

2016 APR 13 PM 4: 15

**FEDERAL ELECTION COMMISSION**  
**999 E Street, N.W.**  
**Washington, D.C. 20463**

**FIRST GENERAL COUNSEL'S REPORT**

**CELA**

MUR: 6968  
DATE COMPLAINT FILED: September 21, 2015  
DATE OF NOTIFICATION: September 29, 2015  
DATE OF LAST RESPONSE: November 4, 2015  
DATE ACTIVATED: December 8, 2015

EXPIRATION OF SOL:  
Earliest: April 8, 2020  
Latest: July 31, 2020  
ELECTION CYCLE: 2016

**COMPLAINANT:** American Democracy Legal Fund

**RESPONDENTS:** Tread Standard LLC  
Tierranueva LLC  
Jonathan Jaffe  
Unknown Respondents  
Right to Rise USA, Inc. and Charles R. Spies in his  
official capacity as treasurer

**RELEVANT STATUTES  
AND REGULATIONS:** 52 U.S.C. § 30101  
52 U.S.C. §§ 30102, 30103, 30104  
52 U.S.C. § 30122  
11 C.F.R. § 103.3(b)(2)  
11 C.F.R. § 110.1(g)  
11 C.F.R. § 110.4(b)

**INTERNAL REPORTS CHECKED:** Disclosure reports

**FEDERAL AGENCIES CHECKED:** None

**I. INTRODUCTION**

Right to Rise USA, Inc. ("the Committee"), an independent-expenditure-only political committee supporting the 2016 presidential campaign of former Florida Governor Jeb Bush, received two contributions totaling \$175,000 that were attributed to Tread Standard LLC and Tierranueva LLC in the Committee's disclosure reports. The Complaint in this matter alleges

1 that the individuals who own or operate Tread Standard and Tierranueva violated Section 30122  
2 of the Federal Election Campaign Act of 1971, as amended ("Act"), by making these  
3 contributions in the names of the two LLCs, and that the LLCs and the Committee also violated  
4 the Act by knowingly facilitating and accepting these contributions. Finally, the Complaint  
5 claims that the LLCs failed to register and report as political committees, despite meeting the  
6 Act's threshold for committee status.

7 The available record raises the inference that at least one of these LLCs — which both  
8 appear to be connected to real estate developer Jonathan Jaffe and other executives at his  
9 company — was not the "true source" of the contribution. We therefore recommend that the  
10 Commission find reason to believe that Respondents associated with the Tread Standard  
11 contribution may have violated Section 30122 of the Act and conduct additional fact-finding.  
12 Because we expect to uncover additional relevant facts, we recommend that the Commission  
13 take no action at this time with respect to the remaining allegations.

## 14 **II. FACTUAL BACKGROUND.**

### 15 **A. Respondents**

16 Right to Rise USA, Inc. is an independent-expenditure-only political committee that filed  
17 with the Commission on January 6, 2015, and Charles R. Spies is its treasurer of record.<sup>1</sup> The  
18 Committee received contributions of \$150,000 from Tread Standard LLC on June 17, 2015, and  
19 \$25,000 from Tierranueva LLC on April 8, 2015.<sup>2</sup> The Committee also received a \$100,000

---

<sup>1</sup> Right to Rise USA, Inc., Statement of Organization at 1.

<sup>2</sup> See Right to Rise USA, Inc., 2015 Mid-Year Report at 1414, 1416.

1 contribution from Stuart Miller, Chief Executive Officer of Lennar Corporation ("Lennar"), a  
2 Miami-based real estate development company, on March 23, 2015.<sup>3</sup>

3 Tread Standard LLC was organized in Delaware on April 30, 2015, and its registered  
4 agent is The Corporation Trust Company in Wilmington, Delaware.<sup>4</sup> The Committee did not  
5 disclose Tread Standard's address as required in its disclosure report filed with the Commission,  
6 and public documents do not list an address for the entity.<sup>5</sup> The LLC's organizing paperwork  
7 was filed by Vivian Rivero, a paralegal at Bilzin Sumberg, the law firm in Miami, Florida that  
8 represents both LLCs in this matter, but neither she nor partner Brian Bilzin would publicly  
9 confirm that they had any connection to Tread Standard.<sup>6</sup> Tread Standard's owners are not  
10 known, and its tax election status is unclear.<sup>7</sup> Tread Standard listed Rebecca Mueller, a Lennar  
11 employee, as its agent on its Designation of Counsel form.<sup>8</sup>

<sup>3</sup> See Right to Rise USA, Inc., 2015 Amended Mid-Year Report at 776. Miller had previously contributed \$5,000 on February 12, 2015, to Right to Rise PAC, Inc., a multicandidate committee that supported Jeb Bush's presidential campaign and which filed with the Commission on January 6, 2015 — the same day as Right to Rise USA, Inc. Three other members of the Lennar leadership team also made \$5,000 contributions to Right to Rise PAC on the same day, Feb. 12, 2015: Jonathan Jaffe, Chief Operating Officer and Vice President of Lennar, Richard Beckwitt, President of Lennar, and Eric Feder, Chief Executive Officer of Lennar Commercial. See Right to Rise PAC, Inc., 2015 Amended Mid-Year Report at 43 (Beckwitt), 186 (Feder), 299 (Jaffe), 422 (Miller).

<sup>4</sup> "Tread Standard LLC" Dun & Bradstreet Public Record Search.

<sup>5</sup> See Right to Rise USA, Inc., 2015 Mid-Year Report at 1416.

<sup>6</sup> See Michael C. Bender, Donation to Pro-Bush Super-PAC Tied to Florida Homebuilder, BLOOMBERG NEWS (Sept. 1, 2015, 5:00 AM), <http://www.bloomberg.com/politics/articles/2015-09-01/donation-to-pro-bush-super-pac-tied-to-florida-home-builder>; Zachary Mider, Masked Donations to Jeb Bush Super-PAC Lead to Miami Paralegal, BLOOMBERG NEWS (Aug. 25, 2015, 6:04 PM), <http://www.bloomberg.com/politics/articles/2015-08-25/masked-super-pac-donations-to-jeb-bush-super-pac-lead-to-miami-paralegal>.

