



INTERNATIONAL SQUARE
1825 EYE STREET, NW, SUITE 900
WASHINGTON, DC 20006-5468
TELEPHONE: 202-457-0160
FACSIMILE: 844-670-6009
<http://www.dickinsonwright.com>

JAMES E. TYRRELL III
JTyrrell@dickinsonwright.com
202-659-6934

September 30, 2022

Roy Q. Lockett, Esq.
Acting Assistant General Counsel
Complaints Examination & Legal Administration
Federal Election Commission
1050 First Street NE
Washington, DC 20463
VIA EMAIL: CELA@fec.gov

Re: MUR 8038; Response to Complaint from Angel Staffing Incorporated and Shannon Ralston

Dear Mr. Lockett:

We are writing this letter on behalf of Angel Staffing Incorporated (“ASI”) and its President and Chief Executive Officer, Shannon Ralston, in her personal capacity (collectively, the “Respondents”), in response to the Complaint filed in the above-referenced matter by the Campaign Legal Center (“CLC”). As explained in more detail below, the Complaint should be dismissed, as the basis for the lone allegation—that ASI on February 22, 2022 made an impermissible \$250,000 federal contractor contribution to a Super PAC called Protect and Serve PAC (“PSP”)—stems solely from PSP inadvertently misreporting the actual donor, which should have been reflected as Shannon Ralston in her personal capacity.

I. Factual Background

A. Angel Staffing Incorporated and Shannon Ralston

ASI is a San Antonio, Texas based medical staffing company that serves private, state, and federal medical treatment facilities, public health emergencies and leads the medical response for disasters in Texas and other parts of the country. ASI recruits medical professionals for positions at private and public inpatient treatment facilities, as well as provides disaster response health care workers in Texas and beyond.¹

¹ See Angel Staffing Incorporated Website, <https://angelstaffing.net/>; see also Angel Staffing Information, RocketReach, https://rocketreach.co/angel-staffing-profile_b5cffdd0f42e0a73.

September 30, 2022

Page 2

Shannon Ralston is ASI's owner, President and CEO. She founded the company in 2002 and it has grown to over 500 employees and over \$37 million in annual revenue. ASI is a Small Business Administration (SBA) Graduated 8(a), Small Disadvantaged Business (SDA), Veteran-Owned and Woman Owned Business. As a result, ASI is eligible to compete for government contracts, and a significant portion of its annual revenue derives from federal and state government contracts.²

B. Shannon Ralston's Personal Contribution to Protect and Serve PAC

In February 2022, Ms. Ralston was interested in making a personal contribution to PSP, a federal Super PAC that had plans to independently support the candidacy of fellow San Antonio-based entrepreneur and philanthropist, Willie Ng, in the Republican primary in Texas' 28th Congressional District.³ Ms. Ralston had several conversations with a consultant for PSP named Steve Michael prior to making her contribution. She made clear to Mr. Michael numerous times that her contribution would be a personal contribution and not a corporate contribution from ASI.⁴

On February 22, 2022, Ms. Ralston attempted to make her \$250,000 contribution to PSP using one of her personal bank accounts, but ran into some processing difficulties with her bank.⁵ In the days leading up to February 22nd, Mr. Michael expressed a sense of urgency to Ms. Ralston that he would like to get her contribution that day due to the proximity to the March 1, 2022 primary election.⁶ Accordingly, after she ran into difficulties using her personal bank account on February 22nd, Ms. Ralston explored alternative options to make her contribution. She consulted with her attorneys and tax advisors, who concluded that she would be able to make the contribution using a nonrepayable drawing account of ASI that contained a large payroll loan she made to her company the prior week.⁷ Ms. Ralston had made a \$4 million personal loan to ASI on February 16, 2022, largely to cover payroll costs, and executed a formal loan agreement with ASI on that date.⁸

Once Ms. Ralston consulted with her attorneys and tax advisors and received assurances regarding the permissibility of using ASI'S nonrepayable drawing account to make her personal contribution, she approved a \$250,000 wire transfer to PSP using that account on February 22, 2022. She immediately informed Mr. Michael via text message of the incoming wire transfer, which stated:

² *Id.*

³ Ralston Aff. ¶ 2 (attached as Exhibit A)

⁴ Ralston Aff. ¶ 3.

⁵ Ralston Aff. ¶ 4.

⁶ Ralston Aff. ¶ 5.

⁷ Ralston Aff. ¶ 6.

⁸ See Loan Agreement between Shannon Ralston and Angel Staffing (Feb. 16, 2022) (attached as Exhibit B).

