FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 6848
George Demos, *et al*.	)	

STATEMENT OF REASONS OF
CHAIR ELLEN L. WEINTRAUB

September 2013 was a very busy month for George and Chrysanthy Demos. George had run for Congress in 2012 and withdrawn before the primary, but he had left his campaign committee open through the better part of 2013. This in itself is not unusual; many unsuccessful candidates leave their campaign committees open while contemplating whether to run again. On September 6, 2013, however, George shuttered his 2012 campaign committee. *The very same day,* his wife Chrysanthy deposited $3 million from her sole resources into a 10-day-old bank account in both their names. Less than three weeks later, on September 25, George launched his *2014* congressional campaign. Two days later, on September 27, he loaned his campaign one million dollars from the joint account. Subsequent loans to the campaign brought the total to $2.5 million. If that was not the intended use of the $3 million conveniently deposited into the joint account in the brief window between the termination of one campaign committee and the beginning of the other, then Mrs. Demos must be an understanding spouse indeed.

The law is not nearly as understanding. Federal election law sets forth clear limitations and prohibitions governing campaign contributions. One of the law's core principles is that no one (other than the candidate him- or herself) may give more than a set amount – in 2014, $2,600 – to a federal campaign.[1] Contribution limits serve as "appropriate legislative weapons against the reality or appearance of improper influence stemming from the dependence of candidates on

[1] This amount has since increased slightly; in 2014, when the activity in this matter occurred, the limit was $2,600. *See* 52 U.S.C. § 30116(a)(1)(A); Price Index Adjustments for Contribution and Expenditure Limitations and Lobbyist Bundling Disclosure Threshold, 78 Fed. Reg. 8,530, 8,532 (February 6, 2013).

large campaign contributions, and the ceilings imposed accordingly serve the basic governmental interest in safeguarding the integrity of the electoral process[.]"[2]

In this matter, the evidence before the Commission provided probable cause to believe that 2014 congressional candidate George Demos flouted Congress's contribution limits by funding his campaign with $2.5 million provided by his spouse.[3] Although Demos reported the money as personal loans he made to his campaign, an investigation by the Commission's attorneys revealed that the funds were not his own, and instead constituted excessive contributions. Indeed, the overwhelming evidence suggests that Mrs. Demos made, and Mr. Demos accepted, multimillion-dollar excessive contributions, and that the Demos committee falsely reported those contribution as candidate loans.

Respondents claim that Mr. Demos had control over the funds in the joint account and could therefore lawfully use those funds as a candidate loan to his committee.[4] According to their theory, as long as a candidate receives millions of dollars of someone else's money before declaring candidacy – even if just *days* before declaring candidacy – the candidate may permissibly use those funds to finance his or her campaign. No. This is a transparent attempt to circumvent Congress's duly enacted contribution limits.

Notably, when Congress passed contribution limits, it made no distinction between contributions made by a candidate's family and other individuals. This very issue has come before the Supreme Court, in *Buckley v. Valeo,* where the Court upheld the constitutionality of the law's contribution limits as applied to a candidate's spouse, noting that "it is the intent of the [Senate] conferees that members of the immediate family of any candidate shall be subject to the contribution limitations established by this legislation."[5] Respondents boldly argue that the Commission should ignore this directly on-point precedent and just assume that, given the opportunity, the Supreme Court would change its mind. But the Commission is bound to follow clear Supreme Court precedent, not make up alternative holdings.

In any event, joint bank accounts are not limited to spouses. Imagine a megadonor, a Russian oligarch or a drug kingpin deposits millions in a joint bank account with a promising would-be politician. Under the logic proposed by respondents and apparently accepted by my colleagues, the politician could declare candidacy the next day and use all the money in the account to fund his or her campaign. No risk of corruption there!

In recent years, there has been an uptick in candidates manipulating the timing of their declarations of candidacy not just in search of a politically opportune moment, but for the

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2 *Buckley v. Valeo*, 424 U.S. 1, 3 (1976).

3 *See* General Counsel's Brief (September 17, 2018).

4 *See* Reply Brief (October 2, 2018), 7-8.

5 *Buckley*, 424 U.S at 51 n.57. The Court further stated that "although the risk of improper influence is somewhat diminished in the case of large contributions from immediate family members, we cannot say that the danger is sufficiently reduced to bar Congress from subjecting family members to the same limitations as nonfamily contributors." *Id*. at 53 n. 59.

apparent purpose of evading various restrictions in the law. The facts in this case show an obvious attempted end run on the contribution limits. Nevertheless, my Republican colleagues voted against the Office of General Counsel's recommendation to find probable cause to believe Respondents made, accepted, and misreported excessive contributions.[6] The Republican Commissioners, assisted by the respondents, have drawn up yet another roadmap for circumventing the law.

February 1, 2019

Ellen L. Weintraub
Chair

[6] Certification in MUR 6848 (George Demos, et al.), November 16, 2018.