



FEDERAL ELECTION COMMISSION
Washington, DC 20463

August 31, 2023

Timothy Jones, Registered Agent
Palm Place Investments, LLC
265 E. River Park Cir Ste 310
Fresno, CA 93720

RE: MUR 7986

Dear Mr. Jones:

On May 3, 2022, the Federal Election Commission (“Commission”) notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. On August 8, 2023, based on the information provided in the complaint, and information provided by you, the Commission voted to find no reason to believe the allegations as to Palm Place Investments, LLC. Accordingly, on August 25, 2023, the Commission voted to close its file in this matter. A copy of the Factual and Legal Analysis, which more fully explains the Commission’s decision, is enclosed for your information.

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). If you have any questions, please me at (202) 694-1190.

Sincerely,

A handwritten signature in cursive script that reads "Rocelyn Halili".

Rocelyn Halili
Attorney

Enclosure:
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**

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3 **FACTUAL AND LEGAL ANALYSIS**

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5 **RESPONDENTS:** Magsig for Congress MUR 7986
6 Nathan Magsig
7 Andrew Tuell Concrete, Inc.
8 Borges Brothers, Inc., dba All American
9 Construction & Roofing Group
10 Buckingham Property Management
11 Cen Cal Title, Inc.
12 Coehlo West
13 Community Vocation Services Inc.
14 Efrain Yanez Construction, Inc.
15 Finegan Dealer Group North dba Clovis
16 Chrysler Dodge Jeep Ram
17 Fresno Plumbing and Heating, Inc.
18 Gill Insurance Agency, Inc.
19 Ginder Real Estate
20 HSG Farmers, Inc.
21 The Indart Group, Inc.
22 The Red Caboose Café, Inc.
23 Valley Metal Finishing, Inc.
24 WA Funding, Inc.
25 Beal Developments, LLC
26 Cooper River Ranch Villages, LLC
27 Palm Place Investments, LLC
28 River Ranch Citrus, LLC
29 TriValley Development Group, LLC
30 Westech Systems, LLC

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32 **I. INTRODUCTION**

33 This matter arises from a Complaint alleging that Nathan Magsig, a 2022 candidate for
34 Congress to California's 5th Congressional District, and his principal campaign committee,
35 Magsig for Congress and Melissa Allen in her official capacity as treasurer (the "Committee"),
36 violated the Federal Election Campaign Act of 1971, as amended (the "Act"), by knowingly
37 accepting prohibited corporate contributions. According to the Complaint, 16 registered
38 corporations and six LLCs contributed to the Committee, as reported in the Committee's 2021
39 Year-End and April 2022 Quarterly reports. The contributions from alleged corporations totaled

1 \$23,100 while the LLCs contributed a total of \$17,000. In its Response, the Committee contends
2 that Magsig had previously accepted corporate contributions in connection with his state-level
3 campaigns in California where corporate contributions are permissible. Because Magsig was a
4 first-time federal candidate, the Committee asserts that it accepted the contributions relying on
5 Magsig's state-level experience without knowing it was unlawful to accept such contributions at
6 the federal level.

7 As explained below, the available information shows that one of the Respondents was
8 incorrectly identified as a corporation whereas it is a partnership eligible to make contributions,
9 and that all six LLCs are apparently partnerships or sole proprietorships and thus eligible to
10 make contributions. Therefore, the Commission finds no reason to believe that the LLCs and the
11 misidentified partnership, Coelho West, violated the Act. As for the other 15 contributions,
12 which total \$22,600, the Committee admits that it accepted prohibited corporate contributions
13 because it was unaware of the federal restriction on such contributions. However, given the
14 modest amount in violation and the fact that all the prohibited contribution were refunded, the
15 Commission dismisses as a matter of prosecutorial discretion under *Heckler v. Chaney*¹ the
16 allegations as to the Committee, Magsig, and the individual corporate Respondents.

17 **II. FACTUAL BACKGROUND**

18 Magsig established the Committee as his principal campaign committee on December 7,
19 2021, and ran as a first-time federal candidate in the nonpartisan primary for California's 5th
20 Congressional District on June 7, 2022.² Nathan Magsig is a member of the Fresno County

¹ 470 U.S. 821 (1985).

