

TRANSCRIPT OF PROCEEDINGS

In the Matter of:	)	
	)	MUR 7464
LZP LLC, ET AL.	)	
	)	

Pages: 1 through 54
Place: Washington, D.C.
Date: March 31, 2023

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:)
LZP LLC, ET AL.) MUR 7464
)

Remote Hearing
Suite 206
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1220 L Street, N.W.
Washington, D.C.

Friday,
March 31, 2023

The hearing convened, pursuant to notice, at
10:31 a.m.

BEFORE: DARA LINDENBAUM, Chair
SEAN J. COOKSEY, Vice Chairman
SHANA M. BROUSSARD, Commissioner
ALLEN DICKERSON, Commissioner
JAMES E. "TREY" TRAINOR, III,
Commissioner
ELLEN L. WEINTRAUB, Commissioner

APPEARANCES:

COUNSEL :

LISA STEVENSON, Acting General Counsel
CHARLES KITCHER, Esquire
MARK SHUNKWILER, Esquire
AARON RABINOWITZ, Esquire

STAFF:

ALEC PALMER, Staff Director

RESPONDENTS' COUNSEL:

JAMES TYRELL, Esquire
JESSICA BARTLETT, Esquire

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(10:31 a.m.)

MS. BENITZ: Madam Chair, we are recording,
and you may gavel in the hearing when ready.

CHAIR LINDENBAUM: Thank you.

Good morning. The probable cause hearing for MUR 7464 involving Respondents Independence and Freedom Network, Inc., LZP, LLC, and Honor and Principles PAC, and Lisa Lisker in her Official Capacity as Treasurer will now come to order.

Welcome to everyone. James Tyrell and Jessica Bartlett from Dickinson Wright are here as counsel for Respondents. In addition to the Commissioners, also present are Acting General Counsel Lisa Stevenson, along with Charles Kitcher, Mark Shunkwiler, and Aaron Rabinowitz. Staff Director Alec Palmer is also here.

On March 1, 2023, the Office of General Counsel sent its probable cause brief to the Respondents, notifying them that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe that Respondents violated 52 U.S.C. § 30122 by making or allowing their name to be used to make contributions in the name another. On March 16, 2023, Respondents filed a reply

1 brief and notified the Office of General Counsel that
2 they were requesting a probable cause hearing. On
3 March 17, 2023, the Commission approved the request
4 and scheduled today's hearing shortly thereafter. On
5 March 28, the Commission voted, and Respondents'
6 counsel was notified that in considering probable
7 cause, the Commission will not consider factual
8 assertions made in the probable cause brief that are
9 based upon any withheld document or any formal
10 investigatory activity, to include any unsworn
11 interviews.

12 Counsel for Respondents has been told that
13 they will have 10 minutes for an opening statement and
14 five minutes for a closing statement. The opening
15 statement should only include statements and arguments
16 in evidence that have already been brought to the
17 attention of the Office of General Counsel.

18 Following the opening statement, the
19 Commissioners will have the opportunity to ask
20 questions of Respondents' counsel. Our probable cause
21 hearing procedures also permit the Commissioners to
22 ask clarifying questions directly to the Acting
23 General Counsel and Staff Director. However, many of
24 those are limited due to confidentiality reasons.
25 Respondents' counsel may not direct questions directly

1 to the Acting General Counsel or the Staff Director.

2 The Commission will make a transcript of
3 this hearing available to the Respondent, which will
4 become part of the record in this matter.

5 With that said, counsel, please feel free to
6 proceed with your opening statement whenever you're
7 ready.

8 MR. TYRELL: Great. Thank you, Madam Chair
9 Lindenbaum, Vice Chair Cooksey, and Commissioners. My
10 name is Jim Tyrell with Dickinson Wright, PLLC. I
11 appreciate the Commission making time today for this
12 pre-probable cause hearing.

13 I'm here today on behalf of the Respondents
14 in MUR 7464, Independence and Freedom Network, LQP,
15 LLC, and Honor and Principles PAC. I will try to be
16 brief because I want to leave adequate time for any
17 questions the Commission might have.

18 I first want to address Acting General
19 Counsel Stevenson's letter from earlier this week
20 pertaining to our request for a list of withheld
21 documents. One of the primary reasons we felt it was
22 important to have a pre-probable cause hearing was to
23 speak directly to the Commission about the vast amount
24 of factual inaccuracies propagated by the General
25 Counsel's Office in their brief and specifically their

1 representations concerning the informal unsworn
2 interviews OGC had with Independence and Freedom
3 Network's consultants, Mr. Ryder and Mr. Norris.

4 Ms. Stevenson's letter appears to
5 acknowledge our concerns presented in our request for
6 the withheld document list and our reply brief about
7 the veracity and reliability of OGC's representations
8 and factual assertions stemming from these interviews.
9 In fact, by stating in her letter that "The Commission
10 will not consider factual assertions made in the
11 probable cause brief that are based upon any withheld
12 document or informal investigatory activity, to
13 include any unsworn interview," she is conceding that
14 OGC's "factual assertions" made in their brief are so
15 defective and unreliable that the Commission will not
16 even consider such assertions.

17 As you are aware, OGC's theory of the case
18 in this matter hinges almost entirely on the so-called
19 facts to be uncovered from these unsworn interviews.
20 If the Commission will not be considering these
21 factual assertions in its probable cause
22 determination, it's unclear how OGC's theory of the
23 case will survive at all. With that said, we are
24 prepared to answer the Commission's questions
25 regarding OGC's investigation in this matter should

1 there be any.

2 So, if the Commission will not be
3 considering any factual assertion stemming from its
4 interviews with Mr. Ryder, Mr. Norris, or any other
5 unsworn or informal interviews, we are left with the
6 Respondents' responses to the complaints and the RTB
7 finding, which include denials of the allegations;
8 bank records; a sworn affidavit from IFN's sole
9 director, Mr. McVey; Mr. McVey's deposition testimony;
10 a sworn affidavit from Honor and Principles PAC's
11 treasurer, Ms. Lisker, and her deposition testimony;
12 and a sworn declaration from Tom Norris accompanying
13 the reply brief.

14 Each response, affidavit, deposition
15 testimony, and declaration has been consistent
16 throughout this matter. They have all stated that LZP
17 was established by IFN for tax and accounting
18 purposes, to more efficiently account for political
19 versus social welfare activity, and to better separate
20 out projects that IFN's consultants were actually
21 working on.

22 As we have stated throughout this matter,
23 from 2017 to 2018, IFN's consultants performed their
24 due diligence and sought counsel on how to best
25 organize projects for their 501(c)(4) social welfare

1 clients, specifically, to better account for political
2 versus social welfare activity for projects they would
3 actually be working on. One of the recommendations
4 was to create nonprofit LLCs as disregarded entities
5 of social welfare organizations because they would be
6 part of the same legal entity and would file the same
7 annual tax returns. As we stated in our response to
8 the complaint, IFN's consultants also believed after
9 consulting counsel that a nonprofit LLC was required
10 to transmit its own property or assets in its own name
11 under Ohio corporate law, which is why LZP was
12 originally reflected on Honor and Principle PAC's
13 reports.

14 In short, LZP was never created as a
15 mechanism to shield donor identities, and OGC's
16 investigation and the actual evidence in this case,
17 including Mr. McVey's affidavit and Mr. Norris's
18 declaration, have only reinforced the reality that it
19 was created for accounting purposes and to better
20 organize IFN's projects.

21 By failing to uncover any evidence to
22 counter Respondents' consistent representation that
23 LZP was established for the foregoing purposes, OGC
24 has failed to show that Respondents had the requisite
25 intent to mask the identity of the true source of the

1 contributions to Honor and Principles PAC. And as we
2 stated in our reply brief, intent matters when
3 determining alleged violations of § 30122.

4 This case at its core involves a reporting
5 violation that was not a reporting violation at the
6 time. At the time of the alleged activity and the
7 filing of the complaints in this matter, there was no
8 binding Commission guidance on partnership LLC and
9 disregarded entity contributions to super PACs. It
10 wasn't until four years after the activity in this
11 matter that the Commission finally came to a
12 bipartisan consensus on how such contributions should
13 be reported in MUR 7454, the Blue Magnolia Investments
14 MUR, on April 15, 2022.

15 If the alleged activity occurred today, LZIP
16 would have provided to Honor and Principle PAC's
17 treasurer the attribution information for IFN and
18 there would have never been any issues. It should be
19 noted that IFN even requested that Honor and
20 Principles PAC amend its reports to reflect IFN as the
21 underlying donor almost two years ago, well before the
22 Blue Magnolia guidance. So the public record has been
23 clear for some time now.

24 In the interest of saving time, I won't
25 trouble the Commission with another recitation of our

1 concerns about OGC's focus on irrelevant corporate
2 governance issues. But I will add that it is
3 troubling OGC would refer to so many corporate
4 governance issues in its brief that have absolutely no
5 legal significance to the narrow recommendation it is
6 making here. While we mention it in our reply brief,
7 it was particularly rich for OGC to provide their own
8 commentary about how the way a nonprofit donor to IFN
9 organized its staff somehow provides support for their
10 recommendation against Respondents.

11 In concluding, this matter has now
12 languished for five years, and we are on the eve of
13 the expiration of the statute of limitations. The
14 Respondents are two nonprofit organizations that are
15 completely dissolved with no money and the other a
16 defunct super PAC with no money that has attempted to
17 terminate numerous times over the years. It is simply
18 not worth additional Commission resources to pursue
19 this matter further. We therefore strongly urge the
20 Commission to dismiss this matter. Thank you again
21 for your time today, and with that, I'm happy to
22 answer any of the Commission's questions.

