



**FEDERAL ELECTION COMMISSION**  
Washington, DC 20463

March 1, 2023

**VIA EMAIL**

James E. Tyrrell III  
Venable LLP  
600 Massachusetts Ave., NW  
Washington, DC 20001  
[jetyrrell@venable.com](mailto:jetyrrell@venable.com)

RE: MUR 7464

Dear Mr. Tyrrell:

Based on a complaint filed with the Federal Election Commission (the "Commission") on August 9, 2018, an amended complaint filed on May 29, 2020, and information supplied by your client, Honor and Principles PAC and Lisa Lisker in her official capacity as treasurer, on May 20, 2021, the Commission found reason to believe that your client violated 52 U.S.C. § 30122 and authorized an investigation in this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that your client violated 52 U.S.C. § 30122.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of

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General Counsel ordinarily will not give extensions beyond 20 days and may require that you toll the running of statute of limitations before granting such an extension.

You may also request additional information gathered by the Commission in the course of its investigation in this matter. *See* Agency Procedure for Disclosure of Documents and Information in the Enforcement Process, 76 Fed. Reg. 34986 (June 15, 2011). For your convenience, the documents collected and relied on in the brief are also attached.

In addition, you may also request an oral hearing before the Commission. *See* Procedural Rules for Probable Cause Hearings, 72 Fed. Reg. 64919 (Nov. 19, 2007) and Amendment of Agency Procedures for Probable Cause Hearings, 74 Fed. Reg. 55443 (Oct. 28, 2009). Hearings are voluntary, and no adverse inference will be drawn by the Commission based on a respondent's decision not to request such a hearing. Any request for a hearing must be submitted along with your reply brief and must state with specificity why the hearing is being requested and what issue you plan to address. The Commission will notify you within 30 days of your request for a hearing as to whether or not the request has been granted. If you request a probable cause hearing, the Commission may request that you toll the statute of limitations in connection with that hearing. *Id.* at 64,920.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement. If we are unable to reach an agreement after 30 days, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty. *See* U.S.C. § 30109(a)(6)(A).

Should you have any questions, please contact Aaron Rabinowitz, the attorney assigned to this matter, at (202) 694-1774 or [arabinowitz@fec.gov](mailto:arabinowitz@fec.gov).

Sincerely,



Lisa J. Stevenson  
Acting General Counsel

Enclosures:

Brief  
Supporting Documents



1           The Commission, on July 23, 2019, found reason to believe that Honor PAC knowingly  
2   accepted contributions in the name of another in violation of 52 U.S.C. § 30122.<sup>4</sup> The  
3   Commission found that the proximity between LZP's formation and its first contribution to  
4   Honor PAC, LZP's apparent lack of any other activity, and information provided in IFN's IRS  
5   filings indicated that LZP received funds for the specific purpose of making the contributions to  
6   Honor PAC in LZP's name.<sup>5</sup> The Commission also found that the timing of Honor PAC's  
7   formation and its first disbursement, which occurred a day after LZP's first transfer into Honor  
8   PAC, raised the inference that it had knowledge of and was involved in the conduit contribution  
9   scheme.<sup>6</sup>

10           The Office of General Counsel ("OGC") conducted an investigation to gather  
11   information about the formation of LZP and Honor PAC and the transfers of funds that  
12   ultimately resulted in contributions to Honor PAC. The information obtained during the  
13   investigation further buttresses the Commission's finding of reason to believe that Honor PAC  
14   violated 52 U.S.C. § 30122. Tom Norris, who exercised operational control over IFN, LZP, and  
15   Honor PAC, acknowledged that he and an associate, Joel Riter, formed LZP and Honor PAC for  
16   the specific purpose of having IFN transfer funds to LZP to be thereafter transferred to Honor  
17   PAC so that those funds could be used to pay for certain independent expenditures in an Ohio  
18   state race. He further acknowledged that when IFN transferred funds to LZP it was with the full  
19   knowledge and intent that they be thereafter transferred to Honor PAC. LZP's bank records and  
20   other information obtained during the investigation confirm that LZP was created and used for

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<sup>4</sup> F&LA at 1. The Commission also found reason to believe that Honor PAC failed to properly attribute LLC contributions in connection with one contribution made several months after the others. *Id.* at 1, 14.

<sup>5</sup> F&LA at 9-10.

<sup>6</sup> F&LA at 10-11.

1 no other purpose than to act as a conduit between IFN and Honor PAC. And, as the Commission  
2 previously noted, the timing of the transactions at issue, in particular the fact that IFN transferred  
3 \$180,000 to LZP on March 28, 2018, mere hours before LZP transferred \$175,000 of those funds  
4 to Honor PAC, further confirms that LZP acted as a conduit. Moreover, because Norris and  
5 Riter had full knowledge of these activities and controlled Honor PAC, including by hiring  
6 Honor PAC's treasurer and forming the IEOPC, creating the advertisements that Honor PAC  
7 paid for and directing that Honor PAC make each disbursement for media-related activity that it  
8 made, Honor PAC knowingly received contributions in the name of another.

9 Based on the record before the Commission, OGC is prepared to recommend that the  
10 Commission find probable cause to believe that Honor PAC knowingly accepted contributions in  
11 the name of another in violation of 52 U.S.C. § 30122.

