete, however, as to who owned the Florida condo. In affidavits
18 filed with the Joint Supplemental Response, Fruman and Parnas both aver that Fruman "owned"

¹¹⁶ *O'Donnell*, 608 F.3d at 555. Moreover, the "key issue . . . is the *source* of the funds" and, therefore, the legal status of the funds when conveyed from the straw donor to the ultimate recipient is "irrelevant to a determination of who 'made' the contribution for the purposes of [Section 30122]." *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (holding that defendant's "unconditional gifts" to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

1 the condo, and Van Rensburg identified the condo as “Igor’s . . . condo” in her testimony.¹¹⁷ But
2 the “Borrower’s Closing Statement” identified the borrower as “Seafront Properties LLC.”¹¹⁸
3 The mortgage broker testified that Igor Fruman was his client and the loan guarantor, but
4 Seafront was the “corporation in which the property vested.”¹¹⁹

5 Significantly, the available information contradicts Respondents’ assertions that “GEP is
6 an active and ongoing business” and that the funds for the AFA contribution “came from the
7 investment into GEP by . . . Mr. Fruman and Mr. Parnas.”¹²⁰ Parnas’s assistant, who had first-
8 hand knowledge of GEP’s purported activities, testified that GEP did not conduct any energy
9 trading.¹²¹ A search of GEP’s office (Parnas’s home), revealed nothing to indicate that an
10 energy company operated out of the premises.¹²² Aside from generic payroll withdrawals, the
11 activity in GEP’s bank records does not suggest that the company was engaged in energy
12 trading,¹²³ and the parties stipulated that GEP had never filed a federal tax return.¹²⁴

¹¹⁷ Joint Supp. Resp., Fruman Supp. Aff. ¶ 11, Parnas Supp. Aff. ¶ 15; Trial Tr. 615:22-25 (Van Rensburg, Direct).

¹¹⁸ Joint Supp. Resp., Ex. J.

¹¹⁹ Trial Tr. 910:20-21 (Ross, Direct).

¹²⁰ Joint Supp. Resp. at 1; *see also, e.g.*, Joint Resp., Parnas Aff. ¶ 25 (“Contrary to the assertions in the Complaint, GEP is a real business enterprise funded with substantial bona fide capital investment; its major purpose is energy trading, not political activity.”); Joint Resp. Fruman Aff. ¶ 22 (same).

¹²¹ Trial Tr. 620:13-623:15 (Van Rensburg, Direct).

¹²² Trial Tr. 1076:14-1077:4 (Thomas, Direct).

¹²³ *See, e.g.*, Trial Tr. 1024:25-1025:16 (Espinoza, Direct) (testifying that the bank records did not reveal any descriptions concerning “natural gas” or “oil”); Ex. 420 at USAO_00049877 (showing deductions to ADP for payroll and taxes).

¹²⁴ Trial Ex. S2.

1 The available information also undermines the assertion that the funds were “dedicated[]
2 and raised for the purpose of funding GEP”¹²⁵ Aaron LLC received the loan proceeds on
3 May 15, 2018. The next day, Aaron LLC transferred \$490,000 to FD Import, and FD Import
4 used the funds to pay down its American Express credit card balance. Only a day later, Aaron
5 LLC transferred the \$325,000 to AFA, and it was not until May 22, 2018, that Aaron LLC
6 transferred funds to an account held in GEP’s name.¹²⁶ Moreover, on May 18, 2018, Aaron LLC
7 transferred \$205,000 of the loan proceeds to another account under the control of Parnas and his
8 wife, much of which appears to have been spent on personal expenses.¹²⁷ Indeed, upon
9 reviewing the evidence, the jury convicted Parnas of making false statements to the Commission
10 when he averred that the \$325,000 contribution to AFA “was made with [GEP] funds for [GEP]
11 purposes” and that GEP was “a real business enterprise funded with substantial bona fide capital
12 investment; its major purpose is energy trading, not political activity.”¹²⁸ The evidence indicates
13 that Seafront Properties or Igor Fruman was the true source of the \$325,000 contribution to AFA
14 made in GEP’s name, as well as the true source of the \$11,000 contribution to Protect the House
15 made in Parnas’s name.

¹²⁵ Joint Supp. Resp. at 3.

¹²⁶ See Ex. 353 at USAO_00178259-62 (Aaron LLC bank records identifying debit card purchases for apparently personal activity such as, for example, music subscriptions, gas, food, and doctors). Transactions identified in the GEP bank accounts also undermine the argument that GEP was a *bona fide* business. For example, GEP bank records show payment for Fruman’s mortgage on October 2, 2018. Trial Ex. 420 at USAO_00049914.

¹²⁷ See, e.g., Trial Ex. 454 at USAO_00138268, 271 (LSDAMA LLC bank records showing payments for household expenses in the days following the receipt of \$205,000 from Aaron LLC).

¹²⁸ Superseding Indictment ¶ 7 (Aug. 26, 2021) (alleging Parnas made false statements); see also *id.* ¶ 8 (alleging Parnas falsified records). Similarly, Correia’s guilty plea for making false statements to the Commission further undermines the argument that the loan proceeds constituted capital investment in GEP.

1 We therefore recommend that, in connection with the contributions to AFA and Protect
2 the House, the Commission find reason to believe that Igor Fruman violated 52 U.S.C. § 30122
3 by making contributions in the name of another and that the Commission find reason to believe
4 that Lev Parnas and GEP violated 52 U.S.C. § 30122 by knowingly permitting their names to be
5 used to effect contributions in the name of another. The record, however, is unclear as to who
6 owns Seafront Properties, and whether Steven Fruman, who managed Seafront Properties and
7 participated in the loan transaction, had an ownership interest in Seafront Properties. Neither
8 Seafront Properties nor Steven Fruman are currently respondents in this matter. If the
9 Commission finds reason to believe as to Igor Fruman, we intend to name and notify Seafront
10 Properties and Steven Fruman of potential violations of 52 U.S.C. § 30122 by making
11 contributions in the name of another.

12 We further recommend that the Commission take no action at this time with respect to
13 the allegations that Unknown Respondents, Aaron LLC, Russell S. Jacobs, and the Jacobs Law
14 Group violated 52 U.S.C. § 30122 pending the results of the investigation.

15 **B. The Commission Should Find Reason to Believe that Parnas, Fruman, and**
16 **GEP Acted Knowingly and Willfully When They Violated Section 30122**

17 The Act prescribes additional penalties for violations of the Act that are knowing and
18 willful.¹²⁹ A violation of the Act is knowing and willful when the respondent acts “with full
19 knowledge of all the relevant facts and a recognition that the action is prohibited by law.”¹³⁰
20 This standard does not require proving knowledge of the specific statute or regulation the

¹²⁹ See 52 U.S.C. § 30109(a)(5)(B), (d).

¹³⁰ 122 Cong. Rec. 12197, 12199 (daily ed. May 3, 1976) (defining phrase “knowing and willful”); *see also* *FEC v. Novacek*, 739 F. Supp. 2d 957, 961 (N.D. Tex. 2010) (granting Commission’s motion for summary judgment where there were no genuine issues of material fact as to the knowing and willful allegations).

1 respondent allegedly violated.¹³¹ Rather, it is sufficient to demonstrate that a respondent “acted
2 voluntarily and was aware that his conduct was unlawful.”¹³² This awareness may be shown
3 through circumstantial evidence, such as a “defendant’s elaborate scheme for disguising” her
4 actions, or other “facts and circumstances from which the jury reasonably could infer [the
5 defendant] knew her conduct was unauthorized and illegal.”¹³³ The Commission has found
6 violations involving corporate reimbursement schemes to be knowing and willful when
7 respondents falsified documents, took active steps to conceal illegal activities, kept multiple sets
8 of financial records, or were deemed to be in possession of information warning that their
9 conduct was illegal.¹³⁴ For example, in MUR 7027 (MV Transportation, Inc.), the Commission
10 found reason to believe that respondent knowingly and willfully made contributions in the name
11 of another despite the respondent’s contention that he “did not know that corporate
12 reimbursement for federal political contributions was improper,” based on circumstantial
13 evidence such as the elaborate scheme to conceal corporate bonuses.¹³⁵

¹³¹ See *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citing *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish that a violation is willful, the government needs to show only that the defendant acted with knowledge that her conduct was unlawful, not knowledge of the specific statutory provision violated)).

¹³² *Id.* (internal quotation marks omitted).

¹³³ *United States v. Hopkins*, 916 F.2d 207, 213-15 (5th Cir. 1990) (internal quotation marks omitted). As the *Hopkins* court observed, “[i]t has long been recognized that ‘efforts at concealment [may] be reasonably explainable only in terms of motivation to evade’ lawful obligations.” *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

¹³⁴ See MUR 7027 (MV Transportation, Inc., *et al.*); MUR 6465 (The Fiesta Bowl, Inc.); MUR 6143 (Galen Capital); MUR 5818 (Feiger, Feiger, Kenney, Johnson and Giroux, P.C.).

¹³⁵ Factual and Legal Analysis at 8, MUR 7027 (Carter Pate) (“F&LA”); see also F&LA at 5, MUR 6174 (Valdez) (finding reason to believe that respondent knowingly and willfully made contributions in the name of another because he signed a campaign finance statement stating that only personal funds could be used to make contributions, he gave to political causes previously, and intended to violate the law by using subordinates to circumvent contributions limits).

1 The record indicates that Parnas and Fruman acted knowingly and willfully. Contrary to
2 their characterization of themselves as “neophytes,”¹³⁶ disclosure reports attribute to Parnas and
3 Fruman hundreds of thousands of dollars in contributions.¹³⁷ Indeed, among the evidence
4 presented at trial was the receipt of numerous contribution forms that described campaign
5 finance rules, including the prohibition against reimbursing contributions, that bear the
6 signatures of Parnas and Fruman.¹³⁸ Van Rensburg filled out and transmitted these documents
7 on their behalf. Parnas and Fruman funded their contributions through a multi-step process by
8 which they obtained a loan on the Florida condo and thereafter transferred the proceeds of that
9 loan through numerous accounts of multiple corporate entities. Prior to the making of the
10 contribution, Parnas appears to have received specific instructions on campaign finance rules and
11 the name-of-another prohibition at a fundraiser for a joint fundraising committee.¹³⁹ Further,
12 Parnas has been convicted of conspiracy to make contributions in the name of another, meaning
13 that a jury found beyond a reasonable doubt that he knowingly and willfully agreed to make a
14 contribution in the name of a person other than the true source,¹⁴⁰ and Fruman has pled guilty to

¹³⁶ Joint Supp. Resp., Parnas Supp. Aff. ¶ 17, Fruman Supp. Aff. ¶ 21.

¹³⁷ *Supra* Parts II.B.i-ii (charts reflecting contributions in 2018).

¹³⁸ *See, e.g.*, AFA Supp. Resp. Ex. A; Trial Ex. 108 (email from Van Rensburg, with cc to Fruman, attaching a donor form signed by Fruman); *see also* F&LA at 10-11, MUR 7221 (Karen Hughes) (finding knowing and willful contribution in the name of another violation where, *inter alia*, respondent knew the law from donor forms that required respondent to affirm that a contribution was not reimbursed or in the name of another); F&LA at 6, MUR 6143 (Galen Capital Group) (same).

¹³⁹ Trial. Ex. 503 (“Trump Pence Victory Finance Committee Acceptance Form”); Trial Ex. 125 (“Lev, Thank you for signing up to be part of the Trump Victory Finance Committee.”).

¹⁴⁰ Trial Tr.1487:19-1496:12 (jury instructions for conspiracy charge of making contributions in the name of another).

1 soliciting a foreign national.¹⁴¹ Finally, as set forth above, Parnas was convicted of, and Correia
2 pled guilty to, making false statements to the Commission in affidavits filed in connection with
3 the initial Joint Response in an apparent attempt to conceal the violations.¹⁴² The assertions in
4 Fruman's Affidavit were materially similar to those made by Parnas.¹⁴³ Taken together, the use
5 of multiple entities to transfer the funds used to make the contributions, Respondents' apparent
6 experience in making other contributions and written acknowledgments of compliance with
7 campaign finance rules, and the making of material and false statements to the Commission in
8 connection with this MUR all indicate awareness that Parnas and Fruman knew that their
9 conduct was illegal.

10 Accordingly, we recommend that the Commission find reason to believe that Parnas,
11 Fruman, and GEP acted knowingly and willfully.

12 **C. The Commission Should Take No Action at This Time as to the Allegation**
13 **That AFA Knowingly Accepted, and Failed to Properly Disclose, a**
14 **Contribution in the Name of Another**

15 The Act prohibits a person from knowingly accepting a contribution in the name of
16 another person.¹⁴⁴ The Act also requires political committees to file regular disclosure reports.¹⁴⁵

¹⁴¹ In numerous matters, the Commission has made knowing and willful findings against respondents for criminal violations related to the same activity at issue in the enforcement matter. *E.g.*, MUR 7225 (Jack Wu); MUR 7132 (Michael David Pitts); MUR 6597 (Kinde Durkee); MUR 6475 (Andrew McCrosson), MUR 6179 (Christopher Ward), MUR 5971 (Jennifer Adams), MURs 5721/5772 (Kenneth Phelps); MUR 5610 (Earl Allen Haywood).

¹⁴² *Supra* note 128 and accompanying text; F&LA at 6, MUR 6143 (Galen Capital Group) (falsifying records is evidence of knowing and willful conduct); F&LA at 11, MUR 7221 (Karen Hughes) (destruction of records to conceal violations evidence of knowing and willful conduct).

¹⁴³ Joint Resp., Parnas Aff. ¶ 25 ("Contrary to the assertions in the Complaint, GEP is a real business enterprise funded with substantial bona fide capital investment; its major purpose is energy trading, not political activity."); Joint Resp. Fruman Aff. ¶ 22 (exact same language).

¹⁴⁴ 52 U.S.C. § 30122.

¹⁴⁵ *Id.* § 30104(b).

1 Committees must itemize receipts, including the name and address of each person who has made
2 any contribution in an aggregate amount or value in excess of \$200 within the calendar year,
3 together with the date and amount of any such contribution.¹⁴⁶ Committee treasurers are
4 responsible for examining all contributions received for evidence of illegality.¹⁴⁷ In addition, if a
5 committee treasurer discovers after receipt of an apparently legal contribution that it was made in
6 the name of another, the treasurer must refund or disgorge the contribution within 30 days.¹⁴⁸

7 AFA argues in its First Supplemental Response that the contribution was “permissible on
8 its face” because the wire transfer record contained the notation “Global Energy Producers LLC”
9 and “the contributor provided” donor form initialed by Lev Parnas attested that the “contribution
10 is made from the funds of the above-listed donor” and “will not be reimbursed by another
11 donor.”¹⁴⁹ However, the wire transfer record also indicates the funds came from an account in
12 the name of Aaron LLC — not GEP — directly contradicting the memo notation “Global Energy
13 Producers LLC” and the statement in the donor form. It is unclear whether AFA took any
14 additional steps to resolve the apparent discrepancy of receiving funds from Aaron LLC, while
15 attributing the contribution to GEP, at the time the contribution was received.¹⁵⁰ In response to

¹⁴⁶ *Id.* § 30104(b)(3)(A); 11 C.F.R. § 104.3(a)(3)-(4).

¹⁴⁷ 11 C.F.R. § 103.3(b).

¹⁴⁸ 11 C.F.R. § 103.3(b)(2); *see* F&LA at 3, MUR 6920 (Now or Never PAC) (informing recipient committee of its obligation to refund or disgorge illegal contribution); MUR 5643 (Carter's Inc.) (same); Advisory Op. 1996-05 (Jay Kim for Congress) (allowing for disgorgement of illegal contributions to U.S. Treasury as an alternative to refunding contributions).

¹⁴⁹ AFA Supp. Resp., Ex. A.

¹⁵⁰ Joseph Ahearn of AFA sent the donor form to Parnas on March 30, 2018, well before the contributions was made. *See* Trial Ex. 104 (email from Ahearn to Parnas). On May 17, 2018, the day AFA reported receiving the contribution from GEP, AFA re-sent the donor form to Parnas. Trial Ex. 111 (email from Joseph Ahearn to Parnas attaching the donor form and stating: “Can you fill out this form for how you want the contribution listed?”). Thus, it appears that the donor form was not provided as further investigation into the legality of the contribution. *See* 11 C.F.R. § 103.3(b).

1 the original MUR 7442 Complaint, AFA did not apprise the Commission that the funds it
2 attributed to GEP came from Aaron LLC's account, instead arguing that AFA "*did not and does*
3 *not have any knowledge* that the Complaint's allegations about GEP, a private corporate entity,
4 are true."¹⁵¹ This contention was inaccurate or misleading. The Complaint alleged that GEP
5 was not the true source of the contribution, and AFA knew that it had received the funds via wire
6 transfer from Aaron LLC. According to AFA's Second Supplemental Response, it was not until
7 the DOJ's Indictment and the Florida debt collection action against Parnas, both of which
8 occurred in October 2019, after both the Complaint and Supplement were filed, that "provided
9 [AFA] sufficient reason under 11 C.F.R. § 103.3(b) to question the lawfulness of the \$325,000
10 contribution it had received."¹⁵²

11 The record is thus mixed as to whether AFA knowingly accepted a contribution in the
12 name of another. On one hand, AFA provided a donor form to Parnas in an apparent attempt to
13 attribute the contribution correctly. On the other hand, AFA received the contribution from a
14 bank account different from that stated on the donor form, apparently made no follow-up
15 inquiries to resolve the discrepancy, and provided inaccurate or misleading information in its
16 original Response to the Commission.¹⁵³ Because we recommend finding reason to believe as to
17 Parnas, Fruman, and GEP with respect to the AFA contribution on a knowing and willful basis,
18 and the proposed investigation could reveal information relevant to AFA's knowledge, we
19 recommend that the Commission take no action at this time that AFA violated 52 U.S.C. § 30122

¹⁵¹ AFA Resp. at 1 (emphasis added).

¹⁵² AFA Second Supp. Resp. at 2.

¹⁵³ Under 11 C.F.R. § 103.3, AFA was required to request information sufficient to properly attribute the contribution. As an LLC that had not elected treatment as either a partnership or a corporation by the Internal Revenue Service, the contribution should have been treated as coming from a partnership and attributed to its non-corporate partners pursuant to 11 C.F.R. § 110.1(e). See F&LA at 5, MUR 7454 (DefendArizona)

1 by knowingly accepting a contribution in the name of another, pending the results of the
2 proposed investigation. We further recommend that the Commission take no action at this time
3 that AFA violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(a) by filing inaccurate disclosure
4 reports with the Commission.

5 **D. The Commission Should Take No Action at This Time as to the Allegation**
6 **That GEP Failed to Register and Report as a Political Committee**

7 Political committees must, *inter alia*, register with the Commission and file periodic
8 disclosure reports.¹⁵⁴ The Act defines a “political committee” as “any committee, club,
9 association, or other group of persons which receives contributions aggregating in excess of
10 \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000
11 during a calendar year.”¹⁵⁵ Under the Act as construed by the Supreme Court in *Buckley v.*
12 *Valeo*,¹⁵⁶ an organization that is not controlled by a candidate must register as a political
13 committee only if (1) it crosses the \$1,000 threshold and (2) it has as its “major purpose” the
14 nomination or election of federal candidates.¹⁵⁷

15 Here, the Complaint alleges that GEP was required to register and report as a political
16 committee, arguing that it both engaged in a contribution in the name of another scheme *and* was
17 a political committee. In past matters that have alleged both violations, this Office has
18 recommended taking no action on the political committee violation pending an investigation into

¹⁵⁴ See 52 U.S.C. §§ 30102-04 (setting out organization, registration, and reporting obligations of political committees).

¹⁵⁵ 52 U.S.C. § 30101(4)(A); *see also* 11 C.F.R. § 100.5.

¹⁵⁶ 424 U.S. 1 (1976).

¹⁵⁷ *Id.* at 79; Political Committee Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (“Supplemental E&J”) (explaining Commission policy of determining on a case-by-case basis whether an organization’s major purpose is “Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate)” and whether it is a political committee).

1 the contribution in the name of another allegation.¹⁵⁸ We therefore recommend that the
2 Commission take no action at this time that GEP failed to register and report as a political
3 committee in violation of 52 U.S.C. §§ 30102, 30103, and 30104.

4 **E. The Commission Should Authorize OGC to Notify Parnas, Igor Fruman,**
5 **Steven Fruman, GEP, and FD Import of Potential Violations of the Act for**
6 **Contributions Charged to FD Import's American Express Card From**
7 **February 2018 Through May 2018**

8 The Act prohibits corporations from making contributions to federal candidates, and
9 likewise bars candidates, political committees (other than independent expenditure-only political
10 committees and committees with hybrid accounts), and further prohibits any officer of
11 corporation from consenting to any such contribution by the corporation.¹⁵⁹ Under the Act, a
12 “contribution” includes “any gift, subscription, loan, advance, or deposit of money or anything of
13 value made by any person for the purpose of influencing any election for Federal office.”¹⁶⁰
14 Principals are liable vicariously for the acts of their agents committed within the scope of
15 agency.¹⁶¹

16 FD Import's American Express credit card statements indicate charges for \$183,160 in
17 contributions from February through May 2018. Some of the recipients of these contributions
18 were candidate committees or joint fundraising committees.¹⁶² All but one of these contributions

¹⁵⁸ See, e.g., First Gen. Counsel's Report at 12, MUR 6968 (Tread Standard, LLC, *et al.*).