23 CHAIR LINDENBAUM: Thank you. Before I open
24 it up to my colleagues for questions, let me make it
25 absolutely clear, I won't speak on behalf of my

1 colleagues, but I will say that my vote to disregard
2 those interviews and full documents is not a
3 concession in any way, shape, or form. And you can
4 choose to advocate for your client however you please,
5 but I will tell you that there is no need to denigrate
6 our OGC attorneys in any way. But, again, you can
7 choose to proceed however you so choose.

8 That said, I will open it up to my
9 colleagues. Who would like to ask some questions?
10 Commissioner Dickerson?

11 COMMISSIONER DICKERSON: Thank you. I have
12 a few, but let me just start with an open-ended
13 question. So I agree with the Chair that, you know,
14 having determined that the Commission will not credit
15 I'll just say factual assertions by counsel in the
16 briefing, obviously, turnabout is fair play, and I
17 think the same has to be true in our treatment of the
18 Respondents' briefing.

19 So assuming for a moment that I agree with
20 your characterization of the remaining record, you
21 know, we've got two depositions from the Solicitor and
22 Raymond McVey. We have some sworn affidavits. We
23 have bank records, receipts pursuant to subpoena. I
24 would add representations of counsel as to facts in
25 the back and forth maybe something we can credit. I'd

1 be curious as to your thoughts on that.

2 But, if that's the universe of facts that's
3 properly before the Commission, I just want to give
4 you an opportunity if there's any of that that you
5 want to specifically respond to. And I have a couple
6 follow-ups depending on -- you know, I don't want to
7 get in the way of my colleagues' questions, but let me
8 ask that open-ended question first. Is there anything
9 within the four corners of that agreed-upon record
10 that you'd like to specifically speak to?

11 MR. TYRELL: Well, I think, you know, what
12 we put forth in our brief is, you know, the actual
13 evidence, sort of, you know, what was said in
14 depositions, said in kind of sworn testimony. You
15 know, I'll concede that I think that in responses to
16 some of, you know, the complaint and the RTB finding,
17 you know, perhaps there were some assertions made
18 by -- you know, also on behalf of our own -- you know,
19 of my own clients, but those were typically pursuant
20 to, you know, deposition -- you know, affidavits or
21 things that were said, you know, under sworn
22 testimony.

23 I think, you know, there's some deposition
24 testimony and I think that during the course of this
25 investigation, I think OGC was a bit surprised over

1 various roles people had here. And I think, you know,
2 while, you know, they put a lot of emphasis on Mr.
3 McVey's role or, you know, frankly, lack thereof of a
4 substantive role too much in the organization, I think
5 it's very much irrelevant here. You know, I think it
6 goes to a lot of the corporate governance issues that
7 they spent pages on that I don't think have any
8 relevance.

9 So I think all the evidence, though, that's
10 been presented, you know, in all of the items that you
11 mentioned, it has been consistent that people have
12 said that their understanding about the creation of
13 LZIP and the transaction at issue here was that they
14 were simply done for accounting purposes. They were
15 done to better organize their projects. There was
16 some discussion or back-and-forth about, well, hey,
17 why didn't you do this for some other grants that were
18 made to other organizations or other PACs, and the
19 rationale there was because those were just grants.
20 This was an actual project that IFN was going to be
21 working on directly and they simply wanted to organize
22 that in a way that better enabled them to account for
23 social welfare versus political activity and so forth.

24 And so, you know, I think that, you know,
25 that's really the evidence here. I mean, I think,

1 frankly, we haven't really learned all that much since
2 the RTB finding. I think a lot of time was spent, you
3 know, by OGC on trying to find something else that
4 made perhaps their theory of the case kind of lend
5 itself to looking into donors of donors or donors to
6 donors. You know, you were talking about four
7 corners. I think, you know, that seems to me like it
8 was pretty far outside the four corners of the
9 complaint, looking into donors of donors, and, you
10 know, it felt like trying to find some sort of a
11 Russian doll kind of conspiracy. I don't know. All I
12 know, a lot of time was spent on those items, looking
13 into those things when, frankly, the evidence was
14 really there from the very beginning.

15 COMMISSIONER DICKERSON: Madam Chair, can I
16 ask a couple follow-ups on the record?

17 So I assure you that I have opinions on the
18 investigation. This just isn't the forum for that.
19 So let me just make sure that I understand what's in
20 and what's out. So, specifically to the accounting
21 purpose, because I take that to be sort of the center
22 of gravity of the defense -- well, let me say it this
23 way. I agree and I, you know, read the full record
24 probably more times than I want to admit and there are
25 numerous references to the fact that it's just done

1 for accounting purposes. I don't disagree with you
2 that that's in the record. The question is how
3 spelled out it is.

4 I think, in many places, I would say it's
5 kind of a bare-bones assertion that it was done for
6 accounting purposes. You suggested both in your brief
7 and today that it was done for the specific purpose of
8 separating out social welfare activity for purposes of
9 the (c)(4)'s, you know, IRS compliance, which makes
10 sense. But I guess my question is, what's your best
11 piece of information in the record on that specific
12 intention?

13 MR. TYRELL: Well, it's tough. I mean, I
14 think, in Tom Norris's declaration, his sworn
15 declaration we provided with the reply brief, I
16 think -- I'm not going to get into what was said
17 during the unsworn interviews because we're not --
18 that's not something that's going to be considered in
19 my understanding. So I think, you know, Tom Norris
20 explaining that in his declaration, I think, is
21 probably the strongest. I mean, that's really the
22 only sworn testimony here from an individual, you
23 know, who was doing sort of the day-to-day managing
24 the operations of the group.

25 I mean, I think there's sworn testimony from

1 Ms. Lisker. You know, she simply just reported what
2 was given to her. There is, you know, sworn testimony
3 from Mr. McVey, who, you know, while he didn't have
4 much to do with the day-to-day operations here, you
5 know, he was certainly informed that this was done
6 really just for accounting purposes.

7 You know, I think --

8 COMMISSIONER DICKERSON: So if I can
9 interrupt you there, I'm sorry.

10 MR. TYRELL: Sure, of course.

11 COMMISSIONER DICKERSON: Just because I
12 read -- it's on page -- I think it's on page 10 of
13 your brief for LZP -- I realize there were two
14 briefs -- the -- and here, the sentences not only has
15 McVey, IFN's sole director, produced a sworn affidavit
16 attesting to this fact -- it's in the penultimate full
17 paragraph on page 10 -- sorry, produced a sworn
18 affidavit attesting to this fact, okay, but McVey
19 confirmed that this was his understanding of the
20 purpose of creating LZP in his deposition testimony.

21 There's no citation to the testimony there.
22 Do you have -- can you point me to that language?
23 Because I re-read the deposition last night and it
24 didn't jump out at me, and it would save me and I
25 suspect my colleagues some time if you could point us

1 to the actual language.

2 MR. TYRELL: Yeah. There was a question
3 that was posed to him. You know, if I can get back to
4 you on that, Commissioner?

5 COMMISSIONER DICKERSON: Absolutely.

6 MR. TYRELL: I can absolutely point to the
7 exact page of the deposition testimony. But there was
8 a question posed to him, and he responded that it was
9 his understanding that this was done for accounting
10 and, you know, those sort of purposes. But I will
11 absolutely get you that citation of his transcript.

12 COMMISSIONER DICKERSON: Thank you. And I
13 cut you off. I don't want to keep you from finishing.
14 I just want to make sure that I understand what's
15 properly before me on this defense.

16 MR. TYRELL: So, yeah, I mean, I think -- I
17 don't have too much more to say on those points, but I
18 think that, you know, on one hand, it's sort of a
19 shame that there wasn't sworn testimony from Mr. McVey
20 or from -- you know, sworn deposition testimony from
21 Mr. Norris and Mr. Ryder because I think, yeah, it
22 would have been useful for our purposes for them to,
23 you know, explain on the record what the rationale
24 was. But I think that, you know, not having that sort
25 of reliable testimony is kind of -- it cuts both ways.

1 And so I think, you know, we're left with, you know,
2 what is evidence here? You know, what are we looking
3 for? What is evidence? And I think, you know, the
4 things that I cited in my opening statement, in
5 addition to the brief, are really the only, you know,
6 I guess you could call it reliable evidence or at
7 least sworn evidence in this matter were the items
8 that I mentioned. And I think that those are the
9 items, deposition testimony, affidavits, that the
10 Commission should be looking at.

11 COMMISSIONER DICKERSON: Thank you, sir.

12 I had some questions, Madam Chair, on the
13 legal standard, but I'm happy to step aside for my
14 colleagues. I'm very patient. Or I can go forward.
15 Thank you.

16 CHAIR LINDENBAUM: Yeah, keep going forward.

17 COMMISSIONER DICKERSON: Okay. So let me
18 ask the broad question. There's a disagreement
19 between the Office of General Counsel and your clients
20 as to the standard for proving a contribution in the
21 name of another. And I -- well, let me ask the narrow
22 question first, which is, what do you think is the
23 best sort of, I guess, binding case law on this
24 question? What would you point to that binds the
25 Commission in its interpretation of the statute and

1 the regs?

2 MR. TYRELL: Well, it's tough to say what's
3 binding, right. So binding needs four votes. And I
4 think not only is there disagreement between, you
5 know, my clients and the Office of General Counsel's
6 interpretation, I think there's also disagreement
7 within the Commission itself. And so I think that,
8 you know, back in 2015, the Office of General Counsel
9 did have sort of a purpose-laden analysis with respect
10 to what amounts to a contribution in the name of
11 another in MUR 6930, SPM Holdings, on November 19,
12 2015, the first General Counsel's report. And so I
13 think after that, though, it became almost a situation
14 where, you know, some members of the Commission did
15 not think that that was necessary, did not think that
16 there was sort of any kind of an intent requirement
17 for determining contributions in the name of another.

