FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matters of	)	
	)	
Tread Standard LLC, *et al.*	)	MUR 6968
	)	
Right to Rise, *et al.*	)	MUR 6995
	)	
DE First Holdings, *et al.*	)	MURs 7014, 7017, 7019, 7090

STATEMENT OF REASONS
OF VICE CHAIR ELLEN L. WEINTRAUB

These matters involve a shared pattern, and it's one we've seen before: an individual decided to make a six- or seven- figure contribution to a Super PAC and, rather than write a check in his or her own name, funneled the money through an LLC. The Super PAC reported the contribution as coming from the LLC, defeating the public's interest in knowing who seeks to influence our elections. For some of these transactions, we still do not know the true source of the money.[1] We may never know.

I voted to find reason to believe that Respondents violated the law's prohibition on making contributions in the name of another.[2] But, just as in similar matters previously before the Commission, my Republican colleagues first blocked us from even considering the complaints for years, and then ultimately refused to enforce the law.[3]

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[1] *See* First Gen. Counsel's Report ("FGCR") in MUR 6968 (Tread Standard LLC, *et al.*) (recommending reason to believe as to unknown respondents' involvement in $150,000 contribution from LLC to Super PAC Right to Rise); FGCR in MUR 6995 (Right to Rise, *et al.*) (same, as to unknown respondent who purportedly funneled $100,000 from an LLC to Right to Rise); FGCR in MURs 7014, 7017, 7019, & 7090 (DE First Holdings, *et al.*) (same, as to unknown respondent who used LLC to contribute $250,000 to Super PAC America Leads).

[2] *See* Certifications in MUR 6968 (Tread Standard LLC, *et al.*) and MUR 6995 (Right to Rise, *et al.*), dated May 8, 2018; Certification in MURs 7014, 7017, 7019, & 7090 (DE First Holdings, *et al.*), dated May 10, 2018; 52 U.S.C. § 30122.

[3] They finally voted only after the Commission began piling up lawsuits brought by one the complainants for failing to timely act. *See* *CREW, et al. v. FEC*, No. 18-1060 (D.D.C. filed May 4, 2018); *CREW, et al. v. FEC*, No. 18-1059 (D.D.C. filed May 4, 2018).

The Commission has been receiving complaints alleging the use of LLCs in conduit contribution schemes since 2011.[4] We have yet to make a finding. Even though the law is clear on this issue, my Republican colleagues claimed in an April 2016 statement—in response to complaints *from the 2012 election cycle*—that it would have been "unfair" to expect respondents to have known, post-*Citizens United*, that corporate LLCs cannot be used as conduits.[5] As I pointed out then and again when yet another of these matters deadlocked last month, the irony in my colleagues' view is that their own foot-dragging caused any alleged lack of post-*Citizens United* guidance from this agency.[6] They used their own unjustified, four-year obstruction to manufacture a reason not to pursue an increasing number of clear violations of the law.

A district court declined to overturn my colleagues' failure to enforce the law,[7] affording a degree of deference to a split Commission decision that I have argued is unwarranted.[8] But even that court acknowledged that it was not attempting to determine "the 'best' interpretation of the statute."[9] And a ruling that the Republican rationale cleared the very low "not arbitrary and capricious" hurdle still does not justify their years-long delay in either the 2012 matters or the more recent ones.

Had my colleagues not unnecessarily delayed deciding the 2012 election-cycle matters until 2016, their ostensible guidance would have been public in plenty of time to put respondents in the current matters on notice in 2015, when the transactions occurred, that the law actually means what it says. Had they not dragged their feet for so long, the respondents might never have attempted to use conduits to mask their contributions, and the voters could have had the benefit of the information to which they are entitled under the law.

But drag their feet they did. And due to their delay-and-deny enforcement strategy, the public will likely never know the true source of hundreds of thousands of dollars in contributions at issue in these matters.

June 19, 2018
Date

Ellen L. Weintraub
Vice Chair

4 *See* Compl. in MUR 6485 (W Spann LLC, *et al.*) (Aug. 5, 2011).

5 *See* Statement of Reasons of Chairman Matthew S. Petersen and Commissioners Caroline C. Hunter and Lee E. Goodman at 8 in the Matters of MURs 6485 (W Spann LLC, *et al.*), 6487 & 6488 (F8, LLC, *et al.*), 6711 (Specialty Investments, Inc., *et al.*), and 6930 (SPM Holdings LLC, *et al.*), dated April 1, 2016.

6 *See* Statement of Reasons of Commissioners Ann M. Ravel and Ellen L. Weintraub at 1-2 in the Matters of MURs 6485 (W Spann LLC, *et a*l.), 6487 & 6488 (F8, LLC, *et al.*), 6711 (Specialty Investments, Inc., *et al.*), and 6930 (SPM Holdings LLC, *et al.*), dated April 13, 2016; Statement of Reasons of Vice Chair Ellen L. Weintraub at 2 in the Matter of MURs 7013 & 7015 (IGX, LLC, *et al.*), dated May 23, 2018.

7 *Campaign Legal Center v. FEC*, No. 16-0752, 2018 WL 2739920 (D.D.C. June 7, 2018).

8 *See* Statement of Vice Chair Ann M. Ravel and Commissioner Ellen L. Weintraub on Judicial Review of Deadlocked Commission Votes, dated June 17, 2014.

9 Mem. Op. at 9.