¹⁵⁹ 52 U.S.C. § 30118(a); *accord* 11 C.F.R. § 114.2(a), (e); Advisory Op. 1990-04 (American Veterinary Medical Association) (including payments by corporate credit card in the prohibition against corporate contributions); Factual and Legal Analysis at 10, MUR 7027 (MV Transportation, Inc.).

¹⁶⁰ 52 U.S.C. § 30101(8)(A); *accord* 11 C.F.R. § 100.52.

¹⁶¹ See RESTATEMENT (THIRD) OF AGENCY § 7.07; *United States v. Sun-Diamond Growers of Cal.*, 138 F.3d 961 (D.C. Cir. 1998) (affirming criminal convictions against corporation in connection with a contribution reimbursement scheme where officer hid scheme from others in corporation but acted to benefit the corporation); see, e.g., Factual and Legal Analysis at 9, MUR 7027 (MV Transportation, Inc.); Factual & Legal Analysis at 16, MUR 6922 (ACPAC, *et al.*); Factual & Legal Analysis at 4-5, MUR 6143 (Galen Capital Group, *et al.*).

¹⁶² See *supra* Part II.B.i (chart of contributions).

1 was attributed to Igor Fruman on relevant disclosure reports filed with the Commission. The
2 remaining contribution of \$15,000 to 35th Inc. on May 3, 2018, was attributed to GEP, but that
3 contribution was made on the FD Import credit card issued to Fruman.¹⁶³

4 Steven Fruman is listed as an account owner for the FD Import credit card bill, generally
5 paid FD Import's credit card bills using an FD Import bank account, managed FD Import and
6 Seafront Properties, and signed documents on the loan of the Florida condo. Records indicate
7 that payments towards the balance were made on FD Import's American Express account from
8 February to May of 2018. On May 16, 2018, Aaron LLC wired \$490,000 dollars to FD Import.
9 These funds were derived from the loan proceeds on the Florida condo. Within a week of receipt
10 of the funds, FD Import disbursed approximately \$260,000 to pay down its American Express
11 credit card bill.

12 We recommend that the Commission authorize OGC to name and notify Igor Fruman,
13 Steven Fruman, GEP, and FD Import as respondents for potential knowing and willful violations
14 of 52 U.S.C. §§ 30118 and 30122 for contributions charged to FD Import's American Express
15 credit card between February and May 2018 and provide them with an opportunity to respond.
16 Respondents should have the opportunity to respond to facts indicating that \$490,000 transferred
17 to FD Import was either capitalization in FD Import and, thus, FD Import impermissibly made
18 corporate contributions and contributions in the name of another in violation of 52 U.S.C.
19 §§ 30118(a) or 30122; or alternatively, the true source of the \$490,000 was the owner of the
20 Florida condo, but the contributions were made in the names of Fruman and GEP, potentially

¹⁶³ See Trial Ex. 203 at USAO_00109805 (identifying \$15,000 contribution to 35th Inc. on card issued to Fruman on May 3, 2018).

1 resulting in violations of 52 U.S.C. § 30122, to the extent the true source of the contribution did
2 not match the disclosed contributor.¹⁶⁴

3 **F. The Commission Should Authorize OGC to Notify Parnas, Igor Fruman,**
4 **Steven Fruman, David Correia, GEP, FD Import, Andrey Kukushkin, and**
5 **Andrey Muraviev of Potential Violations of the Act for Contributions**
6 **Charged to FD Import's American Express Card From June 2018 Through**
7 **November 2018**

8 The Act and Commission regulations prohibit any “foreign national” from directly or
9 indirectly making a contribution or donation of money or other thing of value, or making an
10 express or implied promise to make a contribution or donation, or making an expenditure,
11 independent expenditure, or disbursement, in connection with a federal, state, or local
12 election.¹⁶⁵ The Act’s definition of “foreign national” includes an individual who is not a citizen
13 of the United States or a national of the United States and who is not lawfully admitted for
14 permanent residence.¹⁶⁶ The Act also prohibits any person from soliciting, accepting, or
15 receiving a contribution from a foreign national.¹⁶⁷ Commission regulations prohibit any person
16 from knowingly providing substantial assistance in the solicitation, making, acceptance, or
17 receipt of a contribution or donation from a foreign national.¹⁶⁸ To solicit means “to ask,
18 request, or recommend, explicitly or implicitly, that another person make a contribution,
19 donation, transfer of funds, or otherwise provide anything of value.”¹⁶⁹

¹⁶⁴ While the original Complaint alleged facts sufficient to put Respondents on notice of these potential name of another violations, given that we also recommend providing notice as outlined in Part III.F. below, we believe that such notice should also include these contributions.

¹⁶⁵ 52 U.S.C. § 30121(a)(1); 11 C.F.R. § 110.20(b), (c), (e), (f).

¹⁶⁶ *Id.* § 30121(b)(2).

¹⁶⁷ 52 U.S.C. § 30121(a)(2).

¹⁶⁸ 11 C.F.R. § 110.20(h).

¹⁶⁹ 11 C.F.R. § 110.20(a)(6) (citing 11 C.F.R. § 300.2(m)).

1 In affirming the constitutionality of the Act's ban on foreign national contributions, the
2 court in *Bluman v. FEC* held:

3 It is fundamental to the definition of our national political
4 community that foreign citizens do not have a constitutional right
5 to participate in, and thus may be excluded from, activities of
6 democratic self-government. It follows, therefore, that the United
7 States has a compelling interest for purposes of First Amendment
8 analysis in limiting the participation of foreign citizens in activities
9 of American democratic self-government, and in thereby
10 preventing foreign influence over the U.S. political process.¹⁷⁰

11
12 The trial evidence documents extensive communications between Parnas, Fruman,
13 Correia, Kukushkin, and Muraviev about a plan for Muraviev, a foreign national, to transfer
14 money to Parnas and Fruman to fund contributions and donations in connection with federal and
15 state elections. For example, in an October 30, 2018, message to Parnas, Fruman, and
16 Kukushkin, Muraviev wrote that "In Las Vegas we agreed on the principles of our cooperation
17 . . . It was decided that I will provide \$1 million four [sic] our future enterprise . . . As of today, I
18 have fulfilled my obligations completely!"¹⁷¹ Kukushkin responded, "Money transferred by
19 Andrey M to Global Energy was to support the very specific people & states (per Igor's table) in
20 order to obtain green light for licensing . . ." ¹⁷² Kukushkin similarly told Van Rensburg that "the
21 money was transferred ~\$1M to Lev & Igor's company a long time ago to cover all the
22 contributions as planned."¹⁷³ On November 3, 2018, Kukushkin messaged Muraviev, Fruman,
23 and Parnas that "the money where [sic] wired to Global Energy in order to cover all the

¹⁷⁰ 800 F. Supp. 2d 281, 288 (D.D.C. 2011), *aff'd*, 565 U.S. 1104 (2012).

¹⁷¹ Trial Ex. 1402 at 22 (ellipses in original).

¹⁷² *Id.* at 22 (ellipsis in original).

¹⁷³ *Id.* at 21.

1 donations whatsoever” and “You are the one issuing them the checks NOT me or Andrey.”¹⁷⁴
2 Correia, too, sent and received messages that suggest he was involved with the plan, conferred
3 on multiple occasions with Kukushkin, and prepared a budget and funding schedule for the
4 contributions.

5 From June to November 2018, Parnas and Fruman charged \$156,500 in contributions to
6 federal and state committees on FD Import’s American Express credit card account. In two
7 \$500,000 tranches in September and October 2018, Muraviev transferred a total of \$1 million to
8 FD Import.¹⁷⁵ At trial, a forensic accountant testified that \$136,500 in contributions were
9 reimbursed with Muraviev’s funds. She further testified that the remaining \$20,000 may have
10 been reimbursed with Muraviev’s funds or could have been paid off with other receipts of FD
11 Import.¹⁷⁶

12 Furthermore, the parties’ communications suggest that they may have acted knowingly
13 and willfully. Fruman admonished Kukushkin for divulging the scheme to Van Rensburg.¹⁷⁷ In
14 another note, Parnas informed Kukushkin, Muraviev, and Fruman that they should not be
15 discussing their plans in written communication.¹⁷⁸ And in a message from Kukushkin to
16 Parnas, Fruman, and Muraviev, Kukushkin asserted that Parnas and Fruman “are the one issuing

¹⁷⁴ *Id.* at 23. In response, Parnas warned that “You are going to get everyone in trouble.” *Id.*

¹⁷⁵ The \$1 million comprised more than two thirds of the company’s receipts in its Chase bank account between June and December 2018. Trial Ex. 1403 at 3 (chart entitled “Sources of Funding of FD Import Export Chase Bank Account”).

¹⁷⁶ 1011:4-1012:1, 1014:15-1016:2 (Espinoza, Direct).

¹⁷⁷ Fruman wrote to Kukushkin, “Andrey, what kind of mushroom did you eat today!?” and “What are these discussions with our secretary?????” “Have nothing to do with many situations!!!!!!!!” Trial Ex. 1402 at 21.

¹⁷⁸ Parnas wrote “I don’t want to discuss everything over text . . . If you want I would be happy to have a call with you and discuss.” *Id.* at 22 (ellipsis in original).

1 . . . the checks NOT me or Andrey.”¹⁷⁹ Moreover, before Muraviev transferred the funds to FD
2 Import, Parnas forwarded the Complaint in this matter to Correia, and on August 4, 2018,
3 Kukushkin sent an article about the Complaint to Muraviev, indicating that all relevant
4 respondents were aware of the allegations that Parnas and Fruman were accused of making
5 contributions in the name of another. Moreover, Fruman, Kukushkin, and Parnas have all pled
6 guilty or been convicted of knowing and willful crimes in connection with the scheme.

7 Additionally, Van Rensburg worked with Steven Fruman’s bookkeeper to document the
8 contributions charged by Fruman and Parnas, including contributions on the FD Import credit
9 cards. Steven Fruman also signed the “loan” agreements on behalf of FD Import with
10 Muraviev’s foreign companies, and generally made payments on FD Import’s credit card
11 accounts.

12 Accordingly, we recommend that the Commission authorize OGC to name and notify
13 Parnas, Igor Fruman, Steven Fruman, David Correia, Andrey Kukushkin, Andrey Muraviev, FD
14 Import, and GEP of potential knowing and willful violations of 52 U.S.C. §§ 30121 and 30122
15 and 11 C.F.R. § 110.20 in connection with the transfers of funds from Muraviev to FD Import to
16 make contributions in the names of Parnas, Fruman, and GEP.

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¹⁷⁹ *Id.* at 23. Kukushkin noted that when setting up their corporate structure he was worried about exposure to Muraviev, given “his Russian roots and current political paranoia about it.” Trial Ex. 137.

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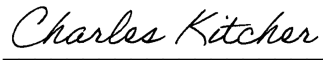
V. RECOMMENDATIONS

1. Find reason to believe that Global Energy Producers, LLC, Igor Fruman, and Lev Parnas knowingly and willfully violated 52 U.S.C. § 30122 by making the AFA and Protect the House contributions in the name of another or knowingly permitting their names to be used to effect such a contribution;
2. Take no action at this time as to the allegations that Unknown Respondents, the Jacobs Law Group, Russell S. Jacobs, and Aaron LLC violated 52 U.S.C. § 30122 by making contributions in the name of another;
3. Take no action at this time that America First Action, Inc. and Jon Proch in his official capacity as treasurer violated 52 U.S.C. § 30122 by knowingly accepting a contribution in the name of another;
4. Take no action at this time that American First Action, Inc. and Jon Proch in his official capacity as treasurer violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(a) by filing inaccurate disclosure reports;
5. Take no action at this time that Global Energy Producers, LLC violated 52 U.S.C. §§ 30102, 30103, and 30104 by failing to register and report as a political committee;
6. Authorize OGC to name and notify Igor Fruman, Steven Fruman, GEP, and FD Import as respondents for potential knowing and willful violations of 52 U.S.C. §§ 30118 and 30122 for contributions charged to FD Import's American Express credit card between February and May 2018;
7. Authorize OGC to name and notify Parnas, Igor Fruman, Steven Fruman, David Correia, Andrey Kukushkin, Andrey Muraviev, FD Import, and GEP as respondents for potential knowing and willful violations of 52 U.S.C. §§ 30121 and 30122 and 11 C.F.R. § 110.20 in connection with the transfers of funds from Muraviev to FD Import to make contributions in the names of Parnas, Fruman, and GEP;
8. Approve the attached Factual and Legal Analyses;
9. Approve compulsory process; and

1 10. Approve the appropriate letters.
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Lisa J. Stevenson
Acting General Counsel

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8 May 4, 2022
9 Date


Charles Kitcher
Associate General Counsel for
Enforcement

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15 Theodore Lutz
16 Theodore Lutz
17 Assistant General Counsel

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22 Nicholas Bamman
23 Attorney

- 24 Attachments:
25 1. Factual and Legal Analysis to Parnas
26 2. Factual and Legal Analysis to Fruman
 3. Factual and Legal Analysis to GEP

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Lev Parnas MUR: 7442

I. INTRODUCTION

As supplemented, the Complaint in this matter alleges that Igor Fruman, Lev Parnas, Global Energy Producers, LLC (“GEP”), Aaron Investments I, LLC (“Aaron LLC”), Jacobs Law Group, Russell S. Jacobs, and Unknown Respondents violated 52 U.S.C. § 30122 by using GEP and Aaron LLC as conduits to contribute \$325,000 to American First Action, Inc. and Jon Proch in his official capacity as treasurer (“AFA”), an independent expenditure-only political committee (“IEOPC”). Specifically, the Supplemental Complaint attaches records of wire transfers indicating that the Jacobs Law Group transferred \$1.26 million to Aaron LLC, which then transferred \$325,000 to AFA. AFA disclosed the contribution as coming from GEP.

Respondents deny the allegations. Parnas, co-founder of GEP, submitted a sworn statement attesting to GEP’s status as a legitimate business and that it was the true source of the contributions. In a Supplemental Response, Parnas further attests that Fruman obtained the funds for the contribution by mortgaging property Fruman owned but transferred the money through Aaron LLC as “an intermediary holding account” because GEP’s bank accounts had not been established at the time of the real estate closing.

Subsequently, the Department of Justice (“DOJ”) criminally indicted Parnas and Fruman on charges of conspiracy related to contributions made to AFA and other committees and submission of false affidavits and false records in connection with their first response in this matter.

The evidence presented at trial reflects that an \$11,000 contribution to Protect the House made in Parnas’s name was in fact funded with the proceeds from a loan secured by a Florida

1 condominium. Contrary to Parnas’s arguments, the evidence at trial demonstrates that Seafront
 2 Properties LLC, not Fruman, owned the Florida condo, but the available information does not
 3 resolve who owned Seafront Properties, which trial evidence and other information suggests was
 4 at least partially owned by Fruman.

5 II. FACTUAL BACKGROUND

6 Fruman and Parnas formed GEP as a Delaware LLC on April 11, 2018.¹ FD Import is a
 7 New York company.² Igor Fruman is FD Import’s Chief Executive Officer; his brother, Steven
 8 Fruman, appears to operate FD Import.³ The available information does not indicate FD
 9 Import’s ultimate ownership. Seafront Properties LLC is a Florida company linked to Igor and
 10 Steven Fruman.⁴ Steven Fruman is the “manager” of Seafront Properties, but the available

¹ Compl. ¶ 7 (July 26, 2018); GEP, Parnas and Fruman Resp. at 4 (Oct. 14, 2018) (“Joint Resp.”); Delaware Dep’t of State, Division of Corporations, <https://icis.corp.delaware.gov/eCorp/EntitySearch/NameSearch.aspx> (search for “Global Energy Producers”). Fruman and Parnas attest that, around the same time, they also formed Global Energy Partners, LLC (a holding company) and Global Developers/Miami, LLC (a real estate company). Joint Resp. at 4, Parnas Aff. ¶ 18. According to evidence introduced at trial, GEP has never filed a federal tax return. *See U.S. v. Parnas*, No. 19 CR 725 (S.D.N.Y.), Trial Ex. S2 (stipulation of the parties at trial).

² New York Department of State, Division of Corporations, <https://apps.dos.ny.gov/publicInquiry/EntityDisplay>.

³ *See, e.g., id.* (listing Igor Fruman as Chief Executive Officer); Trial Ex. 43-A-20 (showing a “Loan Agreement” that Steven Fruman signed on behalf of FD Import as “Manager” to secure \$500,000 from Muraviev, as discussed further below); Trial Ex. 48-A-26 (same except Steven Fruman signed as “Director” of FD Import); Trial Transcript 949:8-10 (Espinoza, Direct) (“Trial Tr.”) (Steven Fruman is the primary cardholder on the FD Import corporate credit card); Trial Tr. 952:15-17 (Espinoza, Direct) (Steven Fruman is the account holder for FD Import’s Chase bank account used to pay off 99% of FD Import’s credit card); Trial Ex. 1403 at 2 (summary exhibit showing “Sources of Payment on FD Import Export Amex Credit Card Balance”).

⁴ *See* Florida Dep’t of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for “Seafront Properties LLC”) (listing Steven Fruman as the “Authorized Person” and “Title Manager” and Igor Fruman as the registered agent); *see also* Miami-Dade County Clerk of the Courts, County Recorder’s Official Record Search, <https://onlineservices.miami-dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IhVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW=&AspxAutoDetectCookieSupport=1> (depicting warranty deed with signature of Steven Fruman but with the notation underneath “Steven Fruman by Igor Fruman, as his attorney-in-fact”).

1 information does not indicate the ultimate ownership of Seafront Properties.⁵ Aaron LLC is a
 2 Florida company controlled by Parnas and his wife.⁶

3 Disclosure reports filed with the Commission and state officials identify \$675,660 in
 4 contributions and donations attributed to Fruman, Parnas, and GEP in 2018,⁷ including a
 5 \$325,000 contribution from GEP to AFA on May 17, 2018.⁸ As supplemented, the Complaint
 6 alleges that an unknown client of Florida real estate attorney Russell S. Jacobs was the true
 7 source of the \$325,000 contribution and provides wire transfer records that reveal that Jacobs
 8 transferred the funds to Aaron LLC, who transferred the funds to AFA.⁹

9 In October 2019, DOJ filed an Indictment charging: (1) Parnas and Fruman with
 10 conspiracy in connection with contributions made in the names of others to AFA and other
 11 committees; (2) Parnas and Fruman with making false statements to and filing false records with
 12 the Commission; and (3) Parnas, Fruman, David Correia, and Andrey Kukushkin with

⁵ Fruman, Parnas, GEP, and Aaron LLC Supp. Resp. (“Joint Supp. Resp.”), Ex. J (Sept. 4, 2019) (Borrower’s Closing Statement showing Steven Fruman signing as “manager”).

⁶ Florida Dep’t of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for “Aaron Investments I, LLC”) (indicating administrative dissolution in 2019); *see also* Supp. Compl. at 2 n.1 (June 20, 2019). Parnas attests that he and his wife controlled the Aaron LLC account. *See* Joint Supp. Resp., Parnas Supp. Aff. ¶ 10. Parnas’s assistant, Deana Van Rensburg, testified that Aaron LLC was “Parnas’s personal bank account.” Trial Tr. 577:16-20 (Deanna Van Rensburg, Direct).

⁷ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/individual-contributions/?contributor_namew=igor+furman&contributor_name=Global+energy+producers&contributor_name=Igor+fruman&contributor_name=igor+furman&contributor_name=lev+parnas&min_date=01%2F01%2F2018&max_date=12%2F31%2F2018 (last visited Apr. 27, 2022) (reflecting contributions by Fruman, Parnas, and GEP in 2018). Igor Fruman’s name is misspelled as “Furman” at times in the disclosure reports. Trial Ex. S11 (stipulating to “all contributions and donations reported to the Commission, the California Secretary of State, the Nevada Secretary of State, the Florida Department of State, the New York State Board of Elections, and the New Jersey Election Law Enforcement Commission in the 2018 calendar year in the name for Lev Parnas, Igor Fruman, and Global Energy Producers”).

⁸ AFA 2018 July Quarterly Report at 15 (July 15, 2018); *see also* Compl. ¶ 10 (quoting AFA’s website to describe AFA as the “the primary super PAC dedicated to electing federal candidates who support the agenda of the Trump-Pence administration”).

⁹ Supp. Compl. at 4-5 (Jun. 20, 2019) (implying that Jacobs’s client could be a foreign national).

1 conspiracy in connection with making contributions with foreign funds in the names of others.¹⁰
2 DOJ later filed a first Superseding Indictment that additionally charged: (1) Correia with making
3 false statements to and filing false records with the Commission; (2) Parnas, Fruman, and
4 Correia with soliciting contributions from a foreign national; and (3) Fruman, Parnas, and
5 Kukushkin with conspiracy to make foreign national contributions.¹¹

6 Ultimately, Fruman pled guilty to one count of soliciting a foreign national for
7 contributions and donations in connection with federal and state elections.¹² Correia pled guilty
8 to two counts, including one for making false statements to the Commission.¹³ After a jury trial,
9 Parnas and Kukushkin were convicted on all counts.¹⁴

¹⁰ See generally *U.S. v. Parnas*, Indictment (Oct. 9, 2019).