<sup>7</sup> The Complaint claims that Tread Standard was "formed" in April 2015, but also states that the paralegal at Bilzin Sumberg (presumably, Ms. Rivero) "filed the documents that incorporated Tread Standard," leaving it unclear whether it is taxed as a corporation or a partnership (a tax-disregarded entity). See Compl. at 3. Tread Standard's Response appears to confirm, however, that the entity "is a corporation." Tread Standard Resp. at 1.

<sup>8</sup> See Tread Standard LLC, Designation of Counsel Form. The address for Rebecca Mueller provided on the form, "700 NW 107th Ave., Miami, FL 33172," is Lennar's Miami headquarters, according to its website and Florida state business records. Mueller's email address on the form is Rebecca.Mueller@lennar.com, and her telephone number is a 305 area code, which covers the Miami area in which Lennar is located.

1 Tierranueva LLC was organized in Florida on December 6, 2011, by Rivero, who also  
2 serves as its registered agent and manager, and was authorized to convey property on the LLC's  
3 behalf and sign its annual reports.<sup>9</sup> Tierranueva shares a street address with Bilzin Sumberg,  
4 where Rivero works.<sup>10</sup> Tierranueva also has ties to Jonathan Jaffe,<sup>11</sup> the Chief Operating Officer  
5 and Vice President of Lennar: Jaffe allegedly "shared a Laguna Beach, Ca. address with  
6 Tierranueva," and in January 2012 the LLC purchased a home owned by his father, Laurence  
7 Jaffe, which it sold less than two months before making the contribution at issue.<sup>12</sup> Tierranueva  
8 listed Jonathan Jaffe as its agent on its Designation of Counsel form.<sup>13</sup> If Tierranueva has other  
9 owners, they are not known, and its tax election status is uncertain.<sup>14</sup>

#### 10 B. The Complaint and Response

11 The Complaint alleges that the individuals who created, own, and operate Tread Standard  
12 and Tierranueva violated the Act by making prohibited contributions in the name of another  
13 when they contributed \$150,000 on June 17, 2015, in the name of Tread Standard and \$25,000

<sup>9</sup> "Tierranueva LLC" Dun & Bradstreet Public Record Search Report. See Bender, *supra*; Mider, *supra*; see *infra* note 12.

<sup>10</sup> See Tread Standard Resp. at 1; Right to Rise USA, Inc., 2015 Mid-Year Report at 1414.

<sup>11</sup> In the 2016 election cycle, Jaffe made personal contributions to Jeb Bush's authorized committee and Right to Rise PAC, Inc., a multicandidate committee that also supported Jeb Bush's presidential campaign. See Jeb 2016, Inc., Amended July 2015 Quarterly Report at 720 (authorized committee); Right to Rise PAC, Inc., 2015 Mid-Year Report at 299 (multicandidate committee). Stuart Miller, Lennar's CEO, and David Kaiserman, President of Lennar Ventures, also both contributed \$2,700 to Jeb Bush's authorized committee in June 2015. See Jeb 2016, Inc., Amended July 2015 Quarterly Report at 763 (Kaiserman), 1027 (Miller).

<sup>12</sup> Bender, *supra*. Florida public records indicate that Tierranueva bought the property at 12660 SW 69th Ct., Pinecrest, FL, for \$760,000 on January 18, 2012, from Laurence Jaffe; it sold the property for \$765,000 on February 13, 2015, to its current owner. See Florida Property Info., Folio # 20-5014-035-0180, <http://www.miamidade.gov/propertysearch> (last viewed Jan. 28, 2015); see also Florida Property Record Card, Folio # 20-5014-035-0180, <http://www.miamidade.gov/PaPortal/PRC/PRCdisplay.aspx?prcYear=2015&prcFol=2050140350180> (last viewed Jan. 28, 2015). Vivian Rivero signed the Warranty Deed conveying the property to its current owner as "Manager" on behalf of Tierranueva.

<sup>13</sup> Tierranueva LLC, Designation of Counsel Form. Jaffe signed the form and provided his Lennar email address, Jon.Jaffe@Lennar.com.

<sup>14</sup> Although the Complaint offers that Tierranueva was "incorporated" in 2011 it is not clear that the use of that term indicates that it elected corporate tax treatment under the Internal Revenue Code. See Compl. at 3.

1 on April 8, 2015, in the name of Tierranueva. The Complaint essentially argues that those  
2 individuals, including Jaffe, were the “true source” of funds that were transferred to Tread  
3 Standard and Tierranueva so that the LLCs could then make contributions to the Committee.<sup>15</sup>  
4 The Complaint also claims that the Committee knowingly accepted, and the LLCs knowingly  
5 facilitated, those contributions in the name of another.

6 The Complaint also alleges that the two LLCs met the Act’s threshold for political  
7 committee status and were therefore required to register and report as committees. It claims that  
8 public reports “strongly suggest that [the LLCs] have met the two-prong test” in that each  
9 entity’s major purpose was to influence the presidential candidacy of Jeb Bush and each raised in  
10 excess of \$1,000 in contributions.<sup>16</sup> In support of the latter point, the Complaint concludes that  
11 “[g]iven the lack of any revenue or income streams that would have allowed either [LLC] to give  
12 those donations on their own, the donations they provided to Right to Rise must have come from  
13 outside sources.”<sup>17</sup>

14 The Committee filed a Response denying the allegations and arguing that the Complaint  
15 provides no evidentiary support for its claims. The Committee also claims to have safeguards  
16 and controls to ensure the timely and accurate disclosure of all contributions, which have at all  
17 times complied with the Act and the Commission’s regulations.<sup>18</sup>

18 Tread Standard also filed a Response, which claims that the allegations are meritless and  
19 that it acted on the advice of counsel — though it does not specify whether Bilzin Sumberg or  
20 other counsel supplied that advice — in making its contribution to the Committee. The

---

<sup>15</sup> See Compl. at 4.

<sup>16</sup> See *id.* at 6.

<sup>17</sup> *Id.*

<sup>18</sup> See Right to Rise USA, Inc. Resp. at 2.

1 Response cites the Supreme Court's decision in *Citizens United* to support its view that entities  
2 like Tread Standard have a constitutionally-protected right to contribute to independent-  
3 expenditure-only political committees, such as Right to Rise USA.<sup>19</sup> The Response contends,  
4 therefore, that the Complaint fails to allege conduct violating "any law, rule or regulation."<sup>20</sup>  
5 Tread Standard does not, however, provide substantive facts or arguments to support its  
6 summary denial of the allegations in the Complaint.

