



FEDERAL ELECTION COMMISSION
Washington, DC 20463

June 10, 2021

**BY FIRST CLASS MAIL AND
ELECTRONIC MAIL**

jryan@baileycav.com

James Ryan, Registered Agent
Independence and Freedom Network, Inc.
c/o Bailey Cavalieri, LLC
10 West Broad Street, Suite 2100
Columbus, OH 43215

RE: MUR 7464
Independence and Freedom Network
Ray McVeigh, Director

Dear Mr. Ryan:

On June 5, 2020 and December 5, 2020, the Federal Election Commission (the "Commission") notified you, as the registered agent of Independence and Freedom Network, Inc., and its director Ray McVeigh, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded at that time.

Upon review of the allegations contained in the complaint, the Commission, on May 20, 2021, found that there is reason to believe that Ray McVeigh and the Independence and Freedom Network, Inc. violated 52 U.S.C. § 30122, a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is enclosed for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the Office of General Counsel within 15 days of receipt of this notification. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. *See* 52 U.S.C. § 30109(a)(4).

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

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If you are interested in pursuing pre-probable cause conciliation, you should make such a request by letter to the Office of the General Counsel. *See* 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into in order to complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been delivered to the respondents. Requests for extensions of time are not routinely granted. Requests must be made in writing at least five days prior to the due date of the response and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days. Pre-probable cause conciliation, extensions of time, and other enforcement procedures and options are discussed more comprehensively in the Commission's "Guidebook for Complainants and Respondents on the FEC Enforcement Process," which is available on the Commission's website at http://www.fec.gov/em/respondent_guide.pdf.

If Mr. McVeigh or the Independent and Freedom Network, Inc. intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notification or other communications from the Commission.

Please be advised that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.¹

This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public. If you have any questions, please contact Ana Peña-Wallace, the attorney assigned to this matter, at (202) 694-1650 or apena-wallace@fec.gov.

On behalf of the Commission,



Shana M. Broussard
Chair

Enclosures
Factual and Legal Analysis

¹ The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENTS: Independence and Freedom Network, Inc.
Ray McVeigh, Director

MUR 7464**I. INTRODUCTION**

This matter concerns allegations that Unknown Respondents made \$270,000 in contributions in the name of another through LZP, LLC (“LZP”), a newly created LLC, which is a disregarded member of the Independence and Freedom Network, Inc. (“IFN”), a 501(c)(4) organization, to Honor and Principles PAC (“Honor PAC”), a federal independent expenditure-only political committee (“IEOPC”). The events at issue took place over the course of a four-day period: both LZP and Honor PAC were formed in the same week, then LZP made its first contribution to Honor PAC, which subsequently made its first disbursement.

LZP represents that it received the funds for the federal contributions from its sole nonprofit corporate member, but does not provide any details regarding the name of the entity that funded the contributions to Honor PAC. For the reasons explained below, the Commission finds IFN, and its sole corporate director Ray McVeigh, violated 52 U.S.C. § 30122 by making, and allowing LZP’s name to be used to make, contributions in the name of another.

II. FACTUAL AND LEGAL ANALYSIS**A. Background**

The key events in this matter took place during a four-day period in March 2018. Honor PAC registered as an IEOPC with the Commission on March 26, 2018.¹ LZP registered as a

¹ Honor and Principles PAC, FEC Form 1, *Statement of Organization* (Mar. 26, 2018). As an IEOPC, Honor PAC accepts unlimited contributions from individuals and sources that are otherwise prohibited for authorized campaign committees. See Advisory Opinion 2010-11(Commonsense Ten).