¹¹ See generally *U.S. v. Parnas*, First Superseding Indictment (Sept. 17, 2020). DOJ also indicted Parnas and Correia on conspiracy to commit wire fraud in connection with an unrelated scheme. See *id.* First Superseding Indictment (Sept. 17, 2020). Shortly before trial, DOJ filed a second Superseding Indictment, changing the conspiracy to make foreign national contributions charge to an aiding and abetting charge. *U.S. v. Parnas*, Second Superseding Indictment, Count III (Aug. 26, 2021). Parnas and Kukushkin were ultimately tried on the charges in the second Superseding Indictment of August 26, 2021. The wire fraud charge against Parnas was severed prior to trial.

¹² *U.S. v. Parnas*, Minute Entry, Change of Plea Hearing (Sept. 10, 2021), Judgment in a Criminal Case (Jan. 21, 2022) (sentencing Fruman to one year and one day and assessing a \$10,000 fine). The Securities and Exchange Commission also filed an enforcement action against both Correia and Parnas for activities unrelated to this matter. That matter is closed as to Correia. See *SEC v. Parnas*, No. 1:21-cv-00995-PAC (S.D.N.Y.), Final Judgment as to Defendant Correia (Apr. 15, 2021) (ordering disgorgement and restraint of future violations of the Securities Exchange Act). The matter is pending against Parnas.

¹³ Correia also pled guilty to the unrelated charge of conspiracy to commit wire fraud. *U.S. v. Parnas*, Minute Entry, Change of Plea Hearing (Oct. 29, 2020), Judgment in a Criminal Case (Feb. 8, 2021) (sentencing Correia to one year and one day, forfeiture of \$43,650, and restitution of \$2,322,500 to be paid to the victims of the wire fraud).

¹⁴ *U.S. v. Parnas*, Verdict Form (Oct. 22, 2021). Specifically, Parnas was convicted of conspiracy to make contributions by a foreign national, solicitation of a foreign national, aiding and abetting the making of contributions by a foreign national, conspiracy to make contributions in the name of another, making false statements, and falsification of records. *Id.* Kukushkin was convicted of conspiracy to make contributions by a foreign national and aiding and abetting the making of contributions by a foreign national. *Id.*; Judgment in a Criminal Case (Mar. 15, 2022) (sentencing Kukushkin to one year and one day and a fine of \$10,000). After the trial, on March 25, 2022, Parnas pled guilty to the remaining one count of wire fraud for activities unrelated to this matter. *U.S. v. Parnas*, Change of Plea Hearing (Mar. 25, 2022) (scheduling sentencing for June 29, 2022).

1 The information introduced at trial fleshes out the circumstances behind multiple
2 contributions attributed to Parnas, Fruman, and GEP, including the \$325,000 contribution made
3 in GEP’s name to AFA.

4 The initial Complaint in MUR 7442 alleges that Parnas, Fruman, or Unknown
5 Respondents, not GEP, were the true source of the \$325,000 contribution to AFA.¹⁵ The
6 Complaint points to “[t]he temporal proximity between GEP’s formation and its contribution”
7 and the lack of evidence that “GEP conducted any business or had sufficient income from assets,
8 investment earnings, business revenues, or bona fide capital investments to make the \$325,000
9 contribution.”¹⁶

10 Parnas denied the allegations.¹⁷ In a sworn affidavit filed with the joint response to the
11 Commission, Parnas attests that “GEP is a real business enterprise funded with substantial bona
12 fide capital investment; its major purpose is energy trading, not political activity.”¹⁸ He attests
13 that the “donation [to AFA] was made with GEP funds for GEP purposes.”¹⁹

14 In 2019, the Complainants filed a Supplemental Complaint (“Supplement”) that drew on
15 records made public in the course of Florida litigation involving Parnas.²⁰ According to wire

¹⁵ Compl. ¶¶ 22-24.

¹⁶ *Id.* ¶ 22 (also arguing that GEP solicited bids to build a website after making the contribution to AFA).

¹⁷ *See generally* Joint Resp.

¹⁸ Joint Resp., Parnas Aff. ¶ 25.

¹⁹ Joint Resp., Parnas Aff. ¶ 21. Parnas attests that he and Fruman “each contributed capital,” including \$2.8 million in the business enterprise, and \$1.2 million in GEP itself, “within the first five months of operation.” Joint Resp. at 4, Parnas Aff. ¶ 17.

²⁰ Supp. Compl. at 2. As relevant to the Florida litigation, Parnas has unpaid debts, including a \$500,000 judgment entered following a trial in New York federal court. *See Pues Family Tr. IRA by Pues v. Parnas Holdings Inc.*, No. 11-CV-5537 (ADS), 2015 WL 13375030, at *1 (E.D.N.Y. Oct. 20, 2015), *aff’d sub nom. Pues Family Tr. Ira v. Parnas Holdings Inc.*, 677 F. App’x 4 (2d Cir. 2017). The plaintiffs in that New York litigation filed debt collection proceedings in Florida, seeking to unwind the \$325,000 contribution to AFA to collect the judgment. *Pues Family Trust IRA v. Parnas Holdings, Inc.*, No. 9:19-cv-80024-DMM (S.D. Fla.).

1 transfer records attached to the Supplement, the Jacobs Law Group transferred \$1.26 million
2 from its Interest on Trust Account (“IOTA”) to Aaron LLC on May 15, 2018, and two days later
3 Aaron LLC, not GEP, transferred \$325,000 to AFA.²¹ The Supplement further alleges that an
4 unknown client of the Jacobs Law Group was the true source of the AFA contribution.²²

5 In a Joint Supplemental Response, Parnas submitted a new affidavit stating that he “had
6 [his] recollection[] refreshed” after seeing the wire transfer records and recalled that the funds
7 used to make the contribution to AFA came from an “intermediary holding account” in the name
8 of Aaron LLC.²³ Nonetheless, the Joint Supplemental Response argues that the contribution to
9 AFA “was made with funds dedicated[] and raised for the purpose of funding GEP, labeled
10 as coming from GEP . . . [and] credited on GEP’s books as an investment in and contribution
11 out, as GEP was always the intended owner of said funds.”²⁴ Fruman and Parnas now attest that
12 the funds used to make the contribution to AFA derived from a loan taken against a Florida
13 condo owned by Fruman.²⁵

14 The Joint Supplemental Response attached a “Borrower’s Closing Statement” in
15 connection with the Florida condo transaction.²⁶ That document identifies Seafront Properties as
16 the “borrower” for the condo transaction and Steven Fruman as Seafront’s “manager,” who

²¹ Supp. Compl. at 4, Exs. A-B. An IOTA is required under Florida rules governing an attorney’s management of client funds. *See* Rules Regulating Trust Accounts, Rule 5-1.1 (Fla.), <https://www-media.floridabar.org/uploads/2017/10/2017-RRTFB-Chapter-5-10-06-17.pdf>.

²² Supp. Compl. at 4.

²³ Joint Supp. Resp. at 2, Parnas Supp. Aff. ¶ 7.

²⁴ Joint Supp. Resp. at 3.

²⁵ Joint Supp. Resp., Fruman Supp. Aff. ¶ 11 (“I owned a valuable property . . . which I decided to borrow against to invest in our new businesses. . . . The over \$1,200,000 in liquid assets I received I dedicated to the new business ventures, with Mr. Parnas, primarily GEP.”); Joint Supp. Resp., Parnas Supp. Aff. ¶ 15 (“Fruman provided the investment funds . . . from a mortgage transaction involving a United States property he owned in Florida.”).

²⁶ Joint Supp. Resp., Ex. J.

1 signed the loan documents on behalf of Seafront Properties.²⁷ According to the document, three
 2 individuals lent a total of \$3 million to Seafront Properties.²⁸ After paying taxes, fees, and the
 3 balance of a previous debt, the Jacobs Law Group transferred loan proceeds of \$1,260,329.80
 4 from its IOTA to Aaron LLC on May 15, 2018.²⁹ Wire transfer records associated with these
 5 transfers denote “Special Instructions” of “Loan Proceeds to Seafront Properties LLC per
 6 instruction.”³⁰ Prior to its receipt of the \$1.26 million, the Aaron LLC bank account contained
 7 \$3,582.³¹

8 The next day, on May 16, 2018, Aaron LLC wired \$490,000 to FD Import.³² The
 9 following day, on May 17, 2018, Aaron LLC transferred \$325,000 to AFA with the notation

²⁷ *Id.*; see also *supra* note 5 (Florida public records concerning Seafront Properties). The Borrower’s Closing Statement does not identify Igor Fruman’s relationship to Seafront Properties. At trial, the mortgage broker testified that “the borrower would be Seafront and the guarantor would be Igor.” Trial Tr. 910:18-21 (Neil Ross, Direct) (“Q. What’s Seafront? A. That’s a corporation in which the property vested.”). Ross also testified that Igor Fruman was the client, but that he spoke to Igor Fruman “infrequently.” *Id.* at 906:23-907:4 (Ross, Direct). Testimony suggests that Fruman “was not as comfortable in English.” Trial Tr. 915:13-17 (Ross, Cross).

²⁸ Joint Supp. Resp., Ex. J. The loan was a form of “bridge financing or . . . hard money,” where borrowers were “willing to take a higher interest rate loan at a shorter period of time” Trial Tr. 904:19-25 (Neil Ross, Direct). Two of the three lenders appear to own a different condo in the same building as the mortgaged property. See Miami-Dade Property Appraiser; <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter owner name “Abovsky”). In August 2019, Seafront Properties sold the condo for \$4.9 million to FVV23 LLC, a company connected to one of the lenders. See Miami-Dade County Clerk of the Courts, <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter folio number 12-2226-044-1560), Miami-Dade Property Appraiser, <https://onlineservices.miamidadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW==&AspxAutoDetectCookieSupport=1>; see also Clear Report, FVV23 LLC, on file with OGC.

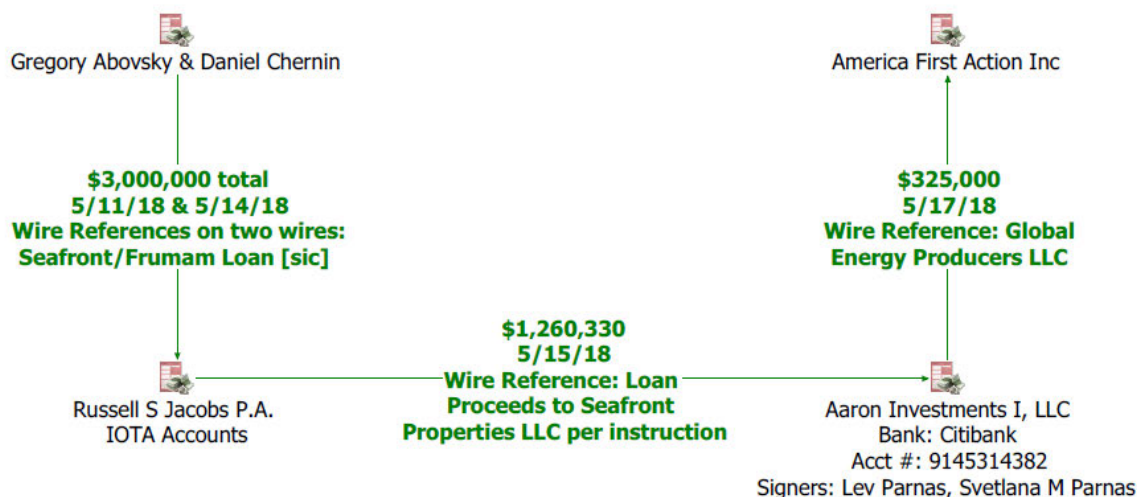
²⁹ Supp. Compl., Ex. B; Joint Supp. Resp., Ex. J. The mortgage broker testified that “The money was supposed to go to Seafront, but [Parnas] had asked if we could send it to Aaron because . . . it would allow them to save time.” Trial Tr. 913:14-19 (Ross, Direct). It is unclear why Parnas had the power to redirect the funds.

³⁰ Trial Ex. 1004.

³¹ Trial Ex. 1403 at 12; Trial Tr. 1018:20-1019:2 (Kimberly Espinoza, FBI agent, Direct). Trial Exhibit 1403 is a summary exhibit reflecting financial information derived from other admitted trial exhibits.

³² Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

1 “Global Energy Producers LLC.”³³ Prosecutors introduced at trial the below visual depiction of
 2 this transaction:³⁴



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 4 Parnas’s assistant, Deanna Van Rensburg, testified that she filled out and submitted to
 5 AFA a contribution form on behalf of Parnas at his direction.³⁵ She testified that she initialed the
 6 form’s “affirmation” for Parnas after speaking to him about it,³⁶ but also testified that the
 7 contribution “was not made with Global Energy Producer funds.”³⁷ Instead, the funds “came
 8 from Igor’s refinance” on the Florida condo, which “had nothing to do with Global Energy
 9 Producers,” and that Parnas “[n]ever contribut[ed] any capital to Global Energy Producers.”³⁸

10 On May 22, 2018, several days after the \$325,000 contribution to AFA, Aaron LLC
 11 transferred \$100,000 in funds derived from the loan on the Florida condo to an account held by

³³ Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

³⁴ Trial Ex. 1403 at 12.

³⁵ Trial Tr. 616:21-620:12 (Van Rensburg, Direct) (describing how Parnas instructed her how to fill out the form and sign and initial on his behalf).

³⁶ Trial Tr. 619:19-24, 620:3-7 (Van Rensburg, Direct).

³⁷ Trial Tr. 622:3 (Van Rensburg, Direct).

³⁸ Trial Tr. 621:6, 14, 23-25 (Van Rensburg, Direct); *see also* Trial Tr. 568:14-16, 621:10-11 (Van Rensburg Direct) (testifying that Parnas did not have any ownership interest in the Florida condo).

1 GEP.³⁹ According to the evidence introduced at trial, these funds constituted the first funds
2 deposited into an account in GEP's name.⁴⁰

3 On June 29, 2018, an \$11,000 contribution to Protect the House was debited from GEP's
4 bank account on a debit card issued to Parnas.⁴¹ Protect the House identified Parnas as the
5 contributor on its relevant disclosure report.⁴² The GEP account had received no other funds
6 between its initial receipt of \$100,000 on May 22 and when the \$11,000 debit was made on June
7 29, 2018.⁴³ FBI Agent Kimberly Espinoza, a forensic accountant, testified that Parnas did not
8 have sufficient funds in any bank account to make the Protect the House contribution without the
9 infusion of funds from the mortgage transaction into Aaron LLC.⁴⁴ Prosecutors introduced the
10 following visual depiction of this transaction at trial:⁴⁵

³⁹ Trial Ex. 1403 at 13; Trial Tr. 1060:1-3, 8-18 (Espinoza, Cross); Trial Ex. 420 at USAO_00049873 (GEP bank record of transfer).

⁴⁰ Trial Ex. 1403 at 13; Trial Ex. 420 at USAO_00049873.

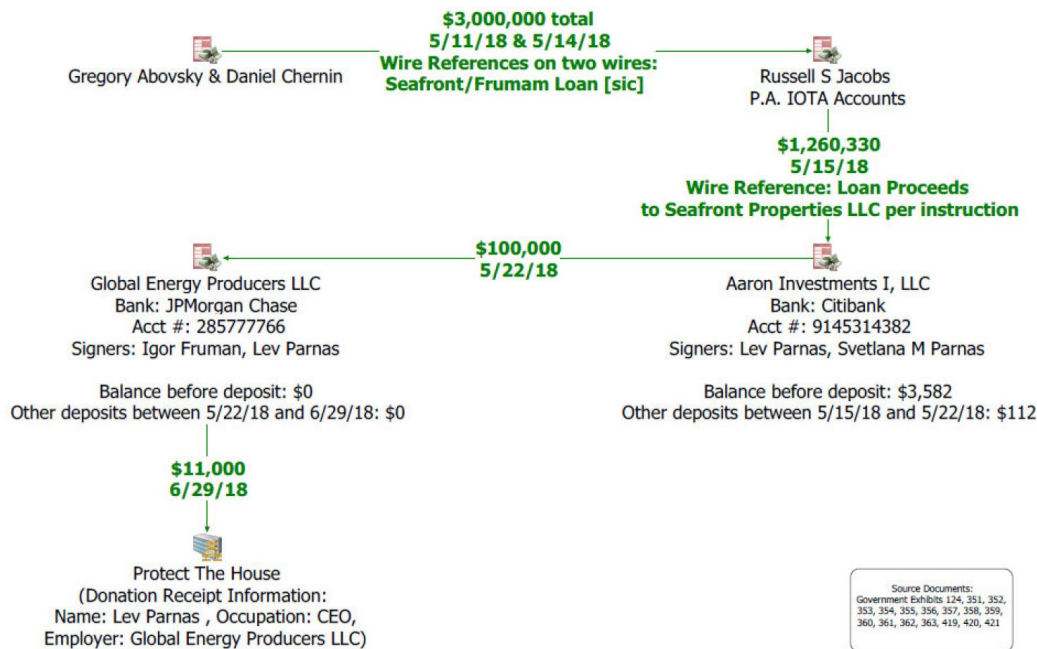
⁴¹ Ex. 420 at USAO_00049885, 87 (showing \$11,000 debit on Parnas's debit card).

⁴² Protect the House 2018 July Quarterly Report at 10 (July 13, 2018). The Joint Supplemental Response submitted a Profit & Loss Statement of GEP that lists an "other political" expense of \$11,000. Joint Supp. Resp., Ex. L.

⁴³ Tr. Ex. 1403 at 13; Trial Tr. 1020:24-1021:2 (Espinoza, Direct); Trial Ex. 420 at USAO_00049872, 76, 84.

⁴⁴ Trial Tr. 1027:11-1028:17 (Espinoza, Direct); Trial Tr. Ex. 1403 at 18 (chart of Parnas's total liquid funds from May to July 2018). Nor were there any transfers from Parnas to Igor Fruman, Steven Fruman, or FD Import described as a reimbursement. Trial Tr. 1027:1-17 (Espinoza, Direct). The GEP account, however, received \$90,000 on July 6, 2018, from LSDAMA LLC, another entity under the control of Parnas and his wife. Trial Ex. 425 (bank record identifying Parnas and his wife as "Managers" of LSDAMA LLC). LSDAMA's account had received a \$205,000 transfer from Aaron LLC on May 18, 2018, from the proceeds of the loan on the Florida condo. See Trial Ex. 454 at USAO_00138268 (showing receipt of \$205,000 in LSDAMA LLC account on May 18, 2018); Trial Ex. 353 at USAO_00178261 (showing transfer of \$205,000 out of the Aaron LLC account on May 18, 2018).

⁴⁵ Trial Ex. 1403 at 13.



1

2 Van Rensburg testified that Parnas and Fruman were friendly with executives of several

3 oil companies, and that GEP had a logo, business cards, and a website briefly.⁴⁶ She further

4 testified, however, that GEP did not conduct any energy trading, and had no revenue, income,

5 assets, offices, or employees other than her and her husband, who served as Parnas's driver.⁴⁷

6 The address listed on documents for GEP was Parnas's home address.⁴⁸ Van Rensburg testified

7 that while there was one Memorandum of Understanding with Global Oil Management, "nothing

8 came of it."⁴⁹ The FBI's forensic accountant, Agent Espinoza, testified that the bank records

9 likewise did not reveal activity relevant to an energy trading company.⁵⁰ FBI agent Ellen

10 Thomas, who conducted the search of Parnas's residence that purportedly also served as GEP's

11 office, testified that she found nothing — no documents, electronic documents, or other evidence

⁴⁶ Trial Tr. 779:2-15 (Van Rensburg, Cross).

⁴⁷ Trial Tr. 620:13-623:15 (Van Rensburg, Direct), 779:16-19 (Van Rensburg, Cross).

⁴⁸ Trial Tr. 646:16-20 (Van Rensburg, Cross).

⁴⁹ Trial Tr. 623:21-624:2 (Van Rensburg, Direct).

⁵⁰ Trial Tr. 1024:25-1025:16 (Kimberly Espinoza, Direct).

1 — to indicate that an energy company operated out of the premises.⁵¹ Agents did locate
 2 materials describing federal campaign finance law, including the prohibition on contributions in
 3 the name of another.⁵²

4 **III. LEGAL ANALYSIS**

5 **A. The Commission Finds Reason to Believe that Parnas Violated the Act’s Ban** 6 **on Contributions in the Name of Another**

7
 8 The Act provides that a contribution includes “any gift, subscription, loan, advance, or
 9 deposit of money or anything of value made by any person for the purpose of influencing any
 10 election for Federal office.”⁵³ The term “person” for purposes of the Act and Commission
 11 regulations includes partnerships, corporations, and “any other organization or group of
 12 persons.”⁵⁴ The Act prohibits a person from making a contribution in the name of another
 13 person, knowingly permitting his or her name to be used to effect such a contribution, or
 14 knowingly accepting such a contribution.⁵⁵ The Commission has included in its regulations
 15 illustrations of activities that constitute making a contribution in the name of another:

- 16 (i) Giving money or anything of value, all or part of which was provided to
 17 the contributor by another person (the true contributor) without disclosing
 18 the source of money or the thing of value to the recipient candidate or
 19 committee at the time the contribution is made; or

⁵¹ Trial Tr. 1076:14-1077:4 (Ellen Thomas, Direct).

