



FEDERAL ELECTION COMMISSION
Washington, DC 20463

October 6, 2022

VIA ELECTRONIC MAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Roger Wieand
 Erin Chlopak
 Campaign Legal Center
 1101 14th St. NW, Suite 400
 Washington DC 20005
RWieand@campaignlegalcenter.org
echlopak@campaignlegal.org

RE: MUR 7965

Dear Mr. Wieand and Ms. Chlopak:

The Federal Election Commission has considered the allegations contained in your complaint dated February 28, 2022. On September 28, 2022, based upon the information provided in the complaint and information provided by the respondents, the Commission voted to find no reason to believe that: Iho Araise LLC and Unknown Respondents violated 52 U.S.C. § 30122 by making contributions in the name of another or knowingly permitting their names to be used to effect such contributions; and Saving Arizona PAC and Janna Rutland in her official capacity as treasurer violated 52 U.S.C. § 30122 by knowingly accepting a contribution made in the name of another. Accordingly, the Commission voted to close the file in this matter. The Factual and Legal Analysis, which more fully explains the basis for the Commission's decision, is enclosed.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016).

The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. *See* 52 U.S.C. § 30109(a)(8). If you have any questions,

MUR 7965 (Iho Araise LLC, *et al.*)
Page 2

please contact Aaron Rabinowitz, the attorney assigned to this matter, at (202) 694-1476 or arabinowitz@fec.gov.

Sincerely,

Lisa J. Stevenson
Acting General Counsel

Mark Allen

By: Mark Allen
Assistant General Counsel

Enclosure:
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Iho Araise LLC MUR: 7965
Saving Arizona PAC and Janna Rutland in her
official capacity as treasurer
Unknown Respondents

I. INTRODUCTION

12 This matter was generated by a Complaint filed with the Federal Election Commission
13 (the “Commission”), which alleges violations of the Federal Election Campaign Act of 1971, as
14 amended (the “Act”), relating to allegations that one or more unknown individuals used Iho
15 Araise LLC as a conduit to make contributions on their behalf to Saving Arizona PAC and Janna
16 Rutland in her official capacity as treasurer (“Saving Arizona PAC”). The Response on behalf of
17 Iho Araise LLC asserts that it was created as a part of the long-term estate planning of two
18 individuals, Arjun Sethi and Harshita Pant, and that at the time Iho Araise LLC made the
19 contributions at issue it had only received income from a venture capital firm that Sethi is a
20 general partner of and had not received funds from either Sethi or Pant. The Response also
21 attaches a declaration from Sethi representing the same. The Response on behalf of Saving
22 Arizona PAC states that it accurately reported the contribution from Iho Araise LLC because it
23 amended its report — weeks before the Complaint was filed — to attribute the contribution to
24 Iho Araise LLC as well as Sethi and Pant as partners pursuant to 11 C.F.R. § 110.1(e).

25 The available information does not support the Complaint's allegations. Saving Arizona
26 PAC's filings attributed Iho Araise LLC's contribution to both the partnership itself and its
27 individual partners as required, and Iho Araise LLC's Response plausibly explains the basis for
28 the partnership contribution. The information presented in the Complaint as support for a
29 conduit scheme — a five-month period between the LLC's formation and its contribution and the

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 2 of 8

1 lack of an online presence — is insufficient to warrant a finding of reason to believe that a
 2 violation occurred given the length of time at issue and the available information to the contrary.

3 Accordingly, the Commission finds no reason to believe that Iho Araise LLC and
 4 Unknown Respondents violated 52 U.S.C. § 30122 by making contributions in the name of
 5 another or knowingly permitting their names to be used to effect such a contribution. The
 6 Commission also finds no reason to believe that Saving Arizona PAC and Janna Rutland in her
 7 official capacity as treasurer violated 52 U.S.C. § 30122 by knowingly accepting a contribution
 8 made in the name of another.

9 **II. FACTUAL BACKGROUND**

10 Saving Arizona PAC is an independent expenditure-only political committee that
 11 registered with the Committee on April 19, 2021; its treasurer is Janna Rutland.¹ As of its 2022
 12 Pre-Primary Report, it has raised over \$16 million and spent over \$13 million, including
 13 approximately \$10 million in independent expenditures.²

14 On its original 2021 Year-End Report, Saving Arizona PAC disclosed a \$50,000
 15 contribution from Iho Araise LLC that was received on December 30, 2021.³ A few days later,
 16 Saving Arizona PAC amended this report to add a memo entry regarding the contribution from
 17 Iho Araise LLC stating “Contribution: See Attribution Below;” directly underneath the entry for

¹ Saving Arizona PAC, Amended Statement of Organization (July 13, 2021); Saving Arizona PAC, Original Statement of Organization (April 19, 2021).

² FEC, *Saving Arizona PAC Financial Summary*, FEC.GOV
<https://www.fec.gov/data/committee/C00777185/?tab=summary> (last visited Aug. 18, 2022).