## 12 **II. FACTS**

### 13 **A. Independence and Freedom Network**

14 In 2017, political consultants Tom Norris and Joel Riter recruited Raymond McVeigh to  
15 serve as the sole director and officer of IFN, a newly created social welfare nonprofit organized  
16 under section 501(c)(4) of the tax code.<sup>7</sup> Although McVeigh held the positions of President,  
17 Secretary, and Treasurer of IFN,<sup>8</sup> he played almost no substantive role in running the

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<sup>7</sup> Raymond McVeigh Dep. at 13:12-22; 14:12-25 (Jan 6, 2023) (“Q: So can you tell me what was your role in the planning and creation of IFN? A: I was approached by Tom Norris, who was a business associate and a friend of mine. He asked if I would form the organization for them, and I did. I had documents sent to me by Mr. Langdon. I signed the documents. I sent them back. Q: What did Mr. Norris tell you about why the organization was being formed? A: It was being formed to promote conservative principles and issues in Ohio. Q: Did Mr. Norris explain to you why he was asking you to be involved? A: No. He asked as a favor, and I did it.”); IRS Form 990, IFN, 2018 Return of Organization Exempt from Income Tax (Nov. 15, 2019) (“IFN 2018 990”), In an interview, Norris stated that this was one of several similar organizations he has formed with Riter.

<sup>8</sup> IFN Directors' Action by Written Consent in Lieu of Organizational Meeting (McVeigh 000122-144).

1 organization, which was actually controlled, without public identification, by Norris and Riter.<sup>9</sup>  
2 IFN's 2018 IRS Form 990 annual tax return represents that its mission is "to promote solutions  
3 to pressing public policy problems related to individual liberty and the expansion of personal  
4 freedom."<sup>10</sup> And it represented that its planned activities include research and policy analysis,  
5 public education, issue advocacy and grassroots lobbying activities.<sup>11</sup> IFN's Articles of  
6 Incorporation state that one of its purposes is "to promote the common good and general welfare  
7 of the citizens of the United States of America."<sup>12</sup>

8 In 2018, IFN reported raising \$2,936,702 in contributions and grants and had \$2,822,777  
9 in expenses.<sup>13</sup> It reported making \$1,120,000 in contributions to Section 527 political  
10 organizations, which accounted for 39.6 percent of its overall spending that year.<sup>14</sup> Along with  
11 reporting making \$270,000 in contributions to Honor PAC, IFN also paid \$850,000 to Onward

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<sup>9</sup> McVeigh Dep. at 19:2-22 ("Q: Did you have any conversations around the time of IFN's formation with Mr. Riter about what specific activities IFN would be used -- would be engaging in? A: No. Q: Did you have any conversations with Mr. Norris around that time about what specific activities IFN would engage in? A: No. Q: Did you have any conversations with anyone other than those two people about what specific activities IFN would be likely to be engaged? A: Conversations? No. Q: What about other communications other than conversation? A: At the time that I signed the application for tax exemption, in that document, there were some representations as to what the organization would be doing and the scope of its budget. I reviewed those before signing, and that's the information that I had with respect to what activities IFN would be doing."); *See also* Email from James Tyrrell, counsel, to Aaron Rabinowitz, FEC (Jan. 24, 2023) ("In managing IFN, Mr. Riter and Mr. Norris did not have any regular correspondence with Mr. McVeigh regarding the group and never had any correspondence with Mr. McVeigh regarding the group's financial transactions, donors, activities, plans, etc."). In an interview, Norris represented that, despite being IFN's sole officer and director, McVeigh did not have a particularly substantive role in its operations. In an interview, Riter stated that he did not recall any conversations with McVeigh regarding forming LZP or any subsidiary of IFN, or in forming Honor PAC.

<sup>10</sup> IFN 2018 990 at 1.

<sup>11</sup> IFN Form 1024, Application for Recognition of Exemption under Section 501(c)(4) of the Internal Revenue Code (Nov. 15, 2017), (McVeigh 000001-31).

<sup>12</sup> IFN Directors' Action by Written Consent in Lieu of Organizational Meeting (McVeigh 000122-144).

<sup>13</sup> IFN 2018 990 at 1.

<sup>14</sup> *Id.*, Schedule C.

1 Ohio Inc. on March 16, 2018.<sup>15</sup> It also made grants to other organizations that year of  
2 \$1,100,000 to Security is Strength LLC and \$8,425 to MORCC.<sup>16</sup>

3 On April 20, 2017, Norris sent McVeigh an email stating:

4 Hello Ray, I hope you are well. I know we talked about you being  
5 on the Board of a C4 a while ago so I hope you are still willing to  
6 be on the “dark side”. We are establishing some more c4s for the  
7 18 cycle so we can help elect folks to push the Presidents [sic]  
8 agenda.

9 The Board of which you will serve is the Independence and  
10 Freedom Network. Please see below and follow our attorney's  
11 instructions if you so agree.<sup>17</sup>

12 In an interview, Norris explained that his comment to McVeigh that he would be joining the  
13 “dark side” was meant as a joke that referenced a segment by Rachel Maddow accusing Norris of  
14 running a “dark money” operation.

15 After the organization was formed, McVeigh signed paperwork giving Norris and Riter  
16 authority to create a bank account and make disbursements on behalf of IFN.<sup>18</sup> IFN and LZP  
17 have represented that McVeigh also gave Norris and Riter general authority to act on behalf of  
18 the organization in any way that would further its aims.<sup>19</sup> After the organization was formed,  
19 Norris and Riter began running its operations without communicating any information to

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<sup>15</sup> *Id.*; Onward Ohio 2018 April Quarterly Report at 6 (Apr. 15, 2018).

<sup>16</sup> IFN 2018 990 Schedule I.

<sup>17</sup> Email from Tom Norris to Raymond McVeigh (April 20, 2017) (McVeigh 000109).

<sup>18</sup> Directors' Action by Written Consent in Lieu of Organizational Meeting (McVeigh 000122).

<sup>19</sup> January 24, 2023 Email from Tyrrell to Rabinowitz (“Pursuant to Article IV of IFN’s bylaws, Mr. McVeigh, as sole Director, authorized Mr. Riter and Mr. Norris, as agents of IFN, to manage the group. Mr. McVeigh’s authorization was general and not confined to specific instances.”). In an interview, Riter represented that he recalled that McVeigh granted him and Norris authority to operate IFN. McVeigh has testified that he does not recall giving Norris and Riter authority outside of the banking authority described above. McVeigh Dep. at 52:2-22 2.