7 Tierranueva did not file a Response, although it too designated Bilzin Sumberg as its  
8 counsel. Jonathan Jaffe also did not file a Response.

### 9 III. FACTUAL AND LEGAL ANALYSIS

#### 10 A. Legal Standard

##### 11 1. Contributions in the Name of Another

12 The Act provides that a contribution includes "any gift, subscription, loan, advance, or  
13 deposit of money or anything of value made by any person for the purpose of influencing any  
14 election for Federal office."<sup>21</sup> The term "person" for purposes of the Act and Commission  
15 regulations includes partnerships, corporations, and "any other organization or group of  
16 persons."<sup>22</sup> The law prohibits a person from making a contribution in the name of another  
17 person, knowingly permitting his or her name to be used to effect such a contribution, or

<sup>19</sup> See *Citizens United v. FEC*, 558 U.S. 310 (2010).

<sup>20</sup> See Tread Standard Resp. at 1.

<sup>21</sup> 52 U.S.C. § 30101(8)(A).

<sup>22</sup> *Id.* § 30101(11); 11 C.F.R. § 100.10. To promote the limits on the amount that any one person may contribute to a candidate in a given election cycle, the Act directs that "all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate." 52 U.S.C. § 30116(a)(8). The Commission has implemented that provision through its earmarking regulation. See 11 C.F.R. § 110.6. Like the statutory provision it implements, the regulation applies only to "contributions by a person made on behalf of or to a candidate." *Id.* By their terms, neither the earmarking provision of the Act nor the Commission's implementing regulation reaches contributions made to independent-expenditure-only political committees, as implicated in this matter.

1 knowingly accepting such a contribution.<sup>23</sup> The Commission has included in its regulations  
2 illustrations of activities that constitute making a contribution in the name of another:

- 3 (i) Giving money or anything of value, all or part of which was provided  
4 to the contributor by another person (the true contributor) without  
5 disclosing the source of money or the thing of value to the recipient  
6 candidate or committee at the time the contribution is made; or
- 7 (ii) Making a contribution of money or anything of value and attributing  
8 as the source of the money or thing of value another person when in  
9 fact the contributor is the source.<sup>24</sup>

10 The requirement that a contribution be made in the name of its true source promotes  
11 Congress's objective of ensuring the complete and accurate disclosure by candidates and  
12 committees of the political contributions they receive.<sup>25</sup> Courts therefore have uniformly  
13 rejected the assertion that "only the person who actually transmits funds . . . makes the  
14 contribution,"<sup>26</sup> recognizing that "it is implausible that Congress, in seeking to promote  
15 transparency, would have understood the relevant contributor to be [an] intermediary who

---

<sup>23</sup> 52 U.S.C. § 30122. We recently circulated a report that discusses contributions in the name of another in the context of LLC contributions to Super PACs. *See* First Gen. Counsel's Report, MUR 6930 (Prakazrel "Pras" Michel, *et al.*). In MUR 6930, we concluded that the record, considered as a whole, indicated that the LLC, not the individual who owned and operated it, functioned as the true source of the contributed funds, because (1) the LLC was created and used primarily for business purposes, not to make political contributions; (2) the contributions were funded with the proceeds of the LLC's operations and investments, not a transfer of funds from the owner's personal accounts; and (3) the owner did not seek to use the LLC to evade the Act's disclosure requirements. Accordingly, we recommended that the Commission find no reason to believe that Respondents violated § 30122. The Commission was equally divided on that issue, however, and closed the file. *See* Certification, MUR 6930 (Prakazrel "Pras" Michel, *et al.*) (Feb. 25, 2016). The Commission could not reach a decision on this issue in several other recently closed matters. *See* Certification, MUR 6485 (W Spann LLC, *et al.*) (Feb. 25, 2016); Certification, MUR 6487/6488 (F8 LLC, *et al.*) (Feb. 24, 2016); Certification, MUR 6711 (Specialty Investment Group, *et al.*) (Feb. 24, 2016).

<sup>24</sup> 11 C.F.R. § 110.4(b)(2)(i)-(ii).

<sup>25</sup> *United States v. O'Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) ("[T]he congressional purpose behind [Section 30122] — to ensure the complete and accurate disclosure of the contributors who finance federal elections — is plain.") (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

<sup>26</sup> *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

1 merely transmitted the campaign gift.”<sup>27</sup> Consequently, both the Act and the Commission’s  
2 implementing regulations provide that a person who furnishes another with funds for the purpose  
3 of contributing to a candidate or committee “makes” the resulting contribution.<sup>28</sup> This is true  
4 whether funds are advanced to another person to make a contribution in that person’s name or  
5 promised as reimbursement of a solicited contribution.<sup>29</sup> Because the concern of the law is the  
6 true source from which a contribution to a candidate or committee originates, we look to the  
7 structure of the transaction itself and the arrangement between the parties to determine who in  
8 fact “made” a given contribution.<sup>30</sup>

## 9 2. Political Committee Status

10 The Act defines a political committee as “any committee, club, association, or other  
11 group of persons” that receives aggregate contributions or makes aggregate expenditures in  
12 excess of \$1,000 during a calendar year.<sup>31</sup> Notwithstanding the threshold for contributions and  
13 expenditures, an organization will be considered a political committee only if its “major purpose

<sup>27</sup> *O'Donnell*, 608 F.3d at 554; see also *Citizens United*, 558 U.S. at 371 (“The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”); *Doe v. Reed*, 561 U.S. 186, 199 (2010) (“Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.”).

<sup>28</sup> See *Boender*, 649 F.3d at 660 (holding that to determine who made a contribution “we consider the giver to be the source of the gift, not any intermediary who simply conveys the gift from the donor to the donee.” (emphasis added)); *O'Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) (“The Act prohibits the use of ‘conduits’ to circumvent . . . [the Act’s reporting] restrictions.” (quoting then-Section 441f)).

