



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Ron Paul 2012 Presidential Campaign) MUR 6800
Committee, Inc., *et al.*)
)

**STATEMENT OF REASONS OF
COMMISSIONERS SHANA M. BROUSSARD AND ELLEN L. WEINTRAUB**

One's endorsement of a candidate should never be for sale. It should also go without saying that there are situations where the Commission should not abandon an enforcement matter. In this matter we had overwhelming evidence that a presidential campaign committee purchased an endorsement using corporate resources, and that it concealed that purchase through a chain of transactions that channeled the funds in a manner intended to obscure their true source and purpose.

It is illegal for a corporation to make contributions to a federal candidate's committee and for such a committee to knowingly accept prohibited contributions.¹ Additionally, federal committees are obligated to disclose the true source of their expenditures through truthful and accurate reporting.² Using an intermediary to obscure information that should be available to the public is decidedly unacceptable.

But that appears to be what happened here. In the lead-up to the 2012 Republican Party Iowa presidential caucus, Dmitri Kesari, a deputy campaign manager for Ron Paul's campaign, using corporate resources belonging to Designer Goldsmiths, Inc.,³ presented a check to then-Iowa State Senator Kent Sorenson to switch his support from Michele Bachmann to Ron Paul. Then, other principals from Paul's campaign worked to funnel payoffs, disguised as audio-visual expenditures, from Ron Paul's campaign committee, Ron Paul 2012 Presidential Campaign Committee, Inc. (the "Ron Paul Committee"), through two other corporations, and ultimately, to Sorenson. Sorenson, Kesari, Paul's campaign chairman Jesse Benton, and Paul's campaign manager John Tate were all criminally prosecuted for their efforts to effect and conceal these payments.⁴

¹ 52 U.S.C. § 30118(a).

² *Id.* § 30104(b)(5).

³ Designer Goldsmiths, Inc., is a Virginia corporation owned by Kesari and his wife. *See* Factual and Legal Analysis at 1-2, MUR 6800 (Ron Paul 2012 Presidential Campaign Committee, Inc., *et al.*).

⁴ Despite their convictions, and the prosecution's recommendation that they serve more than two years for their roles in making these hidden payments, Paul's campaign chairman and campaign manager were not sentenced to any prison time. Grant Rodgers, *Ron Paul Aides Avoid Jail Time in Endorsement Scheme*, DES MOINES REGISTER (Sept. 20,

These payoffs were well documented. By the time the Office of General Counsel (“OGC”) made its initial recommendations in this matter, Sorenson had already pleaded guilty to a two-count information in *United States v. Kent Leroy Sorenson*,⁵ and there was an extensive state ethics report outlining the payments at issue.⁶ These materials established a chain of circuitous maneuverings to move funds and effect secret payoffs from the Ron Paul Committee into a company controlled by Sorenson, by way of a third-party audio-visual company.⁷ Sorenson confirmed the scheme, stating that he had switched his support to the Ron Paul Committee, “in exchange for concealed payments that amounted to \$73,000” which came from the Ron Paul Committee and “were concealed by transmitting them to a film production company, then through a second company [controlled by Sorenson], and finally to Sorenson and his spouse.”⁸ By this time, it was also established that a \$25,000 check from Kesari’s corporation was being held by Sorenson and his wife as a “concealed security” to ensure that the obscured payments continued to flow from Paul’s campaign to Sorenson.⁹

It was no accident that the funds traveled in such a complicated way. The payments appeared on campaign disclosure reports as an audio-visual expense, rather than a covertly purchased endorsement. Sorenson admitted to this in the Stipulated Statement of Facts that accompanied his plea, which stated that he “knew that agents of [the Ron Paul Committee] would and did falsely omit his name and other identifying information from required reports to the FEC.”¹⁰

2016), <https://www.desmoinesregister.com/story/news/crime-and-courts/2016/09/20/jesse-benton-john-tate-sentencing-ron-paul-kent-sorenson-michele-bachmann/90742638/>. They were later pardoned by then-President Trump. *Statement from the Press Secretary Regarding Executive Grants of Clemency*, THE WHITE HOUSE (Dec. 23, 2020) <https://trumpwhitehouse.archives.gov/briefings-statements/statement-press-secretary-regarding-executive-grants-clemency-122320/>; Morgan Watkins, *Donald Trump Pardons ex-campaign manager for Sens. Rand Paul, Mitch McConnell*, LOUISVILLE COURIER JOURNAL (Dec. 24, 2020), <https://www.courier-journal.com/story/news/politics/2020/12/24/trump-pardons-jesse-benton-ex-campaign-manager-rand-paul-mitch-mccconnell/4042657001/>. Kesari was sentenced to three months’ incarceration with supervised release and fined \$10,400. Judgment, *United States v. Dimitrios N. Kesari*, 4:2015-cr-00103 (S.D. Iowa Sept. 21, 2016). The pardon did not affect the liability of the institutional actors at issue here.