1 McVeigh about what IFN was doing.<sup>20</sup> McVeigh testified that he was under the impression that  
2 the organization simply never got off the ground until Norris and Riter presented him with  
3 dissolution paperwork for IFN and LZP in 2020.<sup>21</sup>

#### 4 **B. Formation of LZP, LLC, and Honor and Principles PAC**

5 After forming LZP, Norris and Riter created two additional entities. The first, LZP, LLC,  
6 is a Domestic Nonprofit Limited Liability Company organized and registered in Ohio and  
7 formed on March 27, 2018, as an IFN subsidiary.<sup>22</sup> The second, Honor PAC, is an independent  
8 expenditure-only committee (“IEOPC”) that first registered with the Commission on March 26,  
9 2018.<sup>23</sup> Riter hired Lisa Lisker to serve as its treasurer.<sup>24</sup> Honor PAC also filed a statement of  
10 organization with the state of Ohio as a Super PAC, but does not appear to have filed any other  
11 reports with the state.<sup>25</sup> In an interview, Norris stated that he directed that LZP and Honor PAC  
12 be formed for the purpose of paying to create and distribute advertisements in connection with  
13 the Ohio State Representative race between Ohio State Representative Larry Householder and  
14 Kevin Black.

15 Norris and Riter directed that LZP be formed and opened its bank account.<sup>26</sup> IFN  
16 reported on its 2018 Form 990 that LZP is treated as a disregarded entity for federal tax purposes

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<sup>20</sup> *Supra* note 9 and accompanying text.

<sup>21</sup> McVeigh Dep., at 47:23-48:15; 62:8-12.

<sup>22</sup> *See LZP, LLC Articles of Organization* (eff. date Mar. 27, 2018), Business Search, Ohio Sec. of State, <https://businesssearch.ohiosos.gov/?=businessDetails/4158880>.

<sup>23</sup> Honor and Principles PAC, FEC Form 1, Statement of Organization (Mar. 26, 2018).

<sup>24</sup> *Id.*

<sup>25</sup> 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,simpl](https://www6.ohiosos.gov/ords/f?p=CFDISCLOSURE:39:::NO:RP:P39_ENTITY_ID,P39_LISTTYPE:14969,simpl).

<sup>26</sup> Email from James E. Tyrrell III, counsel, to Aaron Rabinowitz, FEC (Jan. 24, 2023) (“it would have either been Mr. Norris or Mr. Riter who reached out to Jamie Ryan at Bailey Cavalieri to create LZP. Once LZP was created by Bailey Cavalieri, it would have either been Mr. Norris or Mr. Riter who communicated with Chain



1 and represented that LZP had a total income of \$271,000 for that year.<sup>27</sup> In an interview, Norris  
2 stated that LZP was created for the specific purpose of transferring funds from IFN to it and then  
3 to Honor PAC, and when Norris had IFN transfer funds to LZP he knew at the time that they  
4 would thereafter be transferred to Honor PAC.

5 Riter instructed Lisker to form Honor PAC and told her that it would be used to make  
6 independent expenditures in non-federal elections in Ohio.<sup>28</sup> Riter told Lisker that Honor PAC  
7 was going to be receiving high-dollar contributions (as opposed to soliciting small dollar direct  
8 mail contributions) and that it would only be active for one election cycle.<sup>29</sup> LZP made no other  
9 contributions and engaged in no other activity other than the transfers to Honor PAC described  
10 below.<sup>30</sup> In interviews, Norris and Riter represented that they formed Honor PAC because they  
11 understood that Ohio did not have an equivalent state organization as a federal IEOPC but that it  
12 would accept FEC filings from a federal IEOPC that made expenditures in connection with state  
13 races.

14 In an interview, Norris stated that he wanted to create LZP based on his understanding of  
15 how another organization, Arabella Advisors, was reported to have operated under multiple  
16 organization names around that time. Around the period in question, various articles appear to  
17 have alleged that Arabella Advisors was a “dark money” organization that formed subsidiaries to

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Bridge Bank to open a bank account for LZP. Brad Elgin, a Certified Public Accountant who regularly works with Mr. Norris and Mr. Riter on various clients and projects, was the signer on the LZP account, and he would have been the one who initiated any wire transfers to Honor and Principles PAC.”).

<sup>27</sup> IFN 2018 990 at 5; *Id.* at Schedule R.

<sup>28</sup> Lisa Lisker Dep. at 7:18-8:2; 9:1-16 (Dec. 19, 2022). Lisker did not recall communicating with anyone else about forming Honor PAC. *Id.* at 12:5-13:10.

<sup>29</sup> Lisker Dep. at 20:20-21:6; 22:6-11.

<sup>30</sup> Letter from James E. Tyrrell III, counsel, to Ana J Peña-Wallace, FEC, at 2 (Nov. 24, 2021); Resp. to Mar. 18, 2022, Subpoena to IFN (“Subpoena Resp.”) at IFN007-9.

1 hide the sources of funds used for advocacy work.<sup>31</sup> In an interview, Norris also stated that he  
2 believed that forming LZP would be helpful in protecting IFN if an organization filed a  
3 complaint with the Commission in connection with LZP's activity.

#### 4 **C. Receipt of Funds into IFN**

5 In an interview, Norris represented that he initially developed the idea of creating  
6 advertisements connected to the race between Householder and Black and asked a media vendor  
7 he knew, Nick Everhart, to see if he could find funding for those advertisements through  
8 Everhart's connections in the Ohio political sphere. According to Norris, Everhart thereafter  
9 called Norris back and told him that he had secured funding. Norris did not recall whether  
10 Everhart was told these independent expenditures were going to be done through a federal PAC,  
11 or whether Everhart would have conveyed such information to donors.

