

FEDERAL ELECTION COMMISSION
FIRST GENERAL COUNSEL’S REPORT

MUR: 7774

DATE COMPLAINT FILED: Aug. 7, 2020

DATE OF NOTIFICATIONS: Aug. 11, 2020

LAST RESPONSE RECEIVED: Oct. 29, 2020

DATE ACTIVATED: Mar. 3, 2021

EPS:

EXPIRATION OF SOL:

EARLIEST: Dec. 17, 2024

LATEST: Apr. 15, 2026

ELECTION CYCLE: 2020

COMPLAINANT:

Campaign Legal Center

RESPONDENTS:

Antone for Congress and Dennis Melton as
treasurer

Antone Melton-Meaux

West Coast Public Affairs

Lake Point Consulting LLC

North Superior Consulting LLC

Canal Partners Media, LLC

**RELEVANT STATUTES
AND REGULATIONS:**

52 U.S.C. § 30104(b)(5)(A)

11 C.F.R. § 104.3(b)(4)

INTERNAL REPORTS CHECKED:

Disclosure reports

FEDERAL AGENCIES CHECKED:

None

I. INTRODUCTION

Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis Melton in his official capacity as treasurer (“Committee”), failed to itemize \$3,470,618 in reported disbursements for campaign services and intentionally obscured the ultimate payees for, and purposes of, the disbursements. The Complaint alleges that these payments were made to three business entities — Lake Point Consulting LLC (“Lake Point”), North Superior Consulting LLC (“North Superior”), and West Coast Public Affairs (“West Coast”) — formed for the sole

1 purpose of acting as conduits to disguise payments to vendors worried that they would be
2 “blacklisted” by the Democratic Congressional Campaign Committee (“DCCC”) if they
3 provided services to a candidate challenging a Democratic incumbent.

4 Respondents deny the allegations and argue that the disbursements to Lake Point, North
5 Superior, and West Coast were properly reported. As discussed below, the available information
6 indicates that the Committee accurately reported the purpose for \$3,309,026 in disbursements to
7 West Coast, but identified the company merely as “WCPA” and reported the company address as
8 an Illinois post office box not associated with West Coast, a California company, on any public
9 records. The available information also indicates that the Committee did not properly disclose
10 the payee or purpose of \$181,592.40 in total disbursements to Lake Point and North Superior.

11 Thus, we recommend that the Commission find reason to believe that the Committee
12 violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of
13 \$3,490,618.40 in disbursements reportedly paid to West Coast, Lake Point, and North Superior.
14 We also recommend that the Commission find reason to believe that the Committee violated
15 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i)(A) by misreporting the purpose of
16 \$181,592 in disbursements reportedly paid to Lake Point and North Superior.

17 Melton-Meaux, Lake Point, North Superior, West Coast, and Canal Partners Media, LLC
18 (“Canal Partners”) were also notified as Respondents in this matter. Because the Act’s reporting
19 requirements at issue apply only to political committees and committee treasurers, we
20 recommend that the Commission find no reason to believe that Melton-Meaux, Lake Point,
21 North Superior, West Coast, and Canal Partners violated 52 U.S.C. § 30104(b)(5)(A) and 11
22 C.F.R. § 104.3(b)(4).

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota's Fifth Congressional District, running as one of several Democratic candidates challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux's authorized campaign committee; Dennis Melton is the Committee Treasurer.² The Committee was formed on November 15, 2019, and is organized as a nonprofit corporation in Minnesota. Heather Faulkner is listed as the Committee's registered agent on both its Statement of Organization and its corporate filings with the Minnesota Secretary of State.³

Lake Point was formed in Delaware on December 2, 2019, seventeen days after the Committee's formation, and the Committee's first reported disbursement to Lake Point was on December 8, 2019.⁴ Lake Point appears to be a single-member LLC,⁵ and although the individual who formed Lake Point is unidentified on the Delaware Secretary of State's website, the Joint Response identifies her as Heather Faulkner.⁶ According to Respondents, Faulkner was

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019); Melton-Meaux, Committee, Lake Point, North Superior, and West Coast Resp. at 1 (Oct. 29, 2020) ("Joint Response").

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ *Id.*; Minnesota Secretary of State Business Entity Search, <https://mbportal.sos.state.mn.us/Business/BusinessSearch?BusinessName=Antone%20for%20Congress> (search for "Antone for Congress").

⁴ Joint Resp. Attach. 1; Delaware Department of State Division of Corporations Business Entity Search; <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for "Lake Point Consulting LLC"); Joint Resp. Attach. 1 (redacted affidavit from the unidentified individual who formed Lake Point and associated certificate of formation); Antone for Congress 2019 Year End Report at 81 (Jan. 31, 2020) (disclosing an \$8,000 disbursement for "consulting-strategy").

⁵ *See* Joint Resp. at 4 ("The Commission has no basis to assume that [Lake Point and North Superior] were anything other than simple single-member LLCs ...").

⁶ *Id.*, Attach. 1; Antone for Congress Statement of Organization (listing Heather Faulkner as the Committee's registered agent); Minnesota Secretary of State Business Entity Search, <https://mbportal.sos.state.mn.us/Business/SearchDetails?filingGuid=3d70e4e7-bd07-ea11-9188-00155d01b4fc> (search for "Antone for Congress") (showing Heather Faulkner as the entity's registered agent).

1 selected for a role with the Committee prior to the formation of Lake Point and, apparently
 2 through Lake Point, she was “performing campaign director functions” for the Committee.⁷
 3 Lake Point does not appear to have a public website or profiles on any major social media
 4 platforms.⁸

5 North Superior was formed in Delaware on November 4, 2019, eleven days before the
 6 Committee's formation, and the Committee's first reported disbursement to North Superior was
 7 on December 17, 2019.⁹ North Superior appears to be a single-member LLC;¹⁰ the individual
 8 who formed North Superior is unidentified on the Delaware Secretary of State's website, and
 9 that person's name is redacted from the declarations and supporting documents included with the
 10 Joint Response. A press report linking to an unredacted copy of the state-filed documents
 11 indicates, however, that an individual named K. Davis Senseman, who the article describes as an
 12 attorney in Minneapolis and the former treasurer of Ilhan Omar's 2018 congressional campaign
 13 committee, signed as the “Authorized Person” forming North Superior.¹¹ Senseman is the

⁷ Joint Resp. at 4 n.6 (stating that “The person who formed Lake Point LLC was one of the directors selected at the organizational meeting in 2019 and was selected as Secretary of the corporation as well.”). Faulkner's selection as registered agent for the Committee necessarily preceded filing of the incorporation documents with the Minnesota Secretary of State, which in turn preceded the formation of Lake Point by eighteen days.

⁸ The Complaint asserts that none of the three LLCs — Lake Point, North Superior, and West Coast — have public websites or any presence on social media platforms, and we were unable to identify any information to the contrary. Compl. at 5 (Aug. 7, 2020).

⁹ Delaware Department of State Division of Corporations Business Entity Search, <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for “North Superior Consulting LLC”); Joint Resp., Attach 2 (redacted affidavit from the unidentified individual who formed North Superior and associated certificate of formation); Antone for Congress 2019 Year End Report at 84 (disclosing a \$5,000 disbursement for “consulting-strategy”).

¹⁰ *Supra* note 5.

¹¹ See Ilhan for Congress Statement of Organization (June 13, 2018) (listing Senseman as treasurer); Gabe Schneider, *Antone Melton-Meaux's Campaign Paid Almost \$100,000 to Two Consulting Companies — but Won't Say Who is Involved or What Work They Do*, MINNPOST (July 27, 2020), <https://www.minnpost.com/national/2020/07/antone-melton-meauxs-campaign-paid-almost-100000-to-two-consulting-companies-but-wont-say-who-is-involved-or-what-work-they-do>. The MinnPost article included a link to a PDF copy of the formation documents, page two of which appears to be an unredacted copy of the North

founder of, and sole attorney at, Davis Law Office, PLLC, a law firm in Minneapolis formed in 2010.¹² According to Respondents, North Superior “assisted [the Committee] with its organizational efforts, which included helping craft incorporation documents and organizational meeting documents.”¹³ North Superior does not appear to have a public website or profiles on any major social media platforms.¹⁴

West Coast is a corporation formed in California in 2012.¹⁵ According to a declaration from West Coast’s Chief Financial Officer (“CFO”), John Shallman, West Coast provides media services to political, nonprofit, and other organizations, including media strategy, production, and time-buying, which is handled through a sub-vendor.¹⁶ Shallman declares that the Committee’s reported disbursements to West Coast were for such media services, and the time-buying portion of those services was handled through sub-vendor Canal Partners.¹⁷ He declares that all Committee disbursements received by West Coast were for bona fide media services that West Coast provided to the campaign, either directly or through subcontractors.¹⁸ For its part,

Superior formation document included as Attachment B to the Committee’s Response.
https://www.minnpost.com/wp-content/uploads/2020/07/234633512_361420_033638.pdf.

¹² Minnesota Secretary of State Business Entity Search, <https://mblsportal.sos.state.mn.us/Business/SearchDetails?filingGuid=ac983a3b-95d4-e011-a886-001ec94ffe7f> (search for “Davis Law Office”); Davis Law Office, About, <https://davismeanbusiness.com/team> (listing Senseman as the founder and sole attorney).

¹³ Joint Resp. at 4 n.6.

¹⁴ *Supra* note 8.

¹⁵ California Secretary of State Business Entity Search, <https://businesssearch.sos.ca.gov/CBS/Detail> (search for “West Coast Public Affairs”).

¹⁶ Joint Resp., Attach. 3; West Coast Statement of Information (June 10, 2013), *available at* <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=03505102-16543218> (listing Shallman as the CFO).

¹⁷ Joint Resp., Attach. 3.

¹⁸ *Id.*

Canal Partners states that it serves as a time-buying sub-vendor that purchases political advertising time for federal, state, and local candidates nationwide.¹⁹

The Committee reported 20 disbursements to West Coast totaling \$3,309,026 for a variety of purposes related to advertising.²⁰ The Committee reported the disbursements to West Coast using the acronym “WCPA,” not the company’s full name, and providing an Illinois address for West Coast not found in the company’s corporate filings, which list only California addresses. Commission records show that other entities reported significant disbursements to West Coast between 2012 and the present for media services, with each entry using the company’s full name, “West Coast Public Affairs,” and listing one of three California addresses near Los Angeles for the company that appear in West Coast’s corporate filings.²¹

The Committee reported fifteen disbursements to Lake Point totaling \$164,092 during the 2020 election cycle; fourteen of these payments were reported with a purpose of “strategic consulting,” and one payment was reported as being for “consulting-strategy.”²² The Committee reported four disbursements to North Superior totaling \$17,500 for “consulting-strategy” and

¹⁹ Canal Partners Resp. at 1 (Sept. 25, 2020).

²⁰ Antone for Congress 2020 July Quarterly Report at 1922-1923 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 514-517 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 297-299 (July 30, 2020) (collectively reporting five disbursements for “TV/digital ad buy,” five disbursements for “direct mail,” three disbursements for “TV ad buy,” two disbursements for “media buy,” two disbursements for “digital advertising,” and single disbursements for “retainer,” “television advertising,” and “TV ad buy and production”).

²¹ Campaign Finance Data, West Coast Public Affairs, 24- and 48-Hour Reports, https://www.fec.gov/data/independent-expenditures/?data_type=processed&is_notice=true&most_recent=true&payee_name=west+coast+public+affairs (showing 87 disbursements to West Coast totaling \$2,590,516.57 for media services associated with independent expenditures between 2012-present).

²² Antone for Congress 2019 Year-End Report at 81 (Jan 31, 2020); Antone for Congress 2020 April Quarterly Report at 181-182 (Apr. 15, 2020); Antone for Congress 2020 July Quarterly Report at 1912-1913 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 500 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 287 (July 30, 2020); Antone for Congress 30 Day Post-General Report at 8 (Dec. 2, 2020); Antone for Congress 2021 April Quarterly Report at 8 (Apr. 15, 2021).

1 “strategic consulting.”²³ Commission records show no reported disbursements to Lake Point or
 2 North Superior from any other entities during the 2020 election cycle.²⁴

3 Referencing press reports, the Complaint and Responses assert that during the 2020
 4 election cycle, the DCCC issued an internal policy that amounted to maintaining a “blacklist” of
 5 vendors that worked with challengers to incumbent Democratic congressional candidates.²⁵ The
 6 Complaint alleges that Lake Point, North Superior, and West Coast were formed as conduits to
 7 obscure the identity of vendors providing services to the Committee who sought to avoid being
 8 “blacklisted” by the DCCC.²⁶ In March 2021, the DCCC reportedly announced that it would no
 9 longer follow this policy.²⁷

10 Respondents argue that the Complaint is speculative and the Committee accurately
 11 disclosed the reported disbursements to Lake Point, North Superior, and West Coast.²⁸
 12 Respondents assert that Delaware law does not require LLCs to disclose their owners or
 13 members in their formation documents, and an attorney can file formation documents on behalf

²³ Antone for Congress 2019 Year End Report at 84; Antone for Congress 2020 April Quarterly Report at 187; Antone for Congress 2020 July Quarterly Report at 1919.