<sup>29</sup> *O'Donnell*, 608 F.3d at 555. Moreover, the “key issue . . . is the source of the funds” and, therefore, the legal status of the funds when conveyed from a conduit to the ultimate recipient is “irrelevant to a determination of who ‘made’ the contribution for the purposes of [Section 30122].” *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (holding that defendant’s “unconditional gifts” to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

<sup>30</sup> As the court in *O'Donnell* acknowledged, the Commission’s earmarking regulations require the entire amount of a contribution to be attributed to both the actual source and the intermediary if the intermediary also exercises direction and control “over the choice of the recipient candidate.” 11 C.F.R. § 110.6(d); *O'Donnell*, 608 F.3d at 550 n.2. Those regulations, however, do not apply to contributions made to an independent-expenditure-only political committee.

<sup>31</sup> 52 U.S.C. § 30101(4)(A).



1 is Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate).<sup>32</sup> Political  
2 committees are required to register with the Commission, meet organizational and recordkeeping  
3 requirements, and file periodic disclosure reports.<sup>33</sup>

4 **B. There is Reason to Believe that Tread Standard LLC May Not Have Been**  
5 **the "True Source" of the \$150,000 Contribution to the Committee**

6 On balance, the record in this case raises a reasonable inference that Tread Standard may  
7 not have been the true source of the funds that it gave to the Committee. Instead, it appears to  
8 have been used as a conduit, possibly by Jaffe or others at Lennar. In particular, the events  
9 preceding the contribution suggest that one or more Lennar executives may have funded that  
10 entity specifically to make a contribution.

11 On February 12, 2015, four members of Lennar's leadership team — including Jaffe,  
12 Lennar's COO and Vice President, and Stuart Miller, Lennar's CEO — each made the  
13 maximum-permitted \$5,000 contribution to Right to Rise PAC, a multicandidate committee that  
14 supported Jeb Bush's presidential campaign and was formed the same day as the Committee.  
15 Lennar's CEO, Miller, made a \$100,000 contribution to the Committee on March 23, 2015. Two  
16 weeks later, Tierranueva, the LLC that listed Jaffe as its contact and was formed and managed by  
17 Rivero, gave the Committee \$25,000. Rivero then formed Tread Standard, which provided  
18 Lennar's address and a Lennar employee as its contact, approximately three weeks later. Seven  
19 weeks after that, on June 17, 2015, Tread Standard gave the Committee \$150,000. Tread  
20 Standard's only known address is Lennar's Miami headquarters, and it was formed by someone  
21 who also formed and managed another LLC for a Lennar executive.

<sup>32</sup> Political Committee Status: Supplemental Explanation and Justification, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007); see *Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.*, 479 U.S. 238, 262 (1986).

<sup>33</sup> See 52 U.S.C. §§ 30102; 30103; 30104.

1           Thus, because Tread Standard engaged in no known income-generating activities, and  
2 made a large contribution just seven weeks after being formed — at the tail end of a series of  
3 contributions by Lennar executives to the Committee and its closely-associated multicandidate  
4 PAC — the current record, viewed as a whole, raises a reasonable inference that the contribution  
5 may have been made with outside funds provided to it for that specific purpose.<sup>34</sup>

6           Moreover, the record contains no facts that tend to rebut this inference, by indicating,  
7 *e.g.*, that the LLC was created and used for purposes other than making a contribution; that the  
8 LLC made the contribution at issue with funds earned through its own operations; or that the  
9 LLC never received outside funds for the specific purpose of making a contribution.<sup>35</sup> The  
10 available facts do not indicate that Tread Standard generated income, made investments, held  
11 assets, or had the means to make a \$150,000 contribution without an infusion of outside funds.<sup>36</sup>

---

<sup>34</sup> The available record presents the possibility that Tierranueva made a contribution in its own name, as permitted under prevailing law, with funds that it obtained through the sale of property that previously belonged to Laurence Jaffe — a transaction that may have been entirely unrelated to this contribution — or another source of income. However, Jonathan Jaffe or another person could also have transferred \$25,000 to Tierranueva for it to contribute those funds to the Committee, *i.e.*, Tierranueva may have been both a legitimate holding company and a conduit for a one-time political contribution. Since the available record does not indicate how the Tierranueva contribution was funded and we may obtain additional facts relevant to that transaction, we recommend that the Commission take no action at this time concerning the Respondents associated with the Tierranueva contribution.

<sup>35</sup> See First Gen. Counsel's Report at 8–10, MUR 6930 (Prakazrel "Pras" Michel, *et al.*). In MUR 6930, the sole member of an LLC that contributed to an independent-expenditure-only political committee provided a detailed, sworn affidavit averring that the LLC was an active business entity used to collect and invest business income and assets, and any funds it held were not provided to it for the purpose of making the subsequent contributions at issue. Because that information was sufficient to rebut the allegations, this office recommended that the Commission make a no reason to believe finding. Here, by contrast, no evidence in the record adequately rebuts the allegations.

<sup>36</sup> See Statement of Reasons of Chairman Matthew S. Petersen and Commissioners Caroline C. Hunter and Lee E. Goodman at 12, MUR 6485 (W Spann LLC, *et al.*), MURs 6487/6488 (F8, LLC, *et al.*), MUR 6711 (Specialty Investment Group, Inc., *et al.*), MUR 6930 (SPM Holdings LLC, *et al.*) (Apr. 1, 2016) ("[T]he Commission will look at whether, for instance, there is evidence indicating that the corporate entity did not have income from assets, investment earnings, business revenues, or bona fide capital investments, or was created and operated for the sole purpose of making political contributions. These facts would suggest the corporate entity is a straw donor and not the true source of the contribution."); see also Statement of Reasons of Vice Chairman Steven T. Walther and Commissioners Ann M. Ravel and Ellen L. Weintraub at 4, MUR 6485 (W Spann LLC, *et al.*), MURs 6487/6488 (F8 LLC, *et al.*), MUR 6711 (Specialty Investment Group, Inc., *et al.*), MUR 6930 (Prakazrel "Pras" Michel, *et al.*) (Apr. 1, 2016) ("An LLC cannot act on its own; it must do so at the direction of a person. Where an individual is the source of the funds for a contribution and the LLC merely conveys the funds at the

1 An LLC is a separate "person" under the Act and is entitled, under prevailing law, to  
2 make contributions in its own name. But it must be the true source of the funds it contributes  
3 under Section 30122. Here, the available record, viewed as a whole, indicates that the \$150,000  
4 contribution may have been made by others, not the entity that facially appeared to make it,  
5 Tread Standard.<sup>37</sup> Accordingly, we recommend that the Commission find reason to believe that  
6 the Respondents associated with the Tread Standard contribution may have violated Section  
7 30122 and conduct an investigation. Although Tierranueva potentially had the financial  
8 resources to make a \$25,000 contribution without outside funds provided to it for that purpose,  
9 because we anticipate that our proposed investigation may uncover additional salient facts as to  
10 that transaction, we recommend that the Commission take no action at this time with respect to  
11 that contribution.