12 IFN thereafter received specific funds that were used to pay for the advertisements in the  
13 Householder/Black race from an entity called Ohio Works. Ohio Works represents that it is a  
14 501(c)(4) formed in the state of Ohio on March 29, 2017, with the purpose of promoting  
15 entrepreneurship, economic growth, and the development of 21st century jobs in Ohio for the  
16 common good and general welfare of all people residing within the state. Ohio Works  
17 transferred \$30,000 to IFN on March 7, 2018, \$200,000 to IFN on March 28, 2018, \$120,000  
18 April 6, 2018, and \$2,000 on May 8, 2018.<sup>32</sup> As discussed in more detail below, IFN would not

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<sup>31</sup> E.g., Lachlan Markay, *Left-Wing Front Groups Make Anti-Trump Money Untraceable*, The Washington Free Beacon (Feb. 22, 2017), available at <https://freebeacon.com/issues/left-wing-front-groups-make-anti-trump-money-untraceable/>; Diana Moskovitz, *What the Hell Is The Hopewell Fund?*, Deadspin.com (Dec. 1, 2017), available at <https://deadspin.com/what-the-hell-is-the-hopewell-fund-1820881123>.

<sup>32</sup> Subpoena Resp. at 3, IFN001, IFN003, IFN004.

1 have had sufficient funds to transfer \$180,000 to LZP on March 28, 2018 had it not received  
2 \$200,000 from Ohio Works earlier that same day.<sup>33</sup>

3 According to information provided by Melissa McNulty in an interview, the organization  
4 was run by three individuals: Tod Bowen, who was responsible for fundraising, Terry Donelon,  
5 who was responsible for authorizing expenditures, and McNulty, whose responsibilities were  
6 administrative. McNulty and Donelon represented in interviews that, after Ohio Works's  
7 formation, these three individuals never communicated with one another about the activities they  
8 were engaging in, except that Bowen might inform McNulty that funds would be coming in, and  
9 Donelon would instruct McNulty to wire funds to specific parties. According to Donelon, this  
10 was done because of concerns that they believed they otherwise could be accused of impropriety  
11 or illegality.

12 Ohio Works received the funds it transferred to IFN from three sources:

13 which provided \$50,000 to Ohio works on March 14, 2018; an entity called  
14 , which Ohio Works understood to be affiliated with a power  
15 company named American Electric Power ("AEP") and which provided \$150,000 to Ohio  
16 Works on March 27, 2018; and who provided \$100,000 to Ohio Works  
17 on April 3, 2018.<sup>34</sup> A review of receipts and disbursements from Ohio Works's bank account  
18 establishes that it would not have had sufficient funds to transfer \$200,000 to IFN on March 28,  
19 2018, without receiving \$200,000 from and

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<sup>33</sup> *Infra* Section II.D.

<sup>34</sup> Letter from Christopher N. Slagle, counsel for Ohio Works, to Charles Kitcher, FEC, at 3 (July 27, 2022) ("Slagle Letter").

1 earlier that month.<sup>35</sup> And it would not have had sufficient funds to transfer \$120,000  
 2 to IFN on April 6, 2018, without receiving \$100,000 from three days prior.<sup>36</sup>  
 3 represented that was asked to make a donation to Ohio Works by Ohio State  
 4 Representative Ryan Smith, who at the time was working to build support to become the next  
 5 Speaker of the Ohio House of Representatives over Householder, who was also seeking this  
 6 role. had been a longtime public supporter of Smith and opponent of Householder, and  
 7 represented that therefore agreed to support Smith by making a \$100,000 donation to Ohio  
 8 Works.<sup>38</sup> represented that did not anticipate that the funds provided would be used  
 9 for any specific purpose. An executive in AEP's lobbying department also represented in an  
 10 email that he understood that "Ohio Works is the c4 supportive of Rep Ryan Smith."<sup>40</sup>

11 In an interview, Donelon stated that he had a meeting with Riter at which Riter  
 12 represented that IFN shared similar broad goals as Ohio Works and that Ohio Works should  
 13 donate to IFN on that basis. Riter, however, represented in an interview that he did not generally

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<sup>35</sup> *Id.* at Ex. 1.

<sup>36</sup> *Id.*

<sup>38</sup> *Id.* ¶¶ 10-13; *see also*

(discussing public financial support of Smith and the competing efforts of Smith and Householder to become speaker).

<sup>40</sup> Email from AEP, to AEP (Nov. 21, 2017), According to publicly available information, AEP also paid \$700,000 to an organization supporting Householder's campaign during the same time period that its funds were used to finance Honor PAC's advertisements attacking Householder and supporting his primary opponent. Betsy Reed, *Ohio Republicans Accused of Taking \$60m in Bribes as Corruption Trial Opens*, THE GUARDIAN, available at <https://www.theguardian.com/us-news/2023/jan/23/ohio-republican-larry-householder-corruption-trial> ("Another company that paid \$700,000 into Generation Now, American Electric Power, was allowed to charge Ohio electricity customers \$1.50 a month to subsidize ailing coal plants it owned. It has not been charged. A spokesman for the company said it 'actively participate(s) in the political process in an ethical and lawful manner'").

1   fundraise for IFN and did not recall this conversation. Neither Ohio Works nor the Respondents  
2   provided any written communications regarding Ohio Works's decision to provide funds to IFN.  
3   In interviews, Donelon, Norris, and Riter all represented that there were no other substantive  
4   communications about Ohio Works's decision to donate to IFN either before or after Ohio  
5   Works made transfers totaling \$350,000 to IFN. Donelon also represented that he did not  
6   discuss Honor PAC with Riter and was not aware of what IFN would use the money for until  
7   after learning of the advertisements that Honor PAC paid for.

