



FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 5, 2021

VIA EMAIL

Kyle Gilster, Esq.
Husch Blackwell LLP
750 17th Street, NW, Suite 900
Washington, DC 20006
Kyle.Gilster@huschblackwell.com

RE: MUR 7454

Dear Mr. Gilster:

On November 3, 2021, the Federal Election Commission (“Commission”) accepted the signed conciliation agreement submitted on behalf of your client, Blue Magnolia Investments, LLC (“Blue Magnolia”), in settlement of a violation of the Commission’s regulation at 11 C.F.R. § 110.1(g)(5), and closed the file in this matter as it pertains to Blue Magnolia.

The Commission reminds you that the confidentiality provisions of 52 U.S.C. § 30109(a)(12)(A) still apply, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at sghosh@fec.gov or (202) 694-1643.

Sincerely,

Saurav Ghosh

Saurav Ghosh
Attorney

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of)
) MUR 7454
Blue Magnolia Investments, LLC)
)

CONCILIATION AGREEMENT

This matter was initiated by a Complaint filed with the Federal Election Commission (“Commission”) by the Campaign Legal Center. The Commission found reason to believe that Blue Magnolia Investments, LLC (“Respondent” or “Blue Magnolia”) violated 11 C.F.R. § 110.1(g)(5).

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

I. Blue Magnolia was formed as a limited liability company (“LLC”) under the laws of Delaware on April 24, 2018, and its registered agent is the Corporation Trust Company, located at 1209 Orange Street, Wilmington, DE.

2. Blue Magnolia is not taxed as a corporation and is disregarded for federal tax purposes.
3. Blue Magnolia has a single natural person member, Larry Van Tuyl.
4. Under the Federal Election Campaign Act of 1971, as amended, political committees must file periodic disclosure reports with the Commission, which accurately report all contributions received and disbursements made. 52 U.S.C. § 30104(a) and (b).
5. A political contribution by an LLC that has a single natural-person member and is not taxed as a corporation shall be attributed only to the LLC's single natural person member. 11 C.F.R. § 110.1(g)(4).
6. An LLC that makes a contribution pursuant 11 C.F.R. § 110.1(g)(2) or (4) "shall, at the time it makes the contribution, provide information to the recipient committee as to how the contribution is to be attributed, and affirm to the recipient committee that it is eligible to make the contribution." 11 C.F.R. § 110.1(g)(5).
7. On May 30, 2018, Blue Magnolia made a \$100,000 contribution to DefendArizona, an independent-expenditure-only political committee ("IEOPC").
8. At the time it made this contribution, Blue Magnolia did not provide information to DefendArizona regarding the proper attribution of the contribution.
9. Blue Magnolia represents that at the time it made this contribution, it did not know that it was required to provide attribution information to DefendArizona under 11 C.F.R. § 110.1(g)(5).
10. DefendArizona filed a disclosure report with the Commission that incorrectly attributed the Blue Magnolia contribution only to Blue Magnolia. DefendArizona July 2018 Quarterly Report at 6 (July 15, 2018).

11. After receiving notice of the Complaint in this matter, on September 6, 2018, Blue Magnolia asked DefendArizona to amend its disclosure reports to reflect that Blue Magnolia's \$100,000 contribution must be attributed to Van Tuyl.

12. On September 11, 2018, DefendArizona amended its July 2018 Quarterly Report to attribute the \$100,000 contribution from Blue Magnolia to Van Tuyl. DefendArizona Amend. July 2018 Quarterly Report at 6 (Sept. 11, 2018). Such attribution was previously disclosed in the Commission's Schedule A Filings for Report #FEC-1260832.

V. Under ordinary circumstances, the Commission would seek a civil penalty based on the violation outlined in this agreement. However, based upon the circumstances presented, including the Respondent's efforts to clarify the record by asking DefendArizona to amend the relevant disclosure report and a lack of clarity by the Commission concerning the application of 11 C.F.R. § 110.1(g)(5) in these circumstances, the Commission agrees to depart from the civil penalty that it would normally seek for the violation at issue, and the Commission agrees that no civil penalty will be due for the violation. The Commission reserves its right to seek a money penalty in future matters concerning this violation.

VI. 1. Respondent violated 11 C.F.R. § 110.1(g)(5) by failing to provide required attribution information at the time it made a contribution to DefendArizona.

2. Respondent will cease and desist from committing violations of 11 C.F.R. § 110.1(g)(5).

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any

requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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

IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained within this written agreement shall be enforceable.

XI. This agreement shall not be read to waive Respondent's right or ability to assert, without prejudice, any arguments or defenses in any future proceedings that are unrelated to the terms of this agreement and the violations of law described herein.

MUR 7454 (Blue Magnolia Investments, LLC, et al.)
Conciliation Agreement
Page 5 of 5

FOR THE COMMISSION:

Lisa J. Stevenson
Acting General Counsel

By: Charles Kitcher
Charles Kitcher
Associate General Counsel for Enforcement

11/5/21

Date

FOR THE RESPONDENT:

BLUE MAGNOLIA INVESTMENTS, LLC,
A Delaware limited liability company

By: Javier Aldrete
Javier Aldrete, Authorized Signatory

10-20-2021

Date