18 And so I think that since then, there's
19 been, you know, a number of matters that presumably
20 have split 3-3, where, you know, some commissioners,
21 typically Republican commissioners, have believed that
22 the analysis really is, you know, intent, an intent
23 and purpose sort of requirement. You know, I think,
24 in my brief on page 8 through, you know, 8, 9, and 10,
25 and some of the footnotes, you know, we talk about in

1 Footnote 34, the supplemental statements of reasons
2 from Commissioner -- from Chairman Petersen,
3 Commissioners Hunter and Goodman in MUR 6485, MUR
4 6487, and a lot of these -- your question, though,
5 Commissioner, is that there's not a widespread
6 consensus to this within the Commission. And I think
7 some commissioners are of the view that just the act
8 of the transaction happening would amount to a
9 contribution in the name of another, where I think
10 others -- you know, I think we give the example of,
11 well, what happens with, you know, people who give --
12 you know, people give through conduits all the time.
13 What happens with, you know, WinRed and ActBlue? I
14 mean, those are conduit contributions.

15 Clearly, there has to be an intent on the
16 part of the donors to, you know, or there has to be a
17 conduit, or, you know, is it just automatically a --
18 you know, is it automatically a contribution in the
19 name of another just by the fact that it gives through
20 a conduit?

21 COMMISSIONER DICKERSON: Well, that's my
22 question, is that, you know, assuming that there is
23 some intent requirement, and I understand that may not
24 be a universal position, but assume I agree with you,
25 what sort of intent? Because it seems to me that you

1 can have a menu of options all the way from I intended
2 to violate this particular provision that I know
3 about, kind of a knowing and willful plus kind of
4 theory, through I intended with some sort of -- you
5 know, basically, I intended to violate the law even if
6 I didn't have specific knowledge of the law, through I
7 intended to, you know, give with the intention of
8 evading disclosure, to I intended to give the money in
9 this particular name, to I just intended to give the
10 money. I mean, there's a huge range of things one
11 might have intended.

12 One of the frustrations I will say is that
13 the briefs seem to talk past each other on, you know,
14 is this just a strict liability kind of theory or is
15 this a -- well, I'm not sure, so I'm asking you, what
16 do you think is the fact that --

17 MR. TYRELL: Well, I think --

18 COMMISSIONER DICKERSON: -- has to be
19 intended?

20 MR. TYRELL: So I think, you know, on page
21 10, we talk about sort of, you know, the regulations
22 and, you know, what the test for determining a
23 contribution in the name of another should be. You
24 know, the first thing we say, was there an examination
25 of whether the source transmitted property to another

1 with the purpose that it be used to make or reimburse
2 the contribution, and second, an examination of
3 whether that source transmitted property to another
4 with the intent to mask the identity.

5 And I think the intent part goes, are you
6 intending to mask it? Are you intending it so that
7 the original -- you don't want to list the original
8 contributor? And so I think that's kind of the -- you
9 know, the analysis. I think that that's sort of the
10 application that a lot of the more recent at least
11 Republican statements of reasons have gone in.

12 And so, you know, I think, in this case,
13 there's a whole host of information, and, you know,
14 OGC talks about contemporaneous information. Okay.
15 Well, it's difficult to give contemporaneous
16 information about a transaction that occurred at the
17 time that the people who were doing it knew that they
18 were doing it for these purposes, but it's, you
19 know -- you know, they're asking for things that,
20 frankly, just didn't exist, you know?

21 COMMISSIONER DICKERSON: Certainly, but that
22 goes to the weight of the evidence.

23 MR. TYRELL: Right.

24 COMMISSIONER DICKERSON: My question is,
25 what's -- what fact do you think OGC would need to

1 prove? And it seems to me that what you're saying,
2 and I just want to make sure I understand your
3 position, is that OGC has an obligation to show
4 through the probable cause standard that a transaction
5 is made with the intention of hiding -- with the
6 specific intent of the hiding the true source of the
7 contribution -- I hate the phrase "true source," so I
8 won't use it -- using the -- of hiding the contributor
9 within the meaning of FECA.

10 MR. TYRELL: I think that that's right.

11 COMMISSIONER DICKERSON: It's not enough to
12 have intended that it be given in another name. It
13 has to have been an intentional circumvention
14 essentially of the reporting requirement.

15 MR. TYRELL: That's exactly right. It's,
16 you know, the intentional circumvention to mask the
17 identity of -- you know, even though you hate true
18 source, but, yes, the contribution.

19 COMMISSIONER DICKERSON: Okay. That helps
20 me. My last question, and then I really will step
21 aside, is related. It's on the question of -- it kind
22 of combines these two questions, you know, what's the
23 standard and what's the fleshed-out kind of version of
24 the accounting purpose? And I'm looking at various
25 parts of your brief, but there are two different

1 strains, and one says, you know, we reported this as
2 coming from LZP instead of, you know, IFN because we
3 were under the impression that Ohio law required us to
4 do that. And I'd appreciate anything you can point me
5 to the record on that. I'm not doubting you, just,
6 you know, something -- you have to cite something for
7 something like that. And, two, this question of
8 whether or not there was sufficient notice that a
9 disregarded entity had to report a contribution as
10 coming from its owner. And those seem -- I'm
11 wondering, are those pled in the alternative? Do you
12 see those as working together, as different theories
13 of intention? It wasn't clear to me how they kind of
14 line up with each other.

15 MR. TYRELL: They don't. They're two
16 different sort of separate issues. One is the
17 straight corporate -- Ohio corporate law. And if we
18 flesh this out pretty comprehensively, I believe it
19 was in the response to the -- the initial response to
20 the complaint, that under Ohio corporate law, a
21 nonprofit LLC is required to transmit property in its
22 own name. And they were of the understanding that
23 because this was technically coming from a bank
24 account from LZP but that they were also -- you know,
25 that essentially everything was part of the same legal

1 entity, that they needed to -- that they were required
2 to transmit that property in LZP's name. So that's
3 one issue.

4 The other issue is a different issue and it
5 goes to -- it almost goes to kind of what happens in
6 a -- what would happen in a situation if, you know,
7 the Blue Magnolia guidance came out before -- you
8 know, came out years ago, you know, what would
9 supersede what in this situation. You know, is the
10 Ohio corporate law -- you know, does that take
11 precedent versus the disclosure requirements under
12 what would be, you know, post Blue Magnolia MUR
13 guidance. And I would take probably the position that
14 the -- you know, A, these are two separate issues;
15 but, B, you know, my clients absolutely would have
16 provided the attribution information for IFN if that
17 guidance was in place at this time. And so --

18 COMMISSIONER DICKERSON: Well, let me give
19 you an argument and let you respond.

20 MR. TYRELL: Yep.

21 COMMISSIONER DICKERSON: And I'm not taking
22 this position, but it's not in the briefing, so I'm
23 curious as to your response.

24 So, one, assuming that Ohio law does say
25 that a nonprofit must convey property in its own name,

1 which I'm willing to grant makes sense, isn't the fact
2 that you provide attribution information a separate
3 transaction from the underlying conveyance? So is
4 there really a conflict there? And, two, and related,
5 to the extent there is a conflict between FECA and
6 Ohio corporate law, wouldn't the federal law preempt
7 state corporate law on that point?

8 MR. TYRELL: I think probably so. It's
9 slightly different sort of issues, I guess, but I
10 think the -- I think it probably would, federal law
11 would preempt, I'd say. That being said, it just
12 wasn't -- you know, it wasn't the guidance at that
13 point, that it wasn't -- they didn't know that they
14 needed to do that at that point. And so, you know,
15 they were left to a situation where they were really
16 just following Ohio corporate law because they did
17 not -- you know, that sort of, you know, transaction,
18 partnership LLCs and disregarded entities to super
19 PACs, I mean, that was very much in flux at that point
20 in time. And, you know, I know there was back-and-
21 forth competing statement of reasons in a lot of the,
22 you know, "LLC MURs" over the years, but there was
23 never really a consensus on that. And so there's a
24 lot of different things in statements of reasons that
25 talks about notice states and, you know, now we have

1 to do it this way versus that way. But that really
2 wasn't anything until the Blue Magnolia MUR, when
3 there was four votes to basically say, hey, this is
4 how you have to do it moving forward.

5 So I think, as far as, you know, would there
6 be a preemption argument, I think perhaps, perhaps so.
7 It's something that, you know, is a hypothetical, so
8 it's sort of difficult how we would deal with it. But
9 I would -- you know, I would -- if I were
10 recommending -- you know, if the Blue Magnolia case
11 had come out years ago, then I probably would have
12 advised the clients just to provide the attribution
13 information. And that being said, I'm not an expert
14 necessarily in Ohio corporate law. That was something
15 that was guidance that was provided to them by
16 separate counsel, you know, years ago. And so it's
17 sort of tough to say what I would do in that
18 hypothetical, but I think that, you know, had that
19 guidance been -- you know, had four votes years ago, I
20 think it would have been a different approach.

21 COMMISSIONER DICKERSON: Thank you. I found
22 this very helpful. I appreciate your time.

23 Thank you, Madam Chair.

24 MR. TYRELL: Thank you, Commissioner.

25 CHAIR LINDENBAUM: I'd like to just go with

1 a couple of questions understanding -- just making
2 sure I'm very clear on the record and how this works.
3 So my understanding is that all of the money that LZIP
4 gave to Honor PAC came from IFN. We're clear on that,
5 right?

6 MR. TYRELL: That's correct.

7 CHAIR LINDENBAUM: Okay. So I certainly
8 understand the primary purpose issue is for a
9 501(c)(4). I've dealt with that quite a bit through
10 my career and have had to, you know, spin out super
11 PACs, PACs, what have you, to make sure that clients
12 didn't exceed their IRS issues. But that was -- that
13 only worked if the donors were giving directly to
14 whatever PAC or super PAC that was spun off.

15 So having the (c)(4) entity give directly to
16 the PAC would have been a problem, right, and that
17 would -- so, if IFN gave the money directly to Honor
18 PAC, then that would have gone into its partisan --
19 forgetting some of my language -- the partisan
20 intervention, right?