12 **C. The Commission Should Take No Action at this Time as to the Committee**

13 The available record does not indicate that the Committee knowingly accepted a  
14 contribution in the name of another. The Complaint's bald assertion that the Committee "was  
15 certainly aware of the individual(s) or entities that were the true source of the funds" is not  
16 supported by any factual information.<sup>38</sup> However, the proposed investigation may bring  
17 additional relevant facts to light, and the Committee may subsequently be required to amend its

---

direction of that person, the Act and Commission regulations require that the true source — the name of the individual rather than the name of the LLC — be disclosed as the contributor.”).

<sup>37</sup> The Complaint does not raise, and the record does not appear to indicate, possible violations arising under the Commission's attribution rules for LLC contributions, *see* 11 C.F.R. § 110.1(g). We will address that issue only if facts uncovered during the course of our investigation indicate that the contributions were not properly attributed under those regulations.

<sup>38</sup> Compl. at 5.

1 disclosure reports and refund or disgorge the contributions at issue in this matter.<sup>39</sup> Accordingly,  
2 we recommend that the Commission take no action at this time as to the Committee.<sup>40</sup>

3 **D. The Commission Should Take No Action at this Time as to the Allegations**  
4 **that the LLCs Were Required to Register and Report as Political Committees**

5 The Complaint alleges that Tread Standard and Tierranueva were required to register and  
6 report as political committees, arguing that the LLCs were both conduits *and* political  
7 committees. However, the available record supports a reasoned inference that at least one of the  
8 LLCs at issue may not have made any contributions itself and was just conveying the funds of  
9 the true contributors.<sup>41</sup> If further fact-finding supports this view, then that LLC would not satisfy  
10 the statutory threshold for political committee status.<sup>42</sup> Since we may obtain additional facts  
11 relevant to this issue, the Commission should take no action at this time with respect to these  
12 allegations.

<sup>39</sup> See 11 C.F.R. § 103.3(b)(2).

<sup>40</sup> In MUR 6485 (W Spann LLC, *et al.*), we recommended that the Commission find no reason to believe with respect to the committee that received an LLC contribution because the available information did not indicate that the committee was aware that an individual made the contribution through an intermediary and, moreover, when the committee became aware of that fact, it amended its disclosure report within ten days and thereby effectively remedied the violation. We also determined that because the individual behind the contribution had publicly acknowledged making it and was legally entitled to contribute those funds to the committee in his own name, there was little practical reason to require the committee to refund or disgorge the funds. See First Gen. Counsel's Report at 16 n.8, MUR 6485 (W Spann LLC, *et al.*). By contrast, in this matter — which is more analogous to the situation presented in MUR 6487/6488 (F8 LLC, *et al.*) — the recipient committee has not amended its disclosure report, since no individuals have acknowledged making the contributions at issue, and the Committee may subsequently be required to refund or disgorge the funds it received. See First Gen. Counsel's Report at 16, MUR 6487/6488 (F8 LLC, *et al.*) (“[The committee] may subsequently be required to refund or disgorge the contributions of [the LLC contributors]. Accordingly, we recommend that the Commission take no action at this time with respect to [the committee]. If we obtain information bearing on the question of [the committee's] liability . . . during the investigation, we will make appropriate further recommendations at that time.”). We therefore recommend that the Commission take no action at this time with respect to the Committee.

<sup>41</sup> See 52 U.S.C. § 30101(4)(A); First Gen. Counsel's Report at 14, MUR 6485 (W Spann LLC); see also Adv. Op. 1996-18 at 2-3 (Int'l Ass'n of Fire Fighters) (June 14, 1996) (“The conduit [account of labor union's separate segregated fund], therefore, is not accepting or making contributions for the purposes of the Act and is not a political committee that would have to report the receipt and disbursement of such funds.”).

<sup>42</sup> In addition, if further fact-finding reveals that either LLC made a legal contribution in its own name, if that entity is a *single-member* LLC, it nevertheless might not meet the statutory definition of a political committee, which is “any committee, club, association, or other group of persons.” 52 U.S.C. § 30101(4)(A).

1 **IV. PROPOSED INVESTIGATION**

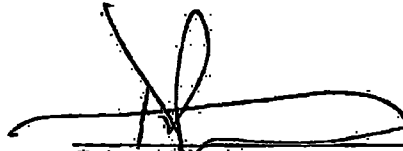
2 We propose to seek further information regarding the transactions that preceded the  
3 contributions at issue, *i.e.*, information indicating whether, and by whom, funds may have been  
4 directed to either LLC for the purpose of making a contribution. We also intend to seek further  
5 information about the ownership and operation of the LLCs and to obtain any communications  
6 between the Committee and the owners, officers, or agents of the LLCs regarding the  
7 contributions at issue. We will attempt to conduct our investigation through voluntary means,  
8 but we recommend that the Commission authorize the use of compulsory process.

9 **V. RECOMMENDATIONS**

- 10 1. Find reason to believe that Tread Standard LLC and unknown respondents violated  
11 52 U.S.C. § 30122;
- 12 2. Take no action at this time as to the allegations that Tierranueva LLC and unknown  
13 respondents violated 52 U.S.C. § 30122;
- 14 3. Take no action at this time as to the allegations that Jonathan Jaffe violated 52 U.S.C.  
15 § 30122;
- 16 4. Take no action at this time as to the allegations that Tread Standard LLC and  
17 Tierranueva LLC violated 52 U.S.C. §§ 30102, 30103, 30104.
- 18 5. Take no action at this time as to Right to Rise USA, Inc. and Charles R. Spies in his  
19 official capacity as treasurer;
- 20 6. Approve the attached Factual and Legal Analysis;
- 21 7. Authorize the use of compulsory process, as necessary; and

1 8. Approve the appropriate letters.