8           **D.     Funding of Contributions to Honor and Principles PAC**

9           On March 28, 2018, the same day that IFN received \$200,000 from Ohio Works, IFN  
10   transferred \$180,000 into LZP,<sup>41</sup> which then transferred \$175,000 to Honor PAC also on the  
11   same day.<sup>42</sup> According to IFN's bank records, it would not have had sufficient funds to provide  
12   to LZP absent the infusion of funds it received from Ohio Works, as its balance prior to receiving  
13   \$200,000 from Ohio Works was \$79,860.<sup>43</sup> Honor PAC then made a \$163,838 disbursement on  
14   March 29, 2018, to Target Enterprises, LLC, for a "Non Federal IE-Media Buy."<sup>44</sup>

15           IFN then transferred \$50,000 to LZP on April 6, 2018, \$6,000 on April 17, 2018 and  
16   \$35,000 on October 17, 2018.<sup>45</sup> LZP then provided \$50,000 to Honor PAC on April 6, 2018,  
17   \$10,000 on April 18, 2018, and \$35,000 on October 19, 2018.<sup>46</sup> Honor PAC also reported

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<sup>41</sup> Subpoena Resp. at IFN003.

<sup>42</sup> *Id.* at IFN006; Honor and Principles PAC 2018 April Quarterly Report at 6 (Apr. 15, 2018).

<sup>43</sup> Subpoena Resp. at IFN002-IFN003.

<sup>44</sup> Honor and Principles PAC 2018 April Quarterly Report at 8.

<sup>45</sup> Subpoena Resp. at IFN005, IFN009.

<sup>46</sup> Honor PAC 2018 July Quarterly Report at 6 (July 14, 2018); Honor PAC 2018 Post-General Report at 6, 7 (Dec. 6, 2018).

1 additional disbursements of \$49,000 to SOM Media, LLC for “non federal voter calls” and “non  
2 federal-direct mail” as well as \$15,000 to Target Enterprises LLC for “non federal-media buy.”<sup>47</sup>

3 Honor PAC’s disbursements paid for a series of advertisements criticizing Householder  
4 and endorsing Black, which aired in Ohio around this time.<sup>48</sup>

5 Riter told Lisker that Honor PACs contributions were coming from LZP and did not  
6 provide any attribution information or other information about the prior sources of the funds at  
7 that time, and Lisker reported the contributions as coming from LZP on that basis.<sup>49</sup> Riter  
8 instructed Lisker to make each disbursement that was made in connection with the independent  
9 expenditures Honor PAC paid for.<sup>50</sup> Honor PAC has never reported receiving any other funds,  
10 although it amended its reports to attribute the contributions to IFN after the Commission found  
11 reason to believe in this matter, as detailed below.<sup>51</sup>

12 In total, Ohio Works transferred \$352,000 to IFN, IFN transferred \$271,000 to LZP, LZP  
13 transferred \$270,000 to Honor PAC, and Honor PAC reported making \$227,838 in media related  
14 disbursements. The following chart summarizes the relevant transactions between the parties  
15 described above:

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<sup>47</sup> Honor PAC 2018 July Quarterly Report at 7-8.

<sup>48</sup> See Medium Buying, TWITTER (Apr. 1, 2018, 8:37 PM), <https://twitter.com/MediumBuying/status/980605173247758336>; 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>.

<sup>49</sup> Lisker Dep. at 19:13-20-12.

<sup>50</sup> *Id.* at 34:1-10.

<sup>51</sup> See *FEC Receipts: Filtered Results*, FEC.GOV, [https://www.fec.gov/data/receipts/?data\\_type=processed&committee\\_id=C00674291](https://www.fec.gov/data/receipts/?data_type=processed&committee_id=C00674291) (reflecting receipts to Honor PAC from formation to the present) (last visited Feb. 21, 2023); *supra* Section II.E.

<b>Transfer</b>	<b>Date</b>	<b>Amount</b>
Ohio Works->IFN	March 7, 2018	\$30,000
>Ohio Works	April 14, 2018	\$50,000
AEP->	April 27, 2018	\$150,000
Ohio Works->IFN	March 28, 2018	\$200,000
IFN->LZP	March 28, 2018	\$180,000
LZP->Honor PAC	March 28, 2018	\$175,000
Honor PAC Media Buy (Target Enterprises LLC)	March 29, 2018	\$163,838
>Ohio Works	April 3, 2018	\$100,000
Ohio Works->IFN	April 6, 2018	\$120,000
IFN->LZP	April 6, 2018	\$50,000
LZP->Honor PAC	April 6, 2018	\$50,000
Honor PAC Media Buy (SOM Media, LLC)	April 4, 2018	\$11,000
Honor PAC Media Buy (Target Enterprises LLC)	April 9, 2018	\$15,000
Honor PAC Media Buy (SOM Media, LLC)	April 11, 2018	\$19,250
IFN->LZP	April 17, 2018	\$6,000
LZP->Honor PAC	April 18, 2018	\$10,000
Honor PAC Media Buy (SOM Media, LLC)	April 18, 2018	\$18,750
Ohio Works->IFN	May 8, 2018	\$2,000
IFN->LZP	October 17, 2018	\$35,000
LZP->Honor PAC	October 19, 2018	\$35,000

1           **E.       Events Following FEC Complaint**

2           The Commission received the original Complaint in this matter on August 9, 2018,  
3           describing Honor PAC 's receipt of the funds in question from LZP.<sup>52</sup> The Commission then  
4           received an amended Complaint on May 29, 2020.<sup>53</sup>

5           In December, 2020, Norris and Riter sent McVeigh dissolution paperwork for IFN and  
6           LZP.<sup>54</sup> McVeigh testified that this was the first time that he had heard of LZP or learned that  
7           IFN had engaged in any activity.<sup>55</sup> He further testified that during the conversation Norris and  
8           Riter stated that they would not have made the contributions if they had been aware of the  
9           Commission's guidance regarding the requirement that LLC that are taxed as partnerships must  
10          attribute their contributions to IEOPCs.<sup>56</sup> McVeigh signed the Certificate of Dissolution for IFN

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<sup>52</sup> Compl. (Aug. 9, 2018).