21 MR. TYRELL: That would -- well, if a
22 501(c)(4) gives to any political committee, that's --
23 you know, I would consider that per se political
24 activity under the IRS.

25 CHAIR LINDENBAUM: So, by giving the money

1 to LZP first, who then gave it to Honor PAC, does that
2 then take it out of the political activity accounting?

3 MR. TYRELL: No.

4 CHAIR LINDENBAUM: Okay. So the money was
5 still -- is still recorded by IFN as going to its
6 political purpose allocation?

7 MR. TYRELL: That's right. And, by the way,
8 that's all reflected on the IRS 990 too because LZP
9 needed to be listed as a disregarded entity on one of
10 the schedules of IFN's annual 990 return, and it was
11 reflected in a section that said, hey, this was
12 political activity.

13 CHAIR LINDENBAUM: Okay. So I'm glad I
14 understood that right or remembered that right. So
15 then I'm again unclear about the different accounting
16 purposes, because the way I heard you explain it at
17 first was to make sure that IFN didn't surpass its
18 primary purpose limits. So can you again tell us what
19 these accounting purposes were?

20 MR. TYRELL: So IFN during its life gave a
21 number of different grants to other organizations.
22 Some were -- you know, all were sort of like-minded
23 organizations. One, I believe they gave also to two
24 super PACs. The difference between the grants, those
25 grants to those super PACs versus the -- basically,

1 the transfer of funds internally to LZP was that the
2 consultants involved with IFN -- this is what we
3 stated in our brief -- the consultants were actually
4 involved with those projects. Those were projects
5 that these consultants had ownership of and were doing
6 themselves, whereas the grants to other organizations,
7 those, while considered political activity in some
8 instances, was not something that -- you know, they
9 were basically just giving a grant. They weren't
10 having anything to do with those projects other than
11 just giving grants. This was different because this
12 particular project, the consultants for IFN were going
13 to be doing the project and they wanted to separate
14 the political aspects of the project by using LZP for
15 those purposes.

16 CHAIR LINDENBAUM: Okay. I'm going to
17 ponder that and see if I have any additional questions
18 on that.

19 (Pause.)

20 CHAIR LINDENBAUM: Okay. All right. Who
21 would like to go next? Mr. Vice Chair?

22 VICE CHAIR COOKSEY: Thank you, Madam Chair.
23 Thank you, Mr. Tyrell. To stay on this subject, I
24 want to talk about the accounting purposes, the
25 argument that this was for accounting purposes. I

1 guess, first, to go back to Commissioner Dickerson's
2 point, I believe it's on page 47 of Mr. McVey's
3 deposition where he states that he heard Mr. Norris or
4 Mr. Ryder say that it was formed for accounting
5 purposes, but I guess he dates this to the time at
6 which they asked him to sign the dissolution
7 paperwork, which would be, I think, approximately
8 20 -- sometime in the middle of 2020, so after the
9 complaints had been filed and some responses had been
10 filed and so forth.

11 So I guess, you know, my main question is
12 sort of again fully understanding the accounting
13 purposes and the thing that I am focused on is, first,
14 my understanding that there is no contemporaneous
15 evidence in the record about this intent or purpose,
16 right? I think I heard you say that earlier, and we
17 don't have any emails, statements, recollections of
18 conversations that predate the complaint that say,
19 other than the sworn statements of the two consultants
20 running the entities, that this was all being done for
21 accounting purposes. Is that fair to say?

22 MR. TYRELL: Well, I think there's nothing
23 in the record. I think there is a mention, I believe,
24 in the record that, you know, while there's no, you
25 know, contemporaneous emails or anything like that

1 that we discuss, these were conversations and back and
2 forth that, you know, Respondents and these
3 consultants had with their counsel at the time. I
4 mean, this was a fleshed-out discussion in, you know,
5 2007 and 2018 about, hey, how can we -- you know, how
6 can we -- you know, what are the kind of current laws
7 that are on the books, how can we kind of organize our
8 projects here. And so, you know, if they wanted to
9 divulge those conversations, you know, that's not --
10 you know, that's generally not something that I would
11 advise a client to do, is divulge client -- you know,
12 attorney-client privileged communications.

13 But there were discussions about these
14 issues prior to the actual transactions here. And so
15 that was something that I believe was mentioned in the
16 context -- well, I'm not going to mention the
17 interviews with Mr. Norris and Mr. Ryder, but there
18 was some discussion, I believe, about -- and it might
19 have been in Mr. Norris's declaration, I can't
20 remember -- but there might have been something in
21 here about him talking about how he consulted counsel
22 on these issues. But, throughout the matter, that's
23 something that was made clear to OGC, that there was
24 discussions with counsel and that's the reason that
25 they ultimately decided to do this.

1 VICE CHAIR COOKSEY: So I guess then, what
2 is the evidence in the record that can be used in
3 response to OGC's assertion that this is a post hoc
4 rationalization? In other words, OGC -- I don't want
5 to put words in their mouth necessarily, but, you
6 know, makes the claim or states there's simply nothing
7 that predates the complaint that substantiates the
8 argument that this was for accounting purposes,
9 including, you know, statements or -- I mean, I
10 understand your assertion that there were
11 conversations, but you've also then at the same time
12 asserted that you can't divulge because they're
13 privileged, and I wouldn't expect you to. You can't
14 divulge the contents of those conversations, so I
15 can't really credit that, I don't think.

16 So I'm just trying to understand what the
17 strongest, most succinct response is to the claim that
18 this accounting purposes defense is entirely post hoc
19 rationalization and that I should disregard it in
20 favor of looking at the hard facts of the nature of
21 the transactions and the timing and the individuals
22 involved?

23 MR. TYRELL: Well, look, I think, you know,
24 I almost wish there was an email that we could have
25 produced that said, hey, we're going to set this up

1 for accounting purposes between the consultants.
2 There's not, though. And so, you know, I wish there
3 was some kind of a document to that effect. And so I
4 think the fact that the -- really, the only sworn
5 testimony in this matter is -- I mean, yes, it is
6 after the complaints were filed in this matter, but
7 the only sworn testimony, you know, is all consistent
8 that these were the purposes. I think the fact that,
9 you know, things that show that there was not, you
10 know, an intent to mask this is, you know, they always
11 knew it was going to be reflected on the 990 for IFN.
12 They had no problem with that. Yes, it would have
13 happened a bit time later, and that's something that's
14 mentioned just due to the nature of when 990s are due
15 to the IRS, so it would have happened after the
16 reports, the FEC reports, were filed.

17 I think the question, though, is
18 interesting. I think the -- on one hand, we have
19 these transactions, the creation of these groups and
20 the transactions and the timing of certain things,
21 which I think was probably one of the reasons that the
22 Commission found RTB in the first place, you know, and
23 gave you a little bit more of an investigation to
24 figure out what happened, and so now that's happened.

25 So I think that, you know, on one hand, we

1 have sworn testimony from Respondents that say this
2 was all for accounting purposes. Yes, it's after the
3 complaint. But, on the other hand, we say all OGC
4 really has after its investigation is exactly what it
5 had after you guys found -- after the Commission found
6 RTB, and that is really just the timing of the
7 transactions and the timing of the creation of the
8 groups.

9 And so, you know, where are we? You know,
10 we're at a point where nothing additional was found
11 out except for the fact that now we have sworn
12 testimony that this was for accounting purposes and to
13 separate out projects and this and that. And so, you
14 know, the -- if there are denials of allegations from
15 the complaint and denials from Respondents regarding
16 the circumstances surrounding the creation of these
17 groups, it's burden-shifting for us to have to produce
18 any additional information when OGC basically has not
19 produced any additional -- any information or evidence
20 to essentially rebut our denials.

21 You know, we have sworn testimony that says
22 these were -- this is the reason. You know, yes, it's
23 all after it happened, but I don't know how the
24 Commission would expect us to produce anything that
25 didn't exist at the time. It was simply, you know, in

1 circumstances like this, you interview people, you
2 talk to people, you get sworn testimony, you get bank
3 records. This is what we produced, and this is -- and
4 these were -- you know, the fact that they didn't --
5 that two years ago they didn't have to reflect IFN as
6 the underlying donor, but they did anyway, even before
7 the Blue Magnolia case came out, shows that they
8 didn't care if IFN was reflected. There was no -- you
9 know, they didn't care about how this was reported,
10 but they reported it from LZP because they at the time
11 thought that under Ohio corporate law they had to.

12 VICE CHAIR COOKSEY: And, Madam Chair, if I
13 could keep going. So I guess my second question to
14 you and my last question is you referenced the
15 importance of the centrality of the transactions that
16 we are considering. Given that the -- I guess help me
17 understand in a little bit more detail the accounting
18 benefit of the way that these transactions were
19 processed. You know, the argument is, looking at your
20 brief, that it, meaning IFN, created -- "created LZP
21 to separate out projects and easily account for such
22 spending," and you have variations of that explanation
23 in your briefing. How does it make it accounting --
24 how does it ease accounting or make it a separate
25 project when every single transaction into LZP was

1 then transferred out in two days or less?

2 MR. TYRELL: Well, I think you should think
3 about it, Commissioner, in terms of what was the
4 overall project that IFN was doing, right? IFN was
5 engaged in a project which, you know, has been
6 described in numerous ways, but it was involving Ohio
7 state candidates --

8 VICE CHAIR COOKSEY: Let me interrupt you.
9 Okay, I understand that. How did the creation of LZP
10 and the same-day or one-day or two-day transfers aid
11 the establishment, operation, accounting of those
12 projects?