²⁴ Campaign Finance Data, 2019-2020, Disbursements, Lake Point Consulting or North Superior Consulting, https://www.fec.gov/data/disbursements/?data_type=processed&recipient_name=Lake+Point+Consulting&recipient_name=north+superior+consulting&two_year_transaction_period=2020.

²⁵ Antone for Congress 2020 July Quarterly Report at 1922-1923 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 514-517 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 297-299 (July 30, 2020) (collectively reporting five disbursements for “TV/digital ad buy,” five disbursements for “direct mail,” three disbursements for “TV ad buy,” two disbursements for “media buy,” two disbursements for “digital advertising,” and single disbursements for “retainer,” “television advertising,” and “TV ad buy and production”); Joint Resp. at 3.

²⁶ Compl. at 1-2.

²⁷ See Ally Mutnick, *House Democrats End Controversial Consultant Ban*, POLITICO (Mar. 9, 2021), <https://www.politico.com/news/2021/03/09/dccc-ban-primary-challengers-474588>.

²⁸ Joint Resp. at 1.

of an LLC.²⁹ The available information suggests that the Committee and Melton-Meaux may have signed nondisclosure agreements (“NDAs”) with both Lake Point and North Superior.³⁰

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.³¹ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political campaign money comes from and how it is spent.”³² Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.³³

A. Disclosure of Payees of Disbursements

Neither the Act nor Commission regulations address the concepts of ultimate payees, vendors, agents, contractors, or subcontractors in this context.³⁴ The Commission determined in

²⁹ *Id.* at 2

³⁰ Schneider, *supra* note 11 (“Melton-Meaux’s campaign manager also claimed to have signed nondisclosure agreements with the companies that prevented them from revealing any further information”).

³¹ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

³² *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); *see also Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

³³ *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); *see also Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described in *Buckley* — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).

³⁴ Advisory Op. 1983-25 (Mondale) at 2. As discussed below, the Commission has since addressed the requirements of section 30104(b)(5) in certain situations not applicable to these facts. *See* Reporting Ultimate Payees of Political Committee Disbursements, 78 Fed. Reg. 40,625, 40,626-27 (July 8, 2013) (“Ultimate Payee

1 Advisory Opinion 1983-25 (Mondale) (“AO 1983-25”) that in certain circumstances, reporting
2 committees are not required to separately report payments that the committee’s vendors make to
3 subvendors when those payments are for services or goods used in the performance of the
4 vendor’s contract with the committee.³⁵ In that advisory opinion, a committee, Mondale for
5 President, Inc., planned to contract with a media consulting group for media-related services,
6 including media production and the purchase of television and radio time.³⁶ In reaching its
7 conclusion, the Commission found several facts to be significant in concluding that the
8 committee was not required to separately report or itemize payments to its vendor’s subvendors:
9 (1) the vendor at issue had a legal existence as a corporation separate from the operations of the
10 committee; (2) the vendor’s principals did not hold any staff positions with the committee;
11 (3) the committee conducted arm’s length negotiations with the vendor that resulted in formation
12 of a final contract; (4) the vendor was not required to devote its “full efforts” to the contract and
13 expected to have contracts with other campaigns and entities; and (5) the committee had no
14 interest in the vendor’s other contracts.³⁷

15 The Commission has applied the analytical framework identified in AO 1983-25 when
16 considering whether a committee’s reported payment to a vendor satisfies the reporting
17 requirements of section 30104(b)(5) in the context of an allegation that the committee should
18 have reported the identity of a subvendor. For example, in MUR 6510 (Kirk), the Commission
19 found no reason to believe that the respondent committee failed to adequately report

Interpretive Rule”) (clarifying committees’ obligation to report “ultimate payees” in three specific scenarios that are not vendor specific).

³⁵ AO 1983-25 at 3.

³⁶ *Id.* at 1.

³⁷ *Id.* at 3.

disbursements in connection with payments to a media firm that subcontracted various media services.³⁸ Applying the factors outlined in AO 1983-25, the Commission concluded that the committee did not need to report the media vendor's payments to the subvendor.³⁹ In MUR 6894 (Russell), the respondents reported payments to a media consulting firm, which purchased media buys on behalf of the respondents.⁴⁰ The Commission found that the media consultant separately contracted with the stations for air time and paid them accordingly, while also receiving commissions from the respondents and concluded that the reporting did not violate the Act.⁴¹ As in AO 1983-25, MUR 6510 and MUR 6894 both involved firms hiring subvendors that provided the same type of services provided by the vendors.⁴²

The Commission has, however, found reason to believe committees violated the Act's reporting requirements in matters where the record suggests facts materially distinguishable from those considered in AO 1983-25, such as when a committee reported a vendor that served merely as a stand-in for payments to another particular recipient the committee avoided disclosing. For instance, in MUR 4872 (Jenkins), a committee directly hired a vendor — Impact Mail — to

³⁸ Factual & Legal Analysis at 12, MUR 6510 (Kirk for Senate, *et al.*); *cf.* Factual & Legal Analysis at 4-6, MUR 6818 (Allen Weh for Senate) (dismissing allegation that committee violated the Act by failing to itemize payments to a payroll company after committee quickly amended reports in response to RFAs to include itemization and where committee allegedly intentionally hid said payments).

³⁹ Factual & Legal Analysis at 12-13, MUR 6510; *see also United States v. Jesse Benton, John Tate, and Dimitrios Kesari*, 890 F.3d 697, 709 (8th Cir. 2018), *cert. denied*, *Benton v. U.S.*, 139 S. Ct. 1318 (2019), *Tate v. U.S.*, 139 S. Ct. 1322 (2019); *Kesari v. United States*, 139 S. Ct. 1322 (2019) (noting that in AO 1983-25 and MUR 6510, "the Commission concluded that the vendors and subvendors had provided the services described by the campaign").

⁴⁰ Factual & Legal Analysis at 1-2, MUR 6894 (Steve Russell for Congress); *see also* First Gen. Counsel's Rpt. at 3, MUR 6894 (Steve Russell for Congress) (noting that the payments in question were disbursements made by the media consultant "to a subvendor in connection with services the vendor provided to the Committee").

⁴¹ Factual & Legal Analysis at 1, MUR 6894.

⁴² AO 1983-25 at 1-2 (media firm planned to hire subvendors that would provide additional media services); MUR 6894 (Steve Russell for Congress) (media firm paid television stations for media buys); MUR 6510 (media vendor paid subvendor for media and communications consulting).

1 perform phone bank services on the committee's behalf. When the committee discovered that
2 David Duke's name and phone number appeared on caller identification for calls placed by
3 Impact Mail's phone bank, the committee took measures to conceal its relationship with Impact
4 Mail by routing its payments to Impact Mail through a second vendor, Courtney
5 Communications, and reporting Courtney Communications as the payee on disclosure reports.⁴³
6 Although Courtney Communications was a vendor that provided media services for the
7 committee during the period in question, Impact Mail was not a subvendor of Courtney
8 Communications because Courtney Communications "had no involvement whatsoever with the
9 services provided by Impact Mail."⁴⁴ Its only role was "to serve as a conduit for payment to
10 Impact Mail so as to conceal the transaction with Impact Mail."⁴⁵

11 Similarly, in MUR 3847 (Stockman), the Commission applied the framework laid out in
12 AO 1983-25, found the matter distinguishable, and found probable cause to believe that the
13 committee violated the reporting requirements of the Act by reporting payments to a vendor,
14 which was an unincorporated proprietorship run by two committee officials, for approximately
15 \$470,000 in committee expenses, including the costs of at least one "subvendor" who created
16 communications pursuant to a direct contract between the subvendor and the candidate and his
17 committee.⁴⁶ The Commission rested its determination on the facts that the reported vendor's
18 principals held positions with the committee; the vendor was not incorporated; there was no

⁴³ Conciliation Agreement at 2-4, MUR 4872 (Jenkins).

⁴⁴ *Id.* at 3-4.

⁴⁵ *Id.* at 4.

⁴⁶ Amend. Certification, MUR 3847 (Stockman) (Dec. 8, 1997), <https://www.fec.gov/files/legal/murs/3847.pdf> at 1,539; Gen. Counsel's Brief at 33-37, MUR 3847 (Stockman), <https://www.fec.gov/files/legal/murs/3847.pdf> at 1,416.

1 formal contract between the vendor and the committee; the vendor was devoted largely to the
 2 committee, worked out of the committee's headquarters, and used its facilities; and the principals
 3 of the vendor held themselves out to the public as officials of the committee.⁴⁷ The Commission
 4 concluded that these facts reflected that the reported vendor served as merely an intermediary for
 5 payments to other payees (including the purported "subvendor") and thus, under the Act, the
 6 committee was required to report the true purpose and recipients of the payments made through
 7 the vendor.⁴⁸

8 More recently, in MUR 6800 (Ron Paul 2012), committee officials directly hired Iowa
 9 state senator Kent Sorenson and negotiated the terms of his compensation.⁴⁹ Sorenson was
 10 compensated through an intermediary — ICT, Inc. — so that the committee could conceal
 11 payments made to him.⁵⁰ Similarly, in MUR 6724 (Bachmann), Bachmann's committee and
 12 Sorenson agreed that he would be paid by the committee through an intermediary — C&M —
 13 that simply added Sorenson's monthly payments to the monthly fees it was already collecting
 14 from the committee.⁵¹

15 1. Applying AO 1983-25 Factors to the Disbursements to West Coast

16 Analyzed against the factors outlined in AO 1983-25, the Committee appears to have
 17 accurately reported the ultimate payee of its disbursements to West Coast, but incorrectly used
 18 the acronym "WCPA" in its reports rather than the company's full name and reported the

⁴⁷ Conciliation Agreement at 6-7, MUR 3847, <https://www.fec.gov/files/legal/murs/3847.pdf> at 1,576.

⁴⁸ Gen. Counsel's Brief at 37, MUR 3847; Conciliation Agreement at 7, MUR 3847 (Stockman).

⁴⁹ Factual & Legal Analysis at 1-6, 10, MUR 6800 (Ron Paul 2012)

⁵⁰ *Id.* at 4, 10.

⁵¹ Factual & Legal Analysis at 2-3, MUR 6724 (Bachmann for President); *see also* Conciliation Agreement at 2, MUR 6724.

1 company's address as a P.O. box in Illinois that does not correspond to West Coast's business
2 address on file with the California Secretary of State.

3 According to public records and a signed sworn declaration by West Coast's CFO, West
4 Coast was incorporated in 2012 and has been a going concern since then, providing media
5 services to political clients, non-profits, and other clients.⁵² West Coast's CFO declared that the
6 disbursements from the Committee were for media services that West Coast provided, both
7 directly and through a sub-contract with Canal Partners.⁵³

8 Applying the factors from AO 1983-25, the available information indicates that:
9 (1) West Coast had a legal existence as a corporation separate from the operations of the
10 Committee; (2) West Coast's principals did not hold any staff positions with the Committee;
11 (3) we are unaware of any information indicating that contract negotiations between the
12 Committee and West Coast were conducted at other than arm's length; (4) there is no
13 information indicating that West Coast was required to devote its "full efforts" to the contract;⁵⁴
14 and (5) there is no information indicating that the Committee had an interest in West Coast's
15 other contracts. Indeed, the Committee's relationship with West Coast as a media vendor and
16 the fact that it did not separately itemize West Coast's payments to Canal Partners or other
17 subcontractors are similar to previous matters, discussed above, in which the Commission has
18 determined that authorized committees do not need to itemize payments made to subcontractors
19 providing time-buying or other services to the committees' primary media vendor.

⁵² John Shallman Decl. (undated) (included as Attach. 3 to the Joint Response).

⁵³ *Id.*

⁵⁴ *Supra* note 24.