September 30, 2022

Page 3

Steve, wire done. I had the hardest time today with my bank. It had to come through Angels on a draw or against a large payroll loan I have to my company. I had to speak to my tax guy and lawyers to make sure I wasn't messing up. Its done. Please see that Willie Ng get every boost he can out of this. Thank you.⁹

Ms. Ralston was always under the impression that her contribution to PSP would be reported as a personal contribution, as Mr. Michael was an agent of PSP and she made clear to him on multiple occasions that the contribution should be treated as such. Not once was it ever contemplated that Ms. Ralston's contribution would come in the form of a corporate contribution from her company. With that said, because Ms. Ralston ultimately used a nonrepayable drawing account of ASI—in the form of a draw against her \$4 million personal loan to the company—the wire transfer documentation that was received by PSP's treasurer reflected ASI as the owner of the originating account. It appears that PSP's treasurer simply reported the information from the wire transfer documentation on the committee's reports despite Mr. Michael's assurances that it would be reported as a personal contribution.

Ms. Ralston was unaware that her contribution was reported as coming from ASI until she learned of the Complaint in this matter. Ms. Ralston subsequently directed undersigned counsel to request that PSP amend its 2022 April Quarterly Report to reflect her as the true donor.¹⁰ PSP's amended April Quarterly Report now accurately reflects Ms. Ralston as the source of the February 22nd \$250,000 contribution to PSP.¹¹

II. Analysis

A. *The Commission has long permitted the use of nonrepayable drawing accounts to make personal contributions*

The Commission has a variety of precedents regarding the use of so-called “nonrepayable drawing accounts,” which are accounts that are maintained by an employer (or an employer-like entity) but are accessible by an individual and are not replenished by the employer when they are drawn down (i.e., they are “nonrepayable” by the employer). In several instances, the Commission has issued advisory opinions finding that individuals are permitted to make political contributions through such corporate nonrepayable drawing accounts. *See, e.g.*, AO 1979-19 at 2 (distinguishing between individual versus corporate contributions and finding that “[combined political contributions and payments to [the National Cattleman's Association] drawn on a corporate account which is a nonrepayable drawing account of an individual NCA member are

⁹ Text Message from Shannon Ralston to Steve Michael (Feb. 22, 2022) (screenshot attached as Exhibit C).

¹⁰ Ralston Aff. ¶ 9.

¹¹ *See* Protect and Serve PAC (C00716704), Amended 2022 April Quarterly Report, <https://docquery.fec.gov/cgi-bin/forms/C00716704/1628956/>.

September 30, 2022

Page 4

not considered prohibited corporate contributions...”); AO 1981-4 at 2 (“[i]f any individual member of the [National Society of Professional Engineers] conducts his or her business as a corporation, then the combined dues payment and political contribution from that member must be drawn on an individual account or on a non-repayable drawing account which the individual maintains with the corporation.”); AO 1982-11 (finding same).¹²

Implicit in these opinions is the concept that the use of funds to which an individual has access and can use for a personal purpose, even if the funds are maintained by an employer-like entity, constitute personal contributions only and will not be attributed to the employer-like entity. In this case, Ms. Ralston, the owner and CEO of ASI, made a \$4 million loan to her company to cover payroll costs on February 16, 2022. While ASI was obligated to pay back the loan to Ms. Ralston at one-percent interest over the course of six months pursuant to the loan agreement executed on that date, ASI did not and was not required to replenish the account that housed Ms. Ralston’s personal loan. Accordingly, any draws taken from that personal loan account by Ms. Ralston for personal expenses, such as her contribution to PSP, were not repaid by the company. Thus, Ms. Ralston’s use of this ASI account to effectuate her contribution to PSP was materially indistinguishable from the nonrepayable drawing accounts sanctioned by the Commission for years. As such, her political contribution to PSP should have been attributed to her only.

B. The Complaint should be dismissed because Angel Staffing did not make a contribution to Protect and Serve PAC

As explained above, ASI was not the source of the \$250,000 contribution to PSP at issue in this matter, as it was Ms. Ralston who made the contribution using her personal funds. While ASI is a federal government contractor, Ms. Ralston is not. Therefore, her personal contribution to PSP was permissible and this matter should be dismissed accordingly.¹³

¹² See also MUR 5333 (John Swallow for Congress, Inc.), Factual and Legal Analysis for Haley Gay at 3, <https://www.fec.gov/files/legal/murs/5333/0000604E.pdf> (“The Commission has recognized, however, limited circumstances in which a corporate employee may make a contribution drawn on a corporate account, specifically, a nonrepayable corporate drawing account established to permit an employee to draw against her salary, profits or other compensation.”).