13 MR. TYRELL: So a couple things. So, first
14 off, I said earlier that IFN had given grants over the
15 years to other organizations where those were just
16 grants. They just gave the money away. Those were
17 grants. In some cases, they were political
18 allocations. But IFN was engaged in a project overall
19 where, you know, some of the things that they would be
20 doing with respect to this particular project was not
21 political, right? Perhaps it's -- and I don't know,
22 you know, the specifics here about the vendors and
23 whatnot in front of me, but some of it was, you know,
24 true scientific survey research. Some of it was
25 policy, you know, research about how, you know,

1 perhaps, you know -- you know, doing research onto
2 certain individuals in Ohio for this project would
3 have overall been in furtherance of the projects and
4 in furtherance of educating folks about these
5 particular state candidates and, you know, why they
6 may or not -- you know, should be elected. And so
7 part of that project was done directly through IFN.

8 And so the political aspects of that
9 project, namely, you know, the actual ads on
10 television, which clearly would amount to political
11 activity -- I mean, those were -- you know, it's a
12 different standard because it's Ohio law, but they
13 would have qualified for political activity
14 regardless. The purely political activities of the
15 project were given to -- through LZF, then ultimately
16 given to a super PAC to engage in those political
17 activities, those actual political activities, whereas
18 the overarching project in general involved much more
19 than just political activities. There was things that
20 were not -- that would qualify for social welfare
21 activities under this project.

22 VICE CHAIR COOKSEY: Let me ask it a
23 different way. What is the benefit that is gained by
24 making the transactions through LZF as opposed to IFN
25 just having made the contributions directly to Honor

1 and Principles PAC? Why didn't they just give the
2 contributions directly to Honor and Principles PAC?
3 What was going through LZP -- how did that benefit
4 them from an account -- for accounting purposes?

5 MR. TYRELL: My understanding is they
6 thought that some additional things were going to be
7 done with LZP in addition to do this project. They
8 thought some additional political activities were
9 going to happen, and so they ultimately were going to
10 create this group to kind of siphon off the political
11 activities internally before they were going to be,
12 you know, used and so they could basically form
13 budgets for different projects.

14 VICE CHAIR COOKSEY: And is there any
15 evidence that that was their additional intent of how
16 they were going to use LZP or that they subsequently
17 abandoned the intent to do other things with LZP?

18 MR. TYRELL: Yeah, I mean, there's quite a
19 bit. I mean, I think that the -- you know, I always
20 go back to these interviews that I guess we're no
21 longer counting, but, you know, the consultants
22 involved with us didn't think that LZP was going to
23 just be a one-stop -- like a one-project kind of
24 thing. There was an intention that it could have been
25 used for other projects. That was something that was

1 discussed within the context of some of these
2 interviews. And the money just didn't come, the money
3 just didn't come, as is the case for a lot of these
4 various groups and, you know, political actors. You
5 know, sometimes the money just -- the fundraising is
6 not there and the money just does not come. And so,
7 while there was an intention to do different
8 additional projects through LZP, they just didn't
9 come. And so I think that, you know, ultimately, what
10 this became is that LZP was just being used for
11 this -- ultimately, for this one project, even though
12 the intent when it was ultimately created was to
13 engage in a number of different projects.

14 VICE CHAIR COOKSEY: Okay. Those are the
15 questions I have right now. Thanks, Madam Chair.

16 CHAIR LINDENBAUM: Commissioner Broussard?

17 COMMISSIONER BROUSSARD: I had to make sure
18 I was unmuted. So good morning to counsel. Thank you
19 for being here today. Going further with what the
20 Vice Chair just asked about the transactions, we know
21 that we have four contributions and three
22 disbursements, and you make mention that there was the
23 intention to go further and to use LZP to do
24 additional things. But excluding those interviews
25 that we've all agreed that we're not going to look at,

1 is there anything else in the record that supports
2 what you're stating?

3 MR. TYRELL: I believe there was -- I can
4 get back to you with specifics, Commissioner
5 Broussard, but, yeah, I mean, I believe there's
6 instances throughout our briefings and throughout some
7 of the back-and-forth I've had with OGC that talks
8 about their -- that they had intentions to do other
9 things with LZP.

10 COMMISSIONER BROUSSARD: Thank you. I'd
11 appreciate that. Going to -- I want to go back to the
12 intent discussion that you kind of addressed some with
13 colleagues. And on page 10 of your reply brief, and I
14 think I was talking about LZP, is that you've kind of
15 created this two-prong test that you've laid out that
16 says that this is where the lay of the land is, where
17 you have a factual determination and then an intent
18 requirement to determine a violation of § 30122.

19 But intent isn't addressed in the statute or
20 the regulations, and so how do you support this kind
21 of analysis that there's an intent? And if you were
22 saying the statement of reasons, you've already
23 acknowledged that they're not binding because we don't
24 have, outside of Blue Magnolia, we don't have a four-
25 person statement of reasons that engages in an intent

1 analysis.

2 MR. TYRELL: Well, look, I think it's -- I
3 set out in, you know, the section about the intent
4 requirement a number of different matters that, you
5 know, have largely been adopted, you know, and put
6 forth by Republican commissioners, which I think just
7 have a different view on the issue than, I think, some
8 of the Democrat commissioners -- Democratic
9 commissioners.

10 I think there was -- you know, I'll go back
11 to the -- I think it was the SPM Holdings matter where
12 OGC really kind of attributed a purpose-laden
13 definition to this analysis, and shortly, you know,
14 kind of shortly after that, just kind of the rationale
15 and the thought processes with the various
16 commissioners, I think, changed a little bit. I'm not
17 totally sure why. But, you know, we're basing our
18 arguments on some of the rationale, which I think is,
19 you know, pretty well thought out with regard to the
20 intent requirement on 30122 violations.

21 And so, you know, I would just point to a
22 number of the MURs that we cite throughout, you know,
23 page -- I guess page 9, page 8 through --

24 COMMISSIONER BROUSSARD: Ten?

25 MR. TYRELL: -- through 12, I guess -- 8

1 through 11, I should say, to point to all those
2 instances where there's -- you know, they point to the
3 requirement that there be an intent.

4 COMMISSIONER BROUSSARD: Thank you. But how
5 do we -- in going into that situation where you're
6 looking at the statement of reasons and the various
7 Republican or Democratic considerations, what does
8 that do when we look at where the courts have come
9 down with the congressional purpose behind § 30122?
10 It's for accurate -- complete and accurate disclosure
11 of contributor information. So we're not getting into
12 an intent analysis. We're getting into a reporting --
13 it's like to use the words that some of my colleagues
14 might not like, a true source of reporting
15 requirements, that courts have upheld this.

16 MR. TYRELL: Well, I think that the
17 reporting piece is -- of this is now at least pretty
18 well understood. I mean, I think the court -- you
19 know, courts have been pretty consistent in the need
20 to, you know, have disclosure and reporting. I
21 wouldn't, you know, push back on that front. But I
22 would just say that the intent issue with respect to a
23 contribution in the name of another, I think, is a
24 different analysis. And I think, you know, on one
25 hand, there's the reporting piece which you've kind of

1 discussed with regard to the Blue Magnolia MUR and
2 that kind of being the notice state with kind of how
3 these types of LLC and partnership LLC and disregarded
4 entity contributions should be reported, but the
5 intent requirement, I think, is a little bit
6 different. I think, you know, I mention on page 8, on
7 the bottom of page 8 or the last paragraph, I talk
8 about the intent and purpose requirement is dictated
9 by the plain language of the Act, poor decisions, 40
10 years of Commission practice and common sense -- and
11 this is quoted, by the way, from the supplemental
12 statement of reasons in MUR 6485, 6487, 6488, 6711,
13 6930 -- and, you know, it talks about, you know,
14 Congress defined contribution as any gift,
15 subscription, loan, advance, or deposit of money, or
16 anything of value made by any purpose -- for the
17 purpose of influencing any election to federal office.

18 And then we talk about, in the Van Hollen v.
19 FEC decision, the D.C. Circuit observed that the Act
20 rests upon a purpose-laden definition of contribution
21 and, therefore, accordingly, the Commission and
22 federal courts have interpreted 52 U.S.C. 30122, which
23 prohibits making a contribution in the name of
24 another, to require a specific purpose of funding a
25 campaign contribution in another person's name.

1 So I think, Commissioner Broussard, to your
2 point about reporting, I think is -- I mean,
3 disclosure and reporting is absolutely, of course, you
4 know, critical. But, in this case, we're talking
5 about on the reporting front there not being that
6 requirement at the time and on the intent requirement,
7 for a 30122 violation, that there needing to be intent
8 in order for that to happen.

9 COMMISSIONER BROUSSARD: Thank you.

10 MR. TYRELL: Thank you.

11 CHAIR LINDENBAUM: Colleagues, further
12 questions?

13 COMMISSIONER DICKERSON: Madam Chair?

14 CHAIR LINDENBAUM: Commissioner Dickerson?

15 COMMISSIONER DICKERSON: I'm not preempting,
16 just a few quick follow-ups, which I think are easy.
17 So, again, I think I agree with you that there's an
18 intent requirement here, and I'm not even sure that's
19 controversial. I mean, the reason I dislike the
20 phrase "true source" is that the true source for the
21 contribution is the Federal Reserve Bank until you
22 have enough of intent to convert otherwise economic
23 activity into a regulable contribution. It's just not
24 a helpful concept.

25 So, if that's true, then I just want to be

1 really clear on what intent we're talking about
2 because there's two sets of facts. There's the facts
3 of the creation of LZP, and there's the facts of the
4 transactions that went through LZP. Which one is the
5 relevant intention? Is it directed to the formation
6 of the entity, or is it directed towards the
7 transaction?

8 MR. TYRELL: I'd say it's directed towards
9 the transaction.

10 COMMISSIONER DICKERSON: Okay.

11 MR. TYRELL: And I think -- now, that being
12 said, I think, in this case, there's been a lot of
13 discussion of, well, why did -- why was this created,
14 right, why was this created. And I think it lends
15 directly to the point of sort of the second issue, you
16 know, what was the nature of the transaction. And if
17 you're setting up a group for the purpose of setting
18 up an accounting purposes and separating projects,
19 then, by nature, the resulting, you know, transaction
20 would be in furtherance of that, essentially, the
21 purpose of creating the group in this case. But that
22 being said, the second part, you know, that is the
23 part that's contemplated by the statute. You know,
24 the statute doesn't say, hey, you're giving to a
25 group, what was the reason the group was set up.