2 Date: 4/13/16

  
\_\_\_\_\_  
Daniel Petalas  
Acting General Counsel

5   
6 Kathleen Guith  
7 Acting Associate General Counsel for Enforcement

8   
9 Mark Shonkwiler  
10 Assistant General Counsel

11   
12 Saurav Ghosh  
13 Attorney

14 Attachments

15 Factual and Legal Analysis — Tread Standard LLC and unknown respondents

CONFIDENTIAL

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENT:** Tread Standard LLC  
4 Unknown Respondents

MUR: 6968

5  
6 **I. GENERATION OF MATTER**

7 This matter was generated by a complaint filed with the Federal Election Commission  
8 (“Commission”) by the American Democracy Legal Fund. See 52 U.S.C. § 30109(a)(1). Right  
9 to Rise USA, Inc. (“the Committee”), an independent-expenditure-only political committee  
10 supporting the 2016 presidential campaign of former Florida Governor Jeb Bush, received two  
11 contributions totaling \$175,000 that were attributed to Tread Standard LLC and Tierranueva LLC  
12 in the Committee’s disclosure reports. The Complaint in this matter alleges that the individuals  
13 who own or operate Tread Standard violated Section 30122 of the Federal Election Campaign  
14 Act of 1971, as amended (“Act”), by making a contribution in the name of the LLC, and that the  
15 LLC and the Committee also violated the Act by knowingly facilitating and accepting such a  
16 contribution. Finally, the Complaint claims that the LLC failed to register and report as a  
17 political committee, despite meeting the Act’s threshold for committee status.

18 For the reasons explained below, the Commission finds reason to believe that unknown  
19 respondents may have violated 52 U.S.C. § 30122 by making a contribution in the name of  
20 another, and Tread Standard LLC may have violated that same provision by knowingly  
21 permitting its name to be used to effect such a contribution.

1 **II. FACTUAL AND LEGAL ANALYSIS**

2 **A. Factual Background**

3 Right to Rise USA, Inc. is an independent-expenditure-only political committee that filed  
4 with the Commission on January 6, 2015, and Charles R. Spies is its treasurer of record.<sup>1</sup> The  
5 Committee received contributions of \$150,000 from Tread Standard LLC on June 17, 2015, and  
6 \$25,000 from Tierranueva LLC on April 8, 2015.<sup>2</sup> The Committee also received a \$100,000  
7 contribution from Stuart Miller, Chief Executive Officer of Lennar Corporation (“Lennar”), a  
8 Miami-based real estate development company, on March 23, 2015.<sup>3</sup>

9 Tread Standard LLC was organized in Delaware on April 30, 2015, and its registered  
10 agent is The Corporation Trust Company in Wilmington, Delaware.<sup>4</sup> The Committee did not  
11 disclose Tread Standard’s address as required in its disclosure report filed with the Commission,  
12 and public documents do not list an address for the entity.<sup>5</sup> The LLC’s organizing paperwork  
13 was filed by Vivian Rivero, a paralegal at Bilzin Sumberg, the law firm in Miami, Florida that  
14 represents both LLCs in this matter, but neither she nor partner Brian Bilzin would publicly  
15 confirm that they had any connection to Tread Standard.<sup>6</sup> Tread Standard’s owners are not

<sup>1</sup> Right to Rise USA, Inc., Statement of Organization at 1.

<sup>2</sup> See Right to Rise USA, Inc., 2015 Mid-Year Report at 1414, 1416.

<sup>3</sup> See Right to Rise USA, Inc., 2015 Amended Mid-Year Report at 776. Miller had previously contributed \$5,000 on February 12, 2015, to Right to Rise PAC, Inc., a multicandidate committee that supported Jeb Bush’s presidential campaign and which filed with the Commission on January 6, 2015 — the same day as Right to Rise USA, Inc. Three other members of the Lennar leadership team also made \$5,000 contributions to Right to Rise PAC on the same day, Feb. 12, 2015: Jonathan Jaffe, Chief Operating Officer and Vice President of Lennar, Richard Beckwitt, President of Lennar, and Eric Feder, Chief Executive Officer of Lennar Commercial. See Right to Rise PAC, Inc., 2015 Amended Mid-Year Report at 43 (Beckwitt), 186 (Feder), 299 (Jaffe), 422 (Miller).

<sup>4</sup> “Tread Standard LLC” Dun & Bradstreet Public Record Search.

<sup>5</sup> See Right to Rise USA, Inc., 2015 Mid-Year Report at 1416.

<sup>6</sup> See Michael C. Bender, Donation to Pro-Bush Super-PAC Tied to Florida Homebuilder, BLOOMBERG NEWS (Sept. 1, 2015, 5:00 AM), <http://www.bloomberg.com/politics/articles/2015-09-01/donation-to-pre-bush-super-pac-tied-to-florida-home-builder>; Zachary Mider, Masked Donations to Jeb Bush Super-PAC Lead to Miami



1 known, and its tax election status is unclear.<sup>7</sup> Tread Standard listed Rebecca Mueller, a Lennar  
2 employee, as its agent on its Designation of Counsel form.<sup>8</sup>

3 Tierranueva LLC was organized in Florida on December 6, 2011, by Rivero, who also  
4 serves as its registered agent and manager, and was authorized to convey property on the LLC's  
5 behalf and sign its annual reports.<sup>9</sup> Tierranueva shares a street address with Bilzin Sumberg,  
6 where Rivero works.<sup>10</sup> Tierranueva also has ties to Jonathan Jaffe,<sup>11</sup> the Chief Operating Officer  
7 and Vice President of Lennar: Jaffe allegedly "shared a Laguna Beach, Ca. address with  
8 Tierranueva," and in January 2012 the LLC purchased a home owned by his father, Laurence  
9 Jaffe, which it sold less than two months before making the contribution at issue.<sup>12</sup> Tierranueva

---

Paralegal, BLOOMBERG NEWS (Aug. 25, 2015, 6:04 PM), <http://www.bloomberg.com/politics/articles/2015-08-25/masked-super-pac-donations-to-jeb-bush-super-pac-lead-to-miami-paralegal>.