⁵² Trial Tr. 1070:1-1074:14. (Ellen Thomas, Direct); *see also* Trial. Ex. 503 (“Trump Pence Victory Finance Committee Acceptance Form” explaining campaign finance rules, including the prohibition on corporate contributions and contributions in the name of another); Trial Ex. 125 (“Lev, Thank you for signing up to be part of the Trump Victory Committee.”).

⁵³ 52 U.S.C. § 30101(8)(A).

⁵⁴ *Id.* § 30101(11); 11 C.F.R. § 100.10.

⁵⁵ 52 U.S.C. § 30122.

1 (ii) Making a contribution of money or anything of value and attributing as the
 2 source of the money or thing of value another person when in fact the
 3 contributor is the source.⁵⁶

4 The requirement that a contribution be made in the name of its true source promotes
 5 Congress’s objective of ensuring the complete and accurate disclosure by candidates and
 6 committees of the political contributions they receive.⁵⁷ Courts therefore have uniformly
 7 rejected the assertion that “only the person who actually transmits funds . . . makes the
 8 contribution,”⁵⁸ recognizing that “it is implausible that Congress, in seeking to promote
 9 transparency, would have understood the relevant contributor to be [an] intermediary who
 10 merely transmitted the campaign gift.”⁵⁹ Consequently, both the Act and the Commission’s
 11 implementing regulations provide that a person who furnishes another person with funds for the
 12 purpose of contributing to a candidate or committee “makes” the resulting contribution.⁶⁰ This is
 13 true whether funds are advanced to another person to make a contribution in that person’s name

⁵⁶ 11 C.F.R. § 110.4(b)(2)(i)–(ii). Commission regulations also prohibit persons from “knowingly help[ing] or assist[ing] any person in making a contribution in the name of another.” 11 C.F.R. § 110.4(b)(1)(iii). However, in *FEC v. Swallow*, 304 F. Supp. 3d 1113, 1115-16 (D. Utah 2018), the United States District Court for the District of Utah held that Section 30122 unambiguously precluded secondary liability and that the regulation at 11 C.F.R. § 110.4(b)(1)(iii) exceeded the Commission’s authority. The court enjoined the Commission from enforcing the provision. *Id.* at 1118-19.

⁵⁷ *United States v. O’Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) (“[T]he congressional purpose behind [Section 30122] — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.”) (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

⁵⁸ *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

⁵⁹ *O’Donnell*, 608 F.3d at 554; *see also Citizens United*, 558 U.S. 310, 371 (2010) (“The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”); *Doe v. Reed*, 561 U.S. 186, 199 (2010) (“Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.”).

⁶⁰ *See Boender*, 649 F.3d at 660 (holding that to determine who made a contribution “we consider the giver to be the *source* of the gift, not any intermediary who simply conveys the gift from the donor to the donee.” (emphasis added)); *O’Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) (“The Act prohibits the use of ‘conduits’ to circumvent . . . [the Act’s reporting] restrictions.” (quoting then-Section 441f)).

1 or promised as reimbursement of a solicited contribution.⁶¹ Because the concern of the law is
2 the true source from which a contribution to a candidate or committee originates, we look to the
3 structure of the transaction itself and the arrangement between the parties to determine who, in
4 fact, “made” a given contribution.

5 The extensive record available to the Commission reflects that loan proceeds on the
6 Florida condo funded the \$11,000 contribution to Protect the House made in the name of Parnas.
7 The \$11,000 contribution to Protect the House was attributed to Parnas, but the only funds in the
8 GEP account from which the \$11,000 was transferred were funds derived from the loan on the
9 Florida condo delivered via Aaron LLC. Neither Parnas nor GEP had any interest in the Florida
10 condo; only Seafront and Fruman, as a guarantor, were obligated to repay the loan. Thus, the
11 owner of the Florida condo, not GEP or Parnas, was the true source of the contribution to Protect
12 the House.

13 The record is incomplete, however, as to who owned the Florida condo. In affidavits
14 filed with the Joint Supplemental Response, Fruman and Parnas both aver that Fruman “owned”
15 the condo, and Van Rensburg identified the condo as “Igor’s . . . condo” in her testimony.⁶² But
16 the “Borrower’s Closing Statement” identified the borrower as “Seafront Properties LLC.”⁶³

⁶¹ *O’Donnell*, 608 F.3d at 555. Moreover, the “key issue . . . is the *source* of the funds” and, therefore, the legal status of the funds when conveyed from the straw donor to the ultimate recipient is “irrelevant to a determination of who ‘made’ the contribution for the purposes of [Section 30122].” *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (holding that defendant’s “unconditional gifts” to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

⁶² Joint Supp. Resp., Fruman Supp. Aff. ¶ 11, Parnas Supp. Aff. ¶ 15; Trial Tr. 615:22-25 (Van Rensburg, Direct).

⁶³ Joint Supp. Resp., Ex. J.

1 The mortgage broker testified that Igor Fruman was his client and the loan guarantor, but
2 Seafront was the “corporation in which the property vested.”⁶⁴

3 Significantly, the available information contradicts Parnas’s assertion that “GEP is an
4 active and ongoing business” and that the funds “came from the investment into GEP by . . . Mr.
5 Fruman and Mr. Parnas.”⁶⁵ Parnas’s assistant, who had first-hand knowledge of GEP’s
6 purported activities, testified that GEP did not conduct any energy trading.⁶⁶ A search of GEP’s
7 office (Parnas’s home), revealed nothing to indicate that an energy company operated out of the
8 premises.⁶⁷ Aside from generic payroll withdrawals, the activity in GEP’s bank records does not
9 suggest that the company was engaged in energy trading,⁶⁸ and the parties stipulated that GEP
10 had never filed a federal tax return.⁶⁹

11 The available information also undermines the assertion that the funds were “dedicated[]
12 and raised for the purpose of funding GEP”⁷⁰ Aaron LLC received the loan proceeds on
13 May 15, 2018. The next day, Aaron LLC transferred \$490,000 to FD Import, and FD Import
14 used the funds to pay down its American Express credit card balance. Only a day later, Aaron
15 LLC transferred the \$325,000 to AFA, and it was not until May 22, 2018, that Aaron LLC

⁶⁴ Trial Tr. 910:20-21 (Ross, Direct).

⁶⁵ Joint Supp. Resp. at 1; *see also, e.g.*, Joint Resp., Parnas Aff. ¶ 25 (“Contrary to the assertions in the Complaint, GEP is a real business enterprise funded with substantial bona fide capital investment; its major purpose is energy trading, not political activity.”).

⁶⁶ Trial Tr. 620:13-623:15 (Van Rensburg, Direct).

⁶⁷ Trial Tr. 1076:14-1077:4 (Thomas, Direct).

⁶⁸ *See, e.g.*, Trial Tr. 1024:25-1025:16 (Espinoza, Direct) (testifying that the bank records did not reveal any descriptions concerning “natural gas” or “oil”); Ex. 420 at USAO_00049877 (showing deductions to ADP for payroll and taxes).

⁶⁹ Trial Ex. S2.

⁷⁰ Joint Supp. Resp. at 3.

1 transferred funds to an account held in GEP’s name.⁷¹ Moreover, on May 18, 2018, Aaron LLC
2 transferred \$205,000 of the loan proceeds to another account under the control of Parnas and his
3 wife, much of which appears to have been spent on personal expenses.⁷² Indeed, upon reviewing
4 the evidence, the jury convicted Parnas of making false statements to the Commission when he
5 averred that the \$325,000 contribution to AFA “was made with [GEP] funds for [GEP]
6 purposes” and that GEP was “a real business enterprise funded with substantial bone fide capital
7 investment; its major purpose is energy trading, not political activity.”⁷³ The evidence indicates
8 that Seafront Properties or Igor Fruman was the true source of the \$11,000 contribution to
9 Protect the House made in Parnas’s name.

10 The Commission therefore finds reason to believe that, in connection with the
11 contribution to Protect the House, Lev Parnas violated 52 U.S.C. § 30122 by knowingly
12 permitting his name to be used to effect a contribution in the name of another.

13 **B. The Commission Finds Reason to Believe that Parnas Acted Knowingly and**
14 **Willfully When He Violated Section 30122**

15 The Act prescribes additional penalties for violations of the Act that are knowing and
16 willful.⁷⁴ A violation of the Act is knowing and willful when the respondent acts “with full

⁷¹ See Ex. 353 at USAO_00178259-62 (Aaron LLC bank records identifying debit card purchases for apparently personal activity such as, for example, music subscriptions, gas, food, and doctors). Transactions identified in the GEP bank accounts also undermine the argument that GEP was a *bona fide* business. For example, GEP bank records show payment for Fruman’s mortgage on October 2, 2018. Trial Ex. 420 at USAO_00049914.

⁷² See, e.g., Trial Ex. 454 at USAO_00138268, 271 (LSDAMA LLC bank records showing payments for household expenses in the days following the receipt of \$205,000 from Aaron LLC).

⁷³ Superseding Indictment ¶ 7 (Aug. 26, 2021) (alleging Parnas made false statements); see also *id.* ¶ 8 (alleging Parnas falsified records). Similarly, Correia’s guilty plea for making false statements to the Commission further undermines the argument that the loan proceeds constituted capital investment in GEP.

⁷⁴ See 52 U.S.C. § 30109(a)(5)(B), (d).

1 knowledge of all the relevant facts and a recognition that the action is prohibited by law.”⁷⁵ This
2 standard does not require proving knowledge of the specific statute or regulation the respondent
3 allegedly violated.⁷⁶ Rather, it is sufficient to demonstrate that a respondent “acted voluntarily
4 and was aware that his conduct was unlawful.”⁷⁷ This awareness may be shown through
5 circumstantial evidence, such as a “defendant’s elaborate scheme for disguising” her actions, or
6 other “facts and circumstances from which the jury reasonably could infer [the defendant] knew
7 her conduct was unauthorized and illegal.”⁷⁸ The Commission has found violations involving
8 corporate reimbursement schemes to be knowing and willful when respondents falsified
9 documents, took active steps to conceal illegal activities, kept multiple sets of financial records,
10 or were deemed to be in possession of information warning that their conduct was illegal.⁷⁹ For
11 example, in MUR 7027 (MV Transportation, Inc.), the Commission found reason to believe that
12 respondent knowingly and willfully made contributions in the name of another despite the
13 respondent’s contention that he “did not know that corporate reimbursement for federal political

⁷⁵ 122 Cong. Rec. 12197, 12199 (daily ed. May 3, 1976) (defining phrase “knowing and willful”); *see also* *FEC v. Novacek*, 739 F. Supp. 2d 957, 961 (N.D. Tex. 2010) (granting Commission’s motion for summary judgment where there were no genuine issues of material fact as to the knowing and willful allegations).

⁷⁶ *See United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citing *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish that a violation is willful, the government needs to show only that the defendant acted with knowledge that her conduct was unlawful, not knowledge of the specific statutory provision violated)).

⁷⁷ *Id.* (internal quotation marks omitted).

⁷⁸ *United States v. Hopkins*, 916 F.2d 207, 213-15 (5th Cir. 1990) (internal quotation marks omitted). As the *Hopkins* court observed, “[i]t has long been recognized that ‘efforts at concealment [may] be reasonably explainable only in terms of motivation to evade’ lawful obligations.” *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

⁷⁹ *See* MUR 7027 (MV Transportation, Inc., *et al.*); MUR 6465 (The Fiesta Bowl, Inc.); MUR 6143 (Galen Capital); MUR 5818 (Feiger, Feiger, Kenney, Johnson and Giroux, P.C.).

1 contributions was improper,” based on circumstantial evidence such as the elaborate scheme to
2 conceal corporate bonuses.⁸⁰

3 The record indicates that Parnas acted knowingly and willfully. Contrary to his
4 characterization of himself as a “neophyte[],”⁸¹ Parnas made several contributions and received
5 numerous contribution forms that described campaign finance rules.⁸² Van Rensburg filled out
6 and transmitted these documents on Parnas’s behalf. The Protect the House contribution was
7 made through a multi-step process by which Fruman obtained a loan on the Florida condo and
8 thereafter transferred the proceeds of that loan through numerous accounts of multiple corporate
9 entities. Prior to the making of the contribution, Parnas appears to have received specific
10 instructions on campaign finance rules and the name-of-another prohibition at a fundraiser for a
11 joint fundraising committee.⁸³ Further, Parnas has been convicted of conspiracy to make
12 contributions in the name of another, meaning that a jury found beyond a reasonable doubt that
13 he knowingly and willfully agreed to make a contribution in the name of a person other than the
14 true source.⁸⁴ Finally, as set forth above, Parnas was convicted of, and Correia pled guilty to,

⁸⁰ Factual and Legal Analysis at 8, MUR 7027 (Carter Pate) (“F&LA”); *see also* F&LA at 5, MUR 6174 (Valdez) (finding reason to believe that respondent knowingly and willfully made contributions in the name of another because he signed a campaign finance statement stating that only personal funds could be used to make contributions, he gave to political causes previously, and intended to violate the law by using subordinates to circumvent contributions limits).

⁸¹ Joint Supp. Resp., Parnas Supp. Aff. ¶ 17.

⁸² *See* F&LA at 10-11, MUR 7221 (Karen Hughes) (finding knowing and willful contribution in the name of another violation where, *inter alia*, respondent knew the law from donor forms that required respondent to affirm that a contribution was not reimbursed or in the name of another); F&LA at 6, MUR 6143 (Galen Capital Group) (same).

⁸³ Trial. Ex. 503 (“Trump Pence Victory Finance Committee Acceptance Form”); Trial Ex. 125 (“Lev, Thank you for signing up to be part of the Trump Victory Finance Committee.”).

⁸⁴ Trial Tr.1487:19-1496:12 (jury instructions for conspiracy charge of making contributions in the name of another). In numerous matters, the Commission has made knowing and willful findings against respondents for criminal violations related to the same activity at issue in the enforcement matter. *E.g.*, MUR 7225 (Jack Wu); MUR 7132 (Michael David Pitts); MUR 6597 (Kinde Durkee); MUR 6475 (Andrew McCrosson), MUR 6179 (Christopher Ward), MUR 5971 (Jennifer Adams), MURs 5721/5772 (Kenneth Phelps); MUR 5610 (Earl Allen Haywood).

1 making false statements to the Commission in affidavits filed in connection with the initial Joint
2 Response in an apparent attempt to conceal the violations.⁸⁵

3 Accordingly, the Commission finds reason to believe that Parnas acted knowingly and
4 willfully.

⁸⁵ F&LA at 6, MUR 6143 (Galen Capital Group) (falsifying records is evidence of knowing and willful conduct); F&LA at 11, MUR 7221 (Karen Hughes) (destruction of records to conceal violations evidence of knowing and willful conduct).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Igor Fruman MUR: 7442

I. INTRODUCTION

As supplemented, the Complaint in this matter alleges that Igor Fruman violated 52 U.S.C. § 30122 by using Global Energy Producers, LLC (“GEP”) and Aaron Investments I, LLC (“Aaron LLC”) as conduits to contribute \$325,000 to America First Action, Inc. and Jon Proch in his official capacity as treasurer (“AFA”), an independent expenditure-only political committee (“IEOPC”). Specifically, the Supplemental Complaint attaches records of wire transfers indicating that, on behalf of Unknown Respondents, the Jacobs Law Group transferred \$1.26 million to Aaron LLC, which then transferred \$325,000 to AFA. AFA disclosed the contribution as coming from GEP.

Fruman denies the allegations. Fruman, co-founder of GEP, submitted a sworn statement attesting to GEP’s status as a legitimate business and averring that it was the true source of the contributions. In a Supplemental Response, Fruman further attests that he obtained the funds for the contribution by mortgaging property he owned but transferred the money through Aaron LLC as “an intermediary holding account” because GEP’s bank accounts had not been established at the time of the real estate closing.

Subsequently, the Department of Justice (“DOJ”) criminally indicted Lev Parnas and Fruman on charges of conspiracy related to contributions made to AFA and other committees and submission of false affidavits and false records in connection with their first joint response in this matter.

The evidence presented at trial reflects that GEP had no money at the time of the \$325,000 contribution to AFA, and that this contribution and another \$11,000 contribution made

1 in Parnas’s name were in fact funded with the proceeds from a loan secured by a Florida
 2 condominium. Contrary to Fruman’s assertions in his Affidavit, the evidence at trial
 3 demonstrates that Seafront Properties LLC, not Fruman, owned the Florida condo, but the
 4 available information does not resolve who owned Seafront Properties, which trial evidence and
 5 other information suggests was at least partially owned by Fruman.

6 II. FACTUAL BACKGROUND

7 Fruman and Parnas formed GEP as a Delaware LLC on April 11, 2018.¹ FD Import is a
 8 New York company.² Igor Fruman is FD Import’s Chief Executive Officer; his brother, Steven
 9 Fruman, appears to operate FD Import.³ The available information does not indicate FD
 10 Import’s ultimate ownership. Seafront Properties LLC is a Florida company linked to Igor and
 11 Steven Fruman.⁴ Steven Fruman is the “manager” of Seafront Properties, but the available

¹ Compl. ¶ 7 (July 26, 2018); GEP, Parnas and Fruman Resp. at 4 (Oct. 14, 2018) (“Joint Resp.”); Delaware Dep’t of State, Division of Corporations, <https://icis.corp.delaware.gov/eCorp/EntitySearch/NameSearch.aspx> (search for “Global Energy Producers”). Fruman and Parnas attest that, around the same time, they also formed Global Energy Partners, LLC (a holding company) and Global Developers/Miami, LLC (a real estate company). Joint Resp. at 4, Fruman Aff. ¶ 15. According to evidence introduced at trial, GEP has never filed a federal tax return. *See U.S. v. Parnas*, No. 19 CR 725 (S.D.N.Y.), Trial Ex. S2 (stipulation of the parties at trial).

² New York Department of State, Division of Corporations, <https://apps.dos.ny.gov/publicInquiry/EntityDisplay>.

³ *See, e.g., id.* (listing Igor Fruman as Chief Executive Officer); Trial Ex. 43-A-20 (showing a “Loan Agreement” that Steven Fruman signed on behalf of FD Import as “Manager” to secure \$500,000 from Muraviev, as discussed further below); Trial Ex. 48-A-26 (same except Steven Fruman signed as “Director” of FD Import); Trial Transcript 949:8-10 (Espinoza, Direct) (“Trial Tr.”) (Steven Fruman is the primary cardholder on the FD Import corporate credit card); Trial Tr. 952:15-17 (Espinoza, Direct) (Steven Fruman is the account holder for FD Import’s Chase bank account used to pay off 99% of FD Import’s credit card); Trial Ex. 1403 at 2 (summary exhibit showing “Sources of Payment on FD Import Export Amex Credit Card Balance”).

⁴ *See* Florida Dep’t of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for “Seafront Properties LLC”) (listing Steven Fruman as the “Authorized Person” and “Title Manager” and Igor Fruman as the registered agent); *see also* Miami-Dade County Clerk of the Courts, County Recorder’s Official Record Search, <https://onlineservices.miami-dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW==&AspxAutoDetectCookieSupport=1> (depicting warranty deed with signature of Steven Fruman but with the notation underneath “Steven Fruman by Igor Fruman, as his attorney-in-fact”).

1 information does not indicate the ultimate ownership of Seafront Properties.⁵ Aaron LLC is a
 2 Florida company controlled by Parnas and his wife.⁶

3 Disclosure reports filed with the Commission and state officials identify \$675,660 in
 4 contributions and donations attributed to Fruman, Parnas, and GEP in 2018,⁷ including a
 5 \$325,000 contribution from GEP to AFA on May 17, 2018.⁸ As supplemented, the Complaint
 6 alleges that an unknown client of Florida real estate attorney Russell S. Jacobs was the true
 7 source of the \$325,000 contribution and provides wire transfer records that reveal that Jacobs
 8 transferred the funds to Aaron LLC, who transferred the funds to AFA.⁹

9 In October 2019, DOJ filed an Indictment charging: (1) Parnas and Fruman with
 10 conspiracy in connection with contributions made in the names of others to AFA and other
 11 committees; (2) Parnas and Fruman with making false statements to and filing false records with
 12 the Commission; and (3) Parnas, Fruman, David Correia, and Andrey Kukushkin with

⁵ Fruman, Parnas, GEP, and Aaron LLC Supp. Resp. (“Joint Supp. Resp.”), Ex. J (Sept. 4, 2019) (Borrower’s Closing Statement showing Steven Fruman signing as “manager”).

⁶ Florida Dep’t of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for “Aaron Investments I, LLC”) (indicating administrative dissolution in 2019); *see also* Supp. Compl. at 2 n.1 (June 20, 2019). Parnas attests that he and his wife controlled the Aaron LLC account. *See* Joint Supp. Resp., Parnas Supp. Aff. ¶ 10. Parnas’s assistant, Deana Van Rensburg, testified that Aaron LLC was “Parnas’s personal bank account.” Trial Tr. 577:16-20 (Deanna Van Rensburg, Direct).