1 nonprofit LLC with the state of Ohio on March 27, 2018.² LZP made its first contribution in the
2 amount of \$175,000, to Honor PAC on March 28, 2018.³ Honor PAC made its first
3 disbursements for political advertising in a nonfederal race on March 29, 2018.⁴

4 Honor PAC filed reports with the Commission disclosing \$270,000 in receipts for 2018,
5 all from LZP: \$175,000 on March 28, 2018, \$50,000 on April 6, 2018, \$10,000 on April 18,
6 2018, and \$35,000 on October 19, 2018.⁵ It has not reported any receipts for 2019 and 2020. Its
7 reports also disclose \$252,607.92 in disbursements in 2018: \$24,769.92 for operating
8 expenditures (for legal fees and compliance consulting) and \$227,838 for “other disbursements”
9 to media vendors for “non federal-direct mail,” “non federal-media buys,” and “non federal voter
10 calls.”⁶ Honor PAC reported that it made its first disbursement on March 29, 2018, in the
11 amount of \$163,838 to Target Enterprises LLC for a “non federal IE-Media Buy.”⁷ According
12 to the Complaint, Honor PAC paid for an ad attacking Ohio State Representative Larry
13 Householder and supporting his opponent, Kevin Black, in the May 8, 2018 primary election for

² See *LZP, LLC Articles of Organization* (eff. date Mar. 27, 2018), Business Search, Ohio Sec. of State, <https://businesssearch.ohiosos.gov?=businessDetails/4158880>.

³ See 2018 April Quarterly Report at 6, Honor and Principles PAC (Apr. 15, 2018) (disclosing only one receipt for the entire reporting period). According to the Commission’s databases, LZP has made federal contributions to only Honor PAC.

⁴ *Id.* at 7 (disclosing only one disbursement for the reporting period).

⁵ See 2018 April Quarterly, July Quarterly, and Post-Election Reports, Honor and Principles PAC (Apr. 15, 2018, July 14, 2018, and Dec. 6, 2018). Honor PAC also filed 2018 October Quarterly and Year-End Reports and a 2019 Mid-Year Report but did not disclose any receipts for those time periods.

⁶ See 2018 April Quarterly, July Quarterly, and Post-Election Reports, Honor and Principles PAC. Honor PAC is also registered as a SuperPAC with the state of Ohio, but has only filed one report with the state (a Statement of Organization filed on March 29, 2018) and has disclosed no receipts or disbursements to the state of Ohio. See Honor and Principles PAC (Super PAC) filings, Ohio Sec. of State, https://www6.ohiosos.gov/ords/f?p=CFDISCLOSURE:39:::NO:RP:P39_ENTITY_ID,P39_LISTTYPE:14969,simple.

⁷ 2018 April Quarterly Report at 7, Honor and Principles PAC.

1 that state office.⁸ In 2019 and 2020, Honor PAC reported making \$17,392.08 in disbursements
2 for legal fees and compliance consulting.⁹

3 Based in large part on the proximity between the dates of Honor PAC (March 26) and
4 LZP's (March 27) formations, along with the March 28 contribution from LZP and Honor PAC's
5 March 29 disbursement to Target Enterprises, the Complaint alleges that LZP made, and Honor
6 PAC knowingly accepted, a contribution in the name of another.¹⁰ The Complaint states that
7 LZP "does not appear to conduct any business" and has no presence on the internet, and argues
8 that it was "virtually impossible that [LZP] generated sufficient income to pay for the
9 contribution in just one day."¹¹ Therefore, the Complaint also alleges that Unknown
10 Respondents must have provided the \$175,000 to LZP to make the initial contribution to Honor
11 PAC and, as a result, LZP acted as a conduit by knowingly permitting its name to be used to
12 effect that contribution.¹²

13 On May 29, 2020, the Complainant filed a Supplement alleging the same violations by
14 IFN, a 501(c)(4) organization that controls LZP, and its director, Ray McVeigh.¹³ IFN filed

⁸ See Compl. at 5 (Aug. 9, 2018) (citing, Medium Buying, TWITTER (Apr. 1, 2018, 8:37 PM), <https://twitter.com/MediumBuying/status/980605173247758336>). It appears that Honor PAC paid for at least two other ads supporting Black and advocating the defeat of Householder that aired on April 23 and May 6, 2018. See Medium Buying, TWITTER (Apr. 23, 2018, 10:18 AM), <https://twitter.com/MediumBuying/status/988421940326162435>; Medium Buying, TWITTER (May 6, 2018, 4:43 PM), <https://twitter.com/MediumBuying/status/993229755343409153>.