<sup>7</sup> The Complaint claims that Tread Standard was "formed" in April 2015, but also states that the paralegal at Bilzin Sumberg (presumably, Ms. Rivero) "filed the documents that incorporated Tread Standard," leaving it unclear whether it is taxed as a corporation or a partnership (a tax-disregarded entity). See Compl. at 3. Tread Standard's Response appears to confirm, however, that the entity "is a corporation." Tread Standard Resp. at 1.

<sup>8</sup> See Tread Standard LLC, Designation of Counsel Form. The address for Rebecca Mueller provided on the form, "700 NW 107th Ave., Miami, FL 33172," is Lennar's Miami headquarters, according to its website and Florida state business records. Mueller's email address on the form is Rebecca.Mueller@lennar.com, and her telephone number is a 305 area code, which covers the Miami area in which Lennar is located.

<sup>9</sup> "Tierranueva LLC" Dun & Bradstreet Public Record Search Report. See Bender, *supra*; Mider, *supra*; see *infra* note 12.

<sup>10</sup> See Tread Standard Resp. at 1; Right to Rise USA, Inc., 2015 Mid-Year Report at 1414.

<sup>11</sup> In the 2016 election cycle, Jaffe made personal contributions to Jeb Bush's authorized committee and Right to Rise PAC, Inc., a multicandidate committee that also supported Jeb Bush's presidential campaign. See Jeb 2016, Inc., Amended July 2015 Quarterly Report at 720 (authorized committee); Right to Rise PAC, Inc., 2015 Mid-Year Report at 299 (multicandidate committee). Stuart Miller, Lennar's CEO, and David Kaiserman, President of Lennar Ventures, also both contributed \$2,700 to Jeb Bush's authorized committee in June 2015. See Jeb 2016, Inc., Amended July 2015 Quarterly Report at 763 (Kaiserman), 1027 (Miller).

<sup>12</sup> Bender, *supra*. Florida public records indicate that Tierranueva bought the property at 12660 SW 69th Ct., Pinecrest, FL, for \$760,000 on January 18, 2012, from Laurence Jaffe; it sold the property for \$765,000 on February 13, 2015, to its current owner. See Florida Property Info., Folio # 20-5014-035-0180, <http://www.miamidade.gov/propertysearch> (last viewed Jan. 28, 2015); see also Florida Property Record Card, Folio # 20-5014-035-0180, <http://www.miamidade.gov/PaPortal/PRC/PRCdisplay.aspx?prcYear=2015&prcFol=2050140350180> (last viewed Jan. 28, 2015). Vivian Rivero signed the Warranty Deed conveying the property to its current owner as "Manager" on behalf of Tierranueva.

1 listed Jonathan Jaffe as its agent on its Designation of Counsel form.<sup>13</sup> If Tierranueva has other  
2 owners, they are not known, and its tax election status is uncertain.<sup>14</sup>

### 3 B. Legal Standard

#### 4 1. Contributions in the Name of Another

5 The Act provides that a contribution includes “any gift, subscription, loan, advance, or  
6 deposit of money or anything of value made by any person for the purpose of influencing any  
7 election for Federal office.”<sup>15</sup> The term “person” for purposes of the Act and Commission  
8 regulations includes partnerships, corporations, and “any other organization or group of  
9 persons.”<sup>16</sup> The law prohibits a person from making a contribution in the name of another  
10 person, knowingly permitting his or her name to be used to effect such a contribution, or  
11 knowingly accepting such a contribution.<sup>17</sup> The Commission has included in its regulations  
12 illustrations of activities that constitute making a contribution in the name of another:

<sup>13</sup> Tierranueva LLC, Designation of Counsel Form. Jaffe signed the form and provided his Lennar email address, Jon.Jaffe@Lennar.com.

<sup>14</sup> Although the Complaint offers that Tierranueva was “incorporated” in 2011 it is not clear that the use of that term indicates that it elected corporate tax treatment under the Internal Revenue Code. *See* Compl. at 3.

<sup>15</sup> 52 U.S.C. § 30101(8)(A).

<sup>16</sup> *Id.* § 30101(11); 11 C.F.R. § 100.10. To promote the limits on the amount that any one person may contribute to a candidate in a given election cycle, the Act directs that “all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate.” 52 U.S.C. § 30116(a)(8). The Commission has implemented that provision through its earmarking regulation. *See* 11 C.F.R. § 110.6. Like the statutory provision it implements, the regulation applies only to “contributions by a person made on behalf of or to a candidate.” *Id.* By their terms, neither the earmarking provision of the Act nor the Commission’s implementing regulation reaches contributions made to independent-expenditure-only political committees, as implicated in this matter.

<sup>17</sup> 52 U.S.C. § 30122. In MUR 6930 (Prakazrel “Pras” Michel, et al.), the Office of the General Counsel (“OGC”) concluded that the record, considered as a whole, indicated that the LLC, not the individual who owned and operated it, functioned as the true source of the contributed funds, because (1) the LLC was created and used primarily for business purposes, not to make political contributions; (2) the contributions were funded with the proceeds of the LLC’s operations and investments, not a transfer of funds from the owner’s personal accounts; and (3) the owner did not seek to use the LLC to evade the Act’s disclosure requirements. Accordingly, OGC recommended that the Commission find no reason to believe that Respondents violated § 30122. *See* First Gen. Counsel’s Report, MUR 6930 (Prakazrel “Pras” Michel, et al.). The Commission was equally divided on that issue,

- 1 (i) Giving money or anything of value, all or part of which was provided  
2 to the contributor by another person (the true contributor) without  
3 disclosing the source of money or the thing of value to the recipient  
4 candidate or committee at the time the contribution is made; or  
5  
6 (ii) Making a contribution of money or anything of value and attributing as  
7 the source of the money or thing of value another person when in fact  
8 the contributor is the source.<sup>18</sup>  
9

10 The requirement that a contribution be made in the name of its true source promotes  
11 Congress's objective of ensuring the complete and accurate disclosure by candidates and  
12 committees of the political contributions they receive.<sup>19</sup> Courts therefore have uniformly rejected  
13 the assertion that "only the person who actually transmits funds . . . makes the contribution,"<sup>20</sup>  
14 recognizing that "it is implausible that Congress, in seeking to promote transparency, would have  
15 understood the relevant contributor to be [an] intermediary who merely transmitted the campaign  
16 gift."<sup>21</sup> Consequently, both the Act and the Commission's implementing regulations provide that  
17 a person who furnishes another with funds for the purpose of contributing to a candidate or  
18 committee "makes" the resulting contribution.<sup>22</sup> This is true whether funds are advanced to

---

however, and closed the file. See Certification, MUR 6930 (Prakazrel "Pras" Michel, et al.) (Feb. 25, 2016). The Commission could not reach a decision on this issue in several other recently closed matters. See Certification, MUR 6485 (W Spann LLC, et al.) (Feb. 25, 2016); Certification, MUR 6487/6488 (F8 LLC, et al.) (Feb. 24, 2016); Certification, MUR 6711 (Specialty Investment Group, et al.) (Feb. 24, 2016).