1 COMMISSIONER DICKERSON: The listed PAC,
2 these?

3 MR. TYRELL: Right, right.

4 COMMISSIONER DICKERSON: Okay. Yeah, and I
5 expected that answer. I suspected that's right. I
6 just -- I think the briefing was a little confused on
7 this point, so I wanted to make sure that you and I
8 were on the same page.

9 Two, and this is just a factual record
10 question, but when you talk about separating out, I
11 guess, purely political activity from, I guess,
12 activity the IRS might consider political but not be
13 covered by FECA or -- I mean, there's obviously areas
14 where there might be differences of legal
15 interpretation between state and federal systems,
16 between different agencies, and I get that. But was
17 there any other activity similar to a contribution to
18 a federal PAC that was undertaken anywhere in this
19 universe other than through LZP?

20 MR. TYRELL: Well, well, yes. I mean, there
21 was the other grants -- I call them grants, but IFN
22 considered them grants really, but, you know,
23 technically, they would be considered contributions
24 because they were -- you know, there was some -- I
25 believe there was another significant contribution

1 just given directly to another federal super PAC that
2 was done directly through IFN.

3 COMMISSIONER DICKERSON: Okay.

4 MR. TYRELL: But, again, IFN and its
5 consultants considered those to be, you know, grants
6 where they didn't have anything to do with the
7 project. You know, they just, you know, gave the
8 grant.

9 COMMISSIONER DICKERSON: And I don't mean
10 this as a gotcha question, but can you explain to me
11 the difference in your client's view between a grant
12 to a super PAC and a contribution to a super PAC?

13 MR. TYRELL: They just, they refer to them
14 as grants. I guess they refer to them as grants
15 because, you know, perhaps they were just -- I think,
16 just with their 501(c)(4) clients, they generally just
17 consider grants to be the word that they use for
18 whether it's giving to another group or giving to a
19 political committee. They know that the legal
20 definition of the transaction there is a contribution
21 to those if it's a federal super PAC.

22 COMMISSIONER DICKERSON: So, to ask the
23 question another way, is there any basis for drawing a
24 distinction between those grants and the transaction
25 that's at issue here?

1 MR. TYRELL: Well, I think the distinction
2 here is that the -- with respect to the LZP
3 transactions, this was a project that IFN was working
4 on with its consultants. They were doing the actual
5 work. You know, they were engaging in the activities
6 that you would typically engage in, you know, things
7 like, you know, research, you know, survey research,
8 polling, you know, a lot of which would actually be
9 the social welfare activities. They were actually
10 doing those activities, whereas the other transactions
11 that IFN made to the other federal super PACs, they
12 were not engaged in those activities. They were just
13 giving, I'll say a grant, but, really, they were just
14 giving a contribution to another federal super PAC,
15 where they were not engaging in, you know, the
16 research, the polling, you know, the need to kind of
17 separate all the various parts of, you know, a, you
18 know, project, so to say, within the context of IFN.

19 COMMISSIONER DICKERSON: And how much of
20 that project activity is conducted through LZP?

21 MR. TYRELL: The political parts of it.

22 COMMISSIONER DICKERSON: Okay. Whereas the
23 remainder of the consultancy work that you just
24 described was conducted in the mother ship, for lack
25 of a better term?

1 MR. TYRELL: Yep.

2 COMMISSIONER DICKERSON: Okay. And then my
3 last question is, I mean, help me think about the bare
4 statement that something is done for accounting
5 purposes. Can you explain to me the conflict between
6 OGC's theory of what happened here and the fact that
7 it was done for accounting purposes? And that's
8 vague. So what I have in mind is accounting purposes
9 is a little bit broad. It can mean some universe of
10 things. Does that universe fairly include the
11 creation of an entity for the purposes of making a
12 contribution to a federal PAC, or is doing something
13 for accounting purposes inconsistent with that
14 intention?

15 MR. TYRELL: Can you kind of repeat that?
16 I'm kind of --

17 COMMISSIONER DICKERSON: Yes. I'm trying
18 not to put you in a box and ask the question openly.
19 But, essentially, when you say something is done for
20 accounting purposes -- well, I'll give you an example
21 which is not what happened here and no one thinks is
22 what happened here, so it's purely illustrative. But,
23 you know, if I were forming a -- if I was opening a
24 laundromat with the intention of engaging in money
25 laundering, I might need to keep two sets of books. I

1 guess I did that for accounting purposes, but that's
2 not much of a defense to the money laundering charge.
3 So I'm asking you, what's the daylight between a bare
4 assertion that something is done for accounting
5 purposes and OGC's theory of this case? Explain to me
6 how strong this denial is on the record in front of
7 us.

8 MR. TYRELL: Well, it's an incredibly strong
9 denial. I mean, I think the -- you know, it's a
10 difficult situation because there's not anything
11 contemporaneous that I could produce to the Commission
12 or throughout OGC's investigation that says, hey,
13 we're -- this was set up for accounting purposes.
14 Perhaps we could have explored, you know, breaking
15 some sort of attorney-client privilege in order to do
16 so, you know, but that's not something that I would
17 generally recommend and I don't think most attorneys
18 would recommend to their clients.

19 And so, you know, I think a lot -- you know,
20 OGC has spent a lot of time on this trying to, you
21 know, investigate donors to donors, donors and this
22 and that. A lot of what they tried to do, I think,
23 was try to find intent, right? It's kind of
24 interesting, right, they're saying on one hand that
25 intent doesn't really matter here, right? The

1 transactions speak for themselves. Intent doesn't
2 matter. And, yet, they spend most of their brief and
3 I think most of their investigation trying to gin up
4 some kind of theory of the case that shows there was
5 an intent to hide, you know, the "true source" of
6 funds here.

7 And so, you know, it's difficult for me to
8 say anything else, but I'll say in strenuous terms
9 that this was done internally for tax and accounting
10 purposes and, you know, it's caused a real headache
11 for my clients, but it's -- you know, and, frankly,
12 they -- you know, if they had to do it again, maybe
13 they would -- you know, if they were going to have to
14 go through a five-year-plus investigation just because
15 they wanted to better organize their projects, I think
16 maybe they would have thought about doing it a little
17 bit differently even if it wasn't, you know,
18 impermissible. And so it's difficult for me to
19 provide you or, you know, OGC with anything other than
20 what we've already said and provided for you in
21 affidavits and declarations. But, you know, that's
22 just what happened, and, you know, I don't believe
23 that OGC proved anything otherwise.

24 COMMISSIONER DICKERSON: I appreciate that,
25 sir. Thank you.

1 CHAIR LINDENBAUM: Colleagues, any
2 additional questions?

3 (No response.)

4 CHAIR LINDENBAUM: Hearing none, counsel,
5 you're welcome for five minutes for a closing
6 statement.

7 MR. TYRELL: Thank you, Madam Chair. I just
8 want to thank the Commission. I know it's a Friday
9 and it's not typically a day maybe we'd get together
10 for probable cause hearings, but I do really
11 appreciate your time. I appreciate the Office of
12 General Counsel's time. I appreciate the
13 investigation. I do not mean to denigrate their work.
14 I appreciate their work. I appreciate the work of the
15 Office of General Counsel in general. You know, we
16 felt it was important to strenuously advocate for our
17 client here, but we hope that, you know, they don't
18 take anything personally. That wasn't meant as any
19 kind of personal attack or anything like that.

20 And so, that being said, I think we stated
21 our case pretty clearly here. I think, you know,
22 we're on the verge of the end of the statute of
23 limitations here. I just don't think it's worth any
24 more of the Commission's time and resources to pursue
25 this any further. And so we would just implore the

1 Commission to dismiss this matter. I think that the
2 public record is clear now and there's really -- these
3 are defunct entities. Two of them don't exist and one
4 has been sitting in FEC purgatory waiting to
5 terminate. And so we would strongly suggest that the
6 Commission dismiss this matter for the reasons stated
7 in the brief, stated here today, and for -- and, you
8 know, in their prosecutorial discretion. So we thank
9 the Commission again and look forward to having a
10 resolution to this.

11 CHAIR LINDENBAUM: Thank you, and thank you
12 for joining us on a Friday as well. And with that, we
13 are adjourned.

14 (Whereupon, at 11:44 a.m., the hearing in
15 the above-entitled matter adjourned.)

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REPORTER'S CERTIFICATE

DOCKET NO.: MUR 7464
CASE TITLE: LZP LLC, et al.
DATE: March 31, 2023
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the digital recording and notes reported by me at the hearing in the above case before the Federal Election Commission.

Date: March 31, 2023



Sharone Bunn
Official Reporter
Heritage Reporting Corporation
Suite 206
1220 L Street, N.W.
Washington, D.C. 20005-4018

Heritage Reporting Corporation
(202) 628-4888

Aaron Rabinowitz

From: James E. Tyrrell III <JTyrrell@dickinson-wright.com>
Sent: Tuesday, January 24, 2023 1:08 PM
To: Aaron Rabinowitz
Cc: Mark Shonkwiler
Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Aaron and Mark,

We have reviewed your correspondence and the follow-up questions you have for IFN and LZP. At the outset, we note that other than our response to the March 18, 2022 Subpoena, which focused primarily on requests for unredacted bank records and questions regarding a specific transaction, our responses to your questions and requests for production of documents throughout this matter have been voluntarily submitted. We have worked to provide you with this information as a gesture of good faith and with the hope that this matter could be quickly and amicably resolved. Now, because the information you apparently received through your investigation does not line up to your perceived understanding of the facts, you accuse my clients of being dishonest and withholding information from you. This is apparently based on (1) the recollection of an individual who was not involved in the management of the organizations; and (2) vague recollections of conversations that occurred years ago. The reality is that your theories regarding this matter do not match the reality of the events in question. With that said, we have provided answers and clarifications to the best of our knowledge, which are outlined below.