⁷ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/individual-contributions/?contributor_namew=igor+furman&contributor_name=Global+energy+producers&contributor_name=Igor+fruman&contributor_name=igor+furman&contributor_name=lev+parnas&min_date=01%2F01%2F2018&max_date=12%2F31%2F2018 (last visited Apr. 27, 2022) (reflecting contributions by Fruman, Parnas, and GEP in 2018). Igor Fruman’s name is misspelled as “Furman” at times in the disclosure reports. Trial Ex. S11 (stipulating to “all contributions and donations reported to the Commission, the California Secretary of State, the Nevada Secretary of State, the Florida Department of State, the New York State Board of Elections, and the New Jersey Election Law Enforcement Commission in the 2018 calendar year in the name for Lev Parnas, Igor Fruman, and Global Energy Producers”).

⁸ AFA 2018 July Quarterly Report at 15 (July 15, 2018); *see also* Compl. ¶ 10 (quoting AFA’s website to describe AFA as the “the primary super PAC dedicated to electing federal candidates who support the agenda of the Trump-Pence administration”).

⁹ Supp. Compl. at 4-5 (Jun. 20, 2019) (implying that Jacobs’s client could be a foreign national).

1 conspiracy in connection with making contributions with foreign funds in the names of others.¹⁰
2 DOJ later filed a first Superseding Indictment that additionally charged: (1) Correia with making
3 false statements to and filing false records with the Commission; (2) Parnas, Fruman, and
4 Correia with soliciting contributions from a foreign national; and (3) Fruman, Parnas, and
5 Kukushkin with conspiracy to make foreign national contributions.¹¹

6 Ultimately, Fruman pled guilty to one count of soliciting a foreign national for
7 contributions and donations in connection with federal and state elections.¹² Correia pled guilty
8 to two counts, including one for making false statements to the Commission.¹³ After a jury trial,
9 Parnas and Kukushkin were convicted on all counts.¹⁴

¹⁰ See generally *U.S. v. Parnas*, Indictment (Oct. 9, 2019).

¹¹ See generally *U.S. v. Parnas*, First Superseding Indictment (Sept. 17, 2020). DOJ also indicted Parnas and Correia on conspiracy to commit wire fraud in connection with an unrelated scheme. See *id.* First Superseding Indictment (Sept. 17, 2020). Shortly before trial, DOJ filed a second Superseding Indictment, changing the conspiracy to make foreign national contributions charge to an aiding and abetting charge. *U.S. v. Parnas*, Second Superseding Indictment, Count III (Aug. 26, 2021). Parnas and Kukushkin were ultimately tried on the charges in the second Superseding Indictment of August 26, 2021. The wire fraud charge against Parnas was severed prior to trial.

¹² *U.S. v. Parnas*, Minute Entry, Change of Plea Hearing (Sept. 10, 2021), Judgment in a Criminal Case (Jan. 21, 2022) (sentencing Fruman to one year and one day and assessing a \$10,000 fine). The Securities and Exchange Commission also filed an enforcement action against both Correia and Parnas for activities unrelated to this matter. That matter is closed as to Correia. See *SEC v. Parnas*, No. 1:21-cv-00995-PAC (S.D.N.Y.), Final Judgment as to Defendant Correia (Apr. 15, 2021) (ordering disgorgement and restraint of future violations of the Securities Exchange Act). The matter is pending against Parnas.

¹³ Correia also pled guilty to the unrelated charge of conspiracy to commit wire fraud. *U.S. v. Parnas*, Minute Entry, Change of Plea Hearing (Oct. 29, 2020), Judgment in a Criminal Case (Feb. 8, 2021) (sentencing Correia to one year and one day, forfeiture of \$43,650, and restitution of \$2,322,500 to be paid to the victims of the wire fraud).

¹⁴ *U.S. v. Parnas*, Verdict Form (Oct. 22, 2021). Specifically, Parnas was convicted of conspiracy to make contributions by a foreign national, solicitation of a foreign national, aiding and abetting the making of contributions by a foreign national, conspiracy to make contributions in the name of another, making false statements, and falsification of records. *Id.* Kukushkin was convicted of conspiracy to make contributions by a foreign national and aiding and abetting the making of contributions by a foreign national. *Id.*; Judgment in a Criminal Case (Mar. 15, 2022) (sentencing Kukushkin to one year and one day and a fine of \$10,000). After the trial, on March 25, 2022, Parnas pled guilty to the remaining one count of wire fraud for activities unrelated to this matter. *U.S. v. Parnas*, Change of Plea Hearing (Mar. 25, 2022) (scheduling sentencing for June 29, 2022).

1 The information introduced at the trial of Parnas and Kukushkin fleshes out the
2 circumstances behind multiple contributions attributed to Parnas, Fruman, and GEP, including
3 the \$325,000 contribution made in GEP’s name to AFA.

4 The initial Complaint in MUR 7442 alleges that Parnas, Fruman, or Unknown
5 Respondents, not GEP, were the true source of the \$325,000 contribution to AFA.¹⁵ The
6 Complaint points to “[t]he temporal proximity between GEP’s formation and its contribution”
7 and the lack of evidence that “GEP conducted any business or had sufficient income from assets,
8 investment earnings, business revenues, or bona fide capital investments to make the \$325,000
9 contribution.”¹⁶

10 Fruman denied the allegations.¹⁷ In a sworn affidavit filed with his response to the
11 Commission, Fruman attests that “GEP is a real business enterprise funded with substantial bona
12 fide capital investment; its major purpose is energy trading, not political activity.”¹⁸ He attests
13 that the “donation [to AFA] was made with GEP funds for GEP purposes.”¹⁹

14 In 2019, the Complainants filed a Supplemental Complaint (“Supplement”) that drew on
15 records made public in the course of Florida litigation involving Parnas.²⁰ According to wire

¹⁵ Compl. ¶¶ 22-24.

¹⁶ *Id.* ¶ 22 (also arguing that GEP solicited bids to build a website after making the contribution to AFA).

¹⁷ *See generally* Joint Resp.

¹⁸ Joint Resp., Parnas Aff. ¶ 25, Fruman Aff. ¶ 22.

¹⁹ Joint Resp., Fruman Aff. ¶ 18. Fruman attests that he and Parnas “each contributed capital,” including \$2.8 million in the business enterprise, and \$1.2 million in GEP itself, “within the first five months of operation.” Joint Resp. at 4, Fruman Aff. ¶ 14.

²⁰ Supp. Compl. at 2. As relevant to the Florida litigation, Parnas has unpaid debts, including a \$500,000 judgment entered following a trial in New York federal court. *See Pues Family Tr. IRA by Pues v. Parnas Holdings Inc.*, No. 11-CV-5537 (ADS), 2015 WL 13375030, at *1 (E.D.N.Y. Oct. 20, 2015), *aff’d sub nom. Pues Family Tr. Ira v. Parnas Holdings Inc.*, 677 F. App’x 4 (2d Cir. 2017). The plaintiffs in that New York litigation filed debt collection proceedings in Florida, seeking to unwind the \$325,000 contribution to AFA to collect the judgment. *Pues Family Trust IRA v. Parnas Holdings, Inc.*, No. 9:19-cv-80024-DMM (S.D. Fla.).

1 transfer records attached to the Supplement, the Jacobs Law Group transferred \$1.26 million
2 from its Interest on Trust Account (“IOTA”) to Aaron LLC on May 15, 2018, and two days later
3 Aaron LLC, not GEP, transferred \$325,000 to AFA.²¹ The Supplement further alleges that an
4 unknown client of the Jacobs Law Group was the true source of the AFA contribution.²²

5 In a Joint Supplemental Response, Fruman submitted a new affidavit stating that he “had
6 [his] recollection[] refreshed” after seeing the wire transfer records and recalled that the funds
7 used to make the contribution to AFA came from an “intermediary holding account” in the name
8 of Aaron LLC.²³ Nonetheless, the Joint Supplemental Response argues that the contribution to
9 AFA “was made with funds dedicated[] and raised for the purpose of funding GEP, labeled
10 as coming from GEP . . . [and] credited on GEP’s books as an investment in and contribution
11 out, as GEP was always the intended owner of said funds.”²⁴ Fruman and Parnas now attest that
12 the funds used to make the contribution to AFA derived from a loan taken against a Florida
13 condo owned by Fruman.²⁵

14 The Joint Supplemental Response attached a “Borrower’s Closing Statement” in
15 connection with the Florida condo transaction.²⁶ That document identifies Seafront Properties as
16 the “borrower” for the condo transaction and Steven Fruman as Seafront’s “manager,” who

²¹ Supp. Compl. at 4, Exs. A-B. An IOTA is required under Florida rules governing an attorney’s management of client funds. *See* Rules Regulating Trust Accounts, Rule 5-1.1 (Fla.), <https://www-media.floridabar.org/uploads/2017/10/2017-RRTFB-Chapter-5-10-06-17.pdf>.

²² Supp. Compl. at 4.

²³ Joint Supp. Resp. at 2, Fruman Supp. Aff. ¶ 7.

²⁴ Joint Supp. Resp. at 3.

²⁵ Joint Supp. Resp., Fruman Supp. Aff. ¶ 11 (“I owned a valuable property . . . which I decided to borrow against to invest in our new businesses. . . . The over \$1,200,000 in liquid assets I received I dedicated to the new business ventures, with Mr. Parnas, primarily GEP.”); Joint Supp. Resp., Parnas Supp. Aff. ¶ 15 (“Fruman provided the investment funds . . . from a mortgage transaction involving a United States property he owned in Florida.”).

²⁶ Joint Supp. Resp., Ex. J.

1 signed the loan documents on behalf of Seafront Properties.²⁷ According to the document, three
 2 individuals lent a total of \$3 million to Seafront Properties.²⁸ After paying taxes, fees, and the
 3 balance of a previous debt, the Jacobs Law Group transferred loan proceeds of \$1,260,329.80
 4 from its IOTA to Aaron LLC on May 15, 2018.²⁹ Wire transfer records associated with these
 5 transfers denote “Special Instructions” of “Loan Proceeds to Seafront Properties LLC per
 6 instruction.”³⁰ Prior to its receipt of the \$1.26 million, the Aaron LLC bank account contained
 7 \$3,582.³¹

8 The next day, on May 16, 2018, Aaron LLC wired \$490,000 to FD Import.³² The
 9 following day, on May 17, 2018, Aaron LLC transferred \$325,000 to AFA with the notation

²⁷ *Id.*; see also *supra* note 5 (Florida public records concerning Seafront Properties). The Borrower’s Closing Statement does not identify Igor Fruman’s relationship to Seafront Properties. At trial, the mortgage broker testified that “the borrower would be Seafront and the guarantor would be Igor.” Trial Tr. 910:18-21 (Neil Ross, Direct) (“Q. What’s Seafront? A. That’s a corporation in which the property vested.”). Ross also testified that Igor Fruman was the client, but that he spoke to Igor Fruman “infrequently.” *Id.* at 906:23-907:4 (Ross, Direct). Testimony suggests that Fruman “was not as comfortable in English.” Trial Tr. 915:13-17 (Ross, Cross).

²⁸ Joint Supp. Resp., Ex. J. The loan was a form of “bridge financing or . . . hard money,” where borrowers were “willing to take a higher interest rate loan at a shorter period of time” Trial Tr. 904:19-25 (Neil Ross, Direct). Two of the three lenders appear to own a different condo in the same building as the mortgaged property. See Miami-Dade Property Appraiser; <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter owner name “Abovsky”). In August 2019, Seafront Properties sold the condo for \$4.9 million to FVV23 LLC, a company connected to one of the lenders. See Miami-Dade County Clerk of the Courts, <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter folio number 12-2226-044-1560), Miami-Dade Property Appraiser, <https://onlineservices.miami-dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW=&AspxAutoDetectCookieSupport=1;> see also Clear Report, FVV23 LLC, on file with OGC.

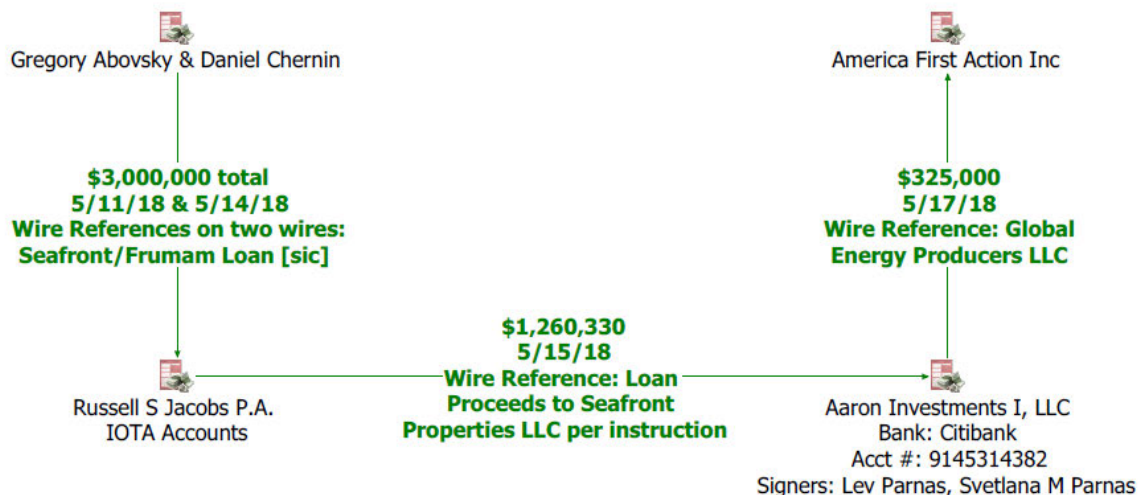
²⁹ Supp. Compl., Ex. B; Joint Supp. Resp., Ex. J. The mortgage broker testified that “The money was supposed to go to Seafront, but [Parnas] had asked if we could send it to Aaron because . . . it would allow them to save time.” Trial Tr. 913:14-19 (Ross, Direct). It is unclear why Parnas had the power to redirect the funds.

³⁰ Trial Ex. 1004.

³¹ Trial Ex. 1403 at 12; Trial Tr. 1018:20-1019:2 (Kimberly Espinoza, FBI agent, Direct). Trial Exhibit 1403 is a summary exhibit reflecting financial information derived from other admitted trial exhibits.

³² Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

1 “Global Energy Producers LLC.”³³ Prosecutors introduced at trial the below visual depiction of
 2 this transaction:³⁴



3
 4 Parnas’s assistant, Deanna Van Rensburg, testified that she filled out and submitted to
 5 AFA a contribution form on behalf of Parnas at his direction.³⁵ She testified that she initialed the
 6 form’s “affirmation” for Parnas after speaking to him about it,³⁶ but also testified that the
 7 contribution “was not made with Global Energy Producer funds.”³⁷ Instead, the funds “came
 8 from Igor’s refinance” on the Florida condo, which “had nothing to do with Global Energy
 9 Producers,” and that Parnas “[n]ever contribut[ed] any capital to Global Energy Producers.”³⁸

10 On May 22, 2018, several days after the \$325,000 contribution to AFA, Aaron LLC
 11 transferred \$100,000 in funds derived from the loan on the Florida condo to an account held by

³³ Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

³⁴ Trial Ex. 1403 at 12.

³⁵ Trial Tr. 616:21-620:12 (Van Rensburg, Direct) (describing how Parnas instructed her how to fill out the form and sign and initial on his behalf).

³⁶ Trial Tr. 619:19-24, 620:3-7 (Van Rensburg, Direct).

³⁷ Trial Tr. 622:3 (Van Rensburg, Direct).

³⁸ Trial Tr. 621:6, 14, 23-25 (Van Rensburg, Direct); *see also* Trial Tr. 568:14-16, 621:10-11 (Van Rensburg Direct) (testifying that Parnas did not have any ownership interest in the Florida condo).

1 GEP.³⁹ According to the evidence introduced at trial, these funds constituted the first funds
2 deposited into an account in GEP's name.⁴⁰

3 On June 29, 2018, an \$11,000 contribution to Protect the House was debited from GEP's
4 bank account on a debit card issued to Parnas.⁴¹ Protect the House identified Parnas as the
5 contributor on its relevant disclosure report.⁴² The GEP account had received no other funds
6 between its initial receipt of \$100,000 on May 22 and when the \$11,000 debit was made on June
7 29, 2018.⁴³ FBI Agent Kimberly Espinoza, a forensic accountant, testified that Parnas did not
8 have sufficient funds in any bank account to make the Protect the House contribution without the
9 infusion of funds from the mortgage transaction into Aaron LLC.⁴⁴ Prosecutors introduced the
10 following visual depiction of this transaction at trial:⁴⁵

³⁹ Trial Ex. 1403 at 13; Trial Tr. 1060:1-3, 8-18 (Espinoza, Cross); Trial Ex. 420 at USAO_00049873 (GEP bank record of transfer).

⁴⁰ Trial Ex. 1403 at 13; Trial Ex. 420 at USAO_00049873.

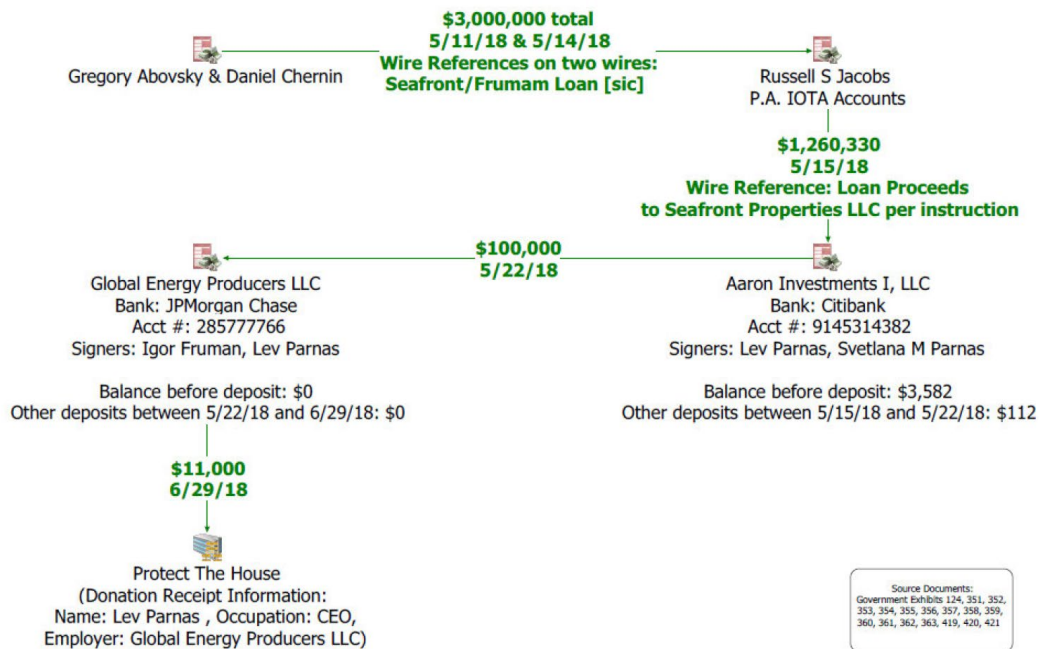
⁴¹ Ex. 420 at USAO_00049885, 87 (showing \$11,000 debit on Parnas's debit card).

⁴² Protect the House 2018 July Quarterly Report at 10 (July 13, 2018). The Joint Supplemental Response submitted a Profit & Loss Statement of GEP that lists an "other political" expense of \$11,000. Joint Supp. Resp., Ex. L.

⁴³ Tr. Ex. 1403 at 13; Trial Tr. 1020:24-1021:2 (Espinoza, Direct); Trial Ex. 420 at USAO_00049872, 76, 84.

⁴⁴ Trial Tr. 1027:11-1028:17 (Espinoza, Direct); Trial Tr. Ex. 1403 at 18 (chart of Parnas's total liquid funds from May to July 2018). Nor were there any transfers from Parnas to Igor Fruman, Steven Fruman, or FD Import described as a reimbursement. Trial Tr. 1027:1-17 (Espinoza, Direct). The GEP account, however, received \$90,000 on July 6, 2018, from LSDAMA LLC, another entity under the control of Parnas and his wife. Trial Ex. 425 (bank record identifying Parnas and his wife as "Managers" of LSDAMA LLC). LSDAMA's account had received a \$205,000 transfer from Aaron LLC on May 18, 2018, from the proceeds of the loan on the Florida condo. See Trial Ex. 454 at USAO_00138268 (showing receipt of \$205,000 in LSDAMA LLC account on May 18, 2018); Trial Ex. 353 at USAO_00178261 (showing transfer of \$205,000 out of the Aaron LLC account on May 18, 2018).

⁴⁵ Trial Ex. 1403 at 13.