<sup>53</sup> Am. Compl. (May 29, 2020).

<sup>54</sup> IFN Ohio Certificate of Dissolution (Dec. 29, 2020) (McVeigh 000079-85), Email from Joel Riter to Raymond McVeigh (Dec. 15, 2020) (McVeigh 000115-6), Email from Joel Riter to Raymond McVeigh (Dec. 16, 2020) (McVeigh 000117).

<sup>55</sup> McVeigh Dep. 10:13-11:2; 47:23-48:15 ("Q: Did you have any other communications around that time with Mr. Riter about dissolving LZP, LLC? A: I'm sure I had a conversation. When I got the email with the dissolution documents, know we talked about it. But I don't recall specifically a date or a specific conversation. Q: Well, do you recall the substance of those conversations? A: Yes. Q: And what was the substance of those conversations? A: The substance was me saying, what's this all about? What is LZP? And what's going on here? And finding out at that point that IFN had been active for a period of time and being told that LZP was there for accounting purposes to simplify accounting and that everything was being -- everything -- that IFN and LZP needed to be dissolved.").

<sup>56</sup> McVeigh Dep. at 26:11-23 ("Q: So what else did you talk about in relation to that topic? A: Mr. Norris and/or Mr. Riter advised that IFN had made contributions to a wholly owned entity which had then made some contributions and that the FEC was investigating those contributions and that at the time the contributions were made there was nothing prohibiting them but that subsequent guidance had come out that made the contributions -- that had they known that guidance before the contributions would not have been made and that they thought that this would be resolved through the FEC on that basis, that they were appropriate at the time made."); 27:7-11 ("They said that if IFN had known at the time the contributions were made the guidance that was subsequently available with respect to those types of contributions that IFN would not have made the contributions."). *But see id.* at 57:23-58:12 ("Q: Did they tell you that they would not have engaged in the transactions at issue if they knew the FEC disclosure reports would disclose IFN as the contributor? A: No, that was not the substance of our conversation. Q: . . . Did Mr. Norris or Mr. Riter ever tell or suggest to you that they did not want it to be publicly disclosed that Independence and Freedom Network was contributing to Honor and Principles PAC? MR. ALLEN: Objection. THE WITNESS: No, they never told me that.").



1 on December 17, 2020, and it was filed with the Ohio of Secretary State's Office on December  
 2 30, 2020.<sup>57</sup> McVeigh also signed dissolution paperwork for LZP around that same time.<sup>58</sup>

3 On May 20, 2021, the Commission voted to find reason to believe that Honor PAC  
 4 violated 52 U.S.C. § 30122 and authorized an investigation; Honor PAC was notified of the  
 5 Commission's determination on June 10, 2021.<sup>59</sup> In August 2021, after receiving notice that the  
 6 Commission had found reason to believe that a violation had occurred, Norris and Riter  
 7 contacted McVeigh to ask him to send an email to Lisker stating the following:<sup>60</sup>

8 I am the former Director of Independence and Freedom Network  
 9 ("IFN"), a 501(c)(4) organization that was active in 2018 and  
 10 recently dissolved. In 2018, IFN created and controlled a nonprofit  
 11 limited liability company called LZP, LLC, which made several  
 12 contributions to a federal Super PAC for which you are the  
 13 Treasurer, Honor and Principles PAC. As you are aware, a  
 14 complaint was filed with the Federal Election Commission related  
 15 to LZP's contributions to HP PAC in 2018. Based on the counsel  
 16 IFN and LZP received at the time, we provided to you what we  
 17 believed to be all the necessary documentation you would need to  
 18 properly report these contributions. However, FEC guidance that  
 19 was released after these transactions were made and reported in  
 20 2018 suggests that LZP's contributions to HP PAC should have  
 21 potentially been attributed to its sole nonprofit corporate member,  
 22 IFN. While the FEC's guidance was not directly applicable to IFN  
 23 and LZP's unique corporate structure, in an abundance of caution,  
 24 I am requesting that you file amended reports attributing LZP's  
 25 contributions to HP PAC to IFN for the following contributions.

26 3/28/18 \$175,000 (reflected on 2018 April Quarterly)

27 4/6/18 \$50,000 (reflected on 2018 July Quarterly)

28 4/18/18 \$10,000 (reflected on 2018 July Quarterly)

29 10/19/18 \$35,000 (reflected on 2018 Post-General)

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<sup>57</sup> IFN Certificate of Dissolution, Business Search, Ohio Sec. of State (December 30, 2020),  
<https://bizimage.ohiosos.gov/api/image/pdf/202036405238>.

<sup>58</sup> McVeigh Dep at 46:17-48:15.

<sup>59</sup> RTB Notification Letter (June 10, 2021).

<sup>60</sup> Email from Joel Riter to Raymond McVeigh (McVeigh 000042).

