



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**MEMORANDUM**

**TO:** The Commission

**FROM:** Lisa J. Stevenson  
Acting General Counsel

**BY:** Charles Kitcher *CK/ms*  
Associate General Counsel for Enforcement

Mark Shonkwiler *MS*  
Assistant General Counsel

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Attorney

**SUBJECT:** MUR 7464 (Independence and Freedom Network, Inc., *et al.*)

**RE:** Circulation of Discovery Documents

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As part of the investigation in the above-referenced matter, we are circulating the attached subpoenas directed to Respondents Independence and Freedom Network, Inc. (“IFN”) and Raymond McVeigh, and to IFN’s banks, for the Commission’s approval on a 48-hour no-objection basis.

On May 20, 2021, the Commission found reason to believe that Unknown Respondents violated 52 U.S.C. § 30122 by making contributions in the name of another, that Independence and Freedom Network, Inc., Raymond McVeigh, and LZP, LLC, violated 52 U.S.C. § 30122 by allowing LZP’s name to be used to make contributions in the name of another, and that Honor and Principles PAC and Lisa Lisker in her official capacity as treasurer (“Honor PAC”) violated 52 U.S.C. § 30122 by knowingly accepting contributions in the name of another.<sup>1</sup>

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<sup>1</sup> Certification (May 27, 2021). The Commission also issued reason to believe findings concerning LLC attribution violations: that LZP violated 11 C.F.R. § 110.1(g)(5) by failing to provide attribution information for their contribution of \$35,000 made on October 19, 2018, and reason to believe that Honor PAC violated 52 U.S.C. § 30104(b) and 11 C.F.R. §§ 110.1 (e) and (g)(2) by failing to properly report LLC attribution information for the \$35,000 contribution made on October 19, 2018.

The focus of the investigation has been to determine the source of funds that LZP used to make contributions to Honor PAC. LZP made a total of \$270,000 in contributions to Honor PAC as follows: \$175,000 on March 28, 2018, \$50,000 on April 6, 2018, \$10,000 on April 18, 2018, and \$35,000 on October 19, 2018.<sup>2</sup> At the time of the reason to believe findings there were questions regarding the source of the funds in light of the facts surrounding the contributions. Key events took place within a four-day period, culminating in LZP's first contribution to Honor PAC, that could indicate that an unknown person directed the sequence of events and as a result, directed that contributions be made in the name of another: specifically, Honor PAC registered as an IEOPC with the Commission on March 26, 2018, LZP registered as an LLC in Ohio the next day, on March 27, 2018, LZP made its first contribution in the amount of \$175,000 to Honor PAC on March 28, 2018, and Honor PAC made its first political disbursement on March 29, 2018.<sup>3</sup>

During informal discovery, after repeated reminders and unexplained delays, Respondents submitted redacted bank statements (July 22, 2021), written responses to the reason to believe findings (August 26, 2021 and September 23, 2021) and a written response to informal discovery questions (November 24, 2021).<sup>4</sup> In its responses, IFN admits that it created LZP and provided it with funds to make contributions to Honor PAC, but does not reveal the original source of those funds.<sup>5</sup> IFN also states that it created LZP for the purpose of separating its contributions from other political contributions that it was making to other committees, and that LZP did not contribute to any other committees besides Honor PAC.<sup>6</sup>

In light of the Commission's reason to believe findings that Unknown Respondents may have provided contributions through IFN and LZP to make contributions in the name of another, we requested the names of the relevant contributors who may have provided the funds at issue. As part of the investigation, we plan to interview individuals who made contributions during the relevant time period to determine whether they made the contributions with the knowledge, understanding, or direction that their funds would be used to support Honor PAC. This information would help us verify the extent of the contributions in the name of another violations.

We initially sought information from Respondents about contributions made in March, April, and October 2018, which covers the same time period as LZP's contributions to Honor PAC, but later further narrowed our request.<sup>7</sup> Because IFN states that it received \$1,230,000 in funds in March 2018, the same month that both Honor PAC and LZP were created and that LZP made its first contribution to Honor PAC, we narrowed our informal

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<sup>2</sup> Factual & Legal Analysis at 2, MUR 7464 (IFN).

<sup>3</sup> *Id.* at 1-2.

<sup>4</sup> Letter with IFN/LZP Document Production (July 22, 2021) ("IFN/LZP Document Production"); IFN/LZP RTB Resp. (Aug. 26, 2021); Honor PAC RTB Resp. (Sept. 23, 2021); Letter from Ana Peña-Wallace, FEC to James E. Tyrell III, Counsel for IFN/LZP (Nov. 12, 2021); Letter from James E. Tyrell III, Counsel for IFN/LZP, to Ana Peña-Wallace, FEC (Nov. 24, 2021).

<sup>5</sup> IFN/LZP RTB Resp. at 4.

<sup>6</sup> *Id.* at 4, 6; Letter from James E. Tyrell III, Counsel, to Ana Peña-Wallace, FEC at 2 (Nov. 24, 2021).

<sup>7</sup> IFN/LZP Document Production at 1.

discovery request to information about contributions that IFN received during that month.<sup>8</sup> Had that information been provided we would have interviewed the contributors and determined whether additional investigation would be necessary. In light of delays in receiving the requested information and in an effort to expedite the remaining portion of the investigation of this matter, the attached subpoenas seek information from March 1, 2018, through October 31, 2018, which covers the entire time period during which LZP made contributions to Honor PAC. Based on IFN's 2018 Form 990 filed with the Internal Revenue Service, it appears that the number of contributions that IFN received did not exceed seven that year, and therefore the subpoena requests would not be unduly burdensome.<sup>9</sup>

We had also requested bank records directly from IFN and LZP, but IFN and LZP submitted only redacted bank statements.<sup>10</sup> The bank statements they produced redacted IFN's and LZP's mailing addresses, details concerning wire transfers that were made on various dates in March, April, and October 2018, and redacted the name and address of the bank. It appears based on the bank records, that IFN received four deposits by wire transfer in March 2018 and one in April 2018.<sup>11</sup> Of particular note, it appears that on March 28, 2018 — the day on which LZP made its first and largest contribution to Honor PAC of \$175,000 — IFN received a deposit of \$200,000 and, later that day, transferred \$180,000 to LZP.<sup>12</sup> Based on the account balances reflected in the redacted bank statement, IFN would not have had sufficient funds in that account to make this transfer to LZP but for the deposit of \$200,000 earlier that day from an unknown source.<sup>13</sup> Attached are subpoenas directed to IFN to submit documents and an order to submit written answers seeking the same information we previously requested from them informally and a template subpoena to the financial institutions that IFN identifies in response to the subpoena.

Similarly, we requested to informally interview IFN director Raymond McVeigh, but he has declined our request through his counsel.<sup>14</sup> However, questions remain regarding the creation of LZP and Honor PAC, their purpose, and whether they were created in an effort to disguise the true source of contributions being made for the purpose of influencing an election. As a result, speaking to McVeigh is necessary for the investigation of this matter.

Given the number of opportunities we have already provided to Respondents to produce the requested information, and the fact that Respondents have declined to cooperate further despite our narrowing the scope of our inquiry, we recommend that the attached subpoenas be authorized. Respondents have requested pre-probable cause conciliation, but in

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<sup>8</sup> IFN/LZP RTB Resp. at 3.

<sup>9</sup> IFN's Form 990 lists only 7 contributions for 2018, but the names and addresses on the form have been redacted. *See* IRS Form 990, IFN 2018 Return of Organization Exempt from Income Tax, Schedule B at 19 (November 15, 2019), <https://www.documentcloud.org/documents/6773070-Independence-and-Freedom-Network-Inc-2018-990.html>.

<sup>10</sup> *See* IFN/LZP Document Production, Exs. A-F. The only bank details that appear unredacted is the bank information for Honor PAC. *Id.*, Exs. A-C.

<sup>11</sup> IFN/LZP Document Production, Exs. D-E.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Letter from Ana Peña-Wallace, FEC to James E. Tyrell III, Counsel for IFN/LZP (Nov. 12, 2021); Letter from James E. Tyrell III, Counsel for IFN/LZP to Ana Peña-Wallace, FEC (Nov. 24, 2021).

light of the remaining questions surrounding the contributions in the name of another violations, we believe that the investigation should be completed first before proceeding to the next stage of the enforcement process. Additionally, IFN's argument that the matter should be closed because IFN and LZP have dissolved is likewise unpersuasive.<sup>15</sup> Both entities dissolved at the end of 2020 even though they had each already been notified about the Complaint and Amended Complaint in this matter and were aware of the pending Matter Under Review.<sup>16</sup> Closing the investigation for that reason would incentivize Respondents in other matters to do the same with the expectation that they would not be subject to further Commission enforcement. Moreover, the proposed steps are necessary to investigate whether Unknown Respondents made contributions in the name of another and may aid in the investigation of whether Honor PAC knowingly accepted contributions in the name of another.<sup>17</sup>

Thus far, Respondents have each submitted two signed tolling agreements of 30 days each. Therefore, the statute of limitations in this matter does not begin to run until May 2023.

Accordingly, we ask that the Commission approve on a 48-hour no-objection basis the attached subpoena and order to IFN, a deposition subpoena to Raymond McVeigh, and a proposed template subpoena to be directed to IFN's financial institutions.

Attachments:

1. Subpoena to Produce Documents and Order to Submit Written Answers to Independence and Freedom Network, Inc.
2. Deposition Subpoena to Raymond McVeigh.
3. Template Subpoena to Produce Documents and Order to Submit Written Answers to Bank.

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<sup>15</sup> Letter from James E. Tyrell III, Counsel for IFN/LZP to Ana Peña-Wallace, FEC, at 3 (Nov. 24, 2021).

<sup>16</sup> Compl. Notif. Ltrs. (Aug. 14, 2018); Am. Notif. Ltrs. (June 5, 2020). Copies of each of the notification letters were also sent to IFN and LZP's registered agent, James Ryan.

<sup>17</sup> IFN also argues that the request that it identify its donors does not satisfy the exacting scrutiny standard articulated by the Supreme Court in *Americans for Prosperity Foundation v. Bonta*, 141 S. Ct. 2373 (2021), however IFN does not make clear why the requests at issue would fail to satisfy this standard other than to repeat its assertion that IFN's donors are irrelevant to this matter. As made clear by the proposed subpoena, OGC has endeavored to request donor information as narrowly as possible while enabling an investigation of whether Unknown Respondents made contributions to Honor PAC through IFN and LZP.