1

2 Van Rensburg testified that Parnas and Fruman were friendly with executives of several

3 oil companies, and that GEP had a logo, business cards, and a website briefly.⁴⁶ She further

4 testified, however, that GEP did not conduct any energy trading, and had no revenue, income,

5 assets, offices, or employees other than her and her husband, who served as Parnas's driver.⁴⁷

6 The address listed on documents for GEP was Parnas's home address.⁴⁸ Van Rensburg testified

7 that while there was one Memorandum of Understanding with Global Oil Management, "nothing

8 came of it."⁴⁹ The FBI's forensic accountant, Agent Espinoza, testified that the bank records

9 likewise did not reveal activity relevant to an energy trading company.⁵⁰ FBI agent Ellen

10 Thomas, who conducted the search of Parnas's residence that purportedly also served as GEP's

11 office, testified that she found nothing — no documents, electronic documents, or other evidence

⁴⁶ Trial Tr. 779:2-15 (Van Rensburg, Cross).

⁴⁷ Trial Tr. 620:13-623:15 (Van Rensburg, Direct), 779:16-19 (Van Rensburg, Cross).

⁴⁸ Trial Tr. 646:16-20 (Van Rensburg, Cross).

⁴⁹ Trial Tr. 623:21-624:2 (Van Rensburg, Direct).

⁵⁰ Trial Tr. 1024:25-1025:16 (Kimberly Espinoza, Direct).

1 — to indicate that an energy company operated out of the premises.⁵¹ Agents did locate
 2 materials describing federal campaign finance law, including the prohibition on contributions in
 3 the name of another.⁵²

4 **III. LEGAL ANALYSIS**

5 **A. The Commission Finds Reason to Believe that Fruman Violated the Act’s** 6 **Ban on Contributions in the Name of Another**

7 The Act provides that a contribution includes “any gift, subscription, loan, advance, or
 8 deposit of money or anything of value made by any person for the purpose of influencing any
 9 election for Federal office.”⁵³ The term “person” for purposes of the Act and Commission
 10 regulations includes partnerships, corporations, and “any other organization or group of
 11 persons.”⁵⁴ The Act prohibits a person from making a contribution in the name of another
 12 person, knowingly permitting his or her name to be used to effect such a contribution, or
 13 knowingly accepting such a contribution.⁵⁵ The Commission has included in its regulations
 14 illustrations of activities that constitute making a contribution in the name of another:

- 15 (i) Giving money or anything of value, all or part of which was provided to
 16 the contributor by another person (the true contributor) without disclosing
 17 the source of money or the thing of value to the recipient candidate or
 18 committee at the time the contribution is made; or

⁵¹ Trial Tr. 1076:14-1077:4 (Ellen Thomas, Direct).

⁵² Trial Tr. 1070:1-1074:14. (Ellen Thomas, Direct); *see also* Trial. Ex. 503 (“Trump Pence Victory Finance Committee Acceptance Form” explaining campaign finance rules, including the prohibition on corporate contributions and contributions in the name of another); Trial Ex. 125 (“Lev, Thank you for signing up to be part of the Trump Victory Committee.”).

⁵³ 52 U.S.C. § 30101(8)(A).

⁵⁴ *Id.* § 30101(11); 11 C.F.R. § 100.10.

⁵⁵ 52 U.S.C. § 30122.

1 (ii) Making a contribution of money or anything of value and attributing as the
 2 source of the money or thing of value another person when in fact the
 3 contributor is the source.⁵⁶

4 The requirement that a contribution be made in the name of its true source promotes
 5 Congress’s objective of ensuring the complete and accurate disclosure by candidates and
 6 committees of the political contributions they receive.⁵⁷ Courts therefore have uniformly
 7 rejected the assertion that “only the person who actually transmits funds . . . makes the
 8 contribution,”⁵⁸ recognizing that “it is implausible that Congress, in seeking to promote
 9 transparency, would have understood the relevant contributor to be [an] intermediary who
 10 merely transmitted the campaign gift.”⁵⁹ Consequently, both the Act and the Commission’s
 11 implementing regulations provide that a person who furnishes another person with funds for the
 12 purpose of contributing to a candidate or committee “makes” the resulting contribution.⁶⁰ This is
 13 true whether funds are advanced to another person to make a contribution in that person’s name

⁵⁶ 11 C.F.R. § 110.4(b)(2)(i)–(ii). Commission regulations also prohibit persons from “knowingly help[ing] or assist[ing] any person in making a contribution in the name of another.” 11 C.F.R. § 110.4(b)(1)(iii). However, in *FEC v. Swallow*, 304 F. Supp. 3d 1113, 1115-16 (D. Utah 2018), the United States District Court for the District of Utah held that Section 30122 unambiguously precluded secondary liability and that the regulation at 11 C.F.R. § 110.4(b)(1)(iii) exceeded the Commission’s authority. The court enjoined the Commission from enforcing the provision. *Id.* at 1118-19.

⁵⁷ *United States v. O’Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) (“[T]he congressional purpose behind [Section 30122] — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.”) (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

⁵⁸ *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

⁵⁹ *O’Donnell*, 608 F.3d at 554; *see also Citizens United*, 558 U.S. 310, 371 (2010) (“The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”); *Doe v. Reed*, 561 U.S. 186, 199 (2010) (“Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.”).

⁶⁰ *See Boender*, 649 F.3d at 660 (holding that to determine who made a contribution “we consider the giver to be the *source* of the gift, not any intermediary who simply conveys the gift from the donor to the donee.” (emphasis added)); *O’Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) (“The Act prohibits the use of ‘conduits’ to circumvent . . . [the Act’s reporting] restrictions.” (quoting then-Section 441f)).

1 or promised as reimbursement of a solicited contribution.⁶¹ Because the concern of the law is
2 the true source from which a contribution to a candidate or committee originates, we look to the
3 structure of the transaction itself and the arrangement between the parties to determine who, in
4 fact, “made” a given contribution.

5 The extensive record available to the Commission reflects that loan proceeds on the
6 Florida condo funded at least two contributions made in the names of another — the \$325,000
7 contribution to AFA and the \$11,000 contribution to Protect the House. AFA attributed the
8 \$325,000 contribution to GEP on instructions from Parnas. But the \$325,000 was transferred to
9 AFA from an Aaron LLC account that itself had negligible funds until receipt of the loan
10 proceeds on the Florida condo two days earlier. Similarly, the \$11,000 contribution to Protect
11 the House was attributed to Parnas, but the only funds in the GEP account from which the
12 \$11,000 was transferred were funds derived from the loan on the Florida condo delivered via
13 Aaron LLC. Neither Parnas nor GEP had any interest in the Florida condo; only Seafront and
14 Fruman, as a guarantor, were obligated to repay the loan. Thus, the owner of the Florida condo,
15 not GEP or Parnas, was the true source of these contributions to AFA and Protect the House.

16 The record is incomplete, however, as to who owned the Florida condo. In affidavits
17 filed with the Joint Supplemental Response, Fruman and Parnas both aver that Fruman “owned”
18 the condo, and Van Rensburg identified the condo as “Igor’s . . . condo” in her testimony.⁶² But

⁶¹ *O’Donnell*, 608 F.3d at 555. Moreover, the “key issue . . . is the *source* of the funds” and, therefore, the legal status of the funds when conveyed from the straw donor to the ultimate recipient is “irrelevant to a determination of who ‘made’ the contribution for the purposes of [Section 30122].” *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (holding that defendant’s “unconditional gifts” to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

⁶² Joint Supp. Resp., Fruman Supp. Aff. ¶ 11, Parnas Supp. Aff. ¶ 15; Trial Tr. 615:22-25 (Van Rensburg, Direct).

1 the “Borrower’s Closing Statement” identified the borrower as “Seafront Properties LLC.”⁶³

2 The mortgage broker testified that Igor Fruman was his client and the loan guarantor, but

3 Seafront was the “corporation in which the property vested.”⁶⁴

4 Significantly, the available information contradicts Fruman’s assertion that “GEP is an
5 active and ongoing business” and that the funds for the AFA contribution “came from the
6 investment into GEP by . . . Mr. Fruman and Mr. Parnas.”⁶⁵ Parnas’s assistant, who had first-
7 hand knowledge of GEP’s purported activities, testified that GEP did not conduct any energy
8 trading.⁶⁶ A search of GEP’s office (Parnas’s home), revealed nothing to indicate that an energy
9 company operated out of the premises.⁶⁷ Aside from generic payroll withdrawals, the activity in
10 GEP’s bank records does not suggest that the company was engaged in energy trading,⁶⁸ and the
11 parties stipulated that GEP had never filed a federal tax return.⁶⁹

12 The available information also undermines the assertion that the funds were “dedicated[]
13 and raised for the purpose of funding GEP”⁷⁰ Aaron LLC received the loan proceeds on
14 May 15, 2018. The next day, Aaron LLC transferred \$490,000 to FD Import, and FD Import
15 used the funds to pay down its American Express credit card balance. Only a day later, Aaron

⁶³ Joint Supp. Resp., Ex. J.

⁶⁴ Trial Tr. 910:20-21 (Ross, Direct).

⁶⁵ Joint Supp. Resp. at 1; *see also, e.g.*, Joint Resp., Fruman Aff. ¶ 22 (“Contrary to the assertions in the Complaint, GEP is a real business enterprise funded with substantial bona fide capital investment; its major purpose is energy trading, not political activity.”).

⁶⁶ Trial Tr. 620:13-623:15 (Van Rensburg, Direct).

⁶⁷ Trial Tr. 1076:14-1077:4 (Thomas, Direct).

⁶⁸ *See, e.g.*, Trial Tr. 1024:25-1025:16 (Espinoza, Direct) (testifying that the bank records did not reveal any descriptions concerning “natural gas” or “oil”); Ex. 420 at USAO_00049877 (showing deductions to ADP for payroll and taxes).

⁶⁹ Trial Ex. S2.

⁷⁰ Joint Supp. Resp. at 3.

1 LLC transferred the \$325,000 to AFA, and it was not until May 22, 2018, that Aaron LLC
2 transferred funds to an account held in GEP’s name.⁷¹ Moreover, on May 18, 2018, Aaron LLC
3 transferred \$205,000 of the loan proceeds to another account under the control of Parnas and his
4 wife, much of which appears to have been spent on personal expenses.⁷² Indeed, upon reviewing
5 the evidence, the jury convicted Parnas of making false statements to the Commission when he
6 averred that the \$325,000 contribution to AFA “was made with [GEP] funds for [GEP]
7 purposes” and that GEP was “a real business enterprise funded with substantial bone fide capital
8 investment; its major purpose is energy trading, not political activity.”⁷³ The evidence indicates
9 that Seafront Properties or Igor Fruman was the true source of the \$325,000 contribution to AFA
10 made in GEP’s name, as well as the true source of the \$11,000 contribution to Protect the House
11 made in Parnas’s name.

12 The Commission therefore finds reason to believe that, in connection with the
13 contributions to AFA and Protect the House, Igor Fruman violated 52 U.S.C. § 30122 by making
14 contributions in the name of another.

15 **B. The Commission Finds Reason to Believe that Fruman Acted Knowingly and**
16 **Willfully When He Violated Section 30122**

17 The Act prescribes additional penalties for violations of the Act that are knowing and
18 willful.⁷⁴ A violation of the Act is knowing and willful when the respondent acts “with full

⁷¹ See Ex. 353 at USAO_00178259-62 (Aaron LLC bank records identifying debit card purchases for apparently personal activity such as, for example, music subscriptions, gas, food, and doctors). Transactions identified in the GEP bank accounts also undermine the argument that GEP was a *bona fide* business. For example, GEP bank records show payment for Fruman’s mortgage on October 2, 2018. Trial Ex. 420 at USAO_00049914.

⁷² See, e.g., Trial Ex. 454 at USAO_00138268, 271 (LSDAMA LLC bank records showing payments for household expenses in the days following the receipt of \$205,000 from Aaron LLC).

⁷³ Superseding Indictment ¶ 7 (Aug. 26, 2021) (alleging Parnas made false statements); see also *id.* ¶ 8 (alleging Parnas falsified records). Similarly, Correia’s guilty plea for making false statements to the Commission further undermines the argument that the loan proceeds constituted capital investment in GEP.

⁷⁴ See 52 U.S.C. § 30109(a)(5)(B), (d).

1 knowledge of all the relevant facts and a recognition that the action is prohibited by law.”⁷⁵ This
2 standard does not require proving knowledge of the specific statute or regulation the respondent
3 allegedly violated.⁷⁶ Rather, it is sufficient to demonstrate that a respondent “acted voluntarily
4 and was aware that his conduct was unlawful.”⁷⁷ This awareness may be shown through
5 circumstantial evidence, such as a “defendant’s elaborate scheme for disguising” her actions, or
6 other “facts and circumstances from which the jury reasonably could infer [the defendant] knew
7 her conduct was unauthorized and illegal.”⁷⁸ The Commission has found violations involving
8 corporate reimbursement schemes to be knowing and willful when respondents falsified
9 documents, took active steps to conceal illegal activities, kept multiple sets of financial records,
10 or were deemed to be in possession of information warning that their conduct was illegal.⁷⁹ For
11 example, in MUR 7027 (MV Transportation, Inc.), the Commission found reason to believe that
12 respondent knowingly and willfully made contributions in the name of another despite the
13 respondent’s contention that he “did not know that corporate reimbursement for federal political

⁷⁵ 122 Cong. Rec. 12197, 12199 (daily ed. May 3, 1976) (defining phrase “knowing and willful”); *see also* *FEC v. Novacek*, 739 F. Supp. 2d 957, 961 (N.D. Tex. 2010) (granting Commission’s motion for summary judgment where there were no genuine issues of material fact as to the knowing and willful allegations).

⁷⁶ *See United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citing *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish that a violation is willful, the government needs to show only that the defendant acted with knowledge that her conduct was unlawful, not knowledge of the specific statutory provision violated)).

⁷⁷ *Id.* (internal quotation marks omitted).

⁷⁸ *United States v. Hopkins*, 916 F.2d 207, 213-15 (5th Cir. 1990) (internal quotation marks omitted). As the *Hopkins* court observed, “[i]t has long been recognized that ‘efforts at concealment [may] be reasonably explainable only in terms of motivation to evade’ lawful obligations.” *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

⁷⁹ *See* MUR 7027 (MV Transportation, Inc., *et al.*); MUR 6465 (The Fiesta Bowl, Inc.); MUR 6143 (Galen Capital); MUR 5818 (Feiger, Feiger, Kenney, Johnson and Giroux, P.C.).

1 contributions was improper,” based on circumstantial evidence such as the elaborate scheme to
2 conceal corporate bonuses.⁸⁰

3 The record indicates that Fruman acted knowingly and willfully. Contrary to his
4 characterization of himself as a “neophyte[],”⁸¹ disclosure reports attribute to Fruman hundreds
5 of thousands of dollars in contributions in 2018, including \$153,160 in contributions before the
6 contributions to AFA and Protect the House were made.⁸² Indeed, among the evidence presented
7 at Parnas and Kukushkin’s trial is a donor disclosure form that identifies federal campaign
8 finance rules, including the prohibition against reimbursing contributions, that bears Fruman’s
9 electronic signature and that was attached to an email that he received.⁸³ Fruman funded the
10 contributions through a multi-step process by which he obtained a loan on the Florida condo and
11 thereafter transferred the proceeds of that loan through numerous accounts of multiple corporate
12 entities, including returning \$490,000 of the loan proceeds to FD Import, his own company.
13 Further, Parnas has been convicted of conspiracy to make contributions in the name of another,
14 meaning that a jury found beyond a reasonable doubt that he knowingly and willfully agreed to

⁸⁰ Factual and Legal Analysis at 8, MUR 7027 (Carter Pate) (“F&LA”); *see also* F&LA at 5, MUR 6174 (Valdez) (finding reason to believe that respondent knowingly and willfully made contributions in the name of another because he signed a campaign finance statement stating that only personal funds could be used to make contributions, he gave to political causes previously, and intended to violate the law by using subordinates to circumvent contributions limits).

⁸¹ Joint Supp. Resp., Fruman Supp. Aff. ¶ 21.

⁸² *FEC Receipts: Filtered Results*, FEC.COM, https://www.fec.gov/data/receipts/?data_type=processed&contributor_name=Igor+Fruman&contributor_name=Igor+Furman&min_date=01%2F01%2F2018&max_date=12%2F31%2F2018 (last visited May 3, 2022) (reflecting contributions by Fruman in 2018)

⁸³ *See* Trial Ex. 108 (email from Van Rensburg, with cc to Fruman, attaching a donor form signed by Fruman); F&LA at 10-11, MUR 7221 (Karen Hughes) (finding knowing and willful contribution in the name of another violation where, *inter alia*, respondent knew the law from donor forms that required respondent to affirm that a contribution was not reimbursed or in the name of another); F&LA at 6, MUR 6143 (Galen Capital Group) (same).

1 make a contribution in the name of a person other than the true source,⁸⁴ and Fruman has pled
2 guilty to soliciting a foreign national.⁸⁵ Finally, as set forth above, Parnas was convicted of, and
3 Correia pled guilty to, making false statements to the Commission in affidavits filed in
4 connection with the initial Joint Response in an apparent attempt to conceal the violations.⁸⁶ The
5 assertions in Fruman's Affidavit were materially similar to those made by Parnas.

6 Accordingly, the Commission finds reason to believe that Fruman acted knowingly and
7 willfully.

⁸⁴ Trial Tr.1487:19-1496:12 (jury instructions for conspiracy charge of making contributions in the name of another).

⁸⁵ In numerous matters, the Commission has made knowing and willful findings against respondents for criminal violations related to the same activity at issue in the enforcement matter. *E.g.*, MUR 7225 (Jack Wu); MUR 7132 (Michael David Pitts); MUR 6597 (Kinde Durkee); MUR 6475 (Andrew McCrosson), MUR 6179 (Christopher Ward), MUR 5971 (Jennifer Adams), MURs 5721/5772 (Kenneth Phelps); MUR 5610 (Earl Allen Haywood).

⁸⁶ F&LA at 6, MUR 6143 (Galen Capital Group) (falsifying records is evidence of knowing and willful conduct); F&LA at 11, MUR 7221 (Karen Hughes) (destruction of records to conceal violations evidence of knowing and willful conduct).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Global Energy Producers, LLC MUR: 7442

I. INTRODUCTION

As supplemented, the Complaint in this matter alleges that Global Energy Producers, LLC (“GEP”) violated 52 U.S.C. § 30122 by knowingly allowing its name to be used to effect a contribution in the name of another with respect to a \$325,000 contribution to America First Action, Inc. and Jon Proch in his official capacity as treasurer (“AFA”), an independent expenditure-only political committee (“IEOPC”), and that GEP failed to register as a political committee. Specifically, the Supplemental Complaint attaches records of wire transfers indicating that, on behalf of Unknown Respondents, the Jacobs Law Group transferred \$1.26 million to Aaron LLC, which then transferred \$325,000 to AFA. AFA disclosed the contribution as coming from GEP.

In a joint response, GEP denies the allegations. Lev Parnas and Igor Fruman, co-founders of GEP, submitted sworn statements attesting to GEP’s status as a legitimate business and that it was the true source of the contributions. In a Supplemental Response, Parnas and Fruman further attest that they obtained the funds for the contribution by mortgaging property Fruman owned but transferred the money through Aaron LLC as “an intermediary holding account” because GEP’s bank accounts had not been established at the time of the real estate closing.

Subsequently, the Department of Justice (“DOJ”) criminally indicted Parnas and Fruman on charges of conspiracy related to contributions made to AFA and other committees and submission of false affidavits and false records in connection with their first response in this matter.

1 The evidence presented at trial reflects that GEP had no money at the time of the
 2 \$325,000 contribution to AFA and was in fact funded with the proceeds from a loan secured by a
 3 Florida condominium. Contrary to Fruman’s assertions in his Affidavit, the evidence at trial
 4 demonstrates that Seafront Properties LLC, not Fruman, owned the Florida condo, but the
 5 available information does not resolve who owned Seafront Properties, which trial evidence and
 6 other information suggests was at least partially owned by Fruman.

7 **II. FACTUAL BACKGROUND**

8 Fruman and Parnas formed GEP as a Delaware LLC on April 11, 2018.¹ FD Import is a
 9 New York company.² Igor Fruman is FD Import’s Chief Executive Officer; his brother, Steven
 10 Fruman, appears to operate FD Import.³ The available information does not indicate FD
 11 Import’s ultimate ownership. Seafront Properties LLC is a Florida company linked to Igor and
 12 Steven Fruman.⁴ Steven Fruman is the “manager” of Seafront Properties, but the available

¹ Compl. ¶ 7 (July 26, 2018); GEP, Parnas and Fruman Resp. at 4 (Oct. 14, 2018) (“Joint Resp.”); Delaware Dep’t of State, Division of Corporations, <https://icis.corp.delaware.gov/eCorp/EntitySearch/NameSearch.aspx> (search for “Global Energy Producers”). Fruman and Parnas attest that, around the same time, they also formed Global Energy Partners, LLC (a holding company) and Global Developers/Miami, LLC (a real estate company). Joint Resp. at 4, Parnas Aff. ¶ 18, Fruman Aff. ¶ 15. According to evidence introduced at trial, GEP has never filed a federal tax return. *See U.S. v. Parnas*, No. 19 CR 725 (S.D.N.Y.), Trial Ex. S2 (stipulation of the parties at trial).

² New York Department of State, Division of Corporations, <https://apps.dos.ny.gov/publicInquiry/EntityDisplay>.