1 This matter is distinguishable from those previous matters, however, because the
 2 Committee reported the disbursements using the acronym “WCPA” rather than the company’s
 3 full name, “West Coast Public Affairs,” and providing an Illinois address not found in the
 4 company’s corporate filings or associated with any of the numerous previous disbursements to
 5 West Coast disclosed to the Commission by other entities. The Committee concedes that there is
 6 a “plausible argument” that they erred by reporting the payments using the “WCPA” acronym
 7 rather than the company’s full name, as Commission regulations require, but argues that the
 8 statute merely requires reporting the “name” of payees.⁵⁵ In the Joint Response, the Committee
 9 states that “if the Reports and Analysis Division indicates that [the Committee] should have
 10 complied with the regulation rather than the statute, [the Committee] will submit a [Form 99] to
 11 explain that the ‘WCPA’ reference in the Committee’s reports refers to ‘West Coast Public
 12 Affairs.’”⁵⁶

13 The Committee appears to have violated the plain language of 11 C.F.R. § 104.3(b)(4),
 14 which states that committees “shall report the full name and address” of each “person to whom
 15 an expenditure in an aggregate amount or value in excess of \$200 within the election cycle is
 16 made by the reporting authorized committee to meet the authorized committee’s operating
 17 expenses.”⁵⁷ Further, this use of the acronym and Illinois address would have made it very

⁵⁵ Joint Resp. at 4 n.5 (“[the Committee] realizes there is a plausible argument that it should have reported the ‘full name’ of WCPA ... per 11 C.F.R. § 104.3(b)(4)(i) ... Of course, the Commissions regulation cannot exceed the reach of the underlying statute”). Respondents offer no explanation for the use of an Illinois address. We note, however, that each of the 87 disbursements to West Coast reported to the Commission by other entities between 2012-present, including during the 2020 election cycle, used either an Encino, California, or Woodland Hills, California, address for the company. *Supra* note 21.

⁵⁶ Joint Resp. at 4 n.5.

⁵⁷ 11 C.F.R. § 104.3(b)(4), (b)(4)(i); *see also* 52 U.S.C. § 30104(b)(5)(A) (committee reports shall disclose “the name and address” of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the election cycle is made by the reporting committee).

difficult for a member of the public to identify the recipient of \$3,309,026 in disbursements — 71% of the Committee's total disbursements during the 2020 election cycle.⁵⁸ The Committee's use of the acronym and Illinois address is particularly notable when viewed alongside contemporaneous information indicating that vendors were concerned about being "blacklisted" by the DCCC for providing services to the Committee.⁵⁹ Because the Committee violated the plain language of the relevant regulation, and appears to have done so to obscure West Coast as the payee, we recommend that the Commission find reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of funds paid to West Coast.

2. Applying AO 1983-25 Factors to the Disbursements to Lake Point and North Superior

Analyzed against the factors outlined in AO 1983-25, the Committee does not appear to have properly reported the ultimate payee of its disbursements to Lake Point and North Superior.

First, although Lake Point and North Superior each had a legal existence as an LLC separate from the Committee — in that Lake Point is a registered LLC and the Committee is a registered nonprofit corporation — both LLCs appears to have been formed solely to perform work for the Committee. Lake Point was formed by Heather Faulkner on December 2, 2019, the day before the Committee registered with the Commission, and seventeen days *after* the Committee registered as a nonprofit corporation in Minnesota with Faulkner as its registered agent. Indeed, Respondents appear to acknowledge that Faulkner was selected to serve a role

⁵⁸ The Committee disclosed \$4,650,989.07 in total disbursements during the 2020 election cycle. Campaign Finance Data, Antone for Congress, Spending, <https://www.fec.gov/data/committee/C00729582/?cycle=2020&tab=spending>.

⁵⁹ The Office of General Counsel ("OGC") asked the Reports Analysis Division ("RAD") whether the use of an acronym in the payee name field would trigger an RFAI. RAD responded that its procedures do not include conducting a review of vendor names to ensure that a "full name," rather than an acronym, is provided.

1 within the Committee prior to the formation of Lake Point.⁶⁰ Similarly, North Superior was
2 formed on November 4, 2019, and according to Respondents, “assisted [the Committee] with its
3 organizational efforts, which included helping craft incorporation documents and organizational
4 meeting documents.”⁶¹ Because North Superior was formed only eleven days before the
5 Committee filed its incorporation documents, it appears likely that the LLC was formed either
6 after, or at the same time as, the LLC’s single member began working with the Committee on its
7 incorporation.

8 Second, the available information indicates that Faulkner, who appears to be Lake Point’s
9 sole member, held a position with the Committee. She is listed as the Committee’s registered
10 agent in both its incorporation documents and its Statement of Organization and also appears to
11 have been the actual or de facto campaign director.⁶² As to North Superior, if Senseman was in
12 fact the single member of North Superior — and the available information indicates that is likely
13 — it is difficult to see why it was necessary to form an LLC as protection from individual
14 liability to assist the Committee with incorporation or other matters, because these services could
15 have been provided through the Davis Law Office, which is organized as a PLLC.⁶³

16 Although the Joint Response is silent as to whether either Lake Point or North Superior’s
17 contracts with the Committee required the LLCs to devote their “full efforts” to the contract or
18 whether they were expected to have contracts with other campaigns and entities, the available
19 information indicates that no other campaigns or entities reported any disbursements to either

⁶⁰ See Joint Resp. at 4 n.6 (“The person who formed Lake Point LLC was one of the directors selected at the organizational meeting in 2019 and was selected as Secretary of the corporation as well.”). This organizational meeting presumably preceded the filing of incorporation documents with the Minnesota Secretary of State.

⁶¹ *Id.*

⁶² *Supra* note 7.

⁶³ *Supra* note 12

1 LLC. The Joint Response does not suggest that either entity performed any work for other
 2 candidates, committees, or non-political entities.

3 The available information indicates that both Lake Point and North Superior were formed
 4 by single members who were already holding positions with, or performing work for, the
 5 Committee prior to the formation of the LLCs. As there is no available information indicating
 6 that Lake Point and North Superior have ever publicly held themselves out for business —
 7 neither entity has a public website or any presence on social media — or held contracts with any
 8 clients other than the Committee, the available information indicates that both LLCs were likely
 9 created primarily to obscure the fact that Faulkner and Senseman were being paid to provide
 10 services to the Committee and thus avoid the DCCC's "blacklist." Thus, Lake Point and North
 11 Superior appear to have been serving as pass-throughs, and based on previous Commission
 12 decisions,⁶⁴ the Committee should have reported Faulkner and Senseman as the payees for all
 13 disbursements made to Lake Point and North Superior, respectively. Accordingly, we
 14 recommend that the Commission find reason to believe that the Committee violated 52 U.S.C.
 15 § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of funds paid to Lake
 16 Point and North Superior.

17 **B. Disclosure of Purpose of Disbursements**

18 Although the Complaint largely focuses on the issue of whether the Committee correctly
 19 reported the ultimate payee for the disbursements in question, it also raises the issue of whether
 20 the Committee failed to properly report the purpose for these disbursements.⁶⁵

⁶⁴ See *e.g.*, MUR 3847 (Stockman), MUR 6800 (Ron Paul 2012)

MUR 6724 (Bachmann).

⁶⁵ Compl. at 2, 6, 10, 13 (noting that the Act and Commission regulations require treasurers to itemize expenditures and disbursements over \$200 on committee reports and disclose the purpose of those expenditures and disbursements, and alleging that the Committee failed to properly itemize the disbursements to West Coast, Lake Point, and North Superior).

Commission regulations define “purpose” as a “brief statement or description of why the disbursement was made.”⁶⁶ “The ‘purpose of disbursement’ entry, when considered along with the identity of the disbursement recipient, must be sufficiently specific to make the purpose of the disbursement clear.”⁶⁷ The Commission has determined that the description of purpose should be sufficient to allow “a person not associated with the committee [to] easily discern why the disbursement was made when reading the name of the recipient and the purpose.”⁶⁸ Examples of sufficient statements of purpose include, but are not limited to, dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursements, and catering costs.⁶⁹ The Commission has concluded that “the description ‘media’ is considered as a satisfactory description for a payment that is, in fact, made for media, such as the purchase of media time or media space.”⁷⁰ The Commission has determined that the description “Consultant-Media,” “Consultant-Fundraising” “Consultant-Get-Out-The-Vote,” “Consultant-Legal,” and “Consultant-Polling” are sufficient statements of purpose for a disbursement to a consultant, and that the sufficiency of the description is read in context with the name of the payee.⁷¹ By contrast, the Commission has determined that the following are generally insufficient: “Consultant,” “Consultant-Political,” “Consulting,” “Consulting Non-

⁶⁶ 11 C.F.R. § 104.3(b)(3)(i)(A), (B); *id.* § 104.3(b)(4)(i)(A).

⁶⁷ See Statement of Policy: “Purpose of Disbursement” Entries for Filings with the Commission, 72 Fed. Reg. 887 (Jan. 9, 2007) (“Purpose Statement of Policy”) (citing 11 C.F.R. §§ 104.3(b)(3)(i)(B), (4)(i)(A)).

⁶⁸ Purpose Statement of Policy at 888.

⁶⁹ 11 C.F.R. § 104.3(b)(3)(i)(B); *id.* § 104.3(b)(4)(i)(A).

⁷⁰ AO 1983-25 at 2.

⁷¹ Purpose Statement of Policy at 888.

FEA,” and “Consulting Service.”⁷² Where respondents disclosed inadequate or incorrect purposes, the Commission has found reason to believe that they violated the Act.⁷³

1. Statements of Purpose for Disbursements to West Coast

The Committee reported 20 disbursements to West Coast totaling \$3,309,026 for a variety of purposes related to advertising.⁷⁴ The descriptions of purpose for these disbursements were reported as “TV/digital ad buy,” “direct mail,” “TV ad buy,” “media buy,” “digital advertising,” “retainer,” “television advertising,” and “TV ad buy and production”.⁷⁵ These descriptions appear to be sufficiently detailed and in line with the services that Respondents state

⁷² *Id.*

⁷³ *See, e.g.*, Certification, MURs 7291 & 7449 (Democratic National Committee / Hillary for America) (July 26, 2019) (finding reason to believe that Respondents misreported the purpose of funds paid to Fusion GPS through Perkins Coie LLP) Report of the Audit Division at 13-14 (Dallas County Republican Party) (Nov. 19, 2008) (respondent disclosed an inadequate or incorrect purpose for 50 disbursements totaling \$215,261 where committee sometimes reported generic purposes such as professional fees and fundraising consultant, which did not allow a person to easily discern why the disbursements were made when reading the payee and purpose together); Factual & Legal Analysis at 2-3, MUR 6204 (Dallas County Republican Party) (finding reason to believe that the committee violated, *inter alia*, 52 U.S.C. § 30104(b)(5) (formerly 2 U.S.C. § 434(b)(5)); Report of the Audit Division at 12-13 (Cranley for Congress) (Apr. 23, 2008) (sample review projected \$1.4 million in disclosed disbursements lacked required information including, but not limited to, missing or inadequate purposes, for which a person could not easily discern why the disbursements were made when reading the payee and purpose together); Certification, MUR 6134 (Cranley for Congress) (Nov. 19, 2008) (approving the Report of the Audit Division dated April 23, 2008 as the Factual & Legal Analysis); Conciliation Agreement at 4, 6, MUR 5635 (Conservative Leadership Political Action Committee); Final Audit Report, Conservative Leadership Political Action Committee (Nov. 29, 2004) (committee failed to disclose a correct or adequate purpose for disbursements totaling over \$1.6 million). In cases involving a limited number of disbursements or small amount of money, the Commission has dismissed the matter or referred it to the Commission’s Alternative Dispute Resolution Office (“ADRO”). *See, e.g.*, Certification at 3, MUR 6518 (Newt Gingrich, *et al.*) (June 24, 2015) (referring allegations to the ADRO that respondents failed to disclose an adequate purpose for one \$47,005 disbursement); MUR 6638 (Todd Long for Congress) (dismissing allegation that respondent incorrectly described the purpose of two disbursements totaling \$21,667 as “check” where respondent committee corrected description and terminated). In addition, a recent decision by the United States Court of Appeals for the Eighth Circuit rejected an argument that identifying a purpose of “audio/visual expenses” for payments that were actually compensation for an endorsement did not cause a committee’s disclosure reports to be false. *See United States v. Jesse Benton, John Tate, and Dimitrios Kesari*, *supra*, note 39 (affirming the convictions of three former Ron Paul 2012 campaign officials for, *inter alia*, violating the Act by causing false campaign finance reports to be filed with the Commission) (Kesari was, and the Ron Paul 2012 Presidential Campaign Committee, Inc., is, a respondent in MUR 6800,

⁷⁴ *Supra* note 20.

⁷⁵ *Id.*

were provided to the Committee by West Coast. Accordingly, we recommend that the Commission dismiss the allegations that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i)(A) by misreporting the purpose of funds paid to West Coast.

2. Statements of Purpose for Disbursements to Lake Point and North Superior

The Committee reported fifteen disbursements to Lake Point totaling \$164,092 for “consulting-strategy” and “strategic consulting,” and four disbursements to North Superior totaling \$17,500 for “consulting-strategy” and “strategic consulting.”⁷⁶ Although these statements of purpose comport with the list of adequate statements maintained on the Commission website,⁷⁷ they do not appear to accurately describe the services that either LLC, or their members, provided to the Committee.

As discussed above, Faulkner is a registered agent of the Committee and Lake Point and appears to have been, for all intents and purposes, a full-time employee of the campaign functioning as the actual or de facto campaign director.⁷⁸ Faulkner’s role is not consistent with the description “Consultant,” and the purpose could have been accurately reported as “salary,” which the Commission describes as the appropriate statement of purpose for “a disbursement to a staff member.”⁷⁹ Similarly, the only available information, provided by Respondents, indicates that North Superior/Senseman provided the Committee with legal services related to the

⁷⁶ *Supra* notes 22-23.

⁷⁷ Federal Election Commission, *Purposes of Disbursements*, <https://www.fec.gov/help-candidates-and-committees/purposes-disbursements/#adequate-consultant-and-consulting-purposes> (publishing a list of “adequate consultant and consulting purposes” that includes “Strategic Planning Consulting” and “Strategy Consulting”).

⁷⁸ *Supra* note 7.

⁷⁹ Purpose Statement of Policy at 888.

Committee's incorporation and governance, not with strategic consulting.⁸⁰ The purpose of the disbursements to North Superior/Senseman could have been accurately reported as "legal consulting" or "legal/legal fees/legal services," which both appear on the list of statements of purpose that the Commission generally finds acceptable.⁸¹ Accordingly, we recommend that the Commission find reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i)(A) by misreporting the purpose of funds paid to Lake Point and North Superior.

C. Remaining Respondents

In addition to the Committee, Melton-Meaux, Lake Point, North Superior, West Coast, and Canal Partners were also notified as Respondents in this matter. Because the Act's reporting requirements at issue apply only to political committees and committee treasurers,⁸² we recommend that the Commission find no reason to believe that Melton-Meaux, Lake Point, North Superior, West Coast, and Canal Partners violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

D. Conclusion

For the reasons discussed above, we recommend that the Commission find reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of \$3,490,618.40 in disbursements reportedly paid to Lake Point, North Superior, and West Coast. We also recommend that the Commission find reason to believe that

⁸⁰ *Supra* note 61.

⁸¹ *Supra* note 77.

⁸² *See* 52 U.S.C. § 30104(a)(1) (requiring that "[e]ach treasurer of a political committee shall file reports of receipts and disbursements in accordance with the provisions of this subsection"); 11 C.F.R. § 104.1(a) (requiring that "[e]ach treasurer of a political committee required to register under 11 CFR part 102 shall report in accordance with 11 CFR part 104").

1 the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i)(A) by
2 misreporting the purpose of \$181,592 in disbursements reportedly paid to Lake Point Consulting
3 and North Superior. Lastly, we recommend that the Commission find no reason to believe that
4 Melton-Meaux, Lake Point, North Superior, West Coast Public Affairs, and Canal Partners
5 violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

6

7

8

9

10

11

12

13

14

15

16

1

2

3

4 **V. RECOMMENDATIONS**

5 1. Find reason to believe that Antone for Congress and Dennis Melton in his official
6 capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R.
7 § 104.3(b)(4) by misreporting the payee of funds paid to Lake Point Consulting
8 LLC, North Superior Consulting LLC, and West Coast Public Affairs;

9 2. Find reason to believe that Antone for Congress and Dennis Melton in his official
10 capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R.
11 § 104.3(b)(4)(i)(A) by misreporting the purpose of funds paid to Lake Point
12 Consulting LLC and North Superior Consulting LLC;

13 3. Dismiss the allegations that Antone for Congress and Dennis Melton in his
14 official capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R.
15 § 104.3(b)(4)(i)(A) by misreporting the purpose of funds paid to West Coast
16 Public Affairs;

17 4. Find no reason to believe that Antone Melton-Meaux, Lake Point Consulting
18 LLC, North Superior Consulting LLC, West Coast Public Affairs, and Canal
19 Partners Media, LLC violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R.
20 § 104.3(b)(4);

21 5. Approve the attached Factual and Legal Analyses;

22 6. Authorize pre-probable cause conciliation with Antone for Congress and Dennis
23 Melton in his official capacity as treasurer;

24 7. Approve the attached proposed conciliation agreement; and

8. Approve the appropriate letters.

Lisa J. Stevenson
Acting General Counsel

Charles Kitcher
Associate General Counsel for Enforcement

07.30.21

Date



Stephen Gura
Deputy Associate General Counsel for Enforcement



Mark Allen
Assistant General Counsel



Ray Wolcott
Attorney

Attachments

1. Factual and Legal Analysis for Antone for Congress and Dennis Melton as treasurer
2. Factual and Legal Analysis for Antone Melton-Meaux
3. Factual and Legal Analysis for Lake Point Consulting LLC
4. Factual and Legal Analysis for North Superior Consulting LLC
5. Factual and Legal Analysis for West Coast Public Affairs
6. Factual and Legal Analysis for Canal Partners Media, LLC

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

1 RESPONDENTS: Antone for Congress and Dennis Melton MUR 7774
2 in his official capacity as treasurer

I. INTRODUCTION

4 Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in
5 the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The
6 Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis
7 Melton in his official capacity as treasurer (“Committee”), failed to itemize \$3,470,618 in
8 reported disbursements for campaign services and intentionally obscured the ultimate payees for,
9 and purposes of, the disbursements. The Complaint alleges that these payments were made to
10 three business entities — Lake Point Consulting LLC (“Lake Point”), North Superior Consulting
11 LLC (“North Superior”), and West Coast Public Affairs (“West Coast”) — formed for the sole
12 purpose of acting as conduits to disguise payments to vendors worried that they would be
13 “blacklisted” by the Democratic Congressional Campaign Committee (“DCCC”) if they
14 provided services to a candidate challenging a Democratic incumbent.

15 The Committee denies the allegations and argues that the disbursements to Lake Point,
16 North Superior, and West Coast were properly reported. As discussed below, the available
17 information indicates that the Committee accurately reported the purpose for \$3,309,026 in
18 disbursements to West Coast, but identified the company merely as “WCPA” and the reported
19 company address was an Illinois post office box not associated with West Coast, a California
20 company, in any public records. The available information also indicates that the Committee did
21 not properly disclose the payee or purpose of \$181,592.40 in total disbursements to Lake Point
22 and North Superior.

Thus, the Commission finds reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of \$3,490,618.40 in disbursements reportedly paid to West Coast, Lake Point, and North Superior. The Commission also finds reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i)(A) by misreporting the purpose of \$181,592 in disbursements reportedly paid to Lake Point and North Superior.

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota's Fifth Congressional District, running as one of several Democratic candidates challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux's authorized campaign committee; Dennis Melton is the Committee Treasurer.² The Committee was formed on November 15, 2019, and is organized as a nonprofit corporation in Minnesota. Heather Faulkner is listed as the Committee's registered agent on both its Statement of Organization and its corporate filings with the Minnesota Secretary of State.³

Lake Point was formed in Delaware on December 2, 2019, seventeen days after the Committee's formation, and the Committee's first reported disbursement to Lake Point was on

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019); Committee Resp. at 1 (Oct. 29, 2020).

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ *Id.*; Minnesota Secretary of State Business Entity Search, <https://mbisportal.sos.state.mn.us/Business/BusinessSearch?BusinessName=Antone%20for%20Congress> (search for "Antone for Congress").

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 3 of 20

December 8, 2019.⁴ Lake Point appears to be a single-member LLC,⁵ and although the individual who formed Lake Point is unidentified on the Delaware Secretary of State’s website, the Response identifies her as Heather Faulkner.⁶ According to Respondents, Faulkner was selected for a role in the Committee prior to the formation of Lake Point and, apparently through Lake Point, was “performing campaign director functions” for the Committee.⁷ Lake Point does not appear to have public website or profiles on any major social media platforms.⁸

North Superior was formed in Delaware on November 4, 2019, eleven days before the Committee’s formation, and the Committee’s first reported disbursement to North Superior was on December 17, 2019.⁹ North Superior appears to be a single-member LLC;¹⁰ the individual who formed North Superior is unidentified on the Delaware Secretary of State’s website, and

⁴ Resp. Attach. 1; Delaware Department of State Division of Corporations Business Entity Search, <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for “Lake Point Consulting LLC”); Resp. Attach 1 (redacted affidavit from the unidentified individual who formed Lake Point and associated certificate of formation); Antone for Congress 2019 Year End Report at 81 (Jan. 31, 2020) (disclosing an \$8,000 disbursement for “consulting-strategy”).

⁵ See Resp. at 4 (“The Commission has no basis to assume that [Lake Point and North Superior] were anything other than simple single-member LLCs ...”).

⁶ *Id.*, Attach. 1; Antone for Congress Statement of Organization (listing Heather Faulkner as the Committee’s registered agent); Minnesota Secretary of State Business Entity Search, <https://mblsportal.sos.state.mn.us/Business/SearchDetails?filingGuid=3d70e4e7-bd07-ea11-9188-00155d01b4fc> (search for “Antone for Congress”) (showing Heather Faulkner as the entity’s registered agent).

⁷ Joint Resp. at 4 n.6 (stating that “The person who formed Lake Point LLC was one of the directors selected at the organizational meeting in 2019 and was selected as Secretary of the corporation as well.”). Faulkner’s selection as registered agent for the Committee necessarily preceded filing of the incorporation documents with the Minnesota Secretary of State, which in turn preceded the formation of Lake Point by eighteen days.

⁸ The Complaint asserts that none of the three LLCs — Lake Point, North Superior, and West Coast — have public websites or any presence on social media platforms, and the Commission is unable to identify any information to the contrary. Compl. at 5 (Aug. 7, 2020).

⁹ Delaware Department of State Division of Corporations Business Entity Search, <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for “North Superior Consulting LLC”); Joint Resp., Attach 2 (redacted affidavit from the unidentified individual who formed North Superior and associated certificate of formation); Antone for Congress 2019 Year End Report at 84 (disclosing a \$5,000 disbursement for “consulting-strategy”).

¹⁰ *Supra* note 5.

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 4 of 20

that person’s name is redacted from the declarations and supporting documents included with the Response. A press report linking to an unredacted copy of the state-filed documents indicates, however, that an individual named K. Davis Senseman, who the article describes as an attorney in Minneapolis and the former treasurer of Ilhan Omar’s 2018 congressional campaign committee, signed as the “Authorized Person” forming North Superior.¹¹ Senseman is the founder of, and sole attorney at, Davis Law Office, PLLC, a law firm in Minneapolis formed in 2010.¹² According to Respondents, North Superior “assisted [the Committee] with its organizational efforts, which included helping craft incorporation documents and organizational meeting documents.”¹³ North Superior does not appear to have a public website or profiles on any major social media platforms.¹⁴

West Coast is a corporation formed in California in 2012.¹⁵ According to a declaration from West Coast’s Chief Financial Officer (“CFO”), John Shallman, West Coast provides media services to political, nonprofit, and other organizations, including media strategy, production,

¹¹ See Ilhan for Congress Statement of Organization (June 13, 2018) (listing Senseman as treasurer); Gabe Schneider, *Antone Melton-Meaux’s Campaign Paid Almost \$100,000 to Two Consulting Companies — but Won’t Say Who is Involved or What Work They Do*, MINNPOST (July 27, 2020), <https://www.minnpost.com/national/2020/07/antone-melton-meauxs-campaign-paid-almost-100000-to-two-consulting-companies-but-wont-say-who-is-involved-or-what-work-they-do>. The MinnPost article included a link to a PDF copy of the formation documents, page two of which appears to be an unredacted copy of the North Superior formation document included as Attachment B to the Committee’s Response. https://www.minnpost.com/wp-content/uploads/2020/07/234633512_361420_033638.pdf.

¹² Minnesota Secretary of State Business Entity Search, <https://mbisportal.sos.state.mn.us/Business/SearchDetails?filingGuid=ac983a3b-95d4-e011-a886-001ec94ffe7f> (search for “Davis Law Office”); Davis Law Office, About, <https://davismeanbusiness.com/team> (listing Senseman as the founder and sole attorney).

¹³ Joint Resp. at 4 n.6.

¹⁴ *Supra* note 8.

¹⁵ California Secretary of State Business Entity Search, <https://businesssearch.sos.ca.gov/CBS/Detail> (search for “West Coast Public Affairs”).

1 and time-buying, which is handled through a sub-vendor.¹⁶ Shallman declares that the
2 Committee's reported disbursements to West Coast were for such media services, and the time-
3 buying portion of those services was handled through a sub-vendor named Canal Partners
4 Media.¹⁷ He declares that all Committee disbursements received by West Coast were for bona
5 fide media services that West Coast provided to the campaign, either directly or through
6 subcontractors.¹⁸ For its part, Canal Partners appears to serve as a time-buying sub-vendor that
7 purchases political advertising time for federal, state, and local candidates nationwide.

8 The Committee reported 20 disbursements to West Coast totaling \$3,309,026 for a
9 variety of purposes related to advertising.¹⁹ The Committee reported the disbursements to West
10 Coast using the acronym "WCPA," not the company's full name, and providing an Illinois
11 address for West Coast not found in the company's corporate filings, which list only California
12 addresses. Commission records show that other entities reported significant disbursements to
13 West Coast between 2012 and the present for media services, with each entry using the
14 company's full name, "West Coast Public Affairs," and listing one of three California addresses
15 near Los Angeles for the company that appear in West Coast's corporate filings.²⁰

¹⁶ Joint Resp., Attach. 3; West Coast Statement of Information (June 10, 2013), *available at* <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=03505102-16543218> (listing Shallman as the CFO).

¹⁷ Joint Resp., Attach. 3.

¹⁸ *Id.*

¹⁹ Antone for Congress 2020 July Quarterly Report at 1922-1923 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 514-517 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 297-299 (July 30, 2020) (collectively reporting five disbursements for "TV/digital ad buy," five disbursements for "direct mail," three disbursements for "TV ad buy," two disbursements for "media buy," two disbursements for "digital advertising," and single disbursements for "retainer," "television advertising," and "TV ad buy and production").

²⁰ Campaign Finance Data, West Coast Public Affairs, 24- and 48-Hour Reports, https://www.fec.gov/data/independent-expenditures/?data_type=processed&is_notice=true&most_recent=true&payee_name=west+coast+public+affairs (showing 87 disbursements to West Coast totaling \$2,590,516.57 for media services associated with independent expenditures between 2012-present).

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 6 of 20

The Committee reported fifteen disbursements to Lake Point totaling \$164,092 during the 2020 election cycle; fourteen of these payments were reported with a purpose of “strategic consulting,” and one payment was reported as being for “consulting-strategy.”²¹ The Committee reported four disbursements to North Superior totaling \$17,500 for “consulting-strategy” and “strategic consulting.”²² Commission records show no reported disbursements to Lake Point or North Superior from any other entities during the 2020 election cycle.²³

Referencing press reports, the Complaint and Response assert that during the 2020 election cycle, the DCCC issued an internal policy that amounted to maintaining a “blacklist” of vendors that worked with challengers to incumbent Democratic congressional candidates.²⁴ The Complaint alleges that Lake Point, North Superior, and West Coast were formed as conduits to obscure the identity of vendors providing services to the Committee who sought to avoid being

²¹ Antone for Congress 2019 Year-End Report at 81 (Jan 31, 2020); Antone for Congress 2020 April Quarterly Report at 181-182 (Apr. 15, 2020); Antone for Congress 2020 July Quarterly Report at 1912-1913 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 500 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 287 (July 30, 2020); Antone for Congress 30 Day Post-General Report at 8 (Dec. 2, 2020); Antone for Congress 2021 April Quarterly Report at 8 (Apr. 15, 2021).

²² Antone for Congress 2019 Year End Report at 84; Antone for Congress 2020 April Quarterly Report at 187; Antone for Congress 2020 July Quarterly Report at 1919.

²³ Campaign Finance Data, 2019-2020, Disbursements, Lake Point Consulting or North Superior Consulting, https://www.fec.gov/data/disbursements/?data_type=processed&recipient_name=Lake+Point+Consulting&recipient_name=north+superior+consulting&two_year_transaction_period=2020.

²⁴ Compl. at 5 (citing Rachael Bade & David Weigel, *Pelosi Endorses Rep. Tlaib in Primary Fight, Moves to Help Members of ‘the Squad,’* WASH. POST (July 29, 2020), https://www.washingtonpost.com/powerpost/pelosi-endorses-rep-tlaib-in-primary-fight-moves-to-help-members-of-the-squad/2020/07/29/028b5692-d1c6-11ea-9038-af089b63ac21_story.html); Joint Resp. at 3; *see also* Daniel Marans, *DCCC Promises to Blacklist Firms that Work with Candidates Challenging Incumbents*, HUFFINGTON POST (Mar. 22, 2019), available at https://www.huffpost.com/entry/dccc-promises-to-blacklist-firms-that-work-with-candidates-challenging-incumbents_n_5c95126ae4b01ebef0ec3ae.

“blacklisted” by the DCCC.²⁵ In March 2021, the DCCC reportedly announced that it would no longer follow this policy.²⁶

The Committee argues that the Complaint is speculative and the Committee accurately disclosed the reported disbursements to Lake Point, North Superior, and West Coast.²⁷ The Committee asserts that Delaware law does not require LLCs to disclose their owners or members in their formation documents, and an attorney can file formation documents on behalf of an LLC.²⁸ The available information suggests that the Committee and Melton-Meaux may have signed nondisclosure agreements (“NDAs”) with both Lake Point and North Superior.²⁹

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.³⁰ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political

²⁵ Compl. at 1-2.

²⁶ See Ally Mutnick, *House Democrats End Controversial Consultant Ban*, POLITICO (Mar. 9, 2021), <https://www.politico.com/news/2021/03/09/dccc-ban-primary-challengers-474588>.

²⁷ Resp. at 1.

²⁸ *Id.* at 2

²⁹ Schneider, *supra* note 11 (“Melton-Meaux’s campaign manager also claimed to have signed nondisclosure agreements with the companies that prevented them from revealing any further information”).

³⁰ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 8 of 20

campaign money comes from and how it is spent.”³¹ Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.³²

A. Disclosure of Payees of Disbursements

Neither the Act nor Commission regulations address the concepts of ultimate payees, vendors, agents, contractors, or subcontractors in this context.³³ The Commission determined in Advisory Opinion 1983-25 (Mondale) (“AO 1983-25”) that in certain circumstances, reporting committees are not required to separately report payments that the committee’s vendors make to subvendors when those payments are for services or goods used in the performance of the vendor’s contract with the committee.³⁴ In that advisory opinion, a committee, Mondale for President, Inc., planned to contract with a media consulting group for media-related services, including media production and the purchase of television and radio time.³⁵ In reaching its conclusion, the Commission found several facts to be significant in concluding that the committee was not required to separately report or itemize payments to its vendor’s subvendors: (1) the vendor at issue had a legal existence as a corporation separate from the operations of the

³¹ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); *see also Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

³² *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); *see also Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described in *Buckley* — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).

³³ Advisory Op. 1983-25 (Mondale) at 2. As discussed below, the Commission has since addressed the requirements of section 30104(b)(5) in certain situations not applicable to these facts. *See* Reporting Ultimate Payees of Political Committee Disbursements, 78 Fed. Reg. 40,625, 40,626-27 (July 8, 2013) (“Ultimate Payee Interpretive Rule”) (clarifying committees’ obligation to report “ultimate payees” in three specific scenarios that are not vendor specific).

³⁴ AO 1983-25 at 3.

³⁵ *Id.* at 1.

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 9 of 20

committee; (2) the vendor’s principals did not hold any staff positions with the committee;
(3) the committee conducted arm’s length negotiations with the vendor that resulted in formation
of a final contract; (4) the vendor was not required to devote its “full efforts” to the contract and
expected to have contracts with other campaigns and entities; and (5) the committee had no
interest in the vendor’s other contracts.³⁶

The Commission has applied the analytical framework identified in AO 1983-25 when
considering whether a committee’s reported payment to a vendor satisfies the reporting
requirements of section 30104(b)(5) in the context of an allegation that the committee should
have reported the identity of a subvendor. For example, in MUR 6510 (Kirk), the Commission
found no reason to believe that the respondent committee failed to adequately report
disbursements in connection with payments to a media firm that subcontracted various media
services.³⁷ Applying the factors outlined in AO 1983-25, the Commission concluded that the
committee did not need to report the media vendor’s payments to the subvendor.³⁸ In MUR
6894 (Russell), the respondents reported payments to a media consulting firm, which purchased
media buys on behalf of the respondents.³⁹ The Commission found that the media consultant

³⁶ *Id.* at 3.

³⁷ Factual & Legal Analysis at 12, MUR 6510 (Kirk for Senate, *et al.*); *cf.* Factual & Legal Analysis at 4-6, MUR 6818 (Allen Weh for Senate) (dismissing allegation that committee violated the Act by failing to itemize payments to a payroll company after committee quickly amended reports in response to RFAs to include itemization and where committee allegedly intentionally hid said payments).

³⁸ Factual & Legal Analysis at 12-13, MUR 6510; *see also United States v. Jesse Benton, John Tate, and Dimitrios Kesari*, 890 F.3d 697, 709 (8th Cir. 2018), *cert. denied*, *Benton v. U.S.*, 139 S. Ct. 1318 (2019), *Tate v. U.S.*, 139 S. Ct. 1322 (2019); *Kesari v. United States*, 139 S. Ct. 1322 (2019) (noting that in AO 1983-25 and MUR 6510, “the Commission concluded that the vendors and subvendors had provided the services described by the campaign”).

³⁹ Factual & Legal Analysis at 1-2, MUR 6894 (Steve Russell for Congress); *see also* First Gen. Counsel’s Rpt. at 3, MUR 6894 (Steve Russell for Congress) (noting that the payments in question were disbursements made by the media consultant “to a subvendor in connection with services the vendor provided to the Committee”).

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 10 of 20

1 separately contracted with the stations for air time and paid them accordingly, while also
2 receiving commissions from the respondents and concluded that the reporting did not violate the
3 Act.⁴⁰ As in AO 1983-25, MUR 6510 and MUR 6894 both involved firms hiring subvendors
4 that provided the same type of services provided by the vendors.⁴¹

5 The Commission has, however, found reason to believe committees violated the Act's
6 reporting requirements in matters where the record suggests facts materially distinguishable from
7 those considered in AO 1983-25, such as when a committee reported a vendor that served merely
8 as a stand-in for payments to another particular recipient the committee avoided disclosing. For
9 instance, in MUR 4872 (Jenkins), a committee directly hired a vendor — Impact Mail — to
10 perform phone bank services on the committee's behalf. When the committee discovered that
11 David Duke's name and phone number appeared on caller identification for calls placed by
12 Impact Mail's phone bank, the committee took measures to conceal its relationship with Impact
13 Mail by routing its payments to Impact Mail through a second vendor, Courtney
14 Communications, and reporting Courtney Communications as the payee on disclosure reports.⁴²
15 Although Courtney Communications was a vendor that provided media services for the
16 committee during the period in question, Impact Mail was not a subvendor of Courtney
17 Communications because Courtney Communications "had no involvement whatsoever with the

⁴⁰ Factual & Legal Analysis at 1, MUR 6894.

⁴¹ AO 1983-25 at 1-2 (media firm planned to hire subvendors that would provide additional media services); MUR 6894 (Steve Russell for Congress) (media firm paid television stations for media buys); MUR 6510 (media vendor paid subvendor for media and communications consulting).

⁴² Conciliation Agreement at 2-4, MUR 4872 (Jenkins).

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 11 of 20

services provided by Impact Mail.”⁴³ Its only role was “to serve as a conduit for payment to Impact Mail so as to conceal the transaction with Impact Mail.”⁴⁴

Similarly, in MUR 3847 (Stockman), the Commission applied the framework laid out in AO 1983-25, found the matter distinguishable, and found probable cause to believe that the committee violated the reporting requirements of the Act by reporting payments to a vendor, which was an unincorporated proprietorship run by two committee officials, for approximately \$470,000 in committee expenses, including the costs of at least one “subvendor” who created communications pursuant to a direct contract between the subvendor and the candidate and his committee.⁴⁵ The Commission rested its determination on the facts that the reported vendor’s principals held positions with the committee; the vendor was not incorporated; there was no formal contract between the vendor and the committee; the vendor was devoted largely to the committee, worked out of the committee’s headquarters, and used its facilities; and the principals of the vendor held themselves out to the public as officials of the committee.⁴⁶ The Commission concluded that these facts reflected that the reported vendor served as merely an intermediary for payments to other payees (including the purported “subvendor”) and thus, under the Act, the committee was required to report the true purpose and recipients of the payments made through the vendor.⁴⁷

⁴³ *Id.* at 3-4.

⁴⁴ *Id.* at 4.

⁴⁵ Amend. Certification, MUR 3847 (Stockman) (Dec. 8, 1997), <https://www.fec.gov/files/legal/murs/3847.pdf> at 1,539; Gen. Counsel’s Brief at 33-37, MUR 3847 (Stockman), <https://www.fec.gov/files/legal/murs/3847.pdf> at 1,416.

⁴⁶ Conciliation Agreement at 6-7, MUR 3847, <https://www.fec.gov/files/legal/murs/3847.pdf> at 1,576.

⁴⁷ Gen. Counsel’s Brief at 37, MUR 3847; Conciliation Agreement at 7, MUR 3847 (Stockman).

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 12 of 20

More recently, in MUR 6724 (Bachmann), Bachmann’s committee and Sorenson agreed that he would be paid by the committee through an intermediary — C&M — that simply added Sorenson’s monthly payments to the monthly fees it was already collecting from the committee.⁴⁸

1. Applying AO 1983-25 Factors to the Disbursements to West Coast

Analyzed against the factors outlined in AO 1983-25, the Committee appears to have accurately reported the ultimate payee of its disbursements to West Coast, but incorrectly used the acronym “WCPA” in its reports rather than the company’s full name and reported the company’s address as a P.O. box in Illinois that does not correspond to West Coast’s business address on file with the California Secretary of State.

According to public records and a signed sworn declaration by West Coast’s CFO, West Coast was incorporated in 2012 and has been a going concern since then, providing media services to political clients, non-profits, and other clients.⁴⁹ West Coast’s CFO declared that the disbursements from the Committee were for media services that West Coast provided, both directly and through a sub-contract with Canal Partners.⁵⁰

Applying the factors from AO 1983-25, the available information indicates that:

- (1) West Coast had a legal existence as a corporation separate from the operations of the Committee;
- (2) West Coast’s principals did not hold any staff positions with the Committee;
- (3) the Commission is unaware of any information indicating that contract negotiations between

⁴⁸ Factual & Legal Analysis at 2-3, MUR 6724 (Bachmann for President); *see also* Conciliation Agreement at 2, MUR 6724.

⁴⁹ John Shallman Decl. (undated) (included as Attach. 3 to the Response).

⁵⁰ *Id.*

1 the Committee and West Coast were conducted at other than arm's length; (4) there is no
 2 information indicating that West Coast was required to devote its "full efforts" to the contract;⁵¹
 3 and (5) there is no information indicating that the Committee had an interest in West Coast's
 4 other contracts. Indeed, the Committee's relationship with West Coast as a media vendor and
 5 the fact that it did not separately itemize West Coast's payments to Canal Partners or other
 6 subcontractors are similar to previous matters, discussed above, in which the Commission has
 7 determined that authorized committees do not need to itemize payments made to subcontractors
 8 providing time-buying or other services to the committees' primary media vendor.

9 This matter is distinguishable from those previous matters, however, because the
 10 Committee reported the disbursements using the acronym "WCPA" rather than the company's
 11 full name, "West Coast Public Affairs," and providing an Illinois address not found in the
 12 company's corporate filings or associated with any of the numerous previous disbursements to
 13 West Coast disclosed to the Commission by other entities. The Committee concedes that there is
 14 a "plausible argument" that they erred by reporting the payments using the "WCPA" acronym
 15 rather than the company's full name, as Commission regulations require, but argues that the
 16 statute merely requires reporting the "name" of payees.⁵² In the Response, the Committee states
 17 that "if the Reports and Analysis Division indicates that [the Committee] should have complied

⁵¹ *Supra* note 23.

⁵² Joint Resp. at 4 n.5 ("[the Committee] realizes there is a plausible argument that it should have reported the 'full name' of WCPA ... per 11 C.F.R. § 104.3(b)(4)(i) ... Of course, the Commission's regulation cannot exceed the reach of the underlying statute"). Respondents offer no explanation for the use of an Illinois address. We note, however, that each of the 87 disbursements to West Coast reported to the Commission by other entities between 2012-present, including during the 2020 election cycle, used either an Encino, California, or Woodland Hills, California, address for the company. *Supra* note 20.

1 with the regulation rather than the statute, [the Committee] will submit a [Form 99] to explain
2 that the ‘WCPA’ reference in the Committee’s reports refers to ‘West Coast Public Affairs.’”⁵³

3 The Committee appears to have violated the plain language of 11 C.F.R. § 104.3(b)(4),
4 which states that committees “shall report the full name and address” of each “person to whom
5 an expenditure in an aggregate amount or value in excess of \$200 within the election cycle is
6 made by the reporting authorized committee to meet the authorized committee’s operating
7 expenses.”⁵⁴ Further, this use of the acronym and Illinois address would have made it very
8 difficult for a member of the public to identify the recipient of \$3,309,026 in disbursements —
9 71% of the Committee’s total disbursements during the 2020 election cycle.⁵⁵ The Committee’s
10 use of the acronym and Illinois address is particularly notable when viewed alongside
11 contemporaneous information indicating that vendors were concerned about being blacklisted by
12 the DCCC for providing services to the Committee. Because the Committee violated the plain
13 language of the relevant regulation, and appears to have done so to obscure West Coast as the
14 payee, the Commission finds reason to believe that the Committee violated 52 U.S.C.
15 § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of funds paid to West
16 Coast.

⁵³ Joint Resp. at 4 n.5.

⁵⁴ 11 C.F.R. § 104.3(b)(4), (b)(4)(i); *see also* 52 U.S.C. § 30104(b)(5)(A) (committee reports shall disclose “the name and address” of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the election cycle is made by the reporting committee).

⁵⁵ The Committee disclosed \$4,650,989.07 in total disbursements during the 2020 election cycle. Campaign Finance Data, Antone for Congress, Spending, <https://www.fec.gov/data/committee/C00729582/?cycle=2020&tab=spending>.

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 15 of 20

2. Applying AO 1983-25 Factors to the Disbursements to Lake Point and North Superior

Analyzed against the factors outlined in AO 1983-25, the Committee does not appear to have properly reported the ultimate payee of its disbursements to Lake Point and North Superior.

First, although Lake Point and North Superior each had a legal existence as an LLC separate from the Committee — in that Lake Point is a registered LLC and the Committee is a registered nonprofit corporation — both LLCs appears to have been formed solely to perform work for the Committee. Lake Point was formed by Heather Faulkner on December 2, 2019, the day before the Committee registered with the Commission, and seventeen days *after* the Committee registered as a nonprofit corporation in Minnesota with Faulkner as its registered agent. Indeed, Respondents appear to acknowledge that Faulkner was selected to serve a role within the Committee prior to the formation of Lake Point.⁵⁶ Similarly, North Superior was formed on November 4, 2019, and according to Respondents, “assisted [the Committee] with its organizational efforts, which included helping craft incorporation documents and organizational meeting documents.”⁵⁷ Because North Superior was formed only eleven days before the Committee filed its incorporation documents, it appears likely that the LLC was formed either after, or at the same time as, the LLC’s single member began working with the Committee on its incorporation.

Second, the available information indicates that Faulkner, who appears to be Lake Point’s sole member, held a position with the Committee. She is listed as the Committee’s registered

⁵⁶ See Joint Resp. at 4 n.6 (“The person who formed Lake Point LLC was one of the directors selected at the organizational meeting in 2019 and was selected as Secretary of the corporation as well.”). This organizational meeting presumably preceded the filing of incorporation documents with the Minnesota Secretary of State.

⁵⁷ *Id.*

1 agent in both its incorporation documents and its Statement of Organization and also appears to
2 have been the actual or de facto campaign director.⁵⁸ As to North Superior, if Senseman was in
3 fact the single member of North Superior — and the available information indicates that is likely
4 — it is difficult to see why it was necessary to form an LLC as protection from individual
5 liability to assist the Committee with incorporation or other matters, because these services could
6 have been provided through the Davis Law Office, which is organized as a PLLC.⁵⁹

7 Although the Response is silent as to whether either Lake Point or North Superior’s
8 contracts with the Committee required the LLCs to devote their “full efforts” to the contract or
9 whether they were expected to have contracts with other campaigns and entities, the available
10 information indicates that no other campaigns or entities reported any disbursements to either
11 LLC. The Response does not suggest that either entity performed any work for other candidates,
12 committees, or non-political entities.

13 The available information indicates that both Lake Point and North Superior were formed
14 by single members who were already holding positions with, or performing work for, the
15 Committee prior to the formation of the LLCs. As there is no available information indicating
16 that Lake Point and North Superior have ever publicly held themselves out for business —
17 neither entity has a public website or any presence on social media — or held contracts with any
18 clients other than the Committee, the available information indicates that both LLCs were likely
19 created primarily to obscure the fact that Faulkner and Senseman were being paid to provide
20 services to the Committee and thus avoid the DCCC’s “blacklist.” Thus, Lake Point and North

⁵⁸ *Supra* note 7.

⁵⁹ *Supra* note 12

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 17 of 20

Superior appear to have been serving as pass-throughs, and based on previous Commission decisions,⁶⁰ the Committee should have reported Faulkner and Senseman as the payees for all disbursements made to Lake Point and North Superior, respectively. Accordingly, the Commission finds reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4) by misreporting the payee of funds paid to Lake Point and North Superior.

B. Disclosure of Purpose of Disbursements

Although the Complaint largely focuses on the issue of whether the Committee correctly reported the ultimate payee for the disbursements in question, the Complaint in MUR 7774 also raises the issue of whether the Committee failed to properly report the purpose for these disbursements.⁶¹

Commission regulations define “purpose” as a “brief statement or description of why the disbursement was made.”⁶² “The ‘purpose of disbursement’ entry, when considered along with the identity of the disbursement recipient, must be sufficiently specific to make the purpose of the disbursement clear.”⁶³ The Commission has determined that the description of purpose should be sufficient to allow “a person not associated with the committee [to] easily discern why the disbursement was made when reading the name of the recipient and the purpose.”⁶⁴

⁶⁰ See e.g., MUR 3847 (Stockman); MUR 6724 (Bachmann).

⁶¹ Compl. at 2, 6, 10, 13 (noting that the Act and Commission regulations require treasurers to itemize expenditures and disbursements over \$200 on committee reports and disclose the purpose of those expenditures and disbursements, and alleging that the Committee failed to properly itemize the disbursements to West Coast, Lake Point, and North Superior).

⁶² 11 C.F.R. § 104.3(b)(3)(i)(A), (B); *id.* § 104.3(b)(4)(i)(A).

⁶³ See Statement of Policy: “Purpose of Disbursement” Entries for Filings with the Commission, 72 Fed. Reg. 887 (Jan. 9, 2007) (“Purpose Statement of Policy”) (citing 11 C.F.R. §§ 104.3(b)(3)(i)(B), (4)(i)(A)).

⁶⁴ Purpose Statement of Policy at 888.

1 Examples of sufficient statements of purpose include, but are not limited to, dinner expenses,
 2 media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense
 3 reimbursements, and catering costs.⁶⁵ The Commission has concluded that “the description
 4 ‘media’ is considered as a satisfactory description for a payment that is, in fact, made for media,
 5 such as the purchase of media time or media space.”⁶⁶ The Commission has determined that the
 6 description “Consultant-Media,” “Consultant-Fundraising” “Consultant-Get-Out-The-Vote,”
 7 “Consultant-Legal,” and “Consultant-Polling” are sufficient statements of purpose for a
 8 disbursement to a consultant, and that the sufficiency of the description is read in context with
 9 the name of the payee.⁶⁷ By contrast, the Commission has determined that the following are
 10 generally insufficient: “Consultant,” “Consultant-Political,” “Consulting,” “Consulting Non-
 11 FEA,” and “Consulting Service.”⁶⁸ Where respondents disclosed inadequate or incorrect
 12 purposes, the Commission has found reason to believe that they violated the Act.⁶⁹

⁶⁵ 11 C.F.R. § 104.3(b)(3)(i)(B); *id.* § 104.3(b)(4)(i)(A).

⁶⁶ AO 1983-25 at 2.

⁶⁷ Purpose Statement of Policy at 888.

⁶⁸ *Id.*

⁶⁹ *See, e.g.*, Report of the Audit Division at 13-14 (Dallas County Republican Party) (Nov. 19, 2008) (respondent disclosed an inadequate or incorrect purpose for 50 disbursements totaling \$215,261 where committee sometimes reported generic purposes such as professional fees and fundraising consultant, which did not allow a person to easily discern why the disbursements were made when reading the payee and purpose together); Factual & Legal Analysis at 2-3, MUR 6204 (Dallas County Republican Party) (finding reason to believe that the committee violated, *inter alia*, 52 U.S.C. § 30104(b)(5) (formerly 2 U.S.C. § 434(b)(5)); Report of the Audit Division at 12-13 (Cranley for Congress) (Apr. 23, 2008) (sample review projected \$1.4 million in disclosed disbursements lacked required information including, but not limited to, missing or inadequate purposes, for which a person could not easily discern why the disbursements were made when reading the payee and purpose together); Certification, MUR 6134 (Cranley for Congress) (Nov. 19, 2008) (approving the Report of the Audit Division dated April 23, 2008 as the Factual & Legal Analysis); Conciliation Agreement at 4, 6, MUR 5635 (Conservative Leadership Political Action Committee); Final Audit Report, Conservative Leadership Political Action Committee (Nov. 29, 2004) (committee failed to disclose a correct or adequate purpose for disbursements totaling over \$1.6 million). In cases involving a limited number of disbursements or small amount of money, the Commission has dismissed the matter or referred it to the Commission’s Alternative Dispute Resolution Office (“ADRO”). *See, e.g.*, Certification at 3, MUR 6518 (Newt Gingrich, *et al.*) (June 24, 2015) (referring allegations to the ADRO that respondents failed to disclose an adequate purpose for one \$47,005 disbursement); MUR 6638 (Todd Long for Congress) (dismissing allegation that respondent incorrectly described the purpose of two disbursements totaling \$21,667 as “check” where

1 1. Statements of Purpose for Disbursements to West Coast

2 The Committee reported 20 disbursements to West Coast totaling \$3,309,026 for a
3 variety of purposes related to advertising.⁷⁰ The descriptions of purpose for these disbursements
4 were reported as “TV/digital ad buy,” “direct mail,” “TV ad buy,” “media buy,” “digital
5 advertising,” “retainer,” “television advertising,” and “TV ad buy and production”.⁷¹ These
6 descriptions appear to be sufficiently detailed and in line with the services that Respondents state
7 were provided to the Committee by West Coast. Accordingly, the Commission dismisses the
8 allegations that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R.
9 § 104.3(b)(4)(i)(A) by misreporting the purpose of funds paid to West Coast.

10 2. Statements of Purpose for Disbursements to Lake Point and North
11 Superior

12 The Committee reported fifteen disbursements to Lake Point totaling \$164,092 for
13 “consulting-strategy” and “strategic consulting,” and four disbursements to North Superior
14 totaling \$17,500 for “consulting-strategy” and “strategic consulting.”⁷² Although these
15 statements of purpose comport with the list of adequate statements maintained on the

respondent committee corrected description and terminated). In addition, a recent decision by the United States Court of Appeals for the Eighth Circuit rejected an argument that identifying a purpose of “audio/visual expenses” for payments that were actually compensation for an endorsement did not cause a committee’s disclosure reports to be false. *See United States v. Jesse Benton, John Tate, and Dimitrios Kesari, supra*, note 38 (affirming the convictions of three former Ron Paul 2012 campaign officials for, *inter alia*, violating the Act by causing false campaign finance reports to be filed with the Commission)

⁷⁰ *Supra* note 19.

⁷¹ *Id.*

⁷² *Supra* notes 21-22.

MUR 7774 (Antone for Congress)
Factual and Legal Analysis
Page 20 of 20

Commission website,⁷³ they do not appear to accurately describe the services that either LLC, or their members, provided to the Committee.

As discussed above, Faulkner is a registered agent of the Committee and Lake Point and appears to have been, for all intents and purposes, a full-time employee of the campaign functioning as the actual or de facto campaign director.⁷⁴ Faulkner's role is not consistent with the description "Consultant," and the purpose could have been accurately reported as "salary," which the Commission describes as the appropriate statement of purpose for "a disbursement to a staff member."⁷⁵ Similarly, the only available information, provided by Respondents, indicates that North Superior/Senseman provided the Committee with legal services related to the Committee's incorporation and governance, not with strategic consulting.⁷⁶ The purpose of the disbursements to North Superior/Senseman could have been accurately reported as "legal consulting" or "legal/legal fees/legal services," which both appear on the list of statements of purpose that the Commission generally finds acceptable.⁷⁷ Accordingly, the Commission finds reason to believe that the Committee violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i)(A) by misreporting the purpose of funds paid to Lake Point and North Superior.

⁷³ Federal Election Commission, *Purposes of Disbursements*, <https://www.fec.gov/help-candidates-and-committees/purposes-disbursements/#adequate-consultant-and-consulting-purposes> (publishing a list of "adequate consultant and consulting purposes" that includes "Strategic Planning Consulting" and "Strategy Consulting").

⁷⁴ *Supra* note 7.

⁷⁵ Purpose Statement of Policy at 888.

⁷⁶ *Supra* note 57.

⁷⁷ *Supra* note 73.

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Antone Melton-Meaux

MUR 7774

I. INTRODUCTION

Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis Melton in his official capacity as treasurer (“Committee”), failed to itemize \$3,470,618 in reported disbursements for campaign services and intentionally obscured the ultimate payees for, and purposes of, the disbursements. Because the Act’s reporting requirements at issue apply only to political committees and committee treasurers, the Commission finds no reason to believe that Melton-Meaux violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District, running as one of several Democratic candidates challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux’s authorized campaign committee; Dennis Melton is the Committee Treasurer.²

Referencing press reports, the Complaint and Response assert that during the 2020 election cycle, the DCCC issued an internal policy that amounted to maintaining a “blacklist” of vendors that worked with challengers to incumbent Democratic Congressional candidates.³ The

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019); Resp. at 1 (Oct. 29, 2020).

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ Compl. at 5 (Aug. 7, 2020) (citing Rachael Bade & David Weigel, *Pelosi Endorses Rep. Tlaib in Primary Fight, Moves to Help Members of ‘the Squad,’* WASHINGTON POST (July 29, 2020), https://www.washingtonpost.com/powerpost/pelosi-endorses-rep-tlaib-in-primary-fight-moves-to-help-members-of-the-squad/2020/07/29/028b5692-d1c6-11ea-9038-af089b63ac21_story.html); Resp. at 3; *see also* Daniel Marans, *DCCC Promises*

MUR 7774 (Antone Melton-Meaux)
Factual and Legal Analysis
Page 2 of 3

Complaint alleges that the Committee disclosed disbursements to three entities that were merely conduits for payments to actual vendors and that it did so to obscure the identity of vendors providing goods and services to the Committee who sought to avoid being “blacklisted” by the DCCC.⁴

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.⁵ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political campaign money comes from and how it is spent.”⁶ Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.⁷

to Blacklist Firms that Work with Candidates Challenging Incumbents, HUFFINGTON POST (Mar. 22, 2019), available at https://www.huffpost.com/entry/dccc-promises-to-blacklist-firms-that-work-with-candidates-challenging-incumbents_n_5c95126ae4b01ebee0ec3ae.

⁴ Compl. at 1-2.

⁵ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

⁶ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); *see also Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

⁷ *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); *see also Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described in *Buckley* — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).

MUR 7774 (Antone Melton-Meaux)
Factual and Legal Analysis
Page 3 of 3

- 1 Because these disclosure obligations extend only to committees and treasurers, the
- 2 Commission finds no reason to believe that Antone Melton-Meaux violated 52 U.S.C.
- 3 § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Lake Point Consulting LLC

MUR 7774

I. INTRODUCTION

Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis Melton in his official capacity as treasurer (“Committee”), failed to properly itemize \$164,092 in reported disbursements to Lake Point Consulting LLC (“Lake Point”) for campaign services during the 2020 election cycle and intentionally obscured the ultimate payees for, and purposes of, the disbursements. The Complaint alleges that Lake Point was formed for the sole purpose of acting as a conduit to disguise payments to a vendor worried that they would be “blacklisted” by the Democratic Congressional Campaign Committee (“DCCC”) if they provided services to a candidate challenging a Democratic incumbent.

Lake Point denies the allegations and argues that the disbursements to Lake Point were properly reported. As discussed below, because the Act’s reporting requirements at issue apply only to political committees and committee treasurers, the Commission finds no reason to believe that Lake Point violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District, running as one of several Democratic candidates

MURs 7774 (Lake Point Consulting LLC)
Factual and Legal Analysis
Page 2 of 4

challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux's authorized campaign committee; Dennis Melton is the Committee Treasurer.²

Lake Point was formed in Delaware on December 2, 2019, and the Committee's first reported disbursement to Lake Point was on December 8, 2019.³

The Committee reported fifteen disbursements to Lake Point totaling \$164,092 during the 2020 election cycle; fourteen of these payments were reported with a purpose of "strategic consulting," and one payment was reported as being for "consulting-strategy."⁴

Referencing press reports, the Complaint and Response assert that during the 2020 election cycle, the DCCC issued an internal policy that amounted to maintaining a "blacklist" of vendors that worked with challengers to incumbent Democratic Congressional candidates.⁵ The Complaint alleges that Lake Point was formed as a conduit to obscure the identity of a vendor

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019); Resp. at 1 (Oct. 29, 2020).

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ Resp. Attach. 1; Delaware Department of State Division of Corporations Business Entity Search, <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for "Lake Point Consulting LLC"); Resp. Attach 1 (redacted affidavit from the unidentified individual who formed Lake Point and associated certificate of formation); Antone for Congress 2019 Year End Report at 81 (Jan. 31, 2020) (disclosing an \$8,000 disbursement for "consulting-strategy").

⁴ Antone for Congress 2019 Year-End Report at 81 (Jan 31, 2020); Antone for Congress 2020 April Quarterly Report at 181-182 (Apr. 15, 2020); Antone for Congress 2020 July Quarterly Report at 1912-1913 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 500 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 287 (July 30, 2020); Antone for Congress 30 Day Post-General Report at 8 (Dec. 2, 2020); Antone for Congress 2021 April Quarterly Report at 8 (Apr. 15, 2021).

⁵ Compl. at 5 (citing Rachael Bade & David Weigel, *Pelosi Endorses Rep. Tlaib in Primary Fight, Moves to Help Members of 'the Squad'*, WASH. POST (July 29, 2020), https://www.washingtonpost.com/powerpost/pelosi-endorses-rep-tlaib-in-primary-fight-moves-to-help-members-of-the-squad/2020/07/29/028b5692-d1c6-11ea-9038-af089b63ac21_story.html); Resp. at 3; *see also* Daniel Marans, *DCCC Promises to Blacklist Firms that Work with Candidates Challenging Incumbents*, HUFFINGTON POST (Mar. 22, 2019), available at https://www.huffpost.com/entry/dccc-promises-to-blacklist-firms-that-work-with-candidates-challenging-incumbents_n_5c95126ae4b01ebef0ec3ae.

MURs 7774 (Lake Point Consulting LLC)
Factual and Legal Analysis
Page 3 of 4

providing services to the Committee who sought to avoid being “blacklisted” by the DCCC.⁶ In March 2021, the DCCC reportedly announced that it would no longer follow this policy.⁷

Lake Point argues that the Complaint is speculative, and the Committee accurately disclosed the reported disbursements to Lake Point.⁸

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.⁹ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political campaign money comes from and how it is spent.”¹⁰ Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.¹¹

⁶ Compl. at 1-2.

⁷ See Ally Mutnick, *House Democrats End Controversial Consultant Ban*, POLITICO (Mar. 9, 2021), <https://www.politico.com/news/2021/03/09/dccc-ban-primary-challengers-474588>.

⁸ Resp. at 1.

⁹ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

¹⁰ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); see also *Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

¹¹ *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); see also *Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described in *Buckley* — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).

MURs 7774 (Lake Point Consulting LLC)
Factual and Legal Analysis
Page 4 of 4

- 1 Because these disclosure obligations extend only to committees and treasurers, the
- 2 Commission finds no reason to believe that Lake Point violated 52 U.S.C. § 30104(b)(5)(A) and
- 3 11 C.F.R. § 104.3(b)(4).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: North Superior Consulting LLC

MUR 7774

I. INTRODUCTION

Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis Melton in his official capacity as treasurer (“Committee”), failed to properly itemize \$17,500 in reported disbursements to North Superior Consulting LLC (“North Superior”) for campaign services during the 2020 election cycle and intentionally obscured the ultimate payees for, and purposes of, the disbursements. The Complaint alleges that North Superior was formed for the sole purpose of acting as a conduit to disguise payments to a vendor worried that they would be “blacklisted” by the Democratic Congressional Campaign Committee (“DCCC”) if they provided services to a candidate challenging a Democratic incumbent.

North Superior denies the allegations and argues that the disbursements to North Superior were properly reported. As discussed below, because the Act’s reporting requirements at issue apply only to political committees and committee treasurers, the Commission finds no reason to believe that North Superior violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F. 104.3(b)(4).

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District, running as one of several Democratic candidates

MUR 7774 (North Superior Consulting LLC)
Factual and Legal Analysis
Page 2 of 4

challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux's authorized campaign committee; Dennis Melton is the Committee Treasurer.²

North Superior was formed in Delaware on November 4, 2019, and the Committee's first reported disbursement to North Superior was on December 17, 2019.³ The Committee reported four disbursements to North Superior totaling \$17,500 for "consulting-strategy" and "strategic consulting."⁴

Referencing press reports, the Complaint and Response assert that during the 2020 election cycle, the DCCC issued an internal policy that amounted to maintaining a "blacklist" of vendors that worked with challengers to incumbent Democratic Congressional candidates.⁵ The Complaint alleges that North Superior was formed as a conduit to obscure the identity of a vendor providing services to the Committee who sought to avoid being "blacklisted" by the

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019); Resp. at 1 (Oct. 29, 2020).

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ Delaware Department of State Division of Corporations Business Entity Search, <https://icis.corp.delaware.gov/ecorp/entitysearch/NameSearch.aspx> (search for "North Superior Consulting LLC"); Resp. Attach 2 (redacted affidavit from the unidentified individual who formed North Superior and associated certificate of formation); Antone for Congress 2019 Year End Report at 84 (disclosing a \$5,000 disbursement for "consulting-strategy").

⁴ Antone for Congress 2019 Year End Report at 84; Antone for Congress 2020 April Quarterly Report at 187; Antone for Congress 2020 July Quarterly Report at 1919.

⁵ Compl. at 5 (citing Rachael Bade & David Weigel, *Pelosi Endorses Rep. Tlaib in Primary Fight, Moves to Help Members of 'the Squad'*, WASH. POST (July 29, 2020), https://www.washingtonpost.com/powerpost/pelosi-endorses-rep-tlaib-in-primary-fight-moves-to-help-members-of-the-squad/2020/07/29/028b5692-d1c6-11ea-9038-af089b63ac21_story.html); Resp. at 3; *see also* Daniel Marans, *DCCC Promises to Blacklist Firms that Work with Candidates Challenging Incumbents*, HUFFINGTON POST (Mar. 22, 2019), available at https://www.huffpost.com/entry/dccc-promises-to-blacklist-firms-that-work-with-candidates-challenging-incumbents_n_5c95126ae4b01ebee0ec3ae.

DCCC.⁶ In March 2021, the DCCC reportedly announced that it would no longer follow this policy.⁷

North Superior argues that the Complaint is speculative, and the Committee accurately disclosed the reported disbursements to North Superior.⁸

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.⁹ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political campaign money comes from and how it is spent.”¹⁰ Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.¹¹

⁶ Compl. at 1-2.

⁷ See Ally Mutnick, *House Democrats End Controversial Consultant Ban*, POLITICO (Mar. 9, 2021), <https://www.politico.com/news/2021/03/09/dccc-ban-primary-challengers-474588>.

⁸ Resp. at 1.

⁹ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

¹⁰ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); see also *Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

¹¹ *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); see also *Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described in *Buckley* — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).

MUR 7774 (North Superior Consulting LLC)
Factual and Legal Analysis
Page 4 of 4

- 1 Because these disclosure obligations extend only to committees and treasurers, the
- 2 Commission finds no reason to believe that North Superior violated 52 U.S.C. § 30104(b)(5)(A)
- 3 and 11 C.F.R. § 104.3(b)(4).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: West Coast Public Affairs

MUR 7774

I. INTRODUCTION

Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis Melton in his official capacity as treasurer (“Committee”), failed to itemize \$3,309,026 in reported disbursements to West Coast Public Affairs (“West Coast”) for campaign services during the 2020 election cycle and intentionally obscured the ultimate payees for, and purposes of, the disbursements. The Complaint alleges that West Coast was formed for the sole purpose of acting as a conduit to disguise payments to a vendor worried that they would be “blacklisted” by the Democratic Congressional Campaign Committee (“DCCC”) if they provided services to a candidate challenging a Democratic incumbent.

West Coast denies the allegations and argues that the disbursements to West Coast were properly reported. As discussed below, because the Act’s reporting requirements at issue apply only to political committees and committee treasurers, the Commission finds no reason to believe that West Coast violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District, running as one of several Democratic candidates

challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux's authorized campaign committee; Dennis Melton is the Committee Treasurer.²

West Coast is a corporation formed in California in 2012.³ The Committee reported 20 disbursements to West Coast totaling \$3,309,026 for a variety of purposes related to political advertising.⁴

Referencing press reports, the Complaint and Response assert that during the 2020 election cycle, the DCCC issued an internal policy that amounted to maintaining a "blacklist" of vendors that worked with challengers to incumbent Democratic Congressional candidates.⁵ The Complaint alleges that West Coast was formed as a conduit to obscure the identity of a vendor providing services to the Committee who sought to avoid being "blacklisted" by the DCCC.⁶ In March 2021, the DCCC reportedly announced that it would no longer follow this policy.⁷

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019); Resp. at 1 (Oct. 29, 2020).

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ California Secretary of State Business Entity Search, <https://businesssearch.sos.ca.gov/CBS/Detail> (search for "West Coast Public Affairs");

⁴ Antone for Congress 2020 July Quarterly Report at 1922-1923 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 514-517 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 297-299 (July 30, 2020) (collectively reporting five disbursements for "TV/digital ad buy," five disbursements for "direct mail," three disbursements for "TV ad buy," two disbursements for "media buy," two disbursements for "digital advertising," and single disbursements for "retainer," "television advertising," and "TV ad buy and production").

⁵ Antone for Congress 2020 July Quarterly Report at 1922-1923 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 514-517 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 297-299 (July 30, 2020) (collectively reporting five disbursements for "TV/digital ad buy," five disbursements for "direct mail," three disbursements for "TV ad buy," two disbursements for "media buy," two disbursements for "digital advertising," and single disbursements for "retainer," "television advertising," and "TV ad buy and production"); Resp. at 3; *see also* Daniel Marans, *DCCC Promises to Blacklist Firms that Work with Candidates Challenging Incumbents*, HUFFINGTON POST (Mar. 22, 2019), available at https://www.huffpost.com/entry/dccc-promises-to-blacklist-firms-that-work-with-candidates-challenging-incumbents_n_5c95126ae4b01ebee0ec3ae.

⁶ Compl. at 1-2.

⁷ *See* Ally Mutnick, *House Democrats End Controversial Consultant Ban*, POLITICO (Mar. 9, 2021), <https://www.politico.com/news/2021/03/09/dccc-ban-primary-challengers-474588>.

West Coast argues that the Complaint is speculative, and the Committee accurately disclosed the reported disbursements to West Coast.⁸

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.⁹ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political campaign money comes from and how it is spent.”¹⁰ Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.¹¹

Because these disclosure obligations extend only to committees and treasurers, the Commission finds no reason to believe that West Coast violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

⁸ Resp. at 1.

⁹ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

¹⁰ *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); *see also Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

¹¹ *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); *see also Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described in *Buckley* — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Canal Partners Media, LLC

MUR 7774

I. INTRODUCTION

Antone Melton-Meaux was a challenger to incumbent U.S. Representative Ilhan Omar in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District. The Complaint alleges that his authorized campaign committee, Antone for Congress and Dennis Melton in his official capacity as treasurer (“Committee”), failed to itemize \$3,309,026 in reported disbursements to “WCPA” — an acronym standing for West Coast Public Affairs (“West Coast”) — for campaign services during the 2020 election cycle and intentionally obscured the ultimate payees for, and purposes of, the disbursements. The Complaint alleges that West Coast acted as a conduit to disguise payments to vendors worried that they would be “blacklisted” by the Democratic Congressional Campaign Committee (“DCCC”) if they provided services to a candidate challenging a Democratic incumbent. Canal Partners Media, LLC (“Canal Partners”) was identified in the Complaint as a subvendor of West Coast.

Canal Partners denies violating the Act and asserts that it is a going concern that provides time buying services, often as a subcontractor to political media consulting firms. Because the Act’s reporting requirements at issue apply only to political committees and committee treasurers, the Commission finds no reason to believe that Canal Partners violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4).

II. FACTUAL BACKGROUND

Antone Melton-Meaux was a candidate in the 2020 Democratic primary election for Minnesota’s Fifth Congressional District, running as one of several Democratic candidates

MUR 7774 (Canal Partners Media, LLC)
Factual and Legal Analysis
Page 2 of 4

challenging the incumbent, and eventual winner, Ilhan Omar.¹ Antone for Congress is Melton-Meaux's authorized campaign committee; Dennis Melton is the Committee Treasurer.²

West Coast is a corporation formed in California in 2012.³ West Coast provides media services to political, nonprofit, and other organizations, including media strategy, production, and time-buying, which is handled through a sub-vendor. The Committee reported 20 disbursements to "WCPA" — an acronym for West Coast — totaling \$3,309,026 for a variety of purposes related to advertising.⁴ Canal Partners states that it serves as a time-buying sub-vendor that purchases political advertising time for federal, state, and local candidates nationwide, and that it did so for the Committee as a subvendor to West Coast.⁵

During the 2020 election cycle, the DCCC issued an internal policy that allegedly amounted to maintaining a "blacklist" of vendors that worked with challengers to incumbent Democratic Congressional candidates.⁶ The Complaint alleges that West Coast was formed as a conduit to obscure payments to, in part, Canal Partners for providing services to the Committee

¹ Melton-Meaux Statement of Candidacy (Dec. 3, 2019).

² Antone for Congress Statement of Organization (Dec. 3, 2019).

³ California Secretary of State Business Entity Search, <https://businesssearch.sos.ca.gov/CBS/Detail> (search for "West Coast Public Affairs").

⁴ Antone for Congress 2020 July Quarterly Report at 1922-1923 (July 15, 2020); Antone for Congress 2020 October Quarterly Report at 514-517 (Oct. 15, 2020); Antone for Congress 12 Day Pre-Primary Report at 297-299 (July 30, 2020) (collectively reporting five disbursements for "TV/digital ad buy," five disbursements for "direct mail," three disbursements for "TV ad buy," two disbursements for "media buy," two disbursements for "digital advertising," and single disbursements for "retainer," "television advertising," and "TV ad buy and production").

⁵ Resp. at 1 (Sept. 25, 2020).

⁶ Compl. at 5 (citing Rachael Bade & David Weigel, *Pelosi Endorses Rep. Tlaib in Primary Fight, Moves to Help Members of 'the Squad'*, WASH. POST (July 29, 2020), https://www.washingtonpost.com/powerpost/pelosi-endorses-rep-tlaib-in-primary-fight-moves-to-help-members-of-the-squad/2020/07/29/028b5692-d1c6-11ea-9038-af089b63ac21_story.html); see also Daniel Marans, *DCCC Promises to Blacklist Firms that Work with Candidates Challenging Incumbents*, HUFFINGTON POST (Mar. 22, 2019), available at https://www.huffpost.com/entry/dccc-promises-to-blacklist-firms-that-work-with-candidates-challenging-incumbents_n_5c95126ae4b01ebeeef0ec3ae.

MUR 7774 (Canal Partners Media, LLC)
Factual and Legal Analysis
Page 3 of 4

so that Canal Partners could avoid being “blacklisted” by the DCCC.⁷ As support for this position, the Complaint cites contemporaneous press reports addressing the Committee’s disbursements to “WCPA.”⁸ In March 2021, the DCCC reportedly announced that it would no longer follow this policy.⁹

Canal Partners denies violating the Act and asserts that it is a going concern that provides time buying services, often as a subcontractor to political media consulting firms.¹⁰

III. LEGAL ANALYSIS

The Act and Commission regulations require political committees to report the name and address of each person to whom they make expenditures or other disbursements aggregating more than \$200 per calendar year, or per election cycle for authorized committees, as well as the date, amount, and purpose of such payments.¹¹ The relevant reporting requirements under the Act and Commission regulations are intended to ensure public disclosure of “where political campaign money comes from and how it is spent.”¹² Disclosure requirements also “deter[] and help[] expose violations” of the Act and Commission regulations.¹³

⁷ Compl. at 1-2.

⁸ *Supra* note 6.

⁹ See Ally Mutnick, *House Democrats End Controversial Consultant Ban*, POLITICO (Mar. 9, 2021), <https://www.politico.com/news/2021/03/09/dccc-ban-primary-challengers-474588>.

¹⁰ Resp. at 1-2 (Sept. 25, 2020).

¹¹ 52 U.S.C. § 30104(b)(5), (6); 11 C.F.R. § 104.3(b)(3)(i), (ix) (political committees other than authorized committees); *id.* § 104.3(b)(4)(i), (vi) (authorized committees); *id.* § 104.9(a), (b) (all political committees).

¹² *Buckley v. Valeo*, 424 U.S. 1, 66 (1976); see also *Citizens United v. FEC*, 558 U.S. 310, 369-71 (2010) (describing importance of disclosure requirements to serve informational interest, because “transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages”).

¹³ *SpeechNow.org v. FEC*, 599 F.3d 686, 698 (D.C. Cir. 2010) (en banc); see also *Buckley*, 424 U.S. at 67-68 (explaining that disclosure requirements “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light” and that “recordkeeping, reporting, and disclosure requirements are an essential means of gathering the data necessary to detect violations” of the Act); *McConnell v. FEC*, 540 U.S. 93, 196 (2003) (concurring with the stated government interests in disclosure requirements described

MUR 7774 (Canal Partners Media, LLC)
Factual and Legal Analysis
Page 4 of 4

- 1 Because these disclosure obligations extend only to committees and treasurers, the
- 2 Commission finds no reason to believe that Canal Partners violated 52 U.S.C. § 30104(b)(5)(A)
- 3 and 11 C.F.R. § 104.3(b)(4).

in Buckley — “providing the electorate with information, deterring actual corruption and avoiding any appearance thereof, and gathering the data necessary to enforce” the Act and Commission regulations).