<sup>18</sup> 11 C.F.R. § 110.4(b)(2)(i)–(ii).

<sup>19</sup> *United States v. O'Donnell*, 608 F.3d 546, 553 (9th Cir. 2010) ("[T]he congressional purpose behind [Section 30122] — to ensure the *complete and accurate disclosure* of the contributors who finance federal elections — is plain.") (emphasis added); *Mariani v. United States*, 212 F.3d 761, 775 (3d Cir. 2000) (rejecting constitutional challenge to Section 30122 in light of compelling governmental interest in disclosure).

<sup>20</sup> *United States v. Boender*, 649 F.3d 650, 660 (7th Cir. 2011).

<sup>21</sup> *O'Donnell*, 608 F.3d at 554; see also *Citizens United*, 558 U.S. at 371 ("The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."); *Doe v. Reed*, 561 U.S. 186, 199 (2010) ("Public disclosure also promotes transparency and accountability in the electoral process to an extent other measures cannot.").

<sup>22</sup> See *Boender*, 649 F.3d at 660 (holding that to determine who made a contribution "we consider the giver to be the *source* of the gift, not any intermediary who simply conveys the gift from the donor to the donee." (emphasis

1 another person to make a contribution in that person's name or promised as reimbursement of a  
2 solicited contribution.<sup>23</sup> Because the concern of the law is the true source from which a  
3 contribution to a candidate or committee originates, the Commission must look to the structure of  
4 the transaction itself and the arrangement between the parties to determine who in fact "made" a  
5 given contribution.<sup>24</sup>

## 6 2. Political Committee Status

7 The Act defines a political committee as "any committee, club, association, or other  
8 group of persons" that receives aggregate contributions or makes aggregate expenditures in  
9 excess of \$1,000 during a calendar year.<sup>25</sup> Notwithstanding the threshold for contributions and  
10 expenditures, an organization will be considered a political committee only if its "major purpose  
11 is Federal campaign activity (*i.e.*, the nomination or election of a Federal candidate)."<sup>26</sup> Political  
12 committees are required to register with the Commission, meet organizational and recordkeeping  
13 requirements, and file periodic disclosure reports.<sup>27</sup>

---

added); *O'Donnell*, 608 F.3d at 550; *Goland v. United States*, 903 F.2d 1247, 1251 (9th Cir. 1990) ("The Act prohibits the use of 'conduits' to circumvent . . . [the Act's reporting] restrictions." (quoting then-Section 441f)).

<sup>23</sup> *O'Donnell*, 608 F.3d at 555. Moreover, the "key issue . . . is the *source* of the funds" and, therefore, the legal status of the funds when conveyed from a conduit to the ultimate recipient is "irrelevant to a determination of who 'made' the contribution for the purposes of [Section 30122]." *United States v. Whittemore*, 776 F.3d 1074, 1080 (9th Cir. 2015) (holding that defendant's "unconditional gifts" to relatives and employees, along with suggestion they contribute the funds to a specific political committee, violated Section 30122 because the source of the funds remained the individual who provided them to the putative contributors).

<sup>24</sup> As the court in *O'Donnell* acknowledged, the Commission's earmarking regulations require the entire amount of a contribution to be attributed to both the actual source and the intermediary if the intermediary also exercises direction and control "over the choice of the recipient candidate." 11 C.F.R. § 110.6(d); *O'Donnell*, 608 F.3d at 550 n.2. These regulations, however, do not apply to contributions made to an independent-expenditure-only political committee.

<sup>25</sup> 52 U.S.C. § 30101(4)(A).

<sup>26</sup> Political Committee Status: Supplemental Explanation and Justification, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007); see *Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.*, 479 U.S. 238, 262 (1986).

<sup>27</sup> See 52 U.S.C. §§ 30102; 30103; 30104.

1           **C. Discussion**

2           1. There is Reason to Believe that Tread Standard LLC May Not Have Been the  
3           "True Source" of the \$150,000 Contribution to the Committee

4           On balance, the record in this case raises a reasonable inference that Tread Standard may  
5           not have been the true source of the funds that it gave to the Committee. Instead, it appears to  
6           have been used as a conduit, possibly by Jaffe or others at Lennar. In particular, the events  
7           preceding the contribution suggest that one or more Lennar executives may have funded that  
8           entity specifically to make a contribution.

9           On February 12, 2015, four members of Lennar's leadership team — including Jaffe,  
10          Lennar's COO and Vice President, and Stuart Miller, Lennar's CEO — each made the  
11          maximum-permitted \$5,000 contribution to Right to Rise PAC, a multicandidate committee that  
12          supported Jeb Bush's presidential campaign and was formed the same day as the Committee.  
13          Lennar's CEO, Miller, made a \$100,000 contribution to the Committee on March 23, 2015. Two  
14          weeks later, Tierranueva, the LLC that listed Jaffe as its contact and was formed and managed by  
15          Rivero, gave the Committee \$25,000. Rivero then formed Tread Standard, which provided  
16          Lennar's address and a Lennar employee as its contact, approximately three weeks later. Seven  
17          weeks after that, on June 17, 2015, Tread Standard gave the Committee \$150,000. Tread  
18          Standard's only known address is Lennar's Miami headquarters, and it was formed by someone  
19          who also formed and managed another LLC for a Lennar executive.

20          Thus, because Tread Standard engaged in no known income-generating activities, and  
21          made a large contribution just seven weeks after being formed — at the tail end of a series of  
22          contributions by Lennar executives to the Committee and its closely-associated multicandidate

1 PAC — the current record, viewed as a whole, raises a reasonable inference that the contribution  
2 may have been made with outside funds provided to it for that specific purpose.

3 Moreover, the record contains no facