



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

Aaron Rabinowitz *AR*
Attorney

SUBJECT: MUR 7464 (Unknown Respondent)

RE: Notification of Respondent

On May 20, 2021, the Commission found reason to believe that Unknown Respondents violated 52 U.S.C. § 30122 by making \$270,000 in contributions in the name of another by using as conduits Independence and Freedom Network, Inc. (“IFN”) and its disregarded entity, LZP LLC to an independent expenditure only political committee, Honors and Principles PAC (“Honor PAC”) in 2018.¹ The Office of the General Counsel began an investigation to identify the Unknown Respondents.

Subsequently, based on documents and written responses provided in response to the subpoena to IFN and LZP, that the Commission approved on March 8, 2022, we identified Ohio Works as the source of the funds used to make contributions from IFN’s disregarded entity, LZP, LLC, to Honor PAC. Those documents and written responses show that Ohio Works donated the following amounts to IFN during the relevant time period: \$30,000 on March 7, 2018; \$200,000 on March 28, 2018, \$120,000 on April 6, 2018; and \$2,000 on May 7, 2018. LZP, LLC, made the following contributions to Honor PAC: \$175,000 on March 28, 2018, \$50,000 on April 6, 2018; \$10,000 on April 18, 2018; and \$35,000 on October 19,

¹ Cert. (May 27, 2021).

2018.²

Based on this information, we notified the Commission on May 4 that, consistent with previous Commission practice in complaint-generated matters involving initially unknown respondents, we intended to notify Ohio Works about the allegations made in the Complaint and offer it an opportunity to respond. We subsequently did so and, after Ohio Works responded to the complaint, requested information and documents. Ohio Works has since provided bank records and identified relevant donor information showing the following:

- Ohio Works received two payments in the two weeks prior to its March 28, 2018, payment of \$200,000 to IFN. On March 27, 2018, it received \$150,000 from an energy company named AEP, and, on March 14, 2018, it received \$50,000 from

It further appears that Ohio Works did not have sufficient funds to make its March 28, 2018, payment to IFN absent these payments from AEP and

- Prior to Ohio Works' \$120,000 payment to IFN on April 6, 2018, it received a payment of \$100,000 from an individual named _____ on April 3, 2018. It appears that Ohio Works did not have sufficient funds to make its April 6, 2018 payment to IFN absent this payment from
- The source or sources of the remaining \$52,000 Ohio Works paid to IFN is not certain, however AEP, _____ made other payments to Ohio Works that exceed the \$52,000 such that any of them may have been the source of those funds.
- AEP, _____ made other payments to Ohio Works that paid for donations to other entities that appear to be unrelated to the ultimate contributions to Honor PAC. In particular, all three also provided other funds to Ohio Works that were used to make a \$500,000 payment to an apparently-unrelated 501(c)(4) named Prosperity Alliance Inc. on March 7, 2018.

At present, the available information suggests that AEP, _____ provided funds to Ohio Works for the specific purpose of making the ultimate contribution to Honor PAC. To date, none of the respondents have provided any documents or other information that would provide an alternative explanation for the string of payments resulting in the contributions at issue. Given the information that we do have, including the close temporal proximity between the payments from AEP, _____ and the ultimate contributions, and consistent with previous Commission practice in complaint-generated matters involving initially unknown respondents,³ we intend to notify AEP, _____ about the allegations made in the Complaint and offer them an opportunity to respond. We recognize that AEP, _____ may be able to offer alternative explanations for the transfers, and we will present such information to the Commission as it becomes available and consider it when formulating any future recommendations in this matter.

² *E.g.*, Factual & Legal Analysis at 2 (Independence and Freedom Network, *et al.*).

³ *See, e.g.*, MUR 7355 (Heller for Senate) (open matter); MUR 6838 (Aossey); MUR 6642 (Kauffman).