⁹ See 2019 Mid-Year and Year-End Reports, 2020 April Quarterly Report, and Termination Reports (Jul. 13, 2020, Oct. 15, 2020, and Dec. 4, 2020), Honor and Principles PAC. Honor PAC's requests to terminate has been denied while this MUR remains pending.

¹⁰ Compl. at 4-5.

¹¹ *Id.* at 1, 5.

¹² *Id.* at 6.

¹³ Supp. Compl. at 4 (May 29, 2020) (citing IFN 2018 Form 990 (Nov. 2019) ("IFN 2018 Form 990"), <https://www.documentcloud.org/documents/6773070-Independence-and-Freedom-Network-Inc-2018-990.html>).

1 articles of incorporation with the Ohio Secretary of State on April 13, 2017, listing Ryan as its
2 registered agent, but it dissolved on December 31, 2020.¹⁴ IFN’s 2018 Form 990 filed with the
3 IRS lists LZP as a disregarded entity with a total income of \$271,000 for 2018.¹⁵ The same form
4 also lists an unnamed contributor who gave \$271,000 to IFN, which the Supplemental Complaint
5 states supports the allegation that LZP’s contribution was derived from a single source.¹⁶

6 IFN’s IRS filing discloses that it made \$1,120,000 in political campaign activity
7 expenditures to “other organizations for section 527 exempt function activities,” and lists “Honor
8 and Principles PAC” and “Onward Ohio Inc.” as those 527 organizations receiving funds from
9 IFN.¹⁷ According to its filing, IFN provided \$270,000 to Honor and Principles PAC and
10 \$850,000 to Onward Ohio Inc.¹⁸ On a separate schedule requiring a list of “Grants and Other
11 Assistance to Organizations, Governments and Individuals in the United States,” IFN again lists
12 Honor PAC, Onward Ohio Inc., as well as two other groups, MORCC and Security is Strength

IFN’s Internal Revenue Service (“IRS”) form lists McVeigh as its only officer and states that he did not receive any compensation for his work for IFN, which averaged two hours a week. IFN 2018 Form 990 at 7.

¹⁴ See IFN, *Articles of Incorporation*, Business Search, Ohio Sec. of State (Apr. 13, 2017), <https://bizimage.ohiosos.gov/api/image/pdf/202036405238>; IFN, *Certificate of Dissolution*, Business Search, Ohio Sec. of State (Dec. 31, 2020), <https://bizimage.ohiosos.gov/api/image/pdf/202036405238>. Unlike with its articles of incorporation, IFN’s certificate of dissolution was not filed by Ryan’s law firm. Additionally, it appears that the dissolution was filed in an expedited manner, through payment of an additional expedited service fee.

¹⁵ See IFN 2018 Form 990 at 5 (answering “Yes” to question 33 asking “Did the organization own 100% of an entity disregarded as separate from the organization”); *id.* at Schedule R (listing LZP as IFN’s only disregarded entity and noting that IFN is the “Direct controlling entity”).

¹⁶ See IFN 2018 Form 990 at 20. The form lists six additional contributions that it received from individuals in the following amounts: \$352,000, \$950,000, \$800,000, \$183,702, \$105,000, and \$275,000.

¹⁷ *Id.* at Schedule C.

¹⁸ *Id.* The IRS’s Tax Exempt Organization database does not show a record of Honor PAC ever having registered as a 527 organization. See Tax Exempt and Organization Search, IRS, <https://apps.irs.gov/app/eos/allSearch> (entering search terms “Honor and Principles” and EIN 82-4933172, the employer identification number listed for Honor PAC on IFN’s 2018 Form 990, does not yield any results). There is an “Onward Ohio Policy Institute” registered as a 527 organization with the IRS, but its filings do not list an \$850,000 contribution from IFN. See 2018 Form 990EZ and 2019 Form 990-N, IRS, <https://apps.irs.gov/app/eos/allSearch> (reporting \$10,000 in receipts in 2018 and less than \$25,000 in 2019).