¹³ It should be noted that even if ASI was the source of the contribution in this matter, which it was not, the constitutionality of the federal contractor ban as applied to Super PACs has already been brought into question by members of the Commission and would likely be held unconstitutional in future litigation. See MUR 7180 (GEO Corrections Holdings, Inc. et al.), Statement of Reasons of Vice Chair Allen Dickerson and Commissioners Sean J. Cooksey and James E. “Trey” Trainor III at 6 (“Finally, we note the ‘substantial doubt about the constitutionality of any limits on Super PAC contributions’ in the wake of the *Citizens United* and *SpeechNow.org* decisions.”).

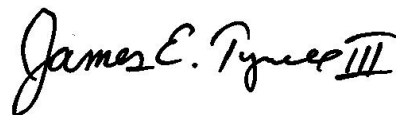
September 30, 2022
Page 5

III. Conclusion

In light of the foregoing, there is no reason to believe ASI or Ms. Ralston violated 52 U.S.C. § 30119, as the allegation in this matter stems solely from PSP misreporting the source of the \$250,000 contribution as ASI. That misreporting has been remedied, and the public record now accurately reflects the correct donor as Ms. Ralston, who is not a federal contractor. We therefore respectfully request that the Commission immediately dismiss the Complaint.

Thank you for your prompt consideration of these matters, and please do not hesitate to contact me directly at (202) 659-6934 with any questions.

Respectfully submitted,



James E. Tyrrell III
*Counsel to Angel Staffing Incorporated and
Shannon Ralston*

Enc.

Exhibit

A

BEFORE THE FEDERAL ELECTION COMMISSION

Affidavit of)
) MUR 8038
 Shannon Ralston)
)
)

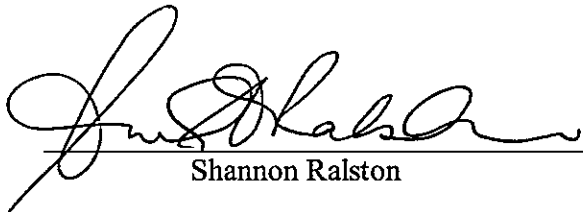
AFFIDAVIT OF SHANNON RALSTON

I, Shannon Ralston, of lawful age and a resident of the State of Texas, do hereby affirm and state:

1. I am the President and Chief Executive Officer of Angel Staffing, Inc. (“Angel Staffing”), a medical staffing company based in San Antonio, Texas.
2. In February 2022, I was interested in making a personal contribution to a federal Super PAC called Protect and Serve PAC, which had plans to make independent expenditures in support of Willie Ng, a candidate in the March 1, 2022 Republican primary in Texas’ 28th congressional district. Willie Ng has been a close friend for more than 20 years.
3. Prior to making a contribution, I had a conversation with a consultant for Protect and Serve PAC named Steve Michael, during which I made clear to Mr. Michael that my contribution would be a personal contribution and not a corporate contribution from Angel Staffing, Inc.
4. On February 22, 2022, I attempted to make a \$250,000 contribution to Protect and Serve PAC using a personal bank account, but ran into some processing difficulties with my bank.
5. Because Mr. Michael had expressed an urgent need for Protect and Serve PAC to receive my contribution by February 22, 2022, I explored alternative ways to make my personal contribution using another bank account, which included making the contribution through the use of a non-repayable drawing account of Angel Staffing that contained my personal funds—specifically, a large payroll loan I had previously made to the company.
6. I sought the guidance of my attorneys and tax consultant prior to using Angel Staffing’s non-repayable drawing account to effectuate my personal contribution to Protect and Serve PAC, to ensure that the contribution would be made from my personal funds stemming from my payroll loan.
7. Once I received assurances from my attorneys and tax consultant regarding the permissibility of using the Angel Staffing non-repayable drawing account, I approved the \$250,000 wire transfer and immediately informed Mr. Michael via text message of the incoming wire transfer, which stated:

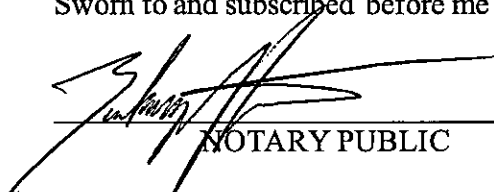
“Steve, wire done. I had the hardest time today with my bank. It had to come through Angels on a draw or against a large payroll loan I have to my company. I had to speak to my tax guy and lawyers to make sure I wasn’t messing up. Its done. Please see that Willie Ng get every boost he can out of this. Thank you.”

- 8. I was under the impression that Mr. Michael, as a consultant for Protect and Serve PAC, would make clear to the PAC’s compliance team that the incoming \$250,000 wire transfer stemmed from my personal funds, and not Angel Staffing, despite the fact that it came from an Angel Staffing non-repayable drawing account.
- 9. I was unaware that Protect and Serve PAC listed Angel Staffing as the source of the \$250,000 until I received a copy of the complaint in this matter. Subsequently, I directed my attorneys to request that Protect and Serve PAC amend its report to reflect the \$250,000 contribution as coming from me personally and not Angel Staffing.


 Shannon Ralston

Date: 9-20-22

Sworn to and subscribed before me this 20th day of September 2022



 NOTARY PUBLIC

My commission expires: 01/28/2023

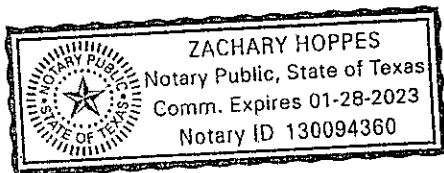


Exhibit B

LOAN AGREEMENT

This LOAN AGREEMENT is entered into this 16th day of February 16, 2022 by and between Shannon Ralston (hereinafter "Maker"), 1202 E Sonterra Blvd Ste 501, San Antonio Texas 78258 and Angels Staffing Inc. (hereinafter "Borrower"),

WHEREAS, Borrower has applied to Maker for a Loan to enable Borrower to borrow 4,000,000 (four million dollars);

NOW, THEREFORE, the Maker and the Borrower do hereby agree as follows:

1. THE LOAN

- 1.1. The Loan. The Maker agrees to extend, subject to the conditions hereof, and Borrower agrees to take, a Loan (hereinafter "Loan") totaling five million.
- 1.2. The Note. Borrower shall execute a promissory note in favor of the Maker in a form substantially similar to that completed promissory note attached hereto as Exhibit A, the terms and conditions of which are incorporated herein by reference (hereinafter, "the Note").
- 1.3. Draws. It is contemplated that Borrower will borrow the entire loan amount at closing and repay same as required by the terms of the Note and this Agreement.
- 1.4. The Terms of the Loan. The aforesaid Loan shall be for a term of 6 months from the date of the Note. The principal balance of the Loan shall be payable monthly by Borrower as required by the terms of the Note.
- 1.5. Fee and Payment of Interest. The aforesaid Note shall bear interest at the rate of 1% (one percent) per annum calculated on the basis of a 365 day year IF payment not received by December 31, 2022. There shall be a origination fee of \$50,000 (fifty thousand dollars.)
- 1.6. Termination. The Loan and the Maker's obligations shall terminate automatically upon the occurrence of any event of default hereunder and Maker's subsequent determination not to waive such event of default.

Both Borrower and Maker shall have the right to terminate the Loan at any time, regardless of the existence of an event of default, by giving written notice of its decision to terminate to the other party 30 days (thirty) in advance of the effective date of such termination. Termination by either the Maker or the Borrower shall not release the Borrower from its obligation to repay the amount advanced by the Maker under the Loan; nor shall termination prejudice or release any of the collateral or rights to enforce repayment of the Loan that the Maker may have.



- 1.7. The Guarantor. Payment of the Loan will be personally guaranteed by Shannon Ralston pursuant to a Continuing Guaranty Agreement in favor of the Maker on a form approved by Maker.
- 1.8. Reports. Borrower shall submit written reports within 60 days after written request by Maker showing Debtors current financial status on forms approved by Maker during the term of the Loan.

2. THE COLLATERAL


- 2.1. Grant of Security Interest. Borrower does not hereby grant to the Maker a security interest in NA in order to secure Borrower's obligations due under the Note and this Agreement and agrees to execute all documents required by Maker to further establish and perfect said security interest.
- 2.2. Corporate Authority. In its corporate borrowing resolution given to the Maker, Borrower shall state the names and titles of those corporate officers authorized to execute this Agreement, the Note, and any additional documentation.
- 2.3. Power of Attorney. Borrower hereby grants Maker an irrevocable Power of Attorney to endorse any and all checks and to execute any other documentation in the name of and on behalf of the Borrower to enable the Maker to collect the Note and obtain the Security.