³ *See, e.g., id.* (listing Igor Fruman as Chief Executive Officer); Trial Ex. 43-A-20 (showing a “Loan Agreement” that Steven Fruman signed on behalf of FD Import as “Manager” to secure \$500,000 from Muraviev, as discussed further below); Trial Ex. 48-A-26 (same except Steven Fruman signed as “Director” of FD Import); Trial Transcript 949:8-10 (Espinoza, Direct) (“Trial Tr.”) (Steven Fruman is the primary cardholder on the FD Import corporate credit card); Trial Tr. 952:15-17 (Espinoza, Direct) (Steven Fruman is the account holder for FD Import’s Chase bank account used to pay off 99% of FD Import’s credit card); Trial Ex. 1403 at 2 (summary exhibit showing “Sources of Payment on FD Import Export Amex Credit Card Balance”).

⁴ *See* Florida Dep’t of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for “Seafront Properties LLC”) (listing Steven Fruman as the “Authorized Person” and “Title Manager” and Igor Fruman as the registered agent); *see also* Miami-Dade County Clerk of the Courts, County Recorder’s Official Record Search, <https://onlineservices.miami-dadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW=&AspxAutoDetectCookieSupport=1> (depicting warranty deed with signature of Steven Fruman but with the notation underneath “Steven Fruman by Igor Fruman, as his attorney-in-fact”).

1 information does not indicate the ultimate ownership of Seafront Properties.⁵ Aaron LLC is a
 2 Florida company controlled by Parnas and his wife.⁶

3 Disclosure reports filed with the Commission and state officials identify \$675,660 in
 4 contributions and donations attributed to Fruman, Parnas, and GEP in 2018,⁷ including a
 5 \$325,000 contribution from GEP to AFA on May 17, 2018.⁸ As supplemented, the Complaint
 6 alleges that an unknown client of Florida real estate attorney Russell S. Jacobs was the true
 7 source of the \$325,000 contribution and provides wire transfer records that reveal that Jacobs
 8 transferred the funds to Aaron LLC, who transferred the funds to AFA.⁹

9 In October 2019, DOJ filed an Indictment charging: (1) Parnas and Fruman with
 10 conspiracy in connection with contributions made in the names of others to AFA and other
 11 committees; (2) Parnas and Fruman with making false statements to and filing false records with
 12 the Commission; and (3) Parnas, Fruman, David Correia, and Andrey Kukushkin with

⁵ Fruman, Parnas, GEP, and Aaron LLC Supp. Resp. (“Joint Supp. Resp.”), Ex. J (Sept. 4, 2019) (Borrower’s Closing Statement showing Steven Fruman signing as “manager”).

⁶ Florida Dep’t of State, Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/ByName> (search for “Aaron Investments I, LLC”) (indicating administrative dissolution in 2019); *see also* Supp. Compl. at 2 n.1 (June 20, 2019). Parnas attests that he and his wife controlled the Aaron LLC account. *See* Joint Supp. Resp., Parnas Supp. Aff. ¶ 10. Parnas’s assistant, Deana Van Rensburg, testified that Aaron LLC was “Parnas’s personal bank account.” Trial Tr. 577:16-20 (Deanna Van Rensburg, Direct).

⁷ *FEC Receipts: Filtered Results*, FEC.GOV, https://www.fec.gov/data/receipts/individual-contributions/?contributor_name=igor+furman&contributor_name=Global+energy+producers&contributor_name=Igor+fruman&contributor_name=igor+furman&contributor_name=lev+parnas&min_date=01%2F01%2F2018&max_date=12%2F31%2F2018 (last visited Apr. 27, 2022) (reflecting contributions by Fruman, Parnas, and GEP in 2018). Igor Fruman’s name is misspelled as “Furman” at times in the disclosure reports. Trial Ex. S11 (stipulating to “all contributions and donations reported to the Commission, the California Secretary of State, the Nevada Secretary of State, the Florida Department of State, the New York State Board of Elections, and the New Jersey Election Law Enforcement Commission in the 2018 calendar year in the name for Lev Parnas, Igor Fruman, and Global Energy Producers”).

⁸ AFA 2018 July Quarterly Report at 15 (July 15, 2018); *see also* Compl. ¶ 10 (quoting AFA’s website to describe AFA as the “the primary super PAC dedicated to electing federal candidates who support the agenda of the Trump-Pence administration”).

⁹ Supp. Compl. at 4-5 (Jun. 20, 2019) (implying that Jacobs’s client could be a foreign national).

1 conspiracy in connection with making contributions with foreign funds in the names of others.¹⁰
2 DOJ later filed a first Superseding Indictment that additionally charged: (1) Correia with making
3 false statements to and filing false records with the Commission; (2) Parnas, Fruman, and
4 Correia with soliciting contributions from a foreign national; and (3) Fruman, Parnas, and
5 Kukushkin with conspiracy to make foreign national contributions.¹¹

6 Ultimately, Fruman pled guilty to one count of soliciting a foreign national for
7 contributions and donations in connection with federal and state elections.¹² Correia pled guilty
8 to two counts, including one for making false statements to the Commission.¹³ After a jury trial,
9 Parnas and Kukushkin were convicted on all counts.¹⁴

¹⁰ See generally *U.S. v. Parnas*, Indictment (Oct. 9, 2019).

¹¹ See generally *U.S. v. Parnas*, First Superseding Indictment (Sept. 17, 2020). DOJ also indicted Parnas and Correia on conspiracy to commit wire fraud in connection with an unrelated scheme. See *id.* First Superseding Indictment (Sept. 17, 2020). Shortly before trial, DOJ filed a second Superseding Indictment, changing the conspiracy to make foreign national contributions charge to an aiding and abetting charge. *U.S. v. Parnas*, Second Superseding Indictment, Count III (Aug. 26, 2021). Parnas and Kukushkin were ultimately tried on the charges in the second Superseding Indictment of August 26, 2021. The wire fraud charge against Parnas was severed prior to trial.

¹² *U.S. v. Parnas*, Minute Entry, Change of Plea Hearing (Sept. 10, 2021), Judgment in a Criminal Case (Jan. 21, 2022) (sentencing Fruman to one year and one day and assessing a \$10,000 fine). The Securities and Exchange Commission also filed an enforcement action against both Correia and Parnas for activities unrelated to this matter. That matter is closed as to Correia. See *SEC v. Parnas*, No. 1:21-cv-00995-PAC (S.D.N.Y.), Final Judgment as to Defendant Correia (Apr. 15, 2021) (ordering disgorgement and restraint of future violations of the Securities Exchange Act). The matter is pending against Parnas.

¹³ Correia also pled guilty to the unrelated charge of conspiracy to commit wire fraud. *U.S. v. Parnas*, Minute Entry, Change of Plea Hearing (Oct. 29, 2020), Judgment in a Criminal Case (Feb. 8, 2021) (sentencing Correia to one year and one day, forfeiture of \$43,650, and restitution of \$2,322,500 to be paid to the victims of the wire fraud).

¹⁴ *U.S. v. Parnas*, Verdict Form (Oct. 22, 2021). Specifically, Parnas was convicted of conspiracy to make contributions by a foreign national, solicitation of a foreign national, aiding and abetting the making of contributions by a foreign national, conspiracy to make contributions in the name of another, making false statements, and falsification of records. *Id.* Kukushkin was convicted of conspiracy to make contributions by a foreign national and aiding and abetting the making of contributions by a foreign national. *Id.*; Judgment in a Criminal Case (Mar. 15, 2022) (sentencing Kukushkin to one year and one day and a fine of \$10,000). After the trial, on March 25, 2022, Parnas pled guilty to the remaining one count of wire fraud for activities unrelated to this matter. *U.S. v. Parnas*, Change of Plea Hearing (Mar. 25, 2022) (scheduling sentencing for June 29, 2022).

1 The information introduced at trial fleshes out the circumstances behind multiple
2 contributions attributed to Parnas, Fruman, and GEP, including the \$325,000 contribution made
3 in GEP's name to AFA.

4 The initial Complaint in MUR 7442 alleges that Parnas, Fruman, or Unknown
5 Respondents, not GEP, were the true source of the \$325,000 contribution to AFA.¹⁵ The
6 Complaint points to “[t]he temporal proximity between GEP's formation and its contribution”
7 and the lack of evidence that “GEP conducted any business or had sufficient income from assets,
8 investment earnings, business revenues, or bona fide capital investments to make the \$325,000
9 contribution.”¹⁶

10 GEP denied the allegations.¹⁷ In sworn affidavits filed with their response to the
11 Commission, Fruman and Parnas attest that “GEP is a real business enterprise funded with
12 substantial bona fide capital investment; its major purpose is energy trading, not political
13 activity.”¹⁸ They attested that the “donation [to AFA] was made with GEP funds for GEP
14 purposes.”¹⁹

15 In 2019, the Complainants filed a Supplemental Complaint (“Supplement”) that drew on
16 records made public in the course of Florida litigation involving Parnas.²⁰ According to wire

¹⁵ Compl. ¶¶ 22-24.

¹⁶ *Id.* ¶ 22 (also arguing that GEP solicited bids to build a website after making the contribution to AFA).

¹⁷ *See generally* Joint Resp.

¹⁸ Joint Resp., Parnas Aff. ¶ 25, Fruman Aff. ¶ 22.

¹⁹ Joint Resp., Parnas Aff. ¶ 21, Fruman Aff. ¶ 18. Fruman and Parnas attest that they “each contributed capital,” including \$2.8 million in the business enterprise, and \$1.2 million in GEP itself, “within the first five months of operation.” Joint Resp. at 4, Parnas Aff. ¶ 17, Fruman Aff. ¶ 14.

²⁰ Supp. Compl. at 2. As relevant to the Florida litigation, Parnas has unpaid debts, including a \$500,000 judgment entered following a trial in New York federal court. *See Pues Family Tr. IRA by Pues v. Parnas Holdings Inc.*, No. 11-CV-5537 (ADS), 2015 WL 13375030, at *1 (E.D.N.Y. Oct. 20, 2015), *aff'd sub nom. Pues Family Tr. Ira v. Parnas Holdings Inc.*, 677 F. App'x 4 (2d Cir. 2017). The plaintiffs in that New York litigation filed debt

1 transfer records attached to the Supplement, the Jacobs Law Group transferred \$1.26 million
 2 from its Interest on Trust Account (“IOTA”) to Aaron LLC on May 15, 2018, and two days later
 3 Aaron LLC, not GEP, transferred \$325,000 to AFA.²¹ The Supplement further alleges that an
 4 unknown client of the Jacobs Law Group was the true source of the AFA contribution.²²

5 In a Joint Supplemental Response, Fruman and Parnas submitted new affidavits stating
 6 that they “had their recollections refreshed” after seeing the wire transfer records and recalled
 7 that the funds used to make the contribution to AFA came from an “intermediary holding
 8 account” in the name of Aaron LLC.²³ Nonetheless, the Joint Supplemental Response argues
 9 that the contribution to AFA “was made with funds dedicated[] and raised for the purpose of
 10 funding GEP, labeled as coming from GEP . . . [and] credited on GEP’s books as an
 11 investment in and contribution out, as GEP was always the intended owner of said funds.”²⁴
 12 Fruman and Parnas now attest that the funds used to make the contribution to AFA derived from
 13 a loan taken against a Florida condo owned by Fruman.²⁵

14 The Joint Supplemental Response attached a “Borrower’s Closing Statement” in
 15 connection with the Florida condo transaction.²⁶ That document identifies Seafront Properties as

collection proceedings in Florida, seeking to unwind the \$325,000 contribution to AFA to collect the judgment.
Pues Family Trust IRA v. Parnas Holdings, Inc., No. 9:19-cv-80024-DMM (S.D. Fla.).

²¹ Supp. Compl. at 4, Exs. A-B. An IOTA is required under Florida rules governing an attorney’s management of client funds. See Rules Regulating Trust Accounts, Rule 5-1.1 (Fla.), <https://www-media.floridabar.org/uploads/2017/10/2017-RRTFB-Chapter-5-10-06-17.pdf>.

²² Supp. Compl. at 4.

²³ Joint Supp. Resp. at 2, Parnas Supp. Aff. ¶ 7, Fruman Supp. Aff. ¶ 7.

²⁴ Joint Supp. Resp. at 3.

²⁵ Joint Supp. Resp., Fruman Supp. Aff. ¶ 11 (“I owned a valuable property . . . which I decided to borrow against to invest in our new businesses. . . . The over \$1,200,000 in liquid assets I received I dedicated to the new business ventures, with Mr. Parnas, primarily GEP.”); Joint Supp. Resp., Parnas Supp. Aff. ¶ 15 (“Fruman provided the investment funds . . . from a mortgage transaction involving a United States property he owned in Florida.”).

²⁶ Joint Supp. Resp., Ex. J.

1 the “borrower” for the condo transaction and Steven Fruman as Seafront’s “manager,” who
 2 signed the loan documents on behalf of Seafront Properties.²⁷ According to the document, three
 3 individuals lent a total of \$3 million to Seafront Properties.²⁸ After paying taxes, fees, and the
 4 balance of a previous debt, the Jacobs Law Group transferred loan proceeds of \$1,260,329.80
 5 from its IOTA to Aaron LLC on May 15, 2018.²⁹ Wire transfer records associated with these
 6 transfers denote “Special Instructions” of “Loan Proceeds to Seafront Properties LLC per
 7 instruction.”³⁰ Prior to its receipt of the \$1.26 million, the Aaron LLC bank account contained
 8 \$3,582.³¹

9 The next day, on May 16, 2018, Aaron LLC wired \$490,000 to FD Import.³² The
 10 following day, on May 17, 2018, Aaron LLC transferred \$325,000 to AFA with the notation

²⁷ *Id.*; see also *supra* note 5 (Florida public records concerning Seafront Properties). The Borrower’s Closing Statement does not identify Igor Fruman’s relationship to Seafront Properties. At trial, the mortgage broker testified that “the borrower would be Seafront and the guarantor would be Igor.” Trial Tr. 910:18-21 (Neil Ross, Direct) (“Q. What’s Seafront? A. That’s a corporation in which the property vested.”). Ross also testified that Fruman was the client, but that he spoke to Fruman “infrequently.” *Id.* at 906:23-907:4 (Ross, Direct). Testimony suggests that Fruman “was not as comfortable in English.” Trial Tr. 915:13-17 (Ross, Cross).

²⁸ Joint Supp. Resp., Ex. J. The loan was a form of “bridge financing or . . . hard money,” where borrowers were “willing to take a higher interest rate loan at a shorter period of time” Trial Tr. 904:19-25 (Neil Ross, Direct). Two of the three lenders appear to own a different condo in the same building as the mortgaged property. See Miami-Dade Property Appraiser; <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter owner name “Abovsky”). In August 2019, Seafront Properties sold the condo for \$4.9 million to FVV23 LLC, a company connected to one of the lenders. See Miami-Dade County Clerk of the Courts, <https://www.miamidade.gov/Apps/PA/propertysearch/#/> (enter folio number 12-2226-044-1560), Miami-Dade Property Appraiser, <https://onlineservices.miamidadeclerk.com/officialrecords/StandardSearch.aspx?QS=IHVlhHQhIZoJRUYKiXnhi8EJ/+EhNIKz1hRNP4CBO7/53XEjLSGKOW==&AspxAutoDetectCookieSupport=1>; see also Clear Report, FVV23 LLC, on file with OGC.

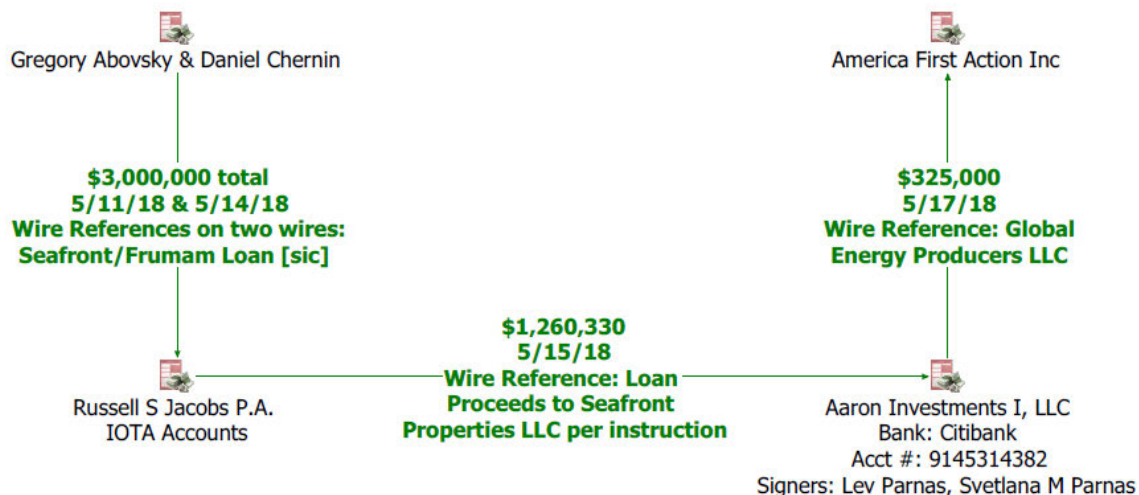
²⁹ Supp. Compl., Ex. B; Joint Supp. Resp., Ex. J. The mortgage broker testified that “The money was supposed to go to Seafront, but [Parnas] had asked if we could send it to Aaron because . . . it would allow them to save time.” Trial Tr. 913:14-19 (Ross, Direct). It is unclear why Parnas had the power to redirect the funds.

³⁰ Trial Ex. 1004.

³¹ Trial Ex. 1403 at 12; Trial Tr. 1018:20-1019:2 (Kimberly Espinoza, FBI agent, Direct). Trial Exhibit 1403 is a summary exhibit reflecting financial information derived from other admitted trial exhibits.

³² Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

1 “Global Energy Producers LLC.”³³ Prosecutors introduced at trial the below visual depiction of
 2 this transaction:³⁴



3
 4 Parnas’s assistant, Deanna Van Rensburg, testified that she filled out and submitted to
 5 AFA a contribution form on behalf of Parnas at his direction.³⁵ She testified that she initialed the
 6 form’s “affirmation” for Parnas after speaking to him about it,³⁶ but also testified that the
 7 contribution “was not made with Global Energy Producer funds.”³⁷ Instead, the funds “came
 8 from Igor’s refinance” on the Florida condo, which “had nothing to do with Global Energy
 9 Producers,” and that Parnas “[n]ever contribut[ed] any capital to Global Energy Producers.”³⁸

10 On May 22, 2018, several days after the \$325,000 contribution to AFA, Aaron LLC
 11 transferred \$100,000 in funds derived from the loan on the Florida condo to an account held by

³³ Supp. Compl., Ex. A (copy of wire transfer); Trial Ex. 363 at 2 (same).

³⁴ Trial Ex. 1403 at 12.

³⁵ Trial Tr. 616:21-620:12 (Van Rensburg, Direct) (describing how Parnas instructed her how to fill out the form and sign and initial on his behalf).

³⁶ Trial Tr. 619:19-24, 620:3-7 (Van Rensburg, Direct).

³⁷ Trial Tr. 622:3 (Van Rensburg, Direct).

³⁸ Trial Tr. 621:6, 14, 23-25 (Van Rensburg, Direct); *see also* Trial Tr. 568:14-16, 621:10-11 (Van Rensburg Direct) (testifying that Parnas did not have any ownership interest in the Florida condo).

1 GEP.³⁹ According to the evidence introduced at trial, these funds constituted the first funds
2 deposited into an account in GEP's name.⁴⁰

3 On June 29, 2018, an \$11,000 contribution to Protect the House was debited from GEP's
4 bank account on a debit card issued to Parnas.⁴¹ Protect the House identified Parnas as the
5 contributor on its relevant disclosure report.⁴² The GEP account had received no other funds
6 between its initial receipt of \$100,000 on May 22 and when the \$11,000 debit was made on June
7 29, 2018.⁴³ FBI Agent Kimberly Espinoza, a forensic accountant, testified that Parnas did not
8 have sufficient funds in any bank account to make the Protect the House contribution without the
9 infusion of funds from the mortgage transaction into Aaron LLC.⁴⁴ Prosecutors introduced the
10 following visual depiction of this transaction at trial:⁴⁵

³⁹ Trial Ex. 1403 at 13; Trial Tr. 1060:1-3, 8-18 (Espinoza, Cross); Trial Ex. 420 at USAO_00049873 (GEP bank record of transfer).

⁴⁰ Trial Ex. 1403 at 13; Trial Ex. 420 at USAO_00049873.

