



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
GrassoForCongress6, *et al.*) MUR 8024
)

STATEMENT OF REASONS OF VICE CHAIR ELLEN L. WEINTRAUB

This matter raised questions about the source of funds that were donated to a congressional campaign committee, GrassoForCongress6, including whether certain contributions were made in the name of another,¹ as well as the source of \$250,000 that the candidate, Gary A. Grasso, loaned to his campaign²—an amount nearly equal to his annual salary.³ The Complaint alleges that based on the income and assets disclosed on his personal Financial Disclosure Report, Mr. Grasso did not appear to have sufficient funds to provide the loans.⁴ In the absence of any response refuting this charge, I believe these allegations merited a narrow investigation.

Federal candidates are permitted to give or loan their campaigns an unlimited amount of money from their own personal funds.⁵ All political committees are required to file periodic disclosure reports with the Commission which accurately report all contributions received and disbursements made.⁶ Candidate loans are reported on Form 3.⁷ If the funds derive from a loan or line of credit taken out by the candidate, the name of the lender and the terms of the loan must be disclosed.⁸ This ensures that the public is informed as to whom the candidate is indebted and

¹ See Compl., MUR 8024 (GrassoForCongress6, *et al.*).

² See First Gen. Counsel's Rpt. at 3, 8 n.34, MUR 8024 (GrassoForCongress6, *et al.*) (July 31, 2024).

³ See First Gen. Counsel's Rpt. at 19.

⁴ Compl. at 26.

⁵ See *Buckley v. Valeo*, 424 U.S. 1, 54 (1976); 52 U.S.C. § 30101(26) (personal funds); 11 C.F.R. § 100.33 (defining personal funds of a candidate); 11 C.F.R. § 110.10 (expenditures by federal candidates). See also *Using the personal funds of the candidate*, FED. ELECTION COMM'N, <https://www.fec.gov/help-candidates-and-committees/candidate-taking-receipts/using-personal-funds-candidate/> (personal funds of a candidate include: “[a]ssets which the candidate has a legal right of access to or control over, and which he or she has legal title to or an equitable interest in, at the time of candidacy; [i]ncome from employment; [d]ividends and interest from, and proceeds from sale or liquidation of, stocks and other investments; [i]ncome from trusts, if established before the election cycle; [i]ncome from trusts established by bequests (even after candidacy); [b]equests to the candidate; [p]ersonal gifts that had been customarily received by the candidate prior to the beginning of the election cycle; and [p]roceeds from lotteries and similar games of chance.”).

⁶ 52 U.S.C. § 30104; 11 C.F.R. § 104.3.

⁷ See FEC Form 3; *How to Report: Candidate personal funds loans*, FED. ELECTION COMM'N, <https://www.fec.gov/help-candidates-and-committees/filing-reports/candidate-personal-funds-loans/>.

⁸ See 11 C.F.R. § 104.3(a), (d) (reporting debts and obligations); see also 11 C.F.R. § 100.82(b) (reporting bank loans).

that the candidate is not receiving an in-kind contribution in the form of more generous terms than those usually and customarily afforded.⁹

Grasso for Congress6 disclosed two loans totaling \$250,000 from Mr. Grasso: a \$100,000 loan on April 15, 2022, and a \$150,000 loan on July 15, 2022.¹⁰ In Mr. Grasso's U.S. House Financial Disclosure Report filed on June 15, 2022, he did not disclose any assets or unearned income, but did disclose an annual salary of \$300,000. Moreover, his House Financial Disclosure Report included a "Revolving Line of Credit for law firm" in the range of \$100,001 to \$250,000, and other compensation of \$500 per month (\$6,000 annually) as mayor of Village of Burr Ridge, IL.¹¹ When Mr. Grasso submitted this Report, he certified that it was "true, complete, and correct, to the best of [his] knowledge and belief."¹²

Based on that Report, it is at best unclear whether Mr. Grasso had the personal resources to loan his campaign \$250,000. He did not report any bank accounts or other liquid assets, and his gross annual income—from which he likely pays for food, rent, and taxes—barely exceeds the loan amount. To assume that the report was actually incomplete despite the certification is simply speculation. Notably, Respondents did submit responses to the Commission that addressed other allegations raised in the Complaint but were silent as to this issue.¹³ Not everyone has a quarter of a million dollars in liquid assets available to loan to a political campaign. If the funds derived from a bank loan or from drawing on Mr. Grasso's law firm's line of credit, there would have been, at a minimum, a reporting violation under the Federal Election Campaign Act, as amended (the "Act"). Based on the information before the Commission—the Complaint, the Responses, the Committee's disclosure reports under the Act, and the candidate's Financial Disclosure Report filed with the House of Representatives—the Commission had reason to believe that the law was violated.¹⁴ Determining whether Mr. Grasso's loans to his campaign committee totaling a quarter of a million dollars complied with the Act and Commission regulations was worthy of our time and the limited resources that would have been necessary to conduct the requisite investigation.¹⁵

⁹ A loan from a commercial bank to a candidate is exempt from the definition of contributions if the loan is made in accordance with applicable law and in the ordinary course of business. 52 U.S.C. § 30101(8)(B)(vii); 11 C.F.R. § 100.82(a).

¹⁰ See Grasso for Congress6, 2022 April Quarterly Report, Schedule C Loans at 53 (Apr. 15, 2022) (\$100,000 loan to Committee from Mr. Grasso) and 2022 July Quarterly Report, Schedule C Loans at 17 (July 15, 2022) (\$150,000 loan to Committee from Mr. Grasso).

¹¹ First Gen. Counsel's Rpt. at 17-18; Clerk of the House of Representatives, Financial Disclosure Report, Gary Grasso (June 15, 2022), https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10044440.pdf.

¹² Clerk of the House of Representatives, Financial Disclosure Report, Gary Grasso (June 15, 2022), https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10044440.pdf.

¹³ First Gen. Counsel's Rpt. at 8 (citing Grasso for Congress6 Resp.; Gary A. Grasso Resp.).

¹⁴ The "reason to believe" finding is the threshold determination that the Commission must make to initiate an enforcement action. 52 U.S.C. § 30109(a)(2). "The Commission will find 'reason to believe' where the available evidence in the Matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation." Statement of Policy Regarding Commission Action in Matters at the Initial State in the Enforcement Process, 89 Fed. Reg. 19729, 19730 (Mar. 20, 2024). As one court observed: "[T]he reason-to-believe" standard sets a 'low bar.'" *Common Cause Georgia v. F.E.C.* (No. 22-cv-3067) (D.D.C.) (Sept. 29, 2023) quoting Campaign Legal Ctr., 2022 WL 17496220 at 8.

¹⁵ Similarly, see Stmt. of Reasons of Chair Ellen L. Weintraub at 2 (MUR 7461) (Julio Gonzalez for Congress, *et al.*) (Aug. 1, 2019), https://www.fec.gov/files/legal/murs/7461/7461_1.pdf.

In addition to the allegations related to the candidate loans, the Complaint alleges that restaurant owner Filippo “Gigi” Rovito, Jr. made contributions in the names of three of his employees, and in the name of his wife, to Gary A. Grasso and Grasso for Congress6.¹⁶ The Act and Commission regulations provide that no person shall make a contribution in the name of another person, knowingly permit his name to be used to effect such a contribution, or knowingly accept such a contribution.¹⁷ A person who reimburses another with funds for the purpose of contributing to a candidate or committee is the true source of the contribution and must be disclosed as such.¹⁸

The Office of General Counsel (“OGC”) evaluated the circumstances surrounding the alleged conduit contributions in this case.¹⁹ There was no specific denial from the alleged contributors or conduit.²⁰ The contributions were in the same dollar amounts, the then-maximum contribution amount, and were made on the same date.²¹ In addition, the three restaurant employees and Mr. Rovito’s wife had not previously nor since made any itemized contributions to any other federal committees or to Illinois state committees.²² Based on this information, OGC recommended finding reason to believe that Filippo “Gigi” Rovito, Jr. made contributions in the names of others and recommended initiating an investigation into this issue.²³ Contributions in the name of another are among the most serious violations of the Act.

With respect to both of the allegations described above, it is entirely possible that there is an explanation that would have provided the Commission with sufficient information to warrant a dismissal. Unfortunately, the respondents here provided no such explanation. It is unclear whether Mr. Grasso and his Committee complied with the law and rules that the Commission is charged with enforcing. A targeted investigation could have resolved these issues.



Date

10/4/2024

Ellen L. Weintraub
Vice Chair

¹⁶ Compl. at 1.

¹⁷ 52 U.S.C. § 30122; 11 C.F.R. § 110.4(b)(1)(i), (ii), (iv).

¹⁸ First Gen. Counsel’s Rpt. at 9.

¹⁹ *Id.* at 8-13.

²⁰ *Id.* at 10.

²¹ *Id.* at 11.

²² *Id.*

²³ *Id.* at 12-13, 20-21.