



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 7464
Honor and Principles PAC and Lisa Lisker,)
 in her official capacity as treasurer)

**STATEMENT OF REASONS OF VICE CHAIRMAN SEAN J. COOKSEY AND
COMMISSIONERS ALLEN J. DICKERSON AND JAMES E. “TREY” TRAINOR, III**

The Complaint in this matter claimed that unknown persons used a limited-liability company to make contributions in the name of another to a newly created independent expenditure-only political committee, Honor and Principles PAC (“the Committee”), in the run up to the 2018 general election.¹ In addition to its claims against the contributors, the Complaint further alleged, based on circumstantial evidence, that Honors and Principles PAC was aware of the illicit contributions and knowingly accepted them.²

The Commission concluded that there was sufficient evidence against Honor and Principles PAC to find reason to believe a violation occurred, and it authorized the Office of the General Counsel (“OGC”) to launch an investigation that included multiple subpoenas and depositions.³ But after two years and significant resource investment to prove up those allegations, the Commission ultimately concluded that the available evidence against the Committee was insufficient to support a probable-cause finding.⁴ The Commission therefore voted to find no probable cause to believe that Honor and Principles PAC knowingly accepted contributions in the name of another, and we issue this statement of reasons to explain that conclusion.⁵

¹ See Complaint (Aug. 9, 2018), MUR 7464 (LZP, LLC, *et al.*); Amended Complaint (May 29, 2020), MUR 7464 (LZP, LLC, *et al.*).

² *Id.*

³ Factual & Legal Analysis for Honor and Principles PAC at 9 (June 10, 2021), MUR 7464 (Honor and Principles PAC); Certification ¶ 3 (May 20, 2021), MUR 7464 (LZP, LLC, *et al.*).

⁴ The Commission’s consideration of OGC’s investigation was complicated by OGC’s reliance on informal investigatory methods and the failure to disclose the investigation’s results with the Respondents. The Commission ultimately concluded that it would disregard significant amounts of OGC’s evidence and assertions because of these legal concerns, and this greatly limited the evidence available for the Commission to consider at the probable-cause stage. See Certification (Mar. 28, 2023), MUR 7464 (LZP, LLC, *et al.*).

⁵ Certification (Apr. 6, 2023), MUR 7464 (Honor and Principles PAC).

I. Background

The Complaint alleged that Independence and Freedom Network, Inc. (“IFN”), a § 501(c)(4) organization, and its subsidiary, LZP, LLC, made a series of contributions in the name of another, totaling \$270,000, to Honor and Principles PAC.⁶ The Committee registered with the Commission on March 26, 2018, and on its original 2018 disclosure reports, Honor and Principles PAC reported LZP as the source of the contributions at issue.⁷ As OGC’s investigation showed, just prior to LZP’s contributions to the Committee, IFN had transferred to LZP the funds that it used.⁸ In August 2021, after the Commission found reason to believe with respect to the allegations in the Complaint, IFN’s former director contacted Lisa Lisker, treasurer of Honor and Principles PAC, and requested that she amend the Committee’s relevant reports to attribute LZP’s contributions to IFN, as the LLC’s sole corporate member.⁹

The record that the Commission considered shows that Lisa Lisker, as the treasurer of Honor and Principles PAC, was principally responsible for the committee’s creation, administration, and operations. In her deposition testimony, Lisker stated that she was engaged to work as treasurer of Honor and Principles PAC by Joel Riter, a political consultant, in early 2018.¹⁰ She prepared and filed Honor and Principles PAC’s statement of organization with the Commission, opened its bank account, and applied for its tax identification number.¹¹ As the treasurer, Lisker was responsible for receiving and processing contributions, making disbursements, and filing required reports on behalf of the Committee.¹² Lisker maintained that she did not communicate with anyone about the formation of Honor and Principles PAC, or about where its contributions came from, other than Joel Riter.¹³ At the same time, beyond Riter’s involvement in the Committee’s creation and the coordination of contributions and expenditures, OGC’s investigation found no evidence that Riter, or anyone else, held any formal role with the Committee—Riter was not an officer or employee of the Committee, nor was he paid as its consultant or vendor.¹⁴ The record reflects that the only individual with a formal role on the Committee was Lisker.

⁶ See Amended Complaint ¶¶ 14–20 (May 29, 2020), MUR 7464 (LZP, LLC, *et al.*).

⁷ See General Counsel’s Brief at 6, 12 (Mar. 1, 2023), MUR 7464 (Honor and Principles PAC).

⁸ *Id.* at 11–13.

⁹ *Id.* at 15–16.

¹⁰ Lisa Lisker Dep. at 7:13–21 (Dec. 19, 2022). Riter was involved with the formation and operation of Independence and Freedom Network, as well as LZP, LLC, during the period at issue. General Counsel’s Brief (Mar. 1, 2023) at 3–7, MUR 7464 (Honor and Principles PAC). Lisker testified, however, that she had no knowledge of Riter’s connections to those other organizations or that funds used by LZP for contributions had been transferred from IFN. Lisker Dep. at 22:12–25:19.