1 All of these contributions are currently reflected as coming solely  
2 from LZP, LLC.

3 The amended reports should still list LZP, LLC as the donor, but  
4 there should be memo items for each of these that attribute 100%  
5 of the contributions to:

6 Independence and Freedom Network, Inc.  
7 P.O. Box 25342  
8 Alexandria, VA 22313

9 McVeigh did so on August 18, 2021,<sup>61</sup> and Honor PAC subsequently amended its reports  
10 to include the attribution information requested in the email sent by McVeigh.<sup>62</sup>

### 11 **III. LEGAL ANALYSIS**

#### 12 **A. Contributions in the Name of Another**

13 The Act provides that a contribution includes “any gift, subscription, loan, advance, or  
14 deposit of money or anything of value made by any person for the purpose of influencing any  
15 election for Federal office.”<sup>63</sup> The term “person” for purposes of the Act and Commission  
16 regulations includes partnerships, corporations, and “any other organization or group of  
17 persons.”<sup>64</sup> The Act prohibits a person from making a contribution in the name of another  
18 person, knowingly permitting his or her name to be used to effect such a contribution, or  
19 knowingly accepting such a contribution.<sup>65</sup> The Commission has included in its regulations  
20 illustrations of activities that constitute making a contribution in the name of another:

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<sup>61</sup> Email from Raymond McVeigh to Lisa Lisker (Aug 18, 2021) (McVeigh 000048).

<sup>62</sup> Honor PAC Amended 2018 April Quarterly Report at 7 (Aug. 25, 2021); Honor PAC Amended 2018 July Quarterly Report at 7-8 (Aug. 25, 2021); Honor PAC Amended 2018 Post-General Report at 7 (Aug 19, 2021).

<sup>63</sup> 52 U.S.C. § 30101(8)(A).

<sup>64</sup> *Id.* § 30101(11); 11 C.F.R. § 100.10.

<sup>65</sup> 52 U.S.C. § 30122.

- 1           (i)     Giving money or anything of value, all or part of which was  
 2                   provided to the contributor by another person (the true contributor)  
 3                   without disclosing the source of money or the thing of value to the  
 4                   recipient candidate or committee at the time the contribution is  
 5                   made; or
- 6           (ii)     Making a contribution of money or anything of value and  
 7                   attributing as the source of the money or thing of value another  
 8                   person when in fact the contributor is the source.<sup>66</sup>

9           The requirement that a contribution be made in the name of its true source promotes  
 10 Congress's objective of ensuring the complete and accurate disclosure by candidates and  
 11 committees of the political contributions they receive.<sup>67</sup> Courts therefore have uniformly  
 12 rejected the assertion that "only the person who actually transmits funds . . . makes the  
 13 contribution,"<sup>68</sup> recognizing that "it is implausible that Congress, in seeking to promote  
 14 transparency, would have understood the relevant contributor to be [an] intermediary who  
 15 merely transmitted the campaign gift."<sup>69</sup> Consequently, both the Act and the Commission's  
 16 implementing regulations provide that a person who furnishes another with funds for the purpose  
 17 of contributing to a candidate or committee "makes" the resulting contribution.<sup>70</sup> This is true

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<sup>66</sup> 11 C.F.R. § 110.4(b)(2)(i)–(ii).

<sup>67</sup> *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).

<sup>68</sup> *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

<sup>69</sup> *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."); *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.").

<sup>70</sup> *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[.]").

1 whether funds are advanced to another person to make a contribution in that person's name or  
2 promised as reimbursement of a solicited contribution.<sup>71</sup>

3 Because the concern of the law is the true source from which a contribution to a  
4 candidate or committee originates, regardless of the mechanism by which the funds are  
5 transmitted, the Commission will examine the structure of the transaction itself and the  
6 arrangement between the parties to determine who in fact "made" a given contribution.  
7 Accordingly, Section 30122's prohibition of contributions in the name of another applies to  
8 LLCs such that an LLC is prohibited from being used as a "straw donor" to transmit the funds of  
9 another but must instead be the true source of any contribution it purports to make.<sup>72</sup>

10 **B. Honor and Principles PAC Knowingly Accepted Contributions in the Name**  
11 **of Another**

12 The evidence established during the investigation confirms that Honor PAC knowingly  
13 accepted contributions in the name of another when IFN made contributions to Honor PAC  
14 through LZP. The available facts have confirmed that IFN made contributions in the name of  
15 LZP by transferring funds into LZP for the specific purpose of then transferring them to Honor  
16 PAC. Norris acknowledged that LZP was set up specifically to act as a conduit between IFN and  
17 Honor PAC and that he caused IFN to transfer funds to LZP with the specific intent of thereafter  
18 transferring them to Honor PAC.<sup>73</sup> Norris knew that Honor PAC would not disclose IFN as the

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<sup>71</sup> *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).

<sup>72</sup> *See, e.g.*, MUR 7903 (Tomfoolery, LLC, *et al.*) (conciliating with respondent LLC, a disregarded entity for federal tax purposes, and single member for violating 52 U.S.C. § 30122 when single member provided funds and caused LLC to send a contribution to IEOPC).

<sup>73</sup> *Supra* § II.B.

1 original source of the contribution on its 2018 disclosure reports and that IFN's connection to  
2 LZP would not become public until IFN made IRS filings, months after the Householder/Black  
3 primary.<sup>74</sup> LZP's bank records confirm that it acted for no other purpose than to transfer funds  
4 from IFN to Honor PAC.<sup>75</sup> The timing of the initial transactions further supports the conclusion  
5 that IFN made a contribution in LZP's name. In particular, after IFN transferred \$180,000 to  
6 LZP on March 28, 2018, LZP immediately transferred \$175,000 of those funds to Honor PAC  
7 later that same day.<sup>76</sup>

8           The record has established that Honor PAC was formed and controlled by Norris and  
9 Riter, who directed that it be formed, selected and hired its treasurer, hired the media vendors  
10 who created and placed the advertisements that Honor PAC paid for, and instructed Honor  
11 PAC's treasurer to make each disbursement to those media vendors.<sup>77</sup> Norris also acknowledged  
12 that he decided to form Honor PAC for the specific purpose of funding the advertisements that  
13 Honor PAC ultimately made.<sup>78</sup> And, as discussed above, Norris has acknowledged that he  
14 directed that LZP be formed and directed that funds be transferred to it from IFN for the specific  
15 purpose of being thereafter contributed to Honor PAC.<sup>79</sup> Also of note, Norris and Riter asked  
16 McVeigh to send to Lisker a pre-written email asking her to amend Honor PAC's filings to  
17 attribute the contributions to IFN.<sup>80</sup> Given Norris and Riter's management and control over all  
18 of Honor PAC's operations and their knowledge that IFN was making contributions in the name

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<sup>74</sup> *Id.*

<sup>75</sup> *Supra* notes 41-46 and accompanying text; *supra* § II.B.

<sup>76</sup> *Supra* notes 41-43 and accompanying text.

<sup>77</sup> *Supra* §§ II.B, D.

<sup>78</sup> *Supra* § II.B.

<sup>79</sup> *Supra* §§ II.B, D.

<sup>80</sup> *Supra* notes 60-62 and accompanying text.

1 of another through LZP, there is probable cause to believe that Honor PAC knew that it was  
2 accepting contributions in the name of another in violation of 52 U.S.C. § 30122.

3 The overall structure of the organizations at issue indicates that IFN made its  
4 contributions through LZP for no other purpose than to hide the source of the funds used, further  
5 supporting the conclusion that Honor PAC's acceptance of contributions in the name of another  
6 was done knowingly. IFN made contributions to another IEOPC ten days before its first  
7 contribution to Honor and Principles PAC,<sup>81</sup> yet it did not form a separate disregarded entity for  
8 this contribution, which was disclosed as coming from IFN directly.<sup>82</sup> IFN made two other  
9 grants to organizations that were not federal PACs that same year and also did not create  
10 subsidiaries in those instances.<sup>83</sup> In an interview, Norris was not able to provide an explanation  
11 for this discrepancy other than to say that the recipients were different organizations.

12 The structure of IFN itself is designed to obfuscate the actual individuals who manage its  
13 affairs and exercise control over its operations. Norris and Riter established McVeigh as a  
14 figurehead who was ostensibly the sole director and officer of IFN but who had no actual  
15 operational control or indeed any knowledge of its affairs until it was in its wind-down stage,  
16 when he was asked to sign paperwork to dissolve it and LZP and to hire representation in  
17 connection with an IRS audit and this MUR.<sup>84</sup> Norris's comment to McVeigh that in forming  
18 the organization with them he would be "joining the 'dark side'"<sup>85</sup> further supports this

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<sup>81</sup> *Supra* note 15 and accompanying text; Letter from James E. Tyrrell III to Ana J Peña-Wallace at 1 (Nov. 24, 2021) ("IFN did not create any other entities in addition to LZP. However, as noted in our August 26, 2021 response, IFN directly contributed to an independent expenditure-only committee named Onward Ohio on March 16, 2018.").

<sup>82</sup> Onward Ohio 2018 April Quarterly Report at 6 (Apr. 15, 2018).

<sup>83</sup> *Supra* note 16 and accompanying text.

<sup>84</sup> *Supra* notes 9, 54-58 and accompanying text.

<sup>85</sup> *Supra* note 17 and accompanying text.

1 understanding of IFN's purpose. Likewise, although it does not appear that Ohio Works — the  
2 source of funds into IFN that were used for the transfers into Honor PAC — intended to make a  
3 federal contribution under the Act, the structure of that organization, which involved the siloing  
4 of the three individuals involved for the specific purpose of avoiding allegations that Ohio Works  
5 was receiving funds with instruction that they be thereafter transferred to another organization,  
6 further indicates an overall design to hide the source of the funds ultimately used to run  
7 advertisements opposing Householder and supporting Black.<sup>86</sup>

8           And while IFN ultimately disclosed in its 2018 Form 990 that it provided the funds to  
9 LZP that were used to contribute to Honors and Principles PAC, that Form 990 was only filed in  
10 November 2019 and not made public until months later, whereas Honor and Principles PAC's  
11 filings with the Commission, which were made public contemporaneous with the contributions  
12 and before the relevant election, did not disclose IFN as the true source of the contributions.  
13 Moreover, McVeigh testified that Norris and Riter stated that they would not have had IFN make  
14 these contributions if they had known at the time that FEC regulations required that IFN's name  
15 would have to be disclosed.<sup>87</sup> And while Norris stated that IFN was created for tax and  
16 accounting purposes, he contradictorily also stated that it was created as part of an effort to  
17 model IFN's activity on an organization that at the time was publicly alleged to have operated in  
18 a manner designed to conceal the true source of funds used for various activities.<sup>88</sup>

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<sup>86</sup>       *Supra* Section II.C. AEP in particular may have had specific motive to hide that it was the original source of some of these funds, as publicly available information indicated that it also contributed to another organization that supported Householder. *Supra* note 40.

<sup>87</sup>       *Supra* note 56 and accompanying text.

<sup>88</sup>       *Supra* § II.B.

1 **IV. CONCLUSION**

2 Based on the available evidence collected during the investigation and otherwise  
3 available, it appears that IFN established LZP and Honor PAC for the specific purpose of  
4 transferring funds into LZP to be transferred to Honor PAC and thereafter did so, resulting in  
5 IFN making \$270,000 in contributions in the name of LZP between March 28, 2018, and  
6 October 19, 2018. Honor PAC, which knew of these activities, also knowingly received  
7 contributions in the name of another.

8 This Office is therefore prepared to recommend that the Commission find probable cause  
9 to believe that Honor and Principles PAC and Lisa Lisker in her official capacity as treasurer  
10 knowingly accepted contributions in the name of another in violation of 52 U.S.C. § 30122.

11  
12  
13 March 1, 2023  
14 Date

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