OGC Statement:

Moreover, in your November 24, 2021, response to Ms. Peña-Wallace on behalf of IFN and McVeigh, in response to the question “identify all individuals who were involved with LZP’s operations” you represented that Raymond McVeigh authorized the creation of LZP. You made a similar representation in response to Question 3 of the subpoena. However, we have information indicating that Mr. McVeigh did not authorize the creation of LZP and was not involved in LZP’s creation. You also stated that, other than Mr. McVeigh and James Ryan, “[b]ecause LZP was set up to simplify IFN’s accounting procedures, LZP did not require additional individuals for its operations.” That representation is not consistent with the information we have received, which indicates that other individuals were involved in LZP’s operations, including forming and controlling its bank account and making the payments to Honor and Principles PAC at issue in this MUR.

Response:

As the sole Director of IFN and in accordance with IFN’s bylaws, Ray McVeigh delegated authority to manage IFN’s activities to outside consultants, Joel Riter and Tom Norris. As a small 501(c)(4) nonprofit organization, IFN did not have any employees. Article IV of IFN’s bylaws, which addresses the Board of Directors, states, in pertinent part:

1. *Power of Directors.* Subject to the limitations of the Articles of Incorporation, Ohio Nonprofit Corporation Law, and the duties of Directors as prescribed by these Bylaws, **all corporate powers will be exercised by or under the authority of the Board of Directors, which will also control all the business and affairs of the Corporation.**

b. *Powers as to Other Documents.* **The Board may authorize any officer or agent to enter into any contract or execute or deliver any conveyance or other instrument in the name of the Corporation; such authority may be general or confined to specific instances.**

Pursuant to Article IV of IFN's bylaws, Mr. McVeigh, as sole Director, authorized Mr. Riter and Mr. Norris, as agents of IFN, to manage the group. Mr. McVeigh's authorization was general and not confined to specific instances. With that said, as stated in Article IV, Section 1 above, the corporate powers of IFN were still formally executed "under the authority of the Board of Directors," regardless of whether the management of the entity was delegated to the group's consultants. Accordingly, it was Mr. McVeigh that technically "authorized" the creation of LZP by virtue of his delegating authority to the consultants who carried out those activities in furtherance of IFN's purposes.

With respect to the March 18, 2022 Subpoena, and specifically Question 3, the question stated: "Identify all persons who were involved in the creation of LZP, LLC." IFN responded:

IFN objects to this request as vague and ambiguous to the extent that it relies on the terms "involved in" and "creation," which are not defined terms in the Subpoena. IFN will treat this request as if it called for IFN to identify the person(s) responsible for authorizing the filing of Articles of Organization for LZP and the person(s) responsible for filing the Articles of Organization for LZP with the Ohio Secretary of State's office. Subject to the foregoing objection, IFN's sole director, Ray McVeigh, authorized the filing of LZP's Articles of Organization and James Ryan, a corporate attorney at the law firm of Bailey Cavalieri in Columbus, Ohio, filed the Articles of Organization for LZP. Mr. Ryan also served as LZP's statutory agent.

IFN objected to the question because the Subpoena did not define the terms, "involved in" and "creation." Without clear definitions in the Subpoena, especially in a subpoena in a matter concerning several different entities, it called for IFN to speculate what was meant by those terms in this context. Accordingly, IFN answered the question based on the corporate structure set forth in its bylaws, i.e. that "all corporate powers will be exercised by or under the authority of the Board of Directors." This meant that all corporate powers, including the creation of a disregarded entity, would have been made under the authority of IFN's sole Director, Mr. McVeigh. In short, IFN maintained and still maintains that Mr. McVeigh "authorized" the creation of LZP because such creation would have had to be under his authority as the sole member of the Board of Directors. With that said, it is our understanding that it was either Mr. Norris or Mr. Riter, in their capacity as agents and consultants for IFN pursuant to their delegated authority granted by Mr. McVeigh, who would have reached out to Jamie Ryan at Bailey Cavalieri to create LZP as IFN's disregarded entity.

With respect to IFN's November 24, 2021 response to Ms. Peña-Wallace's November 12 letter with questions, Ms. Peña-Wallace asked IFN and LZP to "identify all individuals who were involved with LZP's operations." IFN and LZP responded:

As stated in our August 26th response, as the sole Director of IFN, Ray McVeigh authorized the creation of LZP. LZP was created by James Ryan, a corporate attorney at the law firm of Bailey Cavalieri in Columbus, Ohio. Because LZP was set up to simplify IFN's accounting procedures, LZP did not require additional individuals for its operations.

This response to Ms. Peña-Wallace's question was not inaccurate, in that once LZP was created, it did not require any individuals to "operate" the entity. It was simply a disregarded entity of IFN. Importantly, Ms.

Peña-Wallace's question only asked to identify all individuals who were involved in LZP's "operations," and not anything about how LZP came to be. Moreover, Ms. Peña-Wallace's November 12, 2021 letter did not define any of the terms contained in the questions, so IFN and LZP were left to speculate as to which information she was actually seeking. We answered the question as to what we believed it meant at the time, and maintain that it was accurate.

With that said, as stated above, it would have either been Mr. Norris or Mr. Riter who reached out to Jamie Ryan at Bailey Cavalieri to create LZP. Once LZP was created by Bailey Cavalieri, it would have either been Mr. Norris or Mr. Riter who communicated with Chain Bridge Bank to open a bank account for LZP. Brad Elgin, a Certified Public Accountant who regularly works with Mr. Norris and Mr. Riter on various clients and projects, was the signer on the LZP account, and he would have been the one who initiated any wire transfers to Honor and Principles PAC. While it would be inaccurate to say that Mr. Elgin was involved in the "operations" of LZP on any substantive level, he would have been the one to handle the purely administrative function of initiating the wires for any LZP transfers. Likewise, it would be erroneous to say that Mr. Elgin was involved in the "creation" of LZP in response to Question #3 in the Subpoena. Notwithstanding the fact that the Subpoena did not define the terms, "involved in" and "creation," which left IFN to speculate as to what those terms meant, Mr. Elgin had no role in the filing of LZP's organizational documents and was not privy to any communications regarding the rationale for the creation of LZP. He simply performed the administrative function of initiating wires for any transfers that LZP made after the group was "created" by Bailey Cavalieri.

OGC Statement:

We have come into information indicating that IFN's responses to the March 18, 2022, Subpoena and other informal requests for information and documents were substantially incomplete and that key records were not searched. This is also not consistent with the representations you made to us during our May 5, 2022, phone call about IFN and LZP's efforts to respond to the subpoena. Specifically, it has come to our attention that IFN's sole officer and director, Raymond McVeigh, was never asked to search for records in connection with the subpoena and that potentially responsive records in his possession were not produced.

We also understand that McVeigh's records were not searched in connection with my August 5, 2022, email to you requesting documents in connection with various topics. This contradicts your representation in a September 27, 2022, email that you performed a search for any relevant communications in IFN's and LZP's possession, custody, or control.

We also understand that Mr. McVeigh's records were not searched in connection with Ms. Peña-Wallace's November 12, 2021 request.

Response:

In managing IFN, Mr. Riter and Mr. Norris did not have any regular correspondence with Mr. McVeigh regarding the group and never had any correspondence with Mr. McVeigh regarding the group's financial transactions, donors, activities, plans, etc. Accordingly, Mr. McVeigh would not have ever had in his possession documents, emails, or other communications pertaining to the transactions at issue in this matter other than the email he sent to Lisa Lisker on August 18, 2021, which we produced in IFN and LZP's response to the Factual and Legal Analysis on August 26, 2021. With that said, Mr. Riter and Mr. Norris asked Mr. McVeigh if he had in his possession documents or communications that were responsive to the requests cited in your email and the Subpoena each time a request was made, and he confirmed to them that he did not have any communications regarding IFN or LZP in his possession. IFN's answers to the Subpoena and other informal requests were based on this representation Mr. McVeigh made to Mr. Norris and Mr. Riter.

With respect to your statement that Mr. McVeigh "was never asked to search for records in connection with the subpoena and that potentially responsive records in his possession were not produced," Mr. McVeigh was asked

by Mr. Riter and Mr. Norris if he had any responsive or relevant documents in his possession, including with respect to the Subpoena and other informal requests. Mr. McVeigh maintained that he did not have any documents or communications each time the question was posed. If it is true that Mr. McVeigh did not perform a “search” for responsive documents, it is possible he maintained he did not have any responsive communications or documents in his possession because he already knew he was never emailed or sent any communications by Mr. Riter and Mr. Norris, and they would have been the only ones who would have ever communicated with him regarding IFN or LZP. Despite his consistent representation to Mr. Norris and Mr. Riter that he did not have any documents in his possession, we have attempted to reach back out to Mr. McVeigh to confirm that he performed a “search” for them.

With respect to your statement that “[t]his is also not consistent with the representations you made to us during our May 5, 2022, phone call about IFN and LZP’s efforts to respond to the subpoena,” we do not have a transcript of that call so we are unable to properly respond to this statement. Assuming you have a transcript of the call or accurate contemporaneous notes, can you please provide the exact representations you claim that I made during this phone call and also provide any relevant context?

As for Mr. Norris and Mr. Riter, they have both performed searches for relevant documents in this matter pursuant to informal requests and the Subpoena and do not have anything in their possession other than what has already been produced. In the beginning of this matter, they were instructed to preserve any communications that might be relevant, which they did.