² Magsig for Congress, Statement of Organization (Dec. 7, 2021); Ballotpedia, *California's 5th Congressional District Election, 2022*,

1 Board of Supervisors in California, representing District 5.³ He assumed office in 2017, and his
2 current term ends on January 6, 2025.⁴

3 According to the Complaint, the Committee “knowingly accepted, deposited and
4 expended federally prohibited contributions from [sixteen (16)] registered corporations with the
5 California Secretary of State,” naming the following corporations: (1) Andrew Tuell Concrete,
6 Inc.; (2) Borges Brothers, Inc., dba All American Construction and Roofing Group; (3)
7 Buckingham Property Management; (4) Cen Cal Title, Inc.; (5) Coelho West Custom Framing,
8 Inc.; (6) Community Vocation Services Inc.; (7) Efrain Yanez Construction, Inc.; (8) Finegan
9 Dealer Group North, dba Clovis Chrysler Dodge Jeep Ram; (9) Fresno Plumbing and Heating,
10 Inc.; (10) Gill Insurance Agency, Inc.; (11) Ginder Real Estate; (12) HSG Farmers, Inc.; (13)
11 The Indart Group, Inc.; (14) The Red Caboose Café, Inc.; (15) Valley Metal Finishing, Inc.; (16)
12 WA Funding, Inc.⁵

13 In addition, an Amended Complaint filed on April 27, 2022, alleges that the Committee
14 accepted contributions from six LLCs, which the Complaint asserts were not eligible to make
15 contributions.⁶ The Amended Complaint names the following LLCs: (1) Beal Developments,
16 LLC; (2) Cooper River Ranch Villages, LLC; (3) Palm Place Investments, LLC; (4) River Ranch
17 Citrus, LLC; (5) TriValley Development Group, LLC; (6) Westech Systems, LLC.⁷

[https://ballotpedia.org/California's 5th Congressional District election, 2022](https://ballotpedia.org/California's_5th_Congressional_District_election,_2022) (last visited Mar. 22, 2023). Magsig finished in third place in the primary and did not advance to the general election. *Id.*

³ Ballotpedia, *Nathan Magsig*, [https://ballotpedia.org/Nathan Magsig](https://ballotpedia.org/Nathan_Magsig) (last visited Mar. 22, 2023).

⁴ *Id.*

⁵ Compl. at 1-3 (Apr. 21, 2022).

⁶ Amended Compl. at 1-2 (Apr. 27, 2022).

⁷ *Id.*

1 In its Response, the Committee admits that it “unintentionally” violated the law, by
2 accepting prohibited contributions from 15 of the 16 named corporations in the Complaint.⁸ The
3 Committee further states that Magsig, a first-time federal candidate, who “has previously run on
4 several California elections,” had received corporate contributions during his political bids for
5 state office, which was permissible under California law.⁹ The Committee asserts that its
6 unawareness that “S Corporations were not permitted to make candidate contributions under
7 federal law,[. . .] helps explain how this mistake was made.”¹⁰ The Committee’s Response
8 asserts that “corporations listed in the [original] complaint are all registered as S Corporations in
9 California[, which] elect[ed] to be taxed as a pass-through entity,” except for Coelho West,
10 which is a partnership and was mistakenly identified in the original Complaint as a corporation.¹¹
11 Apparently, there is an S Corporation in California with a similar name, “Coelho West Custom
12 Framing, Inc.,” which was not the actual contributor to the campaign.¹² The Committee’s
13 Response shows that Coelho West contacted the Committee, after it received notification of the
14 Committee’s attempt to refund the contribution, and explained the error, insisting that its
15 contribution be accepted as valid.¹³ The Committee contends that it refunded the 15
16 contributions, after it received the Complaint.¹⁴ The Committee also notes that it will follow-up

⁸ Committee Resp. at 1-2 (June 14, 2022).

⁹ *See* Cal. Gov’t Code §§ 82047, 85301.

¹⁰ Committee Resp. at 2.

