

1 **FEDERAL ELECTION COMMISSION**
2
3 **FIRST GENERAL COUNSEL'S REPORT**

4
5 **MUR 8122**

6 DATE COMPLAINT FILED: 03/15/2023

7 DATE OF NOTIFICATIONS: 03/22/2023

8 DATE OF LAST RESPONSE: 05/02/2023

9 DATE ACTIVATED: 09/11/2023

10 EXPIRATION OF SOL: 09/25/2025 – 09/02/2026

11 ELECTION CYCLE: 2022

12
13
14 **COMPLAINANT:**

John Tancredi

15
16 **RESPONDENTS:**

Lafazan for Congress and Alex Leibson in his
official capacity as treasurer

Joshua Lafazan

Elizabeth D. Lawrence

Bryan H. Lawrence

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22 **RELEVANT STATUTES**
23 **AND REGULATIONS:**

52 U.S.C. § 30116(a)(1)(A)

52 U.S.C. § 30116(f)

52 U.S.C. § 30104(b)

52 U.S.C. § 30122

11 C.F.R. § 110.1

11 C.F.R. § 110.9

11 C.F.R. § 104.3

11 C.F.R. § 110.4

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32 **INTERNAL REPORTS CHECKED:**

Disclosure Reports

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34 **FEDERAL AGENCIES CHECKED:**

None

35 **I. INTRODUCTION**

36 The Complaint in this matter alleges that Elizabeth D. Lawrence and Bryan H. Lawrence
37 made an excessive contribution and/or a contribution in the name of another when they loaned
38 \$100,000 to Joshua Lafazan to pay his graduate school tuition between September 2020 and
39 September 2021, because this allowed Lafazan, who was a candidate in the 2022 Democratic
40 Primary for New York's 3rd Congressional District, to later use his personal funds to make a

1 \$166,000 candidate loan to his principal campaign committee, Lafazan for Congress and Alex
2 Leibson in his official capacity as treasurer (the “Committee”) in 2022.¹ Further, the Complaint
3 alleges that the Committee did not properly disclose the Lawrences as the source of the funds
4 reported as a candidate loan from Lafazan to his Committee.²

5 In separately filed Responses, both Lafazan and the Lawrences assert that the Lawrences
6 made Lafazan’s tuition payments in the amount of \$101,192 directly to the University of
7 Pennsylvania in return for Lafazan’s execution of promissory notes in the same amounts between
8 September 2020 and September 2021, a period which pre-dated Lafazan’s December 2021
9 declaration of candidacy. Both Lafazan and the Lawrences maintain that these payments were
10 for the sole purpose of supporting his educational pursuits and not made for the purpose of
11 influencing a federal election.³ Lafazan’s Response further asserts that he did not even consider
12 becoming a candidate until the 3rd Congressional District seat incumbent announced a decision
13 not to seek re-election in November 2021, several months after his receipt of the last student
14 loan.⁴

15 Based on the available information, we recommend that the Commission find no reason
16 to believe that Elizabeth and Bryan Lawrence made, and that Lafazan and the Committee

¹ Compl. at 1 (Mar. 15, 2023).

² *Id.* a matter filed by Zimmerman for Congress on August 12, 2022, alleging the same facts as in the instant Complaint. *See id.* at 1; *see also* Compl. at 1 (Aug. 12, 2022), MUR 8122 (Lafazan for Congress, *et al.*)

³ Lafazan Resp. at 3-4 (Apr. 27, 2023); Bryan H. Lawrence & Elizabeth D. Lawrence Resp. at 1, 3 (May 2, 2023) (hereinafter “Lawrence Resp.”).

⁴ Lafazan Resp. at 2-3.

1 received, excessive contributions in violation of 52 U.S.C. §§ 30116(a)(1)(A), (f) or
2 contributions in the name of another in violation of 52 U.S.C. § 30122. In addition, we
3 recommend that the Commission find no reason to believe that the Committee failed to properly
4 report the loans as contributions in violation of 52 U.S.C. § 30104(b).

5 **II. FACTUAL BACKGROUND**

6 Joshua Lafazan was a candidate in the 2022 Democratic Primary for New York's 3rd
7 Congressional District held on August 23, 2022.⁵ Lafazan filed his Declaration of Candidacy on
8 December 13, 2021.⁶ His principal campaign committee is Lafazan for Congress and Alex
9 Leibson in his official capacity as treasurer.⁷

10 Both the Lawrences and Lafazan state in their Responses that a friendship has existed
11 between them since 2016.⁸ The Lawrences, who describe themselves as philanthropists,
12 maintain a home in the Oyster Bay area of New York.⁹ The Lawrences state that they were
13 introduced to Lafazan in 2016, and further note that Lafazan "made history" as the youngest
14 elected official in New York State when he was elected to the Syosset School Board at the age of
15 18 in 2012.¹⁰

16 The available information shows that in June 2020, Lafazan was accepted to and
17 enrolled in a doctoral program at the University of Pennsylvania.¹¹ Lafazan's Response states
18 that, at that time, he had little credit history; was earning a limited salary and had limited assets

⁵ Joshua Lafazan, Statement of Candidacy at 1 (Dec. 13, 2021).

⁶ *Id.*

⁷ Lafazan for Congress, Statement of Organization at 2 (Dec. 13, 2021).

⁸ Lawrence Resp. at 1; Lafazan Resp. at 2.

⁹ Lawrence Resp. at 1.

¹⁰ *Id.* at 1-2.

¹¹ Lafazan Resp. at 2.

1 that were difficult to liquidate.¹² Lafazan's Response further states that he sought assistance
2 with the upcoming tuition payments from the Lawrences, with whom he had a longstanding
3 friendship.¹³

4 The Lawrences state in their Response that they agreed to make educational loans to
5 Lafazan based on their long-term friendship; their belief that he had a bright future in their
6 community; and to help him reach his educational goals.¹⁴ The Lawrences set forth that, at the
7 time the loans were made, they understood that Lafazan wanted to pursue a career in education.¹⁵
8 Furthermore, the Lawrences assert, that as philanthropists, the loans made to Lafazan are
9 consistent with their previous philanthropic donations to various causes, charities and
10 individuals.¹⁶

11 Lafazan states that prior to accepting the loans from the Lawrences he sought assistance
12 from ethics attorneys, who advised him that the loans would be permissible under New York law
13 because the Lawrences did not have any business before Nassau County and Lafazan had no
14 voting powers related to the Lawrences.¹⁷

15 Beginning in September 2020, in exchange for the Lawrences' payment of Lafazan's
16 tuition, the parties entered into four promissory notes, prepared by the Lawrences' attorneys,
17 aggregating in the amount of \$101,192, with each note carrying a two percent interest rate per

¹² *Id.* at 2, n. 3.

¹³ *Id.* at 2.

¹⁴ Lawrence Resp. at 2.

¹⁵ *Id.* at 5.

¹⁶ *Id.*

¹⁷ Lafazan Resp. at 2, n. 4.

1 year, with an accelerated rate of 7% in the event of late payments, for a repayment term of 60
 2 months.¹⁸

3 The information provided in the Responses shows that the amount of the four promissory
 4 notes equaled the amount of Lafazan's tuition bills.¹⁹ The first promissory note was dated
 5 September 25, 2020, in the amount of \$23,116 and on October 1, 2020, the Lawrences made a
 6 tuition payment to the University of Pennsylvania for the same amount.²⁰ The second
 7 promissory note was dated January 11, 2021, also for \$23,116 and the Lawrences sent that same
 8 amount to the university for tuition on January 13, 2021.²¹ Next, the parties entered into a
 9 promissory note on June 1, 2021, in the amount of \$24,970, and the Lawrences made a tuition
 10 payment to the university in that amount on June 3, 2021.²² The last promissory note was
 11 executed on September 2, 2021, in the amount of \$29,990 and the Lawrences made a tuition
 12 payment in that amount to the university on September 23, 2021.²³ The details of the loans are
 13 shown in the chart below:²⁴

<u>Promissory Note</u>	<u>Date</u>	<u>Amount</u>	<u>First Payment Due</u>
Note 1	09/25/2020	\$23,116	10/01/2025
Note 2	01/11/2021	\$23,116	02/01/2026
Note 3	06/01/2021	\$24,970	07/01/2026
Note 4	09/02/2021	\$29,990	10/01/2026
	Total:	\$101,192	

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¹⁸ Lawrence Resp. at 2, Exs. A-D.

¹⁹ Lafazan Resp., Exs. 3-10; Lawrence Resp., Exs. A-D.

²⁰ Lafazan Resp., Ex. 3; Lawrence Resp., Ex. A.

²¹ Lafazan Resp., Ex. 4; Lawrence Resp., Ex. B.

²² Lafazan Resp., Ex. 5; Lawrence Resp., Ex. C.

²³ Lafazan Resp., Ex. 6; Lawrence Resp., Ex. D.

²⁴ *See also* Lawrence Resp. at 2 (providing a similar chart).

1 Both Responses state that no funds were exchanged between Lafazan and the Lawrences;
2 and that the Lawrences sent the funds directly to the University of Pennsylvania to pay his tuition
3 bills for the doctoral program in which he was enrolled.²⁵ The Lawrences state that they made no
4 further loans to the candidate after September 2021.²⁶

5 According to Lafazan, he did not have the intention of running for Federal office in 2022
6 until November 2021, two months after the last tuition payment was made, when the incumbent in
7 New York's 3rd Congressional District announced he would not be seeking reelection.²⁷
8 Similarly, the Lawrences set forth that they did not know that Lafazan had any intention to run for
9 Federal office until November 2021, which was two months after the last tuition payment was
10 made and the last loan agreement was executed by the parties.²⁸

11 The Complaint further alleges that the educational loans constituted "straw donations"
12 from the Lawrences to Lafazan.²⁹ The Complaint points to the \$166,000 in personal loans
13 Lafazan made to the Committee and alleges that funds from the educational loans may be the
14 source of funds for Lafazan's loans to the Committee, thereby constituting a contribution made
15 in the name of another from the Lawrences to Lafazan and the Committee.³⁰ The Committee's
16 relevant disclosure reports show that Lafazan made two personal loans to his Committee, as
17 follows: on March 30, 2022, a \$130,000 loan and on June 30, 2022, a \$36,000 loan.³¹ Those

²⁵ Lafazan Resp. at 2, n. 5; Lawrence Resp. at 2, 5.

²⁶ Lawrence Resp. at 3.

²⁷ Lafazan Resp. at 2-3.

²⁸ Lawrence Resp. at 3, 4.

²⁹ Compl. at 1.

³⁰ *Id.* at 1, 3.

³¹ Lafazan for Congress, Amended 2022 April Quarterly Report at 263 (June 27, 2023), <https://docquery.fec.gov/pdf/746/202306279582396746/202306279582396746.pdf>; Lafazan for Congress, Amended 2022 July

1 loans remain outstanding.³²

2 In response, Lafazan asserts that Commission regulations permit candidates for Federal
3 office to make unlimited expenditures from personal funds, citing 11 C.F.R. §§ 100.33 and
4 110.10, and that the educational loans in this matter were not made to influence a federal
5 election.³³ The Response states that a finding that the educational loans in this matter were made
6 to influence a federal election would place a candidate in “an untenable position: either do not
7 accept any loans to fund car payments, home purchases, your own education, or other large
8 transactions that require similar liabilities, or be completely barred from contributing personal
9 funds to your own campaign.”³⁴ Last, Lafazan’s Response points out that, after he became a
10 candidate, he fully reported the loans from the Lawrences in his House Financial Disclosure
11 Statement.³⁵

12 While the Complaint claims that the Lawrences made \$20,300 in monetary contributions
13 to the Committee, this calculation fails to consider various refunds made by the Committee.³⁶

Quarterly Report at 289-290 (June 27, 2023), <https://docquery.fec.gov/pdf/009/202306279582397009/202306279582397009.pdf>.

³² Lafazan for Congress, 2023 October Quarterly Report at 41-42 (Oct. 15, 2023), <https://docquery.fec.gov/pdf/530/202310159598388530/202310159598388530.pdf>.

³³ Lafazan Resp. at 4-5.

³⁴ *Id.*

³⁵ *Id.* at n. 5.

³⁶ The Complaint’s allegation that the Lawrences contributed an aggregate of \$20,300 to the Committee during the 2021-2022 election cycle is not accurate because the Complaint does not take into account refunds made of those contributions. *See* Compl. at 1. According to the Committee’s disclosure reports, Bryan Lawrence contributed a total of \$14,500, comprised of \$11,600 in primary election contributions and \$2,900 in general election contributions; and Elizabeth Lawrence contributed a total of \$5,800 to the primary election. *See Lafazan for Congress: Financial Summary 2021-2022 Summary Data*, FEC.GOV, https://www.fec.gov/data/receipts/?cycle=2022&data_type=processed&committee_id=C00797241&contributor_name=Bryan+Lawrence&contributor_name=elizabeth+lawrence&two_year_transaction_period=2022&line_number=F3-11A1 (showing contributions) (last visited Jan. 9, 2024). Then, the Committee refunded \$8,700 in contributions to Bryan Lawrence (comprised of \$5,800 in primary election contribution refunds and \$2,900 in general election contribution refunds) and refunded to Elizabeth Lawrence \$2,900 in primary election contributions. *See Lafazan for Congress: Financial Summary 2021-2022 Summary Data*, FEC.GOV, https://www.fec.gov/data/disbursements/?cycle=2024&data_type=processed

1 **III. LEGAL ANALYSIS**

2 **A. The Commission Should Find No Reason to Believe That Elizabeth**
 3 **Lawrence and Bryan Lawrence Made, and Lafazan and the Committee**
 4 **Received, Excessive Contributions and No Reason to Believe That the**
 5 **Committee Failed to Report Contributions**

6 A contribution is any gift, subscription, loan, advance, or deposit of money or anything of
 7 value made by any person for the purpose of influencing any election for Federal office.³⁷ Under
 8 the Act, an individual may not make a contribution to a candidate with respect to any election in
 9 excess of the legal limit, which was \$2,900 per election during the 2021-2022 election cycle.³⁸
 10 A candidate committee must report the identity of any person who makes a contribution to the
 11 committee during the reporting period, whose contribution or contributions have an aggregate
 12 amount or value in excess of \$200 within the election cycle.³⁹ The Act and Commission
 13 regulations further provide that no person may make, and no candidate or candidate's authorized
 14 political committee shall knowingly accept, any contribution that violates the contribution limits

https://www.fec.gov/disclosure/transaction?committee_id=C00797241&recipient_name=bryan+lawrence&recipient_name=elizabeth+lawrence&two_year_transaction_period=2024&two_year_transaction_period=2022&line_number=F3-20A (showing refunds) (last visited Jan. 9, 2024). When accounting for the refund amounts, Bryan Lawrence contributed a total of \$5,800 and Elizabeth Lawrence contributed a total of \$2,900 to Lafazan's primary election campaign. The general election contribution from Bryan Lawrence was refunded within the permissible timeframe. There are no outstanding excessive primary contributions for Elizabeth Lawrence. However, the \$5,800 in primary contributions received from Bryan Lawrence on December 31, 2021, was refunded outside of the permissible timeframe on March 31, 2022. *See* 11 C.F.R. § 110.1(b)(3)(i). The last refund was cited in the Request for Additional Information sent by the Reports Analysis Division ("RAD") to the Committee regarding the 2021 Year-End Report. *See* Lafazan for Congress, Request for Additional Information at 1, Attach. 1 (June 16, 2022), <https://docquery.fec.gov/pdf/265/202206160300145265/202206160300145265.pdf>.

³⁷ 52 U.S.C. § 30101(8)(A); 11 C.F.R. § 100.52.

³⁸ 52 U.S.C. § 30116(a)(1)(A); *see also* 11 C.F.R. § 110.1(b)(1).

³⁹ 52 U.S.C. § 30104(b)(3)(A); 11 C.F.R. § 104.3(a)(4)(i).

1 set forth in section 30116.⁴⁰ In addition, “candidates for Federal office may make unlimited
 2 expenditures from personal funds,” which include contributions to their principal campaign
 3 committees.⁴¹

4 Under the Act, a “loan” includes a guarantee, endorsement, and any other form of
 5 security.⁴² Each endorser or guarantor shall be deemed to have contributed that portion of the
 6 total amount of the loan for which he or she agreed to be liable in a written agreement.⁴³ A loan
 7 that exceeds the contribution limits, or otherwise violates 52 U.S.C. § 30116, is unlawful,
 8 whether or not it is repaid.⁴⁴ A loan to a political committee or a candidate by a commercial
 9 bank is exempt from the definition of contribution, if such loan is made in accordance with
 10 applicable law and in the ordinary course of business.⁴⁵ The Commission’s regulations provide
 11 that a third party’s payment of a candidate’s personal expense shall be a contribution “unless the
 12 payment would have been made irrespective of the candidacy.”⁴⁶ The Commission has

⁴⁰ 52 U.S.C. §§ 30116(a)(1)(A), (f); 11 C.F.R. §§ 110.1(b)(1), 110.9.

⁴¹ 11 C.F.R. §§ 110.10, 100.33. “Personal funds” include all assets in which a candidate has legal title or an equitable interest, as well as salary and other earned income from *bona fide* employment; dividends and proceeds from the sale of the candidate’s stocks or other investments; bequests to the candidate; income from trusts established before candidacy; income from trusts established by bequest after candidacy of which the candidate is the beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; and proceeds from lotteries and similar legal games of chance. 52 U.S.C. § 30101(26); 11 C.F.R. § 100.33.

⁴² 52 U.S.C. § 30101(8)(B)(vii); *see also* 11 C.F.R. § 100.52(b).

⁴³ 11 C.F.R. §§ 100.52(b)(3), 100.82(c).

⁴⁴ *Id.* § 100.52(b)(1).

⁴⁵ 52 U.S.C. § 30101(8)(B)(vii); 11 C.F.R. § 100.82(a). A loan will be deemed to be made in the ordinary course of business if it: “(1) [b]ears the usual and customary interest rate of the lending institution for the category of loan involved; (2) [i]s made on a basis that assures repayment; (3) [i]s evidenced by a written instrument; and (4) [i]s subject to a due date or amortization schedule.” 11 C.F.R. § 100.82(a)(1)-(4). A loan is considered “made on a basis that assures repayment” if it is obtained using a perfected security interest in collateral owned by the candidate, the fair market value of the collateral is equal to or greater than the loan amount, and the candidate provides documentation to show that the lending institution has a perfected security interest in the collateral. Sources of collateral include goods, accounts receivable, and cash on deposit. *Id.* § 100.82(e).

⁴⁶ 11 C.F.R. § 113.1(g)(6); *see also*, Expenditures; Reports by Political Committees; Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,871 (Feb. 9, 1995) (“If a third party pays for the candidate’s personal

1 explained that a finding of reason to believe that a candidate's personal transaction resulted in a
2 contribution to his or her campaign requires specific information demonstrating a nexus between
3 the transactions and the campaign.⁴⁷ The Commission has also stated that "[t]he basis for this
4 determination is the context of the transaction's surrounding factual circumstances."⁴⁸

5 There is no indication in the available information that the Lawrences' loans for
6 Lafazan's tuition were for the purpose of supporting his 2022 congressional candidacy. Lafazan
7 and the Lawrences had been friends for several years prior to the loans being made in 2020 and
8 2021.⁴⁹ The Lawrences have a history of providing significant donations for philanthropic
9 purposes to various charities, foundations, and individuals in need of financial assistance, and
10 there is no information that their loan for Lafazan's tuition is inconsistent with this history.⁵⁰
11 Moreover, there is no information showing that they expected Lafazan would be running for
12 Federal office at the time the loans were made in 2020 and 2021.⁵¹ The first loan was made
13 fifteen months before Lafazan filed his Statement of Candidacy in December 2021.⁵² Lafazan
14 states that he did not consider a run for Congress until November 2021, when the incumbent for

expenses, but would not ordinarily have done so if that candidate were not running for office, the third party is effectively making the payment for the purpose of assisting that candidacy."). *See, e.g.*, Statement of Reasons ("SOR") at 3-4, Comm'rs Mason, Sandstrom, McDonald, Smith, Thomas, & Wold, MUR 5141 (Moran for Congress) (hereinafter "Moran SOR") (other factors noted in the analysis were: (1) whether receipt of funds freed up other funds of the candidate for campaign purposes; and (2) whether the candidate would have more time to spend on the campaign instead of pursuing their usual employment).

⁴⁷ *See* Factual & Legal Analysis ("F&LA") at 6, MUR 7025 (Friends of Mike Lee), *see also* SOR at 2, n.2, Comm'rs McDonald, Mason, Sandstrom, Smith, & Thomas, MUR 4944 (Hillary Rodham Clinton for US Senate Committee) (recognizing that "there are a number of issues arising from a candidate's personal situation ... that may become campaign issues, but the Commission will not necessarily therefore deem expenses arising from such controversies to be campaign expenses.").

⁴⁸ Moran SOR at 3.

⁴⁹ Lawrence Resp. at 1; Lafazan Resp. at 2.

⁵⁰ Lawrence Resp. at 1, 5.

⁵¹ Lafazan Resp. at 2-3, 5; Lawrence Resp. at 3-4.

⁵² Lafazan Resp., Ex. 3; Lawrence Resp., Ex. A.

1 New York's 3rd Congressional District announced that he would not be seeking re-election,
2 which was two months after the last loan was made in September 2021.⁵³ These facts support
3 Respondents' assertions that they had no knowledge that Lafazan might become a federal
4 candidate and believed he was focused on his studies and a career in higher education.⁵⁴

5 In addition, the Responses sufficiently document that the loans appear to have been made
6 at arm's length, as evidenced by the presence of written instruments drafted by outside counsel,
7 subject to due dates, and with agreed upon interest rates.⁵⁵ Further, no funds were provided from
8 the Lawrences directly to Lafazan in connection with the loan transactions. Each of the four
9 loans was paid directly to the institution of higher learning and for the exact amount of the
10 tuition due.⁵⁶ Therefore, it appears that the loans were made to support Lafazan's education and
11 were made irrespective of his later candidacy, and do not meet the definition of a contribution.⁵⁷

12 Furthermore, it appears that Lafazan had sufficient assets and personal funds to lend his
13 Committee \$166,000. Lafazan's House Financial Report discloses that his assets range from
14 \$55,006 to \$175,000 in aggregate value, and he had an earned income of \$184,069.⁵⁶ so there is
15 information to support his assertion that he funded the loan to his Committee with his personal
16 funds.⁵⁸ Senate and congressional candidates may make unlimited expenditures from their

⁵³ Lafazan Resp. at 2-3, 5.

⁵⁴ Lafazan Resp. at 2-3, 5; Lawrence Resp. at 3-4.

⁵⁵ Lawrence Resp. at n.2, Exs. A-D; Lafazan Resp., Exs. 3-10.

⁵⁶ Lafazan Resp., Exs. 3-10; Lawrence Resp., Exs. A-D.

⁵⁷ 52 U.S.C. § 30101(8)(B)(vii); 11 C.F.R. § 100.52(b).

⁵⁸ Clerk of the House of Representatives, Financial Disclosure Report, Joshua Lafazan, Congressional Candidate (May 11, 2022), https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2021/10044284.pdf; (amended May 13, 2022), https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2022/10047493.pdf). See F&LA at 4-5, MURs 7112, 7115 (AJ Kerns for Congress, *et al.*) (no reason-to-believe finding as to excessive contribution from spouse where candidate's jointly held assets far exceeded amount of candidate's loan to committee). Compare, First Gen. Counsel's Rpt. ("FGCR") at 9-10, MUR 7461 (Julio Gonzalez for Congress)

1 personal funds.⁵⁹ The Commission has interpreted this provision to mean that a candidate may
 2 also make unlimited contributions to his or her authorized committee.⁶⁰

3 Under the Act, all political committees are required to file periodic disclosure reports
 4 with the Commission which accurately report all contributions received and disbursements
 5 made.⁶¹ Here, the Committee disclosed the candidate's loan to the Committee as required by the
 6 Act and Commission regulations.⁶²

7 Based on the foregoing, the Lawrences' personal loans do not constitute contributions
 8 under the Act; and there was no corresponding reporting violation by the Committee.
 9 Accordingly, we recommend that the Commission find no reason to believe that Elizabeth D.
 10 Lawrence and Bryan H. Lawrence violated 52 U.S.C. § 30116(a)(1)(A) by making excessive
 11 contributions to Joshua Lafazan and the Committee in the form of personal loans, and no reason
 12 to believe that Joshua Lafazan and Lafazan for Congress violated 52 U.S.C § 30116(f) by

(OGC recommended dismissal where it appeared that the candidate, who received loans from father-in-law between eight to two years prior to the announcement of his candidacy, had sufficient personal assets to make loans to the committee), and Certification ("Cert.") ¶¶ 2, 3.a (June 24, 2019) (the Commission split on OGC's dismissal recommendation and closed the file); FGCR at 2, 6-7, MUR 7300 (Jeff Beals for Congress) (OGC recommended dismissal of an allegation that candidate committee accepted an excessive contribution where candidate's original financial disclosure statement disclosed no assets and \$40,000 annual salary, and news reports indicated that the candidate's father was the source of funds of candidate's \$56,000 loan to his committee), and Cert. ¶¶ 1, 2 (Dec. 6, 2018), MUR 7300 (insufficient votes to find reason-to-believe or dismissal), *with* F&LA at 8-11, MUR 7629 (Ross Spano for Congress) (finding reason-to-believe the committee accepted an excessive contribution where personal loans received from friends were not arm's length transactions, were made solely to benefit the candidacy, and where the candidate did not appear to have personal assets to make loans to the committee); F&LA at 10, MUR 6824 (Eugene Yu for Congress) (finding reason-to-believe that candidate committee violated section 30104(b) by inaccurately disclosing the source of candidate's loan of \$790,000 to his committee that far exceeded liquid assets listed on financial disclosure statement).

⁵⁹ See 11 C.F.R. § 110.10 (expenditures by federal candidates). See also 52 U.S.C. § 30101(26); 11 C.F.R. § 100.33 (defining personal funds of a candidate).

⁶⁰ Advisory Opinion. ("AO") 2010-15 at 2 (Pike for Congress) (interpreting 11 C.F.R. § 110.10 as meaning that candidates may also make unlimited contributions to their authorize committees); AO 1985-33 at 1 (Citizens to Re-Elect Cardiss Collins) (same); AO 1984-60 at 2 (Mulloy) (same).

⁶¹ 52 U.S.C. § 30104; 11 C.F.R. § 104.3.

⁶² 52 U.S.C. § 30104(b)(8); 11 C.F.R. § 104.3(d).

1 receiving excessive contributions in the form of those loans. In addition, we recommend that the
2 Commission find no reason to believe that Lafazan for Congress violated 52 U.S.C. § 30104(b)
3 by failing to report contributions.

4 **B. The Commission Should Find No Reason to Believe That Elizabeth**
5 **Lawrence and Bryan Lawrence Made, and Joshua Lafazan and the**
6 **Committee Received, a Contribution Made in the Name of Another**

7 As set forth above, the Act provides that a contribution includes “any gift, subscription,
8 loan, advance, or deposit of money or anything of value made by any person for the purpose of
9 influencing any election for Federal office.”⁶³ The Act prohibits a person from making a
10 contribution in the name of another person, knowingly permitting his or her name to be used to
11 effect such a contribution, or knowingly accepting such a contribution.⁶⁴ The Commission has
12 included in its regulations illustrations of activities that constitute making a contribution in the
13 name of another:

- 14 (i) Giving money or anything of value, all or part of which was
15 provided to the contributor by another person (the true contributor)
16 without disclosing the source of money or the thing of value to the
17 recipient candidate or committee at the time the contribution is
18 made; or
- 19 (ii) Making a contribution of money or anything of value and
20 attributing as the source of the money or thing of value another
21 person when in fact the contributor is the source.⁶⁵

⁶³ 52 U.S.C. § 30101(8)(A); 11 C.F.R. § 100.52.

⁶⁴ 52 U.S.C. § 30122.

⁶⁵ 11 C.F.R. § 110.4(b)(2) (internal citations omitted).

1 As set forth above, there is no information to establish that the Lawrences made the
2 loans to Lafazan for the purpose of influencing a federal election; therefore, the loans are not
3 “contributions” as defined by the Act.⁶⁶ The first loan was made fifteen months prior to
4 Lafazan running for Congress, and the last loan was made in September 2021, two months
5 before he announced his run for Congress.⁶⁷ Furthermore, no funds were sent directly to
6 Lafazan, rather the proceeds of the loans were sent directly to the graduate school for the same
7 amount as the tuition that was due.⁶⁸ Given these facts, the information and documents
8 available show that the loans were arm’s length transactions made for the purpose of funding
9 Lafazan’s education.

10 Accordingly, we recommend that the Commission find no reason to believe that the
11 Lawrences made, and Lafazan and the Committee received, a contribution made in the name of
12 another in violation of 52 U.S.C. § 30122 in connection with the student loans.

13 **IV. RECOMMENDATIONS**

- 14 1. Find no reason to believe that Bryan H. Lawrence and Elizabeth D. Lawrence
15 violated 52 U.S.C. § 30116(a)(1)(A) by making excessive contributions;
- 16 2. Find no reason to believe that Lafazan for Congress and Alex Leibson in his
17 official capacity as treasurer violated 52 U.S.C. § 30116(f) by accepting excessive
18 contributions;
- 19 3. Find no reason to believe that Lafazan for Congress and Alex Leibson in his
20 official capacity as treasurer violated 52 U.S.C. § 30104(b) by failing to report
21 receipt of individual contributions;
- 22 4. Find no reason to believe that Joshua Lafazan violated 52 U.S.C. § 30116(f) by
23 accepting excessive contributions;

⁶⁶ See Lafazan Resp. at 2-3, 5; Lawrence Resp. at 3-4.

⁶⁷ Lafazan Resp., Exs. 3, 6; Lawrence Resp., Exs. A, D.

⁶⁸ Lafazan Resp., Exs. 3-10; Lawrence Resp., Exs. A-D.

- 1 5. Find no reason to believe that Bryan H. Lawrence and Elizabeth D. Lawrence
2 violated 52 U.S.C. § 30122 by making a contribution made in the name of
3 another;
- 4 6. Find no reason to believe that Lafazan for Congress and Alex Leibson in his
5 official capacity as treasurer violated 52 U.S.C. § 30122 by knowingly accepting
6 a contribution made in the name of another;
- 7 7. Find no reason to believe that Joshua Lafazan violated 52 U.S.C. § 30122 by
8 knowingly accepting a contribution made in the name of another;
- 9 8. Approve the attached Factual and Legal Analysis; and
- 10 9. Close the file.

11 Lisa J. Stevenson
12 Acting General Counsel

13
14 Charles Kitcher
15 Associate General Counsel for Enforcement

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17 1/11/2024

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19 Date

17 *Adrienne C. Baranowicz*
18 _____
19 Adrienne C. Baranowicz
20 Deputy Associate General Counsel for Enforcement

21
22 *Mark Shonkwiler*
23 _____
24 Mark Shonkwiler
25 Assistant General Counsel

26
27 *Christine C. Gallagher*
28 _____
29 Christine C. Gallagher
30 Attorney

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