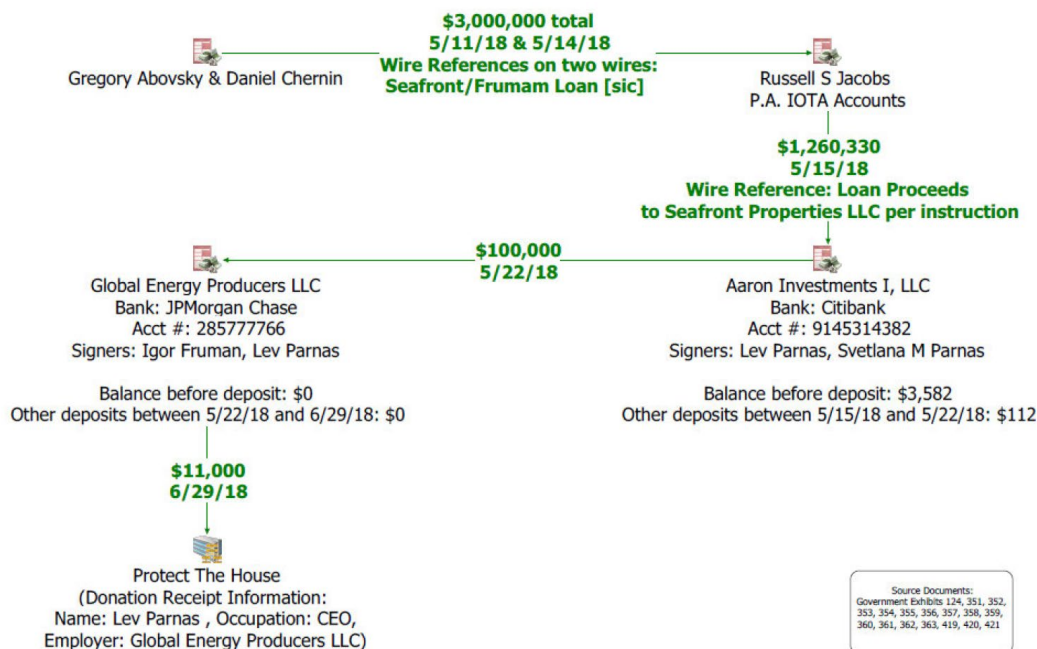
⁴¹ Ex. 420 at USAO_00049885, 87 (showing \$11,000 debit on Parnas's debit card).

⁴² Protect the House 2018 July Quarterly Report at 10 (July 13, 2018). The Joint Supplemental Response submitted a Profit & Loss Statement of GEP that lists an "other political" expense of \$11,000. Joint Supp. Resp., Ex. L.

⁴³ Tr. Ex. 1403 at 13; Trial Tr. 1020:24-1021:2 (Espinoza, Direct); Trial Ex. 420 at USAO_00049872, 76, 84.

⁴⁴ Trial Tr. 1027:11-1028:17 (Espinoza, Direct); Trial Tr. Ex. 1403 at 18 (chart of Parnas's total liquid funds from May to July 2018). Nor were there any transfers from Parnas to Igor Fruman, Steven Fruman, or FD Import described as a reimbursement. Trial Tr. 1027:1-17 (Espinoza, Direct). The GEP account, however, received \$90,000 on July 6, 2018, from LSDAMA LLC, another entity under the control of Parnas and his wife. Trial Ex. 425 (bank record identifying Parnas and his wife as "Managers" of LSDAMA LLC). LSDAMA's account had received a \$205,000 transfer from Aaron LLC on May 18, 2018, from the proceeds of the loan on the Florida condo. See Trial Ex. 454 at USAO_00138268 (showing receipt of \$205,000 in LSDAMA LLC account on May 18, 2018); Trial Ex. 353 at USAO_00178261 (showing transfer of \$205,000 out of the Aaron LLC account on May 18, 2018).

⁴⁵ Trial Ex. 1403 at 13.



1

2 Van Rensburg testified that Parnas and Fruman were friendly with executives of several

3 oil companies, and that GEP had a logo, business cards, and a website briefly.⁴⁶ She further

4 testified, however, that GEP did not conduct any energy trading, and had no revenue, income,

5 assets, offices, or employees other than her and her husband, who served as Parnas's driver.⁴⁷

6 The address listed on documents for GEP was Parnas's home address.⁴⁸ Van Rensburg testified

7 that while there was one Memorandum of Understanding with Global Oil Management, "nothing

8 came of it."⁴⁹ The FBI's forensic accountant, Agent Espinoza, testified that the bank records

9 likewise did not reveal activity relevant to an energy trading company.⁵⁰ FBI agent Ellen

10 Thomas, who conducted the search of Parnas's residence that purportedly also served as GEP's

11 office, testified that she found nothing — no documents, electronic documents, or other evidence

⁴⁶ Trial Tr. 779:2-15 (Van Rensburg, Cross).

⁴⁷ Trial Tr. 620:13-623:15 (Van Rensburg, Direct), 779:16-19 (Van Rensburg, Cross).

⁴⁸ Trial Tr. 646:16-20 (Van Rensburg, Cross).

⁴⁹ Trial Tr. 623:21-624:2 (Van Rensburg, Direct).

⁵⁰ Trial Tr. 1024:25-1025:16 (Kimberly Espinoza, Direct).

1 — to indicate that an energy company operated out of the premises.⁵¹ Agents did locate
 2 materials describing federal campaign finance law, including the prohibition on contributions in
 3 the name of another.⁵²

4 **III. LEGAL ANALYSIS**

5 **A. The Commission Finds Reason to Believe that GEP Violated the Act’s Ban** 6 **on Contributions in the Name of Another**

7 The Act provides that a contribution includes “any gift, subscription, loan, advance, or
 8 deposit of money or anything of value made by any person for the purpose of influencing any
 9 election for Federal office.”⁵³ The term “person” for purposes of the Act and Commission
 10 regulations includes partnerships, corporations, and “any other organization or group of
 11 persons.”⁵⁴ The Act prohibits a person from making a contribution in the name of another
 12 person, knowingly permitting his or her name to be used to effect such a contribution, or
 13 knowingly accepting such a contribution.⁵⁵ The Commission has included in its regulations
 14 illustrations of activities that constitute making a contribution in the name of another:

- 15 (i) Giving money or anything of value, all or part of which was provided to
 16 the contributor by another person (the true contributor) without disclosing
 17 the source of money or the thing of value to the recipient candidate or
 18 committee at the time the contribution is made; or

⁵¹ Trial Tr. 1076:14-1077:4 (Ellen Thomas, Direct).

⁵² Trial Tr. 1070:1-1074:14. (Ellen Thomas, Direct); *see also* Trial. Ex. 503 (“Trump Pence Victory Finance Committee Acceptance Form” explaining campaign finance rules, including the prohibition on corporate contributions and contributions in the name of another); Trial Ex. 125 (“Lev, Thank you for signing up to be part of the Trump Victory Committee.”).

⁵³ 52 U.S.C. § 30101(8)(A).

⁵⁴ *Id.* § 30101(11); 11 C.F.R. § 100.10.

⁵⁵ 52 U.S.C. § 30122.

1 (ii) Making a contribution of money or anything of value and attributing as the
 2 source of the money or thing of value another person when in fact the
 3 contributor is the source.⁵⁶

4 The requirement that a contribution be made in the name of its true source promotes
 5 Congress’s objective of ensuring the complete and accurate disclosure by candidates and
 6 committees of the political contributions they receive.⁵⁷ Courts therefore have uniformly
 7 rejected the assertion that “only the person who actually transmits funds . . . makes the
 8 contribution,”⁵⁸ recognizing that “it is implausible that Congress, in seeking to promote
 9 transparency, would have understood the relevant contributor to be [an] intermediary who
 10 merely transmitted the campaign gift.”⁵⁹ Consequently, both the Act and the Commission’s
 11 implementing regulations provide that a person who furnishes another person with funds for the
 12 purpose of contributing to a candidate or committee “makes” the resulting contribution.⁶⁰ This is
 13 true whether funds are advanced to another person to make a contribution in that person’s name

⁵⁶ 11 C.F.R. § 110.4(b)(2)(i)–(ii). Commission regulations also prohibit persons from “knowingly help[ing] or assist[ing] any person in making a contribution in the name of another.” 11 C.F.R. § 110.4(b)(1)(iii). However, in *FEC v. Swallow*, 304 F. Supp. 3d 1113, 1115-16 (D. Utah 2018), the United States District Court for the District of Utah held that Section 30122 unambiguously precluded secondary liability and that the regulation at 11 C.F.R. § 110.4(b)(1)(iii) exceeded the Commission’s authority. The court enjoined the Commission from enforcing the provision. *Id.* at 1118-19.

⁵⁷ *United States v. O’Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) (“[T]he congressional purpose behind [Section 30122] — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.”) (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

⁵⁸ *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

⁵⁹ *O’Donnell*, 608 F.3d at 554; *see also Citizens United*, 558 U.S. 310, 371 (2010) (“The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”); *Doe v. Reed*, 561 U.S. 186, 199 (2010) (“Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.”).

⁶⁰ *See Boender*, 649 F.3d at 660 (holding that to determine who made a contribution “we consider the giver to be the *source* of the gift, not any intermediary who simply conveys the gift from the donor to the donee.” (emphasis added)); *O’Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) (“The Act prohibits the use of ‘conduits’ to circumvent . . . [the Act’s reporting] restrictions.” (quoting then-Section 441f)).

1 or promised as reimbursement of a solicited contribution.⁶¹ Because the concern of the law is
2 the true source from which a contribution to a candidate or committee originates, we look to the
3 structure of the transaction itself and the arrangement between the parties to determine who, in
4 fact, “made” a given contribution.

5 The extensive record available to the Commission reflects that loan proceeds on the
6 Florida condo funded the \$325,000 contribution to AFA. AFA attributed the \$325,000
7 contribution to GEP on instructions from Parnas. But the \$325,000 was transferred to AFA from
8 an Aaron LLC account that itself had negligible funds until receipt of the loan proceeds on the
9 Florida condo two days earlier. GEP did not have any interest in the Florida condo; only
10 Seafront and Fruman, as a guarantor, were obligated to repay the loan. Thus, the owner of the
11 Florida condo, not GEP, was the true source of these contributions to AFA.

12 The record is incomplete, however, as to who owned the Florida condo. In affidavits
13 filed with the Joint Supplemental Response, Fruman and Parnas both aver that Fruman “owned”
14 the condo, and Van Rensburg identified the condo as “Igor’s . . . condo” in her testimony.⁶² But
15 the “Borrower’s Closing Statement” identified the borrower as “Seafront Properties LLC.”⁶³
16 The mortgage broker testified that Igor Fruman was his client and the loan guarantor, but
17 Seafront was the “corporation in which the property vested.”⁶⁴

⁶¹ *O’Donnell*, 608 F.3d at 555. Moreover, the “key issue . . . is the *source* of the funds” and, therefore, the legal status of the funds when conveyed from the straw donor to the ultimate recipient is “irrelevant to a determination of who ‘made’ the contribution for the purposes of [Section 30122].” *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (holding that defendant’s “unconditional gifts” to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

⁶² Joint Supp. Resp., Fruman Supp. Aff. ¶ 11, Parnas Supp. Aff. ¶ 15; Trial Tr. 615:22-25 (Van Rensburg, Direct).

⁶³ Joint Supp. Resp., Ex. J.

⁶⁴ Trial Tr. 910:20-21 (Ross, Direct).

1 Significantly, the available information contradicts Respondents’ assertions that “GEP is
2 an active and ongoing business” and that the funds for the AFA contribution “came from the
3 investment into GEP by . . . Mr. Fruman and Mr. Parnas.”⁶⁵ Parnas’s assistant, who had first-
4 hand knowledge of GEP’s purported activities, testified that GEP did not conduct any energy
5 trading.⁶⁶ A search of GEP’s office (Parnas’s home), revealed nothing to indicate that an energy
6 company operated out of the premises.⁶⁷ Aside from generic payroll withdrawals, the activity in
7 GEP’s bank records does not suggest that the company was engaged in energy trading,⁶⁸ and the
8 parties stipulated that GEP had never filed a federal tax return.⁶⁹

9 The available information also undermines the assertion that the funds were “dedicated[]
10 and raised for the purpose of funding GEP”⁷⁰ Aaron LLC received the loan proceeds on
11 May 15, 2018. The next day, Aaron LLC transferred \$490,000 to FD Import, and FD Import
12 used the funds to pay down its American Express credit card balance. Only a day later, Aaron
13 LLC transferred the \$325,000 to AFA, and it was not until May 22, 2018, that Aaron LLC
14 transferred funds to an account held in GEP’s name.⁷¹ Moreover, on May 18, 2018, Aaron LLC
15 transferred \$205,000 of the loan proceeds to another account under the control of Parnas and his

⁶⁵ Joint Supp. Resp. at 1; *see also, e.g.*, Joint Resp., Parnas Aff. ¶ 25 (“Contrary to the assertions in the Complaint, GEP is a real business enterprise funded with substantial bona fide capital investment; its major purpose is energy trading, not political activity.”); Joint Resp. Fruman Aff. ¶ 22 (same).

⁶⁶ Trial Tr. 620:13-623:15 (Van Rensburg, Direct).

⁶⁷ Trial Tr. 1076:14-1077:4 (Thomas, Direct).

⁶⁸ *See, e.g.*, Trial Tr. 1024:25-1025:16 (Espinoza, Direct) (testifying that the bank records did not reveal any descriptions concerning “natural gas” or “oil”); Ex. 420 at USAO_00049877 (showing deductions to ADP for payroll and taxes).

⁶⁹ Trial Ex. S2.

⁷⁰ Joint Supp. Resp. at 3.

⁷¹ *See* Ex. 353 at USAO_00178259-62 (Aaron LLC bank records identifying debit card purchases for apparently personal activity such as, for example, music subscriptions, gas, food, and doctors). Transactions identified in the GEP bank accounts also undermine the argument that GEP was a *bona fide* business. For example, GEP bank records show payment for Fruman’s mortgage on October 2, 2018. Trial Ex. 420 at USAO_00049914.

1 wife, much of which appears to have been spent on personal expenses.⁷² Indeed, upon reviewing
2 the evidence, the jury convicted Parnas of making false statements to the Commission when he
3 averred that the \$325,000 contribution to AFA “was made with [GEP] funds for [GEP]
4 purposes” and that GEP was “a real business enterprise funded with substantial bone fide capital
5 investment; its major purpose is energy trading, not political activity.”⁷³ The evidence indicates
6 that Seafront Properties or Igor Fruman was the true source of the \$325,000 contribution to AFA
7 made in GEP’s name.

8 The Commission therefore finds reason to believe that GEP violated 52 U.S.C. § 30122
9 by knowingly permitting its name to be used to effect a contribution in the name of another.

10 **B. The Commission Finds Reason to Believe that GEP Acted Knowingly and**
11 **Willfully When it Violated Section 30122**

12 The Act prescribes additional penalties for violations of the Act that are knowing and
13 willful.⁷⁴ A violation of the Act is knowing and willful when the respondent acts “with full
14 knowledge of all the relevant facts and a recognition that the action is prohibited by law.”⁷⁵ This
15 standard does not require proving knowledge of the specific statute or regulation the respondent
16 allegedly violated.⁷⁶ Rather, it is sufficient to demonstrate that a respondent “acted voluntarily

⁷² See, e.g., Trial Ex. 454 at USAO_00138268, 271 (LSDAMA LLC bank records showing payments for household expenses in the days following the receipt of \$205,000 from Aaron LLC).

⁷³ Superseding Indictment ¶ 7 (Aug. 26, 2021) (alleging Parnas made false statements); see also *id.* ¶ 8 (alleging Parnas falsified records). Similarly, Correia’s guilty plea for making false statements to the Commission further undermines the argument that the loan proceeds constituted capital investment in GEP.

⁷⁴ See 52 U.S.C. § 30109(a)(5)(B), (d).

⁷⁵ 122 Cong. Rec. 12197, 12199 (daily ed. May 3, 1976) (defining phrase “knowing and willful”); see also *FEC v. Novacek*, 739 F. Supp. 2d 957, 961 (N.D. Tex. 2010) (granting Commission’s motion for summary judgment where there were no genuine issues of material fact as to the knowing and willful allegations).

⁷⁶ See *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citing *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish that a violation is willful, the government needs to show only that the defendant acted with knowledge that her conduct was unlawful, not knowledge of the specific statutory provision violated)).

1 and was aware that his conduct was unlawful.”⁷⁷ This awareness may be shown through
2 circumstantial evidence, such as a “defendant’s elaborate scheme for disguising” her actions, or
3 other “facts and circumstances from which the jury reasonably could infer [the defendant] knew
4 her conduct was unauthorized and illegal.”⁷⁸ The Commission has found violations involving
5 corporate reimbursement schemes to be knowing and willful when respondents falsified
6 documents, took active steps to conceal illegal activities, kept multiple sets of financial records,
7 or were deemed to be in possession of information warning that their conduct was illegal.⁷⁹ For
8 example, in MUR 7027 (MV Transportation, Inc.), the Commission found reason to believe that
9 respondent knowingly and willfully made contributions in the name of another despite the
10 respondent’s contention that he “did not know that corporate reimbursement for federal political
11 contributions was improper,” based on circumstantial evidence such as the elaborate scheme to
12 conceal corporate bonuses.⁸⁰

13 The record indicates that Parnas and Fruman acted knowingly and willfully. Contrary to
14 their characterization of themselves as “neophytes,”⁸¹ disclosure reports indicate that Parnas and
15 Fruman made hundreds of thousands of dollars of contributions and received numerous

⁷⁷ *Id.* (internal quotation marks omitted).

⁷⁸ *United States v. Hopkins*, 916 F.2d 207, 213-15 (5th Cir. 1990) (internal quotation marks omitted). As the *Hopkins* court observed, “[i]t has long been recognized that ‘efforts at concealment [may] be reasonably explainable only in terms of motivation to evade’ lawful obligations.” *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

⁷⁹ See MUR 7027 (MV Transportation, Inc., *et al.*); MUR 6465 (The Fiesta Bowl, Inc.); MUR 6143 (Galen Capital); MUR 5818 (Feiger, Feiger, Kenney, Johnson and Giroux, P.C.).

⁸⁰ Factual and Legal Analysis at 8, MUR 7027 (Carter Pate) (“F&LA”); see also F&LA at 5, MUR 6174 (Valdez) (finding reason to believe that respondent knowingly and willfully made contributions in the name of another because he signed a campaign finance statement stating that only personal funds could be used to make contributions, he gave to political causes previously, and intended to violate the law by using subordinates to circumvent contributions limits).

⁸¹ Joint Supp. Resp., Parnas Supp. Aff. ¶ 17, Fruman Supp. Aff. ¶ 21.

1 contribution forms that described campaign finance rules.⁸² Van Rensburg filled out and
2 transmitted these documents on their behalf. Parnas and Fruman funded their contributions
3 through a multi-step process by which they obtained a loan on the Florida condo and thereafter
4 transferred the proceeds of that loan through numerous accounts of multiple corporate entities.
5 Prior to the making of the contribution, Parnas appears to have received specific instructions on
6 campaign finance rules and the name-of-another prohibition at a fundraiser for a joint
7 fundraising committee.⁸³ Further, Parnas has been convicted of conspiracy to make
8 contributions in the name of another, meaning that a jury found beyond a reasonable doubt that
9 he knowingly and willfully agreed to make a contribution in the name of a person other than the
10 true source,⁸⁴ and Fruman has pled guilty to soliciting a foreign national.⁸⁵ Finally, as set forth
11 above, Parnas was convicted of, and Correia pled guilty to, making false statements to the
12 Commission in affidavits filed in connection with the initial Joint Response in an apparent
13 attempt to conceal the violations.⁸⁶

⁸² See, e.g., Trial Ex. 108 (email from Van Rensburg, with cc to Fruman and Parnas, attaching a donor form signed by Fruman); *FEC Receipts: Filtered Results*, FEC.COM, https://www.fec.gov/data/receipts/?data_type=processed&contributor_name=Igor+Fruman&contributor_name=Igor+Fruman&min_date=01%2F01%2F2018&max_date=12%2F31%2F2018 (last visited May 3, 2022) (reflecting contributions by Fruman in 2018); F&LA at 10-11, MUR 7221 (Karen Hughes) (finding knowing and willful contribution in the name of another violation where, *inter alia*, respondent knew the law from donor forms that required respondent to affirm that a contribution was not reimbursed or in the name of another); F&LA at 6, MUR 6143 (Galen Capital Group) (same).

⁸³ Trial. Ex. 503 (“Trump Pence Victory Finance Committee Acceptance Form”); Trial Ex. 125 (“Lev, Thank you for signing up to be part of the Trump Victory Finance Committee.”).

⁸⁴ Trial Tr.1487:19-1496:12 (jury instructions for conspiracy charge of making contributions in the name of another).

⁸⁵ In numerous matters, the Commission has made knowing and willful findings against respondents for criminal violations related to the same activity at issue in the enforcement matter. *E.g.*, MUR 7225 (Jack Wu); MUR 7132 (Michael David Pitts); MUR 6597 (Kinde Durkee); MUR 6475 (Andrew McCrosson), MUR 6179 (Christopher Ward), MUR 5971 (Jennifer Adams), MURs 5721/5772 (Kenneth Phelps); MUR 5610 (Earl Allen Haywood).

⁸⁶ F&LA at 6, MUR 6143 (Galen Capital Group) (falsifying records is evidence of knowing and willful conduct); F&LA at 11, MUR 7221 (Karen Hughes) (destruction of records to conceal violations evidence of knowing and willful conduct).

MUR 7442 (Global Energy Producers, LLC)

Factual and Legal Analysis

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1 Accordingly, the Commission finds reason to believe that GEP acted knowingly and
2 willfully.