1 LLC.¹⁹ Onward Ohio is registered as an IEOPC with the Commission and disclosed receiving an
2 \$850,000 contribution from IFN on March 16, 2018.²⁰ Honor PAC did not disclose any
3 contributions from IFN on its disclosure reports filed with the Commission.

4 LZP has not indicated whether IFN was its nonprofit corporate member that provided the
5 assets used to make the contributions to Honor PAC. The Commission notified IFN, McVeigh
6 and IFN's registered agent, James Ryan.²¹ According to publicly available information, Ryan
7 has been the registered agent for approximately 151 entities in Ohio.²² During the 2018 and
8 2020 election cycles, Ryan registered three nonprofit corporations (IFN, CHTFA, Inc., and
9 American Exceptionalism Institute, Inc.) and fifty LLCs, including LZP and Security is Strength

¹⁹ IFN 2018 Form 990 at Schedule I. As of the date of this report, IFN has not made any other filings with the IRS.

²⁰ See 2018 April Quarterly Report, Onward Ohio. During the 2018 election cycle, Onward Ohio disclosed \$877,300 in receipts and \$1,803,448.23 in total disbursements, and an ending cash on hand of \$650.72. The committee terminated in 2020. See Termination Approval Ltr. (Oct. 20, 2020), Onward Ohio. Onward Ohio was also registered as nonprofit corporation with the state of Ohio but its articles of incorporation were canceled in October 2020 for its failure to file a statement of continued existence. See Onward Ohio filings, Ohio Sec. of State <https://businesssearch.ohiosos.gov/?=businessDetails/2436941> (indicating a cancellation date of Oct. 20, 2020).

Security is Strength LLC and MORCC are not listed as 527 organization with the IRS, but there is a Security is Strength PAC registered with the Commission. That PAC has not disclosed contributions from IFN.

²¹ See Ltr. to James McVeigh and IFN (June 5, 2020); Corrected Notification Ltr. to Ray McVeigh and IFN, cc James Ryan (Dec. 15, 2020). See also *IFN, Articles of Incorporation*, Business Search, Ohio Sec. of State (Apr. 13, 2017), <https://bizimage.ohiosos.gov/api/image/pdf/202036405238> (listing attorney James G. Ryan of Columbus, OH as its registered agent).

²² See *Agent or Registrant Name Search*, Ohio Sec. of State, <https://businesssearch.ohiosos.gov/#> (enter "James G. Ryan" in Agent/Registrant search field).

1 LLC.²³ Letters sent to McVeigh and IFN at the P.O. Box address listed on IFN’s IRS filings
2 were returned as undeliverable with no forwarding address. However, Ryan was copied on the
3 notification letters to IFN, in his capacity as its registered agent.²⁴ Neither IFN, McVeigh, nor
4 Ryan submitted responses to the complaint notification.

5 **B. Legal Analysis**

6 The Act provides that a contribution includes “any gift, subscription, loan, advance, or
7 deposit of money or anything of value made by any person for the purpose of influencing any
8 election for Federal office.”²⁵ The term “person” for purposes of the Act and Commission
9 regulations includes partnerships, corporations, and “any other organization or group of
10 persons.”²⁶ The Act prohibits a person from making a contribution in the name of another
11 person, knowingly permitting his or her name to be used to effect such a contribution, or
12 knowingly accepting such a contribution.²⁷ The Commission has included in its regulations
13 illustrations of activities that constitute making a contribution in the name of another:

²³ *Id.* IFN and American Exceptionalism Institute Inc., which Ryan registered and incorporated on the same date, have been the subject of press reports concerning contributions they made to IEOPCs. *See, e.g.*, Eliana Johnson, *New ad accuses Paul of siding with terrorists* (Apr. 24, 2018), POLITICO, <https://www.politico.com/story/2018/04/24/dark-money-group-pressures-paul-cia-haspel-546043> (discussing \$100,000 ad campaign paid for by American Exceptionalism Institute, Inc.) and Jim Provance, “*Dark Money*” makes way into governor campaigns (Apr. 17, 2018), THE BLADE, <https://www.toledoblade.com/local/politics/2018/04/17/Dark-money-makes-way-into-governor-campaigns/stories/20180417150> (discussing IFN’s \$850,000 contribution to Onward Ohio in 2018). *See also* Andrew J. Tobias, *Dark Money flowing into 2018 Ohio Republican Primary Elections* (Apr. 16, 2018), CLEVELAND.COM, https://www.cleveland.com/open/2018/04/dark_money_flow_into_2018_o.html (discussing IFN and LZP’s contributions to IEOPCs).

