

**BEFORE THE FEDERAL ELECTION COMMISSION**

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v.

MUR No. \_\_\_\_\_

DEBBIE LESKO  
P.O. Box 5292  
Peoria, AZ 83585

RE-ELECT DEBBIE LESKO FOR SENATE  
Debbie Lesko, Treasurer  
P.O. Box 5292  
Peoria, AZ 83585

CONSERVATIVE LEADERSHIP FOR ARIZONA  
Tim Sifert, Treasurer  
P.O. Box 67808  
Phoenix, AZ 85082

**COMPLAINT**

1. This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) and is based on information and belief that congressional candidate Debbie Lesko (candidate ID: H8AZ08158), her Arizona state campaign committee Re-elect Debbie Lesko for Senate, and Conservative Leadership for Arizona (ID: C00665489) have violated provisions of the Federal Election Campaign Act (“FECA”), 52 U.S.C. § 30101, *et seq.*

2. In January 2018, Lesko transferred \$50,000 from her Arizona state senate campaign committee to entirely fund Conservative Leadership for Arizona, a “super PAC” that previously had the same treasurer as Lesko’s federal campaign committee. Conservative Leadership for Arizona then used almost the entirety of that money to support Lesko’s congressional run. This scheme violates 52 U.S.C. § 30125(e), which prohibits a candidate from spending or transferring “soft money” that exceeds federal contribution limits, and additionally prohibits any entity “established, financed, maintained or controlled” by a candidate—like Conservative Leadership for Arizona—from receiving or spending soft money.
3. “If the Commission, upon receiving a complaint . . . has reason to believe that a person has committed, or is about to commit, a violation of [the FECA] . . . [t]he Commission *shall* make an investigation of such alleged violation . . . .” 52 U.S.C. § 30109(a)(2); *see also* 11 C.F.R. § 111.4(a) (emphasis added).

#### STATEMENT OF FACTS

4. Arizona State Senator Debbie Lesko is a candidate in the special election for Arizona’s 8<sup>th</sup> congressional district, having filed her statement of candidacy with the Commission on December 21, 2017.<sup>1</sup> Debbie Lesko for Congress (ID: C00663914) is her principal federal campaign committee, and Ashley Ragan is the committee treasurer.<sup>2</sup> Re-elect Debbie Lesko for Senate is Lesko’s Arizona state campaign committee.<sup>3</sup>

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<sup>1</sup> Debbie Lesko, Statement of Candidacy, FEC website (filed December 21, 2017), <http://docquery.fec.gov/pdf/545/201712219090329545/201712219090329545.pdf>.

<sup>2</sup> Debbie Lesko for Congress, Statement of Organization, FEC Form 1, at 1 (filed December 21, 2017), <http://docquery.fec.gov/pdf/541/201712219090329541/201712219090329541.pdf>.

<sup>3</sup> *See* Re-elect Debbie Lesko for Senate, 2018 4<sup>th</sup> Quarter report, State of Arizona Secretary of State website, <http://apps.azsos.gov/apps/election/cfs/search/PublicReports/2018/4B65BB6F-6FC8-4853-902A92211B05A295.pdf>.

5. Between 2014 and 2016, Conservative Leadership for Arizona was a state independent expenditure-only political action committee registered with the Arizona Secretary of State; its treasurer was Ashley Ragan.<sup>4</sup> On January 10, 2018, Conservative Leadership for Arizona filed a Statement of Organization with the Commission registering as a federal independent expenditure-only political committee (i.e., a “super PAC”), with a new treasurer, Tim Sifert.<sup>5</sup>
6. On January 18, 2018, eight days after Conservative Leadership for Arizona registered with the Commission, Lesko’s state committee contributed \$50,000 to Conservative Leadership for Arizona.<sup>6</sup> The contribution from Lesko’s state committee constituted the entirety of the funds raised by Conservative Leadership for Arizona, save for one unitemized \$50 contribution.<sup>7</sup>
7. Initially, Conservative Leadership for Arizona reported the \$50,000 contribution on line 17, “Other Federal Receipts,” and failed to disclose the identity of the contributor,<sup>8</sup> but after press inquiries about the source of the contribution, filed an amended report disclosing that the funds had come from Lesko’s state committee.<sup>9</sup>

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<sup>4</sup> See, e.g., Conservative Leadership for Arizona, Independent Expenditure Report, State of Arizona Secretary of State website (filed Apr. 1, 2014), <http://apps.azsos.gov/apps/election/cfs/search/PublicReports/2014/AB8A64D4-FA50-40FE-AF045CCEC3A1E6DE.pdf>; see also Conservative Leadership for Arizona, 2016 Interim Report, State of Arizona Secretary of State website (filed Jun. 30, 2016), <http://apps.azsos.gov/apps/election/cfs/search/PublicReports/2016/F46D271D-C7E8-4A49-AAF822AB9A0B7746.pdf>.

<sup>5</sup> Conservative Leadership for Arizona, Statement of Organization, FEC Form 1, at 1 (filed Jan. 10, 2018), <http://docquery.fec.gov/pdf/920/201801109090388920/201801109090388920.pdf>.

<sup>6</sup> Conservative Leadership for Arizona, Pre-Special Report of Receipts and Disbursements (amended), FEC Form 3X, at 6 (filed Feb. 19, 2018), <http://docquery.fec.gov/pdf/488/201802199094594488/201802199094594488.pdf>.

<sup>7</sup> See *id.* at 3.

<sup>8</sup> Conservative Leadership for Arizona, Pre-Special Report of Receipts and Disbursements (original), FEC Form 3X, at 3 (filed Feb. 15, 2018), <http://docquery.fec.gov/pdf/113/201802159094574113/201802159094574113.pdf>.

<sup>9</sup> See Laurie Roberts, *CD8’s Debbie Lesko to Opponent Phil Lovas: I’ll Sue You*, ARIZONA REPUBLIC (Feb. 22, 2018), <https://www.azcentral.com/story/opinion/op-ed/laurieroberts/2018/02/22/cd-8-s-debbie-lesko-phil-lovasill->

8. One day after receiving the contribution from Lesko’s state committee, Conservative Leadership for Arizona reported a \$21,000 expenditure for polling,<sup>10</sup> and in the following weeks spent \$20,193 on “voter contact mail” and \$7,581 on “road signs” in support of Lesko.<sup>11</sup>
9. To date, the \$50,000 contribution from Lesko’s state campaign committee remains Conservative Leadership for Arizona’s only itemized contribution, and the \$48,774 of expenditures in support of Lesko’s federal candidacy constitutes the entirety of the committee’s spending.

#### APPLICABLE LAW

10. FECA’s “soft money” prohibition states:

A candidate, individual holding Federal office, agent of a candidate or individual holding Federal office, or an entity directly or indirectly established, financed, maintained or controlled by or acting on behalf of 1 or more candidates or individuals holding Federal office, shall not —

(A) solicit, receive, direct, transfer, or spend funds in connection with an election for Federal office, including funds for any Federal election activity, unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act....

52 U.S.C. § 30125(e)(1) (emphasis added).<sup>12</sup>

11. Commission regulations similarly prohibit any entity “directly or indirectly established, financed, maintained or controlled by” a candidate from raising or spending soft money.

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[sue-you/363744002/](#); see also Conservative Leadership for Arizona, Pre-Special Report of Receipts and Disbursements (amended), *supra* note 6.

<sup>10</sup> Conservative Leadership for Arizona, Pre-Special Report of Receipts and Disbursements (amended), *supra* note 6, at 7.

<sup>11</sup> *Id.* at 8.

<sup>12</sup> FECA’s contribution limits are \$2,700 per election to authorized committees, 52 U.S.C § 30116(a)(1), and \$5,000 per year to multicandidate committees, 52 U.S.C § 30116(a)(2)(A). Arizona campaign finance law, in contrast, allows legislative candidates to accept individual donations of \$5,100, political committee donations of up to \$10,200, and political party donations of up to \$80,100. See Campaign Contribution Limits for 2017-2018 Cycle, Arizona Secretary of State, <https://www.azsos.gov/elections/campaign-finance-reporting/contribution-limits>.

11 C.F.R. §§ 300.60, 300.61. Whether an entity is directly or indirectly established, financed, maintained, or controlled by a candidate depends on “the context of the overall relationship” between the candidate and the entity, 11 C.F.R. § 300.2(c), which “include[s], but [is] not limited to” certain factors listed in the regulation. *Id.*

§ 300.2(c)(2). Thus, in determining whether an entity is directly or indirectly established, financed, maintained, or controlled by a sponsor, the Commission applies a functional facts-and-circumstances test that reviews the “overall relationship” between the sponsor and the entity.

12. Section 30125(e) makes clear that candidates cannot do indirectly what they cannot do directly. Candidates and their campaign committees are prohibited from directly raising or spending soft money in connection with a federal election. And candidates and their campaign committees are also prohibited from indirectly raising and spending such funds through an entity “acting on behalf of” the candidate or through an entity that the candidate “established” or “financed” or “maintained” or “controlled.” Any such entity is covered by the same soft money prohibition as the candidate, whether such entity was “directly” established, financed, maintained, or controlled by a candidate or campaign committee, or “indirectly.”
13. Moreover, Commission regulations prohibit all transfers from a candidate’s nonfederal campaign account to a candidate’s federal campaign committee. 11 C.F.R. § 110.3(d). The Commission has long recognized that many “[c]ontributions to state candidates...would be impermissible if given to a federal candidate.”<sup>13</sup> This prohibition is absolute, and applies “regardless of whether the funds used [in the transfer] are

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<sup>13</sup> *Explanation and Justification for Transfer of Funds From State to Federal Campaigns*, 58 Fed. Reg. 3474 (January 8, 1993), [http://www.fec.gov/law/cfr/ej\\_compilation/1993/1993-1.pdf](http://www.fec.gov/law/cfr/ej_compilation/1993/1993-1.pdf).

permissible under the Act.”<sup>14</sup> A state committee wishing to support a federal candidate may refund its donors and encourage those donors to contribute their refunds to the federal committee within the limits and prohibitions of FECA. *See* 11 C.F.R. § 110.3(d).

## CAUSES OF ACTION

### **I. Debbie Lesko and Re-elect Debbie Lesko for Senate Violated Section 30125(e) by Illegally Spending and/or Transferring Soft Money in Connection with an Election for Federal Office.**

14. Debbie Lesko is a “candidate” within the meaning of FECA. Her state campaign committee, Re-elect Debbie Lesko for Senate, is a non-federal campaign organization established, financed, maintained, or controlled by her.
15. Section 30125(e)(1)(a) prohibits any federal candidate, or any entity directly or indirectly established, financed, maintained, or controlled by such candidate, from “solicit[ing], receiv[ing], direct[ing], transfer[ing], or spend[ing]” funds in connection with an election for federal office that are not “subject to the limitations, prohibitions, and reporting requirements” of FECA, as described in 52 U.S.C. § 30125(e)(1) and 11 C.F.R. § 300.61.
16. Therefore, consistent with the contribution limits applicable to nonconnected committees, section 30125 permits a candidate to arrange only up to \$5,000 in contributions to a super PAC, “because those funds are subject to FECA’s amount limitations and source prohibitions.” *See* Advisory Opinion 2011-12 (Majority PAC and House Majority PAC) at 3 (citing 52 U.S.C. § 30125(e)(1)(A); 11 C.F.R. § 300.61).
17. Lesko’s state campaign committee, Re-elect Debbie Lesko for Senate, which she controls, spent and/or transferred \$50,000 to Conservative Leadership for Arizona, which

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<sup>14</sup> *See* In the Matter of Friends for Lauzen, MUR 5722, First General Counsel’s Report at 10 (Jan. 31, 2007) <http://eqs.fec.gov/eqsdocsMUR/00005DC8.pdf>.

then used \$48,774 of those funds for polling, voter contact mail, and road signs in support of Lesko's federal candidacy.

18. Therefore, there is reason to believe that, by Lesko and Re-elect Debbie Lesko for Senate spending and transferring funds that were not "subject to the [Act's] limitations, prohibitions, and reporting requirements" to Conservative Leadership for Arizona in connection with Lesko's federal candidacy, Lesko and Re-elect Debbie Lesko for Senate violated FECA's soft money prohibitions at Section 30125(e).

**II. Conservative Leadership for Arizona Is an Entity Established, Financed, Maintained, or Controlled by Debbie Lesko, and It and Lesko Violated Section 30125(e) by Receiving and Spending Soft Money.**

19. Conservative Leadership for Arizona is an entity established, financed, maintained, or controlled by Debbie Lesko within the meaning of section 30125(e), and therefore subject to the soft money prohibition on receiving or spending contributions that do not comply with federal contribution limits and source prohibitions.
20. Lesko has established, financed, maintained, or controlled Conservative Leadership for Arizona because she has "provide[d] funds or goods in a significant amount" to the super PAC, and "cause[d] or arrange[d] for funds in a significant amount" to be provided to the super PAC. 11 C.F.R. § 300.2(c)(2)(vii), (viii). In fact, Lesko's \$50,000 transfer from her state committee to Conservative Leadership for Arizona is responsible for the entirety of the super PAC's financing, save for one \$50 contribution—meaning that 99.9 percent of Conservative Leadership for Arizona's financing came directly from Lesko's transfer of her state committee funds.
21. The determination of whether an entity is "directly or indirectly" established, financed, maintained, or controlled by a candidate is determined "in the context of the overall

relationship between” the candidate and the entity. 11 C.F.R. § 300.2(c)(2). The “overall context” shows that Conservative Leadership for Arizona was formed as a federal committee on January 10, 2018, and eight days later received \$50,000 from Lesko’s state committee—effectively all of its funding—and then spent 97.5 percent of those funds supporting Lesko’s federal candidacy.<sup>15</sup> This context demonstrates that Conservative Leadership for Arizona is an entity “directly or indirectly established, financed, maintained or controlled by or acting on behalf of” Debbie Lesko. Conservative Leadership for Arizona is therefore subject to FECA’s \$5,000 per year individual contribution limit and soft money prohibitions.<sup>16</sup>

22. Thus, there is reason to believe that Conservative Leadership for Arizona has violated section 30125(e) by receiving \$50,000 from Lesko’s state committee and spending those funds in connection with Lesko’s federal candidacy—meaning it received and spent contributions that do not comply with federal contribution limits and source prohibitions in connection with a federal election. And there is additionally reason to believe that Lesko has violated section 30125(e) by directly or indirectly receiving, directing, transferring, or spending soft money in connection with a federal election through Conservative Leadership for Arizona, which she established, financed, maintained, or controlled.

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<sup>15</sup> Debbie Lesko for Congress’ treasurer, Ashley Ragan, also appears to have been treasurer of Conservative Leadership for Arizona when it was a state committee, immediately before it was established as a federal super PAC.

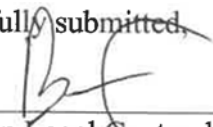
<sup>16</sup> Any other funds solicited or received by Conservative Leadership for Arizona in excess of the federal campaign contribution limits and source restrictions would also amount to illegal soft money contributions under section 30125(e).

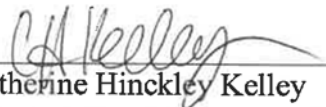


**PRAYER FOR RELIEF**

23. Wherefore, the Commission should find reason to believe that Debbie Lesko, Re-elect Debbie Lesko for Senate, and Conservative Leadership for Arizona have violated 52 U.S.C. § 30101 *et seq.*, and conduct an immediate investigation under 52 U.S.C. § 30109(a)(2).
24. Further, the Commission should seek appropriate sanctions for any and all violations, including civil penalties sufficient to deter future violations and an injunction prohibiting the respondents from any and all violations in the future, and should seek such additional remedies as are necessary and appropriate to ensure compliance with the FECA.

Respectfully submitted,

  
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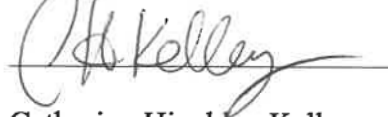
March 1, 2018

VERIFICATION

The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

For Complainant Catherine Hinckley Kelley

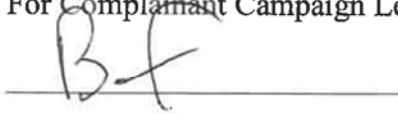


Catherine Hinckley Kelley

Sworn to and subscribed before me this 1 day of March 2018.



For Complainant Campaign Legal Center



Brendan M. Fischer

Sworn to and subscribed before me this 1 day of March 2018.



Notary Public