¹¹ *Id.* at 1-2.

¹² *Id.* at 2, n.1.

¹³ *Id.*, Ex. D (shows Coelho West’s explanatory letter to the Committee regarding its partnership status).

¹⁴ *Id.*, Ex. B (Committee provided a list of refunded amounts to corporate contributors, dated May 10, 2022).

1 with its corporate contributors for any undeposited refunds within 30 days of its Response and
2 disgorge to the U.S. Treasury any refunds undeposited 30 days thereafter.¹⁵

3 In the case of the S Corporations, according to its Response, the Committee “believed
4 that contributions [. . .] from S Corporations were permissible if they were reported in the same
5 manner as Partnership and LLC corporations and attributed to an individual on the report.”¹⁶
6 The Committee claimed that “considering[that] S Corporations are treated similarly to LLCs by
7 the IRS, and that these contributions were made by entities with only one or two members,” the
8 Committee “track[ed] these contributions to ensure that no individual violated contributions
9 limits.”¹⁷ Upon receiving the Complaint, the Committee claims that it “immediately fully
10 refunded all the contributions it has received from S Corporations,” and it included a copy of
11 refund checks stubs issued for the corporations in its Response.¹⁸ With regard to the alleged
12 improper LLC contributions, the Committee states that it “audited all the contributions the
13 Committee received from LLCs and partnerships to ensure there are no other contributions from
14 S Corporations that were not mentioned in the complaint,” and claims that it “did not find any
15 such additional contributions.”¹⁹ The Committee Response does not explain the parameters of its
16 audit process and how it determined the eligibility of the LLC contributions in question.²⁰

¹⁵ *Id.* at 1-2. The Committee’s FEC filings reflect the refunds to the corporations. Magsig for Congress, Disbursements, (Oct. 1, 2021-Dec. 31, 2022), <https://www.fec.gov/data/committee/C00797639/?tab=spending#disbursement-transactions>.

¹⁶ Committee Resp. at 1-2.

¹⁷ *Id.* at 3.

¹⁸ *Id.*; Committee Resp., Ex. C. The Committee states that it has “audited” all contributions received from the LLCs and partnerships, and it has found no additional impermissible contributions except for a \$1,000 transfer to the Committee by “Nathan Magsig for Supervisor 2024” a non-federal committee previously established by Magsig, which was refunded by the Committee. *Id.* at 3; Committee Resp. at 3, n.2; *see* Palm Place Investments, LLC Resp. at 1; River Ranch Citrus, LLC Resp. at 1.

¹⁹ Committee Resp. at 3.

²⁰ *See id.*

1 Three corporations and two LLCs filed Responses, while the others did not.²¹ One of the
2 corporations, Buckingham Property Management, acknowledged that it made its contribution in
3 error and obtained a refund.²² The other corporate respondent, Andrew Tuell Concrete, Inc.,
4 asserted that it is an S Corporation, which the company believed was eligible to make
5 contributions.²³ The LLC respondents, Palm Place Investments, LLC, and River Ranch Citrus,
6 LLC, each asserted in its Response that it is an LLC and elected to be treated as a partnership by
7 the Internal Revenue Service, making them eligible to make political contributions.²⁴ Magsig
8 did not file a Response.

9 **III. LEGAL ANALYSIS**

10 The Act and Commission regulations prohibit corporations from making contributions to
11 federal candidates, and likewise bar candidates, political committees (other than independent
12 expenditure-only political committees and committees with hybrid accounts), and other persons
13 from knowingly accepting or receiving corporate contributions.²⁵ A committee's treasurer is
14 responsible for examining all contributions received for evidence of illegality.²⁶ Treasurers must
15 make their best efforts to determine the legality of the contribution.²⁷ If the legality of the
16 contribution cannot be determined, the treasurer must refund the contribution within 60 days of

²¹ Andrew Tuell Concrete Inc., Buckingham Property Management Palm Place Investments, LLC, and River Ranch Citrus, LLC filed substantive responses. Andrew Tuell Concrete Resp. (May 25, 2022); Buckingham Prop. Mgmt. Resp. (June 13, 2022). Palm Place Investments, LLC Resp. (May 18, 2022); River Ranch Citrus, LLC (May 25, 2022).