²⁴ *See* Corrected Notification Ltr. to McVeigh and IFN, and cc to James Ryan (Dec. 15, 2020); Email to James Ryan (Dec. 15, 2020) (including copies of original complaint and the supplement); Amended Notification Ltr. to McVeigh and IFN, with cc to James Ryan (June 5, 2020).

²⁵ 52 U.S.C. § 30101(8)(A).

²⁶ *Id.* § 30101(11); 11 C.F.R. § 100.10.

²⁷ 52 U.S.C. § 30122.

- 1 (i) Giving money or anything of value, all or part of which was provided to
 2 the contributor by another person (the true contributor) without disclosing
 3 the source of money or the thing of value to the recipient candidate or
 4 committee at the time the contribution is made; or
- 5 (ii) Making a contribution of money or anything of value and attributing as the
 6 source of the money or thing of value another person when in fact the
 7 contributor is the source.²⁸

8 The requirement that a contribution be made in the name of its true source promotes
 9 Congress’s objective of ensuring the complete and accurate disclosure by candidates and
 10 committees of the political contributions they receive.²⁹ Courts therefore have uniformly
 11 rejected the assertion that “only the person who actually transmits funds . . . makes the
 12 contribution,”³⁰ recognizing that “it is implausible that Congress, in seeking to promote
 13 transparency, would have understood the relevant contributor to be [an] intermediary who
 14 merely transmitted the campaign gift.”³¹ Consequently, both the Act and the Commission’s
 15 implementing regulations provide that a person who furnishes another with funds for the purpose
 16 of contributing to a candidate or committee “makes” the resulting contribution.³² This is true
 17 whether funds are advanced to another person to make a contribution in that person’s name or

²⁸ 11 C.F.R. § 110.4(b)(2)(i)–(ii).

²⁹ *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).

³⁰ *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

³¹ *O’Donnell*, 608 F.3d at 554; *see also Citizens United v. FEC*, 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.”).

³² *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 promised as reimbursement of a solicited contribution.³³ Because the concern of the law is the
2 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 Complaint’s allegation that LZP was used to make contributions by other persons is
6 supported by the fact that LZP purported to make a \$175,000 contribution in its own name to
7 Honor PAC two days after Honor PAC was formed and one day after LZP was formed, and by
8 the lack of public information regarding the LLC’s activities or evidence indicating that LZP
9 could make such a contribution without an infusion of funds provided to it for that purpose.
10 When an LLC purports to make a political contribution in close temporal proximity to its
11 formation date, without evidence of activity or any specific information regarding the
12 provenance of its funds, the circumstances may support a reasonable inference that the LLC was
13 provided funds for the purpose of making a contribution, *i.e.*, that the LLC was used as a conduit
14 to mask the identity of the true contributor. However, in determining whether such an inference
15 is supported, the Commission considers the overall record, including the amount of the
16 contribution, the LLC’s stated purposes and activity, and whether other information, such as the
17 attribution of the LLC contribution, suggests an attempt to circumvent the Act’s disclosure
18 requirements.

³³ *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 a conduit 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 record in this matter supports a finding that there is reason to believe that IFN and
2 Ray McVeigh violated the Act by knowingly permitting LZP’s name to be used to effect
3 contributions in the name of another to Honor PAC.³⁴ LZP implies that it was provided funds by
4 its purported single member to make the contributions to Honor PAC and does not dispute the
5 assertion that it appears to have engaged in no activity other than making the contributions at
6 issue and appears to have been formed solely to make contributions using the funds of another.
7 The record supports a conclusion that that was, indeed, the case.