3. DEFAULT

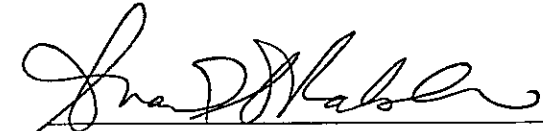
Upon the happening of any of the following events, each of which shall constitute a default hereunder, all liabilities of the Borrower to the Maker shall become immediately due and payable at the option of the Maker: (a) failure of the Borrower (which shall include any endorser, surety or Guarantor) to perform any agreement hereunder or to pay any obligation secured hereby when due; (b) dissolution of the Borrower or death of any Guarantor of this Note; (c) filing of any petition in bankruptcy by or against the Borrower or any Guarantor of this Note; (d) application for appointment of a receiver, or making of a general assignment for the benefit of creditors by, or insolvency of the Borrower or any Guarantor; (e) failure by Guarantor to achieve and maintain the status of a Licensed so designated and approved by the state of Texas; or (f) determination by any officer of the Maker that a material adverse change has occurred in the financial condition of the Borrower or any Guarantor. Upon the occurrence of any such event of default and at any time thereafter, Maker shall have all of the remedies of a secured party under the Uniform Commercial Code of the State of Texas, and as provided in this agreement, the Note and all other documents executed by Borrower in connection herewith. Any notice of sale or other intended disposition of the Collateral sent to the Borrower at least 30 days prior to such action will constitute reasonable notice to the Borrower. Maker may waive any default before or after the same has been declared without impairing its rights to declare a subsequent default hereunder, this right being a continuing one.



IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date herein stated.



(Borrower)



(Maker) 14 FEB 22

EXHIBIT "A"
PROMISSORY NOTE

<u>\$4,000,000</u>	<u>February 16, 2022</u>	<u>August 16, 2022</u>
Amount of Note	Date of Note	Due Date

Angels Staffing Inc, the undersigned, (hereinafter called "Maker"), promises to pay to **Shannon Ralston** (hereinafter called "Lender") 4,000,000 (four million dollars) and No/100 Dollars with interest thereon at the rate of 1% (one percent per annum start December 31, 2022 until paid, origination fee of \$50,000 (fifty thousand dollars) payable as follow:

Maker has Pledged, assigned or granted to Lender as collateral for payment of this liability (hereinafter called "Obligation"), the following:

collateral None
(hereinafter called "Collateral").

Upon the happening of any of the following events, each of which shall constitute a default hereunder, the Obligation of the Maker to Lender shall become immediately due and payable at the option of Lender: (1) failure of any Obligor (which shall include each maker, endorser, surety and guarantor of this note) to perform any agreement hereunder or pay any obligation secured hereby when due; (2) death of any Obligor; (3) filing of any petition in Bankruptcy by or against any Obligor; (4) application for appointment of a receiver for, making of a general assignment for the benefit of creditors by, or insolvency of any Obligor, or (5) an Event of Default under any Security Agreement executed in connection herewith.

Upon occurrence of any such event or at any time thereafter, Lender shall have the remedies of a secured party under Uniform Commercial Code of Texas or real estate laws, as applicable to the security.

All Obligors waive protest of this note. If this note is not paid when due, all Obligors agree to pay all costs and expenses of collection, including reasonable attorneys' fees and legal expenses, all of which are secured by the Collateral. Any demand upon or notice to Maker shall be sufficiently served for all purposes if personally delivered or placed in the mail addressed to the address shown above or such other address as may be shown on Lender's records.

PRESENTMENT for payment, demand, notice of dishonor, protest, notice of protest and any homestead or personal property exemption allowed by the constitutions or laws of any state are hereby waived by the undersigned. Failure by the holder hereof to exercise any option granted it hereunder shall not constitute a waiver of future rights. The term "undersigned" as used herein shall include all makers, co-makers, endorsers, sureties and guarantors hereof.

THERE will be no pre-payment penalty on this Note.

IF DEFAULT is made in the payment specified herein, or any part thereof, and such default shall continue for a period of 10 days, then the holder hereof may, at its option, declare the whole sum then remaining unpaid immediately due and payable.

Maker

 _____ CEO
 16 Feb 22

Exhibit C

<  Steve Michael- ... ▾ ⋮

Tuesday, February 22

13:16 I'm busy at the moment. Please text me.

Shannon, this is Steve Michael. Just wanted to check in. 13:16

13:27 I'm getting to it. Thank you.

17:22 Steve, wire done. I had the hardest time today with my bank. It had to come through Angels on a draw or against a large payroll loan I have to my company. I had to speak to my tax guy and lawyers to make sure I wasn't messing up. Its done. Please see that Willie Ng get every boost he can out of this. View all >

Thank you so much! We will get it set and going 17:52

[App icons: gallery, camera, +, text input, emojis, voice recording]