²² Buckingham Mgmt. Resp. at 1.

²³ Andrew Tuell Concrete Resp. at 1.

²⁴ Palm Place Investments, LLC Resp. at 1; River Ranch Citrus, LLC Resp. at 1.

²⁵ 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(a), (d).

²⁶ 11 C.F.R. § 103.3(b).

²⁷ *Id.* § 103.3(b)(1).

1 receipt.²⁸

2 This matter involves contributions from S Corporations, a partnership, and LLCs. In
3 enforcing 52 U.S.C. § 30118, the Commission has treated S Corporations as ordinary
4 corporations and thus prohibited contributions from S Corporations to candidate committees.²⁹
5 With respect to LLCs, Commission regulations allow contributions from LLCs provided the
6 LLC is treated as a partnership for tax purposes and has not elected to be treated as a corporation
7 by the Internal Revenue Service.³⁰ Contributions received from an LLC that has elected to be
8 treated as a partnership for federal tax purposes are considered a contribution from a
9 partnership.³¹ Contributions by partnerships are attributed to the partnership and to each partner
10 in direct proportion to his or her share of the partnership profits unless otherwise agreed to by the
11 partners.³² Furthermore, when an LLC makes a contribution, it must affirm to the recipient, at
12 the time the LLC makes the contribution, that it is eligible to make a contribution and “provide
13 information to the recipient committee as to how the contribution is to be attributed.”³³ LLCs
14 that claim corporate status or those that are publicly traded are treated as corporations for

²⁸ *Id.* § 103.3(b)(3).

²⁹ *See, e.g.*, Factual & Legal Analysis at 8, MUR 3191 (Christmas Farm Inn) (stating that “although Christmas Farm Inn, Inc., is treated as a Subchapter S corporation for tax purposes, it remains a corporation for purposes of the Federal Election Campaign Act”); Conciliation Agreement (“CA”) V.1, MUR 3119 (Edmar Corp.) (conciliating that Edmar Corporation, an S-corporation, made prohibited corporate contributions, in the form of loans to the Committee); Certification, MUR 5655 (Rick Renzi for Congress) (May 4, 2005) (finding reason to believe that respondents violated the Act in connection with loans the candidate made to his campaign that had come from two Subchapter S corporations that he owned); *cf.* F &LA at 4-5, MUR 7450 (Ashbritt, Inc.) (explaining, in the context of a matter involving an S corporation, that “funds not yet distributed to shareholders are corporate, not personal, funds”).

³⁰ *Id.* § 110.1(g).

³¹ *Id.*

³² *Id.* § 110.1(e).

³³ *Id.* § 110.1(g)(5).

1 purposes of the Act.³⁴

2 Here, the available information confirms that the Committee violated the Act by
3 knowingly accepting contributions from registered corporations. The Committee's Response
4 admits that "the allegations are accurate, although the violation of the law was unintentional on
5 the part of the Respondent," when it mistakenly accepted contributions from 15 of the 16 alleged
6 corporate Respondents.³⁵ As noted above, one of the alleged corporate Respondents, Coelho
7 West, was mistakenly identified by the Complaint as a corporation whereas it is a partnership
8 and therefore eligible to make contributions to federal candidates.³⁶ Apparently, the Complaint
9 mistook a similarly named S corporation in California, Coelho West Custom Framing, Inc, as the
10 contributor.³⁷ The actual contributor, "Coelho West" is a partnership.³⁸ In admitting to its
11 violation of 52 U.S.C. § 30118(a), the Committee's Response indicates that it improperly relied
12 on California law,³⁹ which permits corporate contributions.⁴⁰

13 A review of the corporate contributions shows an aggregate amount in violation of

³⁴ 11 C.F.R. § 110.1(g)(3).

³⁵ Committee Resp. at 1-2.

³⁶ *Id.* at 2, n.1; *see* 11 C.F.R. § 110.1(e) ("A contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits."). The Committee's Response states that Coelho West contacted the Committee after it received notification of the Committee's attempt to refund the contribution and explained that it is a partnership and thus permitted to make contributions. Committee Resp., Ex. D (Refund Letter and Note from Coelho West).