³ Saving Arizona PAC, Original 2021 Year-End Report at 7 (Jan. 31, 2022).

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 3 of 8

1 the Iho Araise LLC contribution Saving Arizona PAC added two entries disclosing partnership
 2 attributions for Arjun Sethi and Harshita Pant for \$25,000 each.⁴

3 The Complaint in this matter — which was filed after Saving Arizona PAC amended its
 4 report — alleges that Iho Araise LLC in fact made the contribution to Saving Arizona PAC on
 5 behalf of one or more unknown persons in violation of 52 U.S.C. § 30122.⁵ The Complaint
 6 bases this allegation on the fact that Iho Araise LLC had no public business activity and made its
 7 contribution to Saving Arizona PAC five months after its formation and did so allegedly without
 8 attribution information.⁶

9 Iho Araise LLC filed a Response in which it represents that it was formed by Sethi and
 10 Pant as part of a their “long-term estate planning” with the purpose of holding their family assets
 11 and consolidating their future income.⁷ The Response represents that Iho Araise LLC has been
 12 receiving Sethi’s income and owner’s draw from his position as a general partner of a venture
 13 capital firm since its formation and that Sethi and Pant ultimately intend to transfer other assets
 14 into the entity, but have not done so yet.⁸ The Response contends that Iho Araise LLC was not
 15 formed for the purpose of masking the source of contributions and that neither Sethi nor Pant
 16 transferred funds into Iho Araise LLC for the purpose of making contributions.⁹ Documents

⁴ Saving Arizona PAC, Amended 2021 Year-End Report at 7 (Feb. 7, 2022).

⁵ Compl. ¶¶ 1, 13-15 (Feb. 28, 2022).

⁶ *Id.* ¶ 12.

⁷ Iho Araise LLC Resp. at 2 (Apr. 8, 2022).

⁸ *Id.*

⁹ *Id.* at 3.

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 4 of 8

1 attached to the Response indicate that, at the time of its formation, Sethi and Pant each held a
 2 50% ownership interest in Iho Araise LLC.¹⁰ The Response also states that, sometime after Iho
 3 Araise LLC was formed, Sethi and Pant transferred a portion of their ownership interest in the
 4 partnership to an irrevocable trust that they also created.¹¹ Sethi also attaches a declaration
 5 attesting to the same facts.¹²

6 Saving Arizona PAC submitted a Response representing that it initially disclosed the
 7 contribution from Iho Araise LLC without attribution information because it had requested and
 8 not yet received confirmation of the LLC's tax status.¹³ It therefore reported the contribution
 9 without that information, stating in the memo line that attribution information had been
 10 requested, and then filed an amended report to disclose the attributions.¹⁴ Saving Arizona PAC
 11 contends that the original report did not violate any Commission regulation because the
 12 committee did not have attribution information at the time but had diligently sought that
 13 information and thereafter timely provided it in an amended report.¹⁵

14 III. LEGAL ANALYSIS

15 The Act provides that a contribution includes "any gift, subscription, loan, advance, or
 16 deposit of money or anything of value made by any person for the purpose of influencing any

¹⁰ *Id.* at Ex. A, Schedule A.

¹¹ *Id.* at 2. The Response does not state whether this occurred before or after Iho Araise LLC's contribution to Saving Arizona PAC.

¹² Arjun Sethi Decl. (Apr. 7, 2022).

¹³ Saving Arizona PAC Resp. at 1-2 (Apr. 15, 2022).

¹⁴ See Saving Arizona PAC, Original 2021 Year-End Report at 7; *see also supra* nn. 3-4 and accompanying text.

¹⁵ Saving Arizona PAC Resp. at 1-2.

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 5 of 8

1 election for Federal office.”¹⁶ The term “person” for purposes of the Act and Commission
2 regulations includes partnerships, corporations, and “any other organization or group of
3 persons.”¹⁷ The Act prohibits a person from making a contribution in the name of another
4 person, knowingly permitting his or her name to be used to effect such a contribution, or
5 knowingly accepting such a contribution.¹⁸ The Commission has included in its regulations
6 illustrations of activities that constitute making a contribution in the name of another:

- (i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made; or
- (ii) Making a contribution of money or anything of value and attributing as the source of the money or thing of value another person when in fact the contributor is the source.¹⁹

15 The requirement that a contribution be made in the name of its true source promotes
16 Congress's objective of ensuring the complete and accurate disclosure by candidates and
17 committees of the political contributions they receive.²⁰ Courts therefore have uniformly
18 rejected the assertion that "only the person who actually transmits funds . . . makes the

16 52 U.S.C. § 30101(8)(A).

¹⁷ *Id.* § 30101(11); 11 C.F.R. § 100.10.

18 52 U.S.C. § 30122.

¹⁹ 11 C.F.R. § 110.4(b)(2)(i)–(ii).