¹¹ Lisker Dep. at 9:1–6.

¹² Lisker Dep. at 8:15–21.

¹³ Lisker Dep. at 11:25–12:18.

¹⁴ Raymond McVeigh Dep. at 58:22–59:10 (Jan. 6, 2023).

From the time the Complaint was filed, Honor and Principles PAC has consistently denied that it knowingly accepted contributions made in the name of another and has maintained that it followed applicable Commission guidance at the time on reporting LLC contributions when it initially reported the contributions from LZP in 2018.¹⁵ In its Response, the Committee emphasized that its donor form requests all information required for the identification of contributors and that it “also requires the donor’s assurances that the contribution, whether personal or corporate, will not be reimbursed by another person or entity.”¹⁶ Furthermore, Honor and Principles PAC asserted that “[t]here was nothing suspicious on the face” of the contributions when it first received them from LZP.¹⁷

During her deposition, Lisker testified that at the time of LZP’s contributions to Honor and Principles PAC in 2018, she had received no attribution information from LZP and had no reason to believe that LZP was not the original source of the contributions.¹⁸ Lisker likewise denied having any knowledge that LZP was formed shortly before making its first contribution to Honor and Principles PAC, or that IFN had transferred funds to LZP for the purpose of making the contributions to the PAC, until she received an email from IFN’s former director in August 2021 asking her to amend the Committee’s 2018 reports to attribute all of LZP’s contributions to IFN.¹⁹

Q: Who to your knowledge has performed work or acted as an agent or representative of Honor and Principles PAC? . . .

A: I don’t know. Let me edit that. I believe that Lisa Lisker served as its Treasurer, but, beyond that, I don’t know.

Q: To your knowledge, did Mr. Riter have any involvement in forming Honor and Principles PAC?

A: I don’t know.

¹⁵ See Honor and Principles PAC Reply to General Counsel’s Brief (Mar. 16, 2023), MUR 7464 (Honor and Principles PAC); see also IFN and LZP, LLC Reply to General Counsel’s Brief at 13 (Mar. 16, 2023), MUR 7464 (LZP, LLC, *et al.*), (“[W]hile LZP’s failure to provide attribution information to Honor PAC, and Honor PAC’s failure to initially report IFN as the attributed donor on its reports, would ostensibly amount to a reporting violation if it took place today, it was clearly not a reporting violation back in 2018 during the relevant time period and when the transactions actually occurred in this case.”).

¹⁶ Honor and Principles PAC Response at 2 (Oct. 29, 2018), MUR 7464 (LZP, LLC, *et al.*).

¹⁷ *Id.*

¹⁸ Lisker Dep. at 20:4–12, 23:13–19. See also Lisa Lisker Aff. ¶ 11 (Aug. 25, 2021) (“I had no reason to believe that the contributions from LZP, LLC to Honor and Principles PAC were from any source other than LZP, LLC and it is my belief, based on my experience, that the manner of reporting of the contribution from LZP, LLC to Honor and Principles PAC was accurate and proper at the time.”).

¹⁹ Lisker Dep. at 25:10–23.

II. Applicable Law

A. Contributions in the Name of Another

The Federal Election Campaign Act of 1971, as amended (the “Act”), prohibits a person from making a contribution in the name of another person, knowingly permitting his or her name to be used to effect such a contribution, or knowingly accepting such a contribution.²⁰ The term “person” for purposes of the Act and Commission regulations includes partnerships, corporations, and “any other organization or group of persons.”²¹ A “contribution” includes “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.”²² The Commission’s regulations include two examples 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.²³

In addition to the *actus reus* elements, the statute provides a *mens rea* element for others involved in a contribution in the name of another beyond the contributor. For anyone who permits his or her name to be used for another’s contribution or who accepts such a contribution, the Act requires that such a violation be knowing—a requirement that need not be shown to establish a violation by the contributor.²⁴

B. Agency and Vicarious Liability for Political Committees

To the extent the Act and Commission regulations govern the conduct of organizations (such as a corporation or political committee), those organizations are liable for the actions of their officers and agents when they are acting within the scope of their actual authority.²⁵ Yet the Act

²⁰ 52 U.S.C. § 30122.

²¹ 52 U.S.C. § 30101(11); 11 C.F.R. § 100.10.

²² 52 U.S.C. § 30101(8)(A)(i).

²³ 11 C.F.R. § 110.4(b)(2)(i)–(ii).

²⁴ 52 U.S.C. § 30122.

²⁵ See 11 C.F.R. §§ 109.3, 300.2(b) (defining “agent” as “any person who has actual authority, either express or implied, to engage in” certain activities on behalf of other specified persons); see also Definitions of “Agent” for BCRA Regulations on Non-Federal Funds or Soft Money and Coordinated and Independent Expenditures, 71 Fed. Reg. 4,975, 4,977 (Jan. 31, 2006) (“In construing the term ‘agent,’ the Commission believes that the current definitions of ‘agent,’ which are based on actual authority, either express or implied, best effectuate the intent and purposes of BCRA and the Act.”).

and Commission regulations provide limited guidance on the law of agency as applied to political committees and other entities.