⁵ See *United States v. Kent Leroy Sorenson*, Case No. 4:2014-cr-00103 (S.D. Iowa Sept. 16, 2014). The district court sentenced Sorenson to 15 months in prison for each count, to be served concurrently, and assessed a fine of \$200. See Judgment, *Sorenson*, 4:2014-cr-00103 (S.D. Iowa Jan. 17, 2017). The Eighth Circuit Court of Appeals affirmed the district court’s sentence on December 12, 2017. See *United States v. Kent Leroy Sorenson*, 705 Fed. Appx. 481 (8th Cir. Dec. 12, 2017).

⁶ Report to the Iowa Senate Ethics Committee on the Investigation of State Senator Kent Sorenson (Oct. 2, 2013) (the “Independent Investigator’s Report”). At the time that the Commission made its initial findings, the Independent Investigator’s report was available on the Des Moines Register’s webpage. The report is now archived at: https://wayback.archive-it.org/all/20131029082608/http://www.desmoinesregister.com/assets/pdf/Sorenson_investigation_part1.pdf (Volume 1) and https://wayback.archive-it.org/all/20131029082719/http://www.desmoinesregister.com/assets/pdf/Sorenson_investigation_part2.pdf (Volume 2).

⁷ See Factual and Legal Analysis at 1–4, MUR 6800 (Ron Paul 2012 Presidential Campaign Committee, Inc., *et al.*) (citing Stipulated Statement of Facts, *Sorenson*, 4:14-cr-103 (S.D. Iowa Aug. 27, 2014); and Independent Investigator’s Report, *supra*).

⁸ Department of Justice Press Release, *Former Iowa State Senator Pleads Guilty to Concealing Federal Campaign Expenditures* (Aug. 27, 2014) <https://www.justice.gov/opa/pr/former-iowa-state-senator-pleads-guilty-concealing-federal-campaign-expenditures>; see also Stipulated Statement of Facts ¶¶ 12–15.

⁹ Stipulated Statement of Facts ¶¶ 11–12.

¹⁰ *Id.* ¶ 17.

In 2016, the Commission correctly found reason to believe that the Ron Paul Committee had knowingly accepted a prohibited corporate in-kind contribution and had failed to properly report its disbursements to the Commission.¹¹ It further found that Designer Goldsmiths, Inc. had made a prohibited corporate in-kind contribution.¹² Finally, the Commission determined that these violations were knowing and willful.¹³ At that point, the Commission was already in possession of extensive admissions and information establishing the violations, which could have supported probable cause filings. But OGC obtained even more information establishing the Ron Paul Committee's involvement in making and concealing payments to Sorenson. When OGC filed its Second General Counsel's Report in 2018, the criminal convictions of Kesari, Benton, and Tate — all Ron Paul Committee campaign officials who had been acting to benefit Paul's campaign — for causing false campaign contribution reports had been affirmed by the United States Court of Appeals for the Eighth Circuit.¹⁴ We had all the information we needed to confirm the payments to Sorenson and further bolster the Commission's findings.¹⁵ A complete record to support a finding of probable cause was in place.

Although the Ron Paul Committee and Designer Goldsmiths, Inc. requested that the Commission enter into pre-probable cause conciliation negotiations and the Commission agreed,¹⁶ those efforts floundered. Following unsuccessful negotiations, OGC, despite having already built an impressive factual record, recommended that the Commission abandon the matter and close the file.¹⁷

Given the extensive factual record already in possession of the Commission, and the fact that the Commission still had time to pursue this matter and seek civil penalties, we voted to direct OGC to draft probable cause briefs and move to the next stage in the enforcement process. Two of our Republican colleagues did not think that this activity was worth pursuing.¹⁸ As a result, the Ron Paul Committee and Designer Goldsmiths, Inc. will never be held accountable for their roles in the scheme.

February 11, 2022

Date



Shana M. Broussard
 Commissioner

February 11, 2022

Date



Ellen L. Weintraub
 Commissioner

¹¹ See Certification MUR 6800 (June 16, 2016).

¹² *Id.*

¹³ *Id.*

¹⁴ See *United States v. Jesse Benton, John Tate, and Dimitrios Kesari*, 890 F.3d 697 (8th Cir. May 11, 2018).

¹⁵ Second Gen. Counsel's Rpt. at 3, MUR 6800.

¹⁶ See Certification, MUR 6800 (Mar. 19, 2019).

¹⁷ See Memorandum to the Commission Regarding Recommendation to Close the File, MUR 6800 (June 14, 2021).

¹⁸ Certification, MUR 6800 (Aug. 31, 2021). One colleague was recused from this matter.