



FEDERAL ELECTION COMMISSION
Washington, DC 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Honor and Principles PAC and Lisa Lisker) MUR 7464
as treasurer, *et al.*)
)

**STATEMENT OF REASONS OF CHAIR DARA LINDENBAUM
AND COMMISSIONER SHANA M. BROUSSARD**

This matter arose from a Complaint and Amended Complaint alleging that Honor and Principles PAC and Lisa Lisker in her official capacity as treasurer (“Honor PAC”) violated 52 U.S.C. § 30122, a provision of the Federal Election Campaign Act of 1971, as amended (the “Act”), when Independence and Freedom Network, Inc. (“IFN”), made a series of contributions to Honor PAC in 2018 in the name of LZP, LLC.¹ On May 20, 2021, the Commission found reason to believe that IFN and LZP made or allowed their names to be used to make contributions in the name of another, and that Honor PAC knowingly accepted contributions in the name of another, in violation of 52 U.S.C. § 30122.² Following an investigation, the Office of General Counsel (“OGC”) recommended that the Commission find probable cause to believe that IFN made contributions in the name of another, LZP allowed its name to be used to make contributions in the name of another, and Honor PAC knowingly accepted a contribution in the name of another, in violation of 52 U.S.C. § 30122.³ We agreed with OGC’s first two recommendations, but we voted to reject OGC’s recommendation to find probable cause to believe that Honor PAC knowingly accepted a contribution in the name of another.⁴ This Statement explains the reasons for our Honor PAC vote.

IFN was a social welfare non-profit organized under section 501(c)(4) of the tax code.⁵ Although Raymond McVeigh was the President of IFN on paper, McVeigh testified at his

¹ Compl. (Aug. 9, 2018); Am. Compl. (May 29, 2020).

² Certification at 1-2 (May 20, 2021). The Commission also found reason to believe that respondents failed to provide attribution information for a \$35,000 contribution. *Id.*

³ OGC’s Notice to the Commission Following the Submission of Probable Cause Brief (Honor PAC) (Apr. 3, 2023); OGC’s Notice to the Commission Following the Submission of Probable Cause Brief (LZP, *et al.*) (Apr. 3, 2023).

⁴ *See* Certification (“Cert.”) at 1 ¶ 1, MUR 7464 (Honor PAC) (Apr. 6, 2023) (reflecting the Commission’s 1-to-5 vote against a motion to find probable cause to believe). In the subsequent vote, Chair Lindenbaum voted to approve a motion to find no probable cause to believe while Commissioner Broussard joined a vote against the motion. *See id.* at ¶ 2.

⁵ Gen. Counsel’s Br. at 1 (Honor PAC) (Mar. 1, 2023).

deposition that Tom Norris and Joel Riter ran its operations and did not communicate with him about what IFN was doing.⁶ LZP was an LLC registered in Ohio on March 27, 2018. Honor PAC was an independent-expenditure-only committee (“IEOPC”) that registered with the Commission on March 26, 2018, naming Lisa Lisker as treasurer.⁷ Lisker testified that Riter instructed her to form Honor PAC to make independent expenditures in non-federal elections in Ohio.⁸

The investigation revealed a compelling paper trail. Days after LZP and Honor PAC were created, IFN transferred \$271,000 to LZP that, in turn, contributed nearly all of the funds to Honor PAC.⁹ LZP did not have any other reported activity – its sole apparent purpose was to be a conduit for the funds from IFN to Honor PAC.¹⁰ Honor PAC reported receiving the contributions from LZP, not IFN.¹¹ Honor PAC did not report receiving contributions from any other source.¹² Respondents did not deny that LZP was a conduit, but instead characterized it as a “disregarded entity” for the purpose of “simplifying [IFN’s] accounting procedures.”¹³ Respondents argued that IFN did not act for the “purpose of making a contribution to Honor PAC or to disguise its own identity.”¹⁴

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.¹⁵ Because the evidence was sufficient to establish that IFN made a contribution in the name of LZP and that LZP allowed its name to be used to effect a contribution in name of another, we voted to find probable cause to believe as to them.¹⁶

However, we did not believe the record was sufficient to find probable cause to believe that Honor PAC knowingly accepted the contribution. As a threshold matter, the information in the record did not support imputing to Honor PAC, under principles of agency law, the knowledge required to establish a violation of § 30122. Nor did the record support identifying who – whether an agent of Honor PAC or not – had the requisite knowledge that the contributions were made in the name of another. Because the available information could not

⁶ *Id.* 5-6.

⁷ *Id.* at 6.

⁸ *Id.* at 7. While the Commission would not ordinarily have jurisdiction over this state level activity, Honor PAC voluntarily registered with the Commission and submitted to its jurisdiction.

⁹ *Id.* at 1. LZP retained \$1,000. *Id.*

¹⁰ *Id.* at 6-7.

¹¹ *Id.* at 1.

¹² *Id.*

¹³ Reply to Gen. Counsel’s Br. at 4 (LZP, *et al.*) (Mar. 16, 2023); Reply to Gen. Counsel’s Br. at 1 (Honor PAC) (Mar. 16, 2023) (adopting arguments from the LZP reply).

¹⁴ *Id.* at 5.


¹⁵ 52 U.S.C. § 30122.

¹⁶ Cert. at 1 ¶ 1, MUR 7464 (LZP, LLC Inc.), dated April 6, 2023 (reflecting the votes of Chair Lindenbaum and Commissioners Broussard and Weintraub to find probable cause to believe against Respondents).

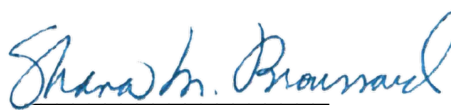
establish the knowledge element of the violation, Respondents did not have notice or an opportunity to respond. In any event, we were unable to independently identify sufficient evidence in the record to establish that Honor PAC knowingly accepted a contribution in the name of another. Lisker, the treasurer and agent of Honor PAC as a matter of law, testified that she did not have any personal knowledge that LZP was “not the original source or the true source” of the contributions.¹⁷ McVeigh had no apparent relationship with Honor PAC.¹⁸ While Norris and Riter arguably had the requisite knowledge as the day-to-day managers of IFN, there was insufficient information in the record to establish that they were agents of Honor PAC.¹⁹

For these reasons, we voted to reject OGC’s recommendation to find probable cause to believe that Honor PAC knowingly accepted a contribution in the name of another.

7/6/23
 Date


 Dara Lindenbaum
 Chair

7/6/23
 Date


 Shana M. Broussard
 Commissioner

¹⁷ Lisa Lisker Dep. at 23:13–19 (Dec. 19, 2022).

¹⁸ Gen. Counsel’s Br. at 14 (Honor PAC).

¹⁹ The Commission voted not to consider the unrecorded interviews of Norris and Riter in considering probable cause in this matter. Cert. at 1 (Mar. 28, 2023).