Under the Act, treasurers are mandatory officers for a political committee, and no committee expenditure may be made without the treasurer's authorization.²⁶ Moreover, candidates are considered agents of their campaign committees, at least for purposes of receiving contributions and making disbursements.²⁷ The Commission has further promulgated regulations governing agency relationships as they relate to the restrictions on non-federal funds and coordinated communications.²⁸ Outside of these limited provisions, however, the Commission has generally relied on background principles of the law of agency in determining organizations' vicarious liability for the conduct of their officers and agents.²⁹ From that approach, the Commission has consistently reasoned that principals may be held liable for their agents' conduct only when those agents have been granted actual authority.³⁰

III. Legal Analysis

Considering the developed factual record and applicable law in this matter, the Commission concluded that there was insufficient evidence to establish probable cause that Honor and Principles PAC, or any of its authorized agents, knowingly accepted a contribution made in the name of another.³¹

First, none of the evidence before the Commission indicated that the Committee's treasurer Lisa Lisker—indisputably an agent of the Committee—knowingly accepted a contribution in the name of another. Lisker was the sole person responsible for formally establishing and operating Honor and Principles PAC, setting up its financial accounts, and handling contributions and disbursements. Lisker received, processed, and reported the contributions at issue. But as described above, Lisker's deposition testimony indicates that she did not know, and had no reason to know or suspect, that any contribution the Committee received was made in the name of another.³² OGC's investigation did not uncover any evidence to contradict this assertion. Consequently, because Lisker lacked the requisite *mens rea* to knowingly accept a contribution made in the name of another, a violation cannot be established based exclusively on her conduct.

Second, OGC's investigation failed to produce evidence—and OGC failed to argue—that another individual with actual authority to act for Honor and Principles PAC knowingly accepted

²⁶ 52 U.S.C. § 30102(a).

²⁷ 52 U.S.C. § 30102(e)(2).

²⁸ See 11 C.F.R. §§ 109.3, 300.2(b); Definitions of 'Agent' for BCRA Regulations on Non-Federal Funds or Soft Money and Coordinated and Independent Expenditures, 71 Fed. Reg. 4,975, 4,979 (Jan. 31, 2006).

²⁹ See, e.g., Factual & Legal Analysis for the Arizona Sports Foundations, d/b/a The Fiesta Bowl at 8 (Jan. 12, 2012), MUR 6465 (Fiesta Bowl, *et al.*) (citing Restatement (Third) of Agency (2006)); Factual & Legal Analysis for Precision Pipeline, LLC at 6 & nn. 30–31 (Dec. 20, 2017), MUR 7137 (Precision Pipeline, LLC, *et al.*) (same).

³⁰ *Id.*

³¹ Certification (Apr. 6, 2023), MUR 7464 (Honor and Principles PAC).

³² See *supra* n.18 and accompanying text.

a contribution made in the name of another on the Committee's behalf. The record contains no evidence, for example, that any other individuals were officers or employees of the Committee, let alone that there were any agents with knowledge of the allegedly unlawful contributions. As a result, OGC did not point to any other individual granted actual authority by the Committee for whom it could be held vicariously liable.

Nor was there a legal basis for imputing knowledge to the Committee based on an informal relationship with Joel Riter or anyone else. If OGC believed otherwise, it failed to sufficiently make that argument or establish the legal basis for that proposition. Indeed, in OGC's entire General Counsel's Brief in support of finding probable cause against the Committee, it does not discuss the law of agency or vicarious liability at all.³³ OGC makes no argument, for example, that Riter had been granted actual authority to act on behalf of the Committee, or that the elements of a violation might be satisfied by the independent actions of two separate agents of the Committee. Instead, OGC's claim that Riter controlled the Committee, and therefore the Committee's acceptance of the contributions was knowing, is made as a bare assertion, the factual basis for which the Commission concluded must be largely disregarded.³⁴ But at the probable cause stage actual evidence, not conjecture, is required.

In the end, the factual record and legal theories did not, in our view, meet the probable cause standard with respect to this allegation. Accordingly, the Commission voted to find no probable cause with respect to Honor and Principles PAC.³⁵

IV. Conclusion

For all the foregoing reasons, and considering all the appropriate evidence, the Commission concluded there was no probable cause to believe the Committee knowingly accepted a contribution in the name of another in violation of 52 U.S.C. § 30122.



 Sean J. Cooksey
 Vice Chairman

July 5, 2023
 Date



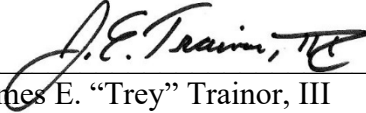
 Allen Dickerson
 Commissioner

July 5, 2023
 Date

³³ See generally General Counsel's Brief (Mar. 1, 2023), MUR 7464 (Honor and Principles PAC).

³⁴ *Id.* at 19–20. See also *supra* n.4.

³⁵ Certification (Apr. 6, 2023), MUR 7476 (Honor and Principles PAC).



James E. "Trey" Trainor, III
Commissioner

July 5, 2023
Date