²⁰ *United States v. O'Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) (“[T]he congressional purpose behind [Section 30122] — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.”) (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 6 of 8

1 contribution,”²¹ recognizing that “it is implausible that Congress, in seeking to promote
 2 transparency, would have understood the relevant contributor to be [an] intermediary who
 3 merely transmitted the campaign gift.”²² Consequently, both the Act and the Commission’s
 4 implementing regulations provide that a person who furnishes another with funds for the purpose
 5 of contributing to a candidate or committee “makes” the resulting contribution.²³ This is true
 6 whether funds are advanced to another person to make a contribution in that person’s name or
 7 promised as reimbursement of a solicited contribution.²⁴

8 Because the concern of the law is the true source from which a contribution to a
 9 candidate or committee originates, regardless of the mechanism by which the funds are
 10 transmitted, the Commission will examine the structure of the transaction itself and the
 11 arrangement between the parties to determine who in fact “made” a given contribution.
 12 Accordingly, Section 30122’s prohibition of contributions in the name of another applies to

²¹ *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

²² *O'Donnell*, 608 F.3d at 554; *see also Citizens United v. FEC*, 558 U.S. 310, 371 (2010) (“The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”); *Doe v. Reed*, 561 U.S. 186, 199 (2010) (“Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.”).

²³ *See Boender*, 649 F.3d at 660 (holding that to determine who made a contribution “we consider the giver to be the source of the gift, not any intermediary who simply conveys the gift from the donor to the donee”) (emphasis added); *O'Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) (“The Act prohibits the use of ‘conduits’ to circumvent [the Act’s reporting] restrictions[.]”).

²⁴ *O'Donnell*, 608 F.3d at 555. Moreover, the “key issue . . . is the source of the funds” and, therefore, the legal status of the funds when conveyed from a conduit to the ultimate recipient is “irrelevant to a determination of who ‘made’ the contribution for the purposes of [Section 30122].” *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (emphasis in original) (holding that defendant’s “unconditional gifts” to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 7 of 8

1 LLCs such that an LLC is prohibited from being used as a “straw donor” to transmit the funds of
2 another but must instead be the true source of any contribution it purports to make.

3 The available information does not indicate that Iho Araise LLC made the contribution to
4 Saving Arizona PAC on behalf of others. The information contained in Saving Arizona PAC’s
5 Amended 2021 Year-End Report itself appears to comply with the Commission’s regulations —
6 requiring attribution of contributions by an LLC that is taxed as a partnership — by attributing
7 the contributions to Sethi and Pant.²⁵ The Complaint does not explain why that information
8 might be inaccurate, and indeed does not address the attribution information because it appeared
9 to have been overlooked at the time of the Complaint’s filing.²⁶ The information provided by
10 Iho Araise LLC and Sethi’s declaration sets forth a valid basis for the LLC’s existence as part of
11 Sethi and Pant’s long-term estate planning that explains why it would not have an online
12 presence. And there is no information indicating that the funds used to make the contribution in
13 fact belonged to some other individual or individuals and was transferred to Iho Araise LLC for
14 the purpose of making a contribution.

15 The Complaint in this matter puts forward circumstantial evidence to contend that Iho
16 Araise LLC served as a conduit based on the fact that the LLC was formed five months before its
17 contribution and lacks an online presence.²⁷ While the Commission has considered the lack of

²⁵ *Supra* nn. 3-4.

²⁶ On June 29, 2022, the Commission received a letter on behalf of the Complainants requesting that the Commission treat the Complaint as withdrawn. On July 5, 2022, the Office of General Counsel sent a response letter stating that the request to withdraw the Complaint will not prevent the Commission from taking appropriate action on the Complaint under the Act. *See* 52 U.S.C. § 30109.

²⁷ Compl. ¶ 12.

MUR 7965 (Iho Araise LLC, *et al.*)

Factual and Legal Analysis

Page 8 of 8

1 an online presence and a short timeline between formation of an organization and its contribution
2 probative in conduit contribution cases, the allegations in the Complaint are more temporally
3 attenuated than the information that the Commission has previously relied on in finding reason to
4 believe a conduit contribution scheme occurred. Given the sizeable information to the contrary,
5 these circumstantial facts are insufficient in the circumstances presented here to warrant a
6 finding of reason to believe a violation has occurred.

7 Given the attribution information in Saving Arizona PAC's filings and the information
8 about Iho Araise LLC's purpose put forward in its Response and supported by Sethi's
9 Declaration and the other submitted materials, the Commission finds no reason to believe that
10 Iho Araise LLC and Unknown Respondents violated 52 U.S.C. § 30122 by making contributions
11 in the name of another or knowingly permitting their names to be used to effect such a
12 contribution. The Commission also finds no reason to believe that Saving Arizona PAC and
13 Janna Rutland in her official capacity as treasurer violated 52 U.S.C. § 30122 by knowingly
14 accepting a contribution made in the name of another.