³⁷ Committee Resp. at 2 n.1.

³⁸ *Id.*

³⁹ *See* Cal. Gov't Code §§ 82047, 85301 (defining a "person" as "an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert" in the context of valid contributor source in California elections); *see also* California Fair Political Practices Commission, <https://fppc.ca.gov/learn/campaign-rules/state-contribution-limits.html>; California State Contribution Limits, https://fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/Campaign%20Documents/2023_Contribution_Limits_Chart_Final.pdf (listing current contribution limits for state and local candidates per election).

⁴⁰ Committee Resp. at 1-2.

1 \$22,600:⁴¹

CORPORATION	CONTRIBUTION
Andrew Tuell Concrete, Inc ⁴² .	\$2,900
Borges Brothers, Inc.	\$1,000
Buckingham Property Management	\$2,900
Cen Cal Tile, Inc.	\$1,000
Community Vocational Services, Inc.	\$1,000
Efrain Yanez Construction, Inc.	\$500
Finegan Dealer Group North	\$2,900
Fresno Plumbing and Heating, Inc.	\$1,000
Gill Insurance Agency, Inc.	\$500
Ginder Real Estate	\$2,900
HSG Farmers, Inc.	\$2,000
Indart Group, Inc.	\$1,000
Red Caboose Café, Inc.	\$500
Valley Metal Finishing, Inc.	\$1,500
WA Funding, Inc.	\$1,000
Total	\$22,600

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3 Regarding the LLC contributions, the Amended Complaint alleges that they too were
 4 impermissible.⁴³ According to a review of the Committee's disclosure reports, these six
 5 contributions total \$17,000, as shown in the table below. All six LLCs have either partnership or

⁴¹ See *id.*, Exs. B, D; see also Committee Resp. at 2, n.1.

⁴² This Respondent stated in its Response that it was entitled to make federal contributions because of its S-Corporation status.

⁴³ Amended Compl. at 1-2.

1 sole-proprietorship attributions, which would indicate that the contributions are permissible. For
 2 instance, River Ranch Citrus, LLC's partnership attribution in the Committee's FEC filing shows
 3 split memo notations, acknowledging the contribution of each of its four identified partners,
 4 according to their partnership share, *i.e.*, two \$833.33 contributions, and two \$416.67
 5 contributions, totaling \$2,500.⁴⁴

LIMITED LIABILITY COMPANY	CONTRIBUTION
Beal Developments, LLC	\$2,900
Cooper River Ranch Villages, LLC	\$2,900
Palm Place Investments, LLC	\$2,900
River Ranch Citrus, LLC	\$2,500
TriValley Development Group, LLC	\$2,900
Westech Systems, LLC	\$2,900
Total	\$17,000

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 7 In sum, the Complaint alleges impermissible contributions from 16 corporations and six
 8 LLCs. As explained above, of the 16 alleged corporate Respondents, one, Coehlo West, was
 9 mistakenly identified by the Complaint as a corporation, but it is actually a partnership and thus
 10 permitted to make contributions. The 15 impermissible corporate contributions total \$22,600.
 11 As for the LLC contributions, which total \$17,000, each had accompanying attribution
 12 information that signified the LLC is a partnership and that the contribution is permissible.
 13 Accordingly, the Commission exercises its prosecutorial discretion and dismisses the allegations
 14 that the Committee and Magsig knowingly accepted prohibited corporate contributions, given the

⁴⁴ Committee Resp., Ex. A.

1 low amount in violation and in light of the Committee’s refund of the contributions.⁴⁵ The
2 Commission also dismisses as a matter of prosecutorial discretion the allegations against the
3 individual 15 corporations because of the modest amounts in dispute.⁴⁶ As for the misidentified
4 partnership and the 6 LLCs, the Commission finds no reason to believe they violated the Act.

⁴⁵ *See Heckler v. Chaney*, 470 U.S. 821 (1985).

⁴⁶ *See id.*