8 First, the temporal proximity between LZP’s formation and its first contribution to Honor
9 PAC just two days later supports a conclusion that LZP was likely created to effect a
10 contribution, and that LZP was not the true contributor to Honor PAC but was, instead, provided
11 funds for the purpose of making the contribution. LZP has not explained the reason for the
12 LLC’s formation, the quick turnaround for making its first political contribution as a newly
13 formed entity, or how the making of that contribution almost immediately after the LLC’s
14 organization was consistent with the LLC’s organizational purpose or governing documents.
15 The absence of any public information of LZP’s activity other than the making of contributions,
16 considered in conjunction with the timing between LZP’s creation and first contribution, tend to
17 support a conclusion that funds were directed to LZP for the purpose of making a political
18 contribution.

³⁴ Although it is not alleged in the Complaint or the Supplement, the facts in this matter raise the question whether IFN’s activities in providing over \$1 million in funding to IEOPCs constituted federal political activity, requiring it to register as a committee with the Commission. 52 U.S.C. § 30101(4)(A); 11 C.F.R. § 100.5 (defining a “political committee” as “any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year”). However, not enough information is available regarding IFN’s overall activities to determine whether its major purpose was the nomination or election of a federal candidate. *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976) (*per curiam*). Therefore, we do not make any findings regarding IFN’s political committee status.

1 Second, while LZP states that its corporate member had sufficient assets from which to
2 make the contribution to Honor PAC, it does not reveal the identity of that corporate member or
3 describe the origin of those assets. There is no available information concerning the nature of
4 the company, or how its corporate member procured the assets that LZP used for its
5 contributions to Honor PAC totaling \$270,000. Instead, information from the Supplemental
6 Complaint reveals that IFN directly controlled LZP's activities, and it is possible that IFN was
7 actually LZP's nonprofit corporate member. IFN's IRS filing states that it owned 100% of LZP
8 and further discloses that it received a \$271,000 contribution from an individual, which could
9 have been the source of LZP's \$270,000 in total contributions to Honor PAC.³⁵ Indeed, IFN's
10 2018 Form 990 lists LZP's total income as only \$271,000.³⁶ Additionally, in disclosing its
11 "Political campaign activity expenditures" IFN's IRS filing lists contributions to purported 527
12 organizations; however, both of those entities, Honor PAC and Onward Ohio, were actually
13 committees registered with the Commission.³⁷ In fact, both committees disclosed those
14 contributions in their reports filed with the Commission, albeit Honor PAC listed the
15 contributions as coming from LZP and not IFN. Therefore, we are unable to conclude that those
16 assets were provided to LZP for any other lawful purpose and not for the purpose of making a
17 political contribution.³⁸

18 Third, the timing of Honor PAC's formation and its first disbursement, in relation to
19 LZP's formation and first contribution, also raises an inference that the IEOPC may have been

³⁵ IFN 2018 Form 990 at 5, Schedule B, and Schedule R.

³⁶ *Id.* at Schedule R.

³⁷ *Id.* at Schedule C.

³⁸ Without information about LZP's single member we cannot determine whether the funds came from a lawful or prohibited source, such as from a foreign national in violation of 52 U.S.C. § 30121.

1 involved in the alleged conduit contribution scheme. As described above, Honor PAC's
2 registration with the Commission, LZP's registration as an LLC, LZP's first contribution to
3 Honor PAC, and Honor PAC's first independent expenditure all took place within a four-day
4 time period.³⁹ All of Honor PAC's receipts came exclusively from IFN, through LZP, and the
5 political committee apparently failed to seek information from either entity for the proper
6 attribution of any of the contributions on its disclosure reports. These facts support an inference
7 that Honor PAC was aware of the true purpose behind LZP's creation, namely, concealing the
8 identity of the true contributor.

9 The available information suggests that LZP's creation was an attempt to circumvent the
10 Act's disclosure requirements. Because IFN and Ray McVeigh controlled LZP, and may have
11 directed the contributions to Honor PAC, the Commission finds reason to believe that
12 Independence and Freedom Network, Inc. and its director, Ray McVeigh, violated 52 U.S.C.
13 § 30122.

³⁹ *Supra* at 1-2.