With respect to Mr. Elgin, while we do not believe he can be considered to be a part of LZP’s “operations,” and he did not play a role in the “creation” of LZP, we have reached out to Mr. Elgin to ask him to perform a search in response to your informal document request from August 5, 2022, where you asked IFN and LZP to provide communications concerning various individuals, entities and topics on a voluntary basis. Should any communications exist, we will provide them to you.

Lastly, with respect to your last email regarding tolling, we have not had any difficulties responding to the Commission’s Subpoena, nor have we provided inaccuracies. We have responded to the Commission’s informal requests and Subpoena according to how such requests and questions were framed, defined, and asked in each instance. If your questions and requests did not elicit the answers you had hoped for, perhaps they should have been structured differently or provided additional definitions. Moreover, respondents cannot be faulted for the period of time the Commission lacked a quorum, all of which occurred during the pendency of this matter. Accordingly, my clients will not agree to sign another tolling agreement.

Regards,
Jim

James E. Tyrrell III Member

International Square	Phone 202-659-6934
1825 Eye St. N.W.	Mobile 202-407-0974
Suite 900	Fax 844-670-6009
Washington, D.C. 20006	Email JTyrrell@dickinsonwright.com

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DICKINSON WRIGHT PLLC

ARIZONA CALIFORNIA FLORIDA ILLINOIS KENTUCKY MICHIGAN NEVADA
OHIO TENNESSEE TEXAS WASHINGTON D.C. TORONTO

From: Aaron Rabinowitz <arabinowitz@fec.gov>
Sent: Monday, January 23, 2023 10:52 AM
To: James E. Tyrrell III <JTyrrell@dickinson-wright.com>
Cc: Mark Shonkwiler <mshonkwiler@fec.gov>
Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Jim,

We were disappointed by your email Friday, which was our first notice of your unexpected delays. It has been more than two weeks since we notified you of the deficiencies in IFN and LZP's earlier responses, and a full week since the date on which you had promised to explain the deficiencies and submit any unproduced responsive documents. As Mark Shonkwiler noted in an August 12, 2021 email regarding your clients response to the RTB findings, it is customary for counsel to let us know when they will be unable to make a response on the date it is due or promised, in order to request an extension.

Given your reported difficulties in responding the Commission's subpoena and our concerns that prior inaccuracies in information we have received have materially impaired our investigation, we are requesting that IFN and LZP enter into tolling from the date on which the subpoena response was due until the date on which you are able to report that the files of all IFN and LZP agents were searched for responsive documents and produced to the Commission and that all necessary corrections to IFN and LZP's prior responses have been made. Because we do not yet know when you will do so, the attached tolling agreement is for 270 days, which is the length of time between the date that the response was due, April 28, 2022, and today. We would then request additional tolling from today until the date that you are able to make the confirmations described above.

Regards,
Aaron

From: James E. Tyrrell III <JTyrrell@dickinson-wright.com>
Sent: Friday, January 20, 2023 3:01 PM
To: Aaron Rabinowitz <arabinowitz@fec.gov>
Cc: Mark Shonkwiler <mshonkwiler@fec.gov>
Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Aaron,

I'm hoping to get some responses and clarifications to you later this afternoon. It has been a bit difficult to locate some of my prior communications with OGC due to some file transfer issues from Venable, which has delayed the response.

Thanks,
Jim

James E. Tyrrell III Member

International Square
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Suite 900
Washington, D.C. 20006

Phone 202-659-6934
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Fax 844-670-6009
Email JTyrrell@dickinsonwright.com



From: Aaron Rabinowitz <arabinowitz@fec.gov>
Sent: Tuesday, January 17, 2023 11:45 AM
To: James E. Tyrrell III <JTyrrell@dickinson-wright.com>
Cc: Mark Shonkwiler <mshonkwiler@fec.gov>
Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Jim,

When we spoke last Monday, you represented that you would attempt to provide a response regarding deficiencies we identified in IFN and LZP's prior productions and responses to our subpoena and informal requests. Given that we did not receive the anticipated response last week, please state whether you intend to supplement your responses and productions. We further reiterate our requests that you identify whose records were searched in response to each of our sets of requests. And please state whether the records of Joel Riter, Tom Norris, Brad Elgin, and Raymond McVeigh were searched in response to our prior requests.

Please also affirm, as you represented during a prior call, that the records of IFN and LZP that are pertinent to this MUR have been retained and not destroyed since IFN's receipt of the complaint in this matter. Please affirm that the records of Ritter, Norris, Elgin, and McVeigh in particular have been retained and not destroyed.

Please respond to these questions and our prior requests by the end of the week if not sooner.

Regards,
Aaron

From: James E. Tyrrell III <JTyrrell@dickinson-wright.com>
Sent: Wednesday, January 11, 2023 11:09 AM
To: Aaron Rabinowitz <arabinowitz@fec.gov>
Cc: Mark Shonkwiler <mshonkwiler@fec.gov>
Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Aaron,

You should be hearing from Marion Little today, who will be representing Mr. Norris.

We are reviewing your email and determining whether anything needs to be amended or supplemented and will get back to you with responses by the end of this week.

With respect to Mr. Elgin, I am working on identifying counsel. In lieu of an interview, would you be amenable to presenting written questions for Mr. Elgin so he can provide written answers?

Thanks,
Jim

James E. Tyrrell III Member

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ARIZONA CALIFORNIA FLORIDA ILLINOIS KENTUCKY MICHIGAN NEVADA
OHIO TENNESSEE TEXAS WASHINGTON D.C. TORONTO

From: Aaron Rabinowitz <arabinowitz@fec.gov>

Sent: Wednesday, January 11, 2023 9:26 AM

To: James E. Tyrrell III <JTyrrell@dickinson-wright.com>

Cc: Mark Shonkwiler <mshonkwiler@fec.gov>

Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Jim,

When we spoke on Monday, you represented that you would identify Mr. Norris's attorney by the end of the day yesterday. Please do so.

You also stated that Mr. McVeigh did not have much involvement in the day-to-day operations of IFN and that he would not have had access to substantive records as a result. You also said that you did not directly request records from Mr. McVeigh but that you did so through an agent of IFN. When asked who that agent was, you claimed that you believed revealing the identity of that individual might violate attorney-client privilege and refused to do so on that basis. You committed to correcting IFN and LZP's responses and productions to the January, 2022, document subpoena and our informal discovery requests. We further asked you to identify whose records had been searched and state affirmatively state whether Mr. McVeigh's records had been searched in response to any of our prior requests. You further represented that you would work to set up an interview with Mr. Elgin or would determine if Mr. Elgin had separate counsel to whom such a request could be directed and that you would work to supplement IFN and LZP's responses and productions by the end of this week. We look forward to receiving those supplemental responses and production.

Regards,
Aaron

From: James E. Tyrrell III <JTyrrell@dickinson-wright.com>

Sent: Friday, January 6, 2023 5:06 PM

To: Aaron Rabinowitz <arabinowitz@fec.gov>

Cc: Mark Shonkwiler <mshonkwiler@fec.gov>

Subject: RE: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Aaron,

I respectfully disagree with your characterizations concerning IFN's previous responses. With that said, I can do a brief call Monday afternoon at 1pm, but I'm going to need more time than that to respond to the assertions set forth in your email. Please let me know if 1pm Monday works for a call.

Thanks,
Jim

James E. Tyrrell III Member

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OHIO TENNESSEE TEXAS WASHINGTON D.C. TORONTO

From: Aaron Rabinowitz <arabinowitz@fec.gov>

Sent: Friday, January 6, 2023 3:16 PM

To: James E. Tyrrell III <JTyrrell@dickinson-wright.com>

Cc: Mark Shonkwiler <mshonkwiler@fec.gov>

Subject: EXTERNAL: MUR 7464 (LZP, LLC, et al.) - Document production and response issues

Jim,

We have come into information indicating that IFN's responses to the March 18, 2022, Subpoena and other informal requests for information and documents were substantially incomplete and that key records were not searched. This is also not consistent with the representations you made to us during our May 5, 2022, phone call about IFN and LZP's efforts to respond to the subpoena. Specifically, it has come to our attention that IFN's sole officer and director, Raymond McVeigh, was never asked to search for records in connection with the subpoena and that potentially responsive records in his possession were not produced.

We also understand that McVeigh's records were not searched in connection with my August 5, 2022, email to you requesting documents in connection with various topics. This contradicts your representation in a September 27, 2022, email that you performed a search for any relevant communications in IFN's and LZP's possession, custody, or control. We also understand that Mr. McVeigh's records were not searched in connection with Ms. Peña-Wallace's November 12, 2021 request.

Moreover, in your November 24, 2021, response to Ms. Peña-Wallace on behalf of IFN and McVeigh, in response to the question "identify all individuals who were involved with LZP's operations" you represented that Raymond McVeigh authorized the creation of LZP. You made a similar representation in response to Question 3 of the subpoena. However, we have information indicating that Mr. McVeigh did not authorize the creation of LZP and was not involved in LZP's creation. You also stated that, other than Mr. McVeigh and James Ryan, "[b]ecause LZP was set up to simplify IFN's accounting procedures, LZP did not require additional individuals for its operations." That representation is not consistent with the information we have received, which indicates that other individuals were involved in LZP's operations, including forming and controlling its bank account and making the payments to Honor and Principles PAC at issue in this MUR.

We further understand that Brad Elgin, Tom Norris, and Joel Riter had control over IFN's bank account and were involved in the creation and operations of IFN and LZP. We need to understand whether all of those individuals searched their records in response to the requests and subpoena described above. In addition, we need to interview Mr. Elgin and Mr. Norris in connection with their involvement in the activities underlying this MUR.

It is imperative that we talk to you about these issues as soon as possible. Please let us know if you are available for a call this afternoon or Monday before 2 or after 4.

Aaron S Rabinowitz
Attorney
Federal Election Commission

Office of General Counsel
1050 First Street, N.E.
Washington, DC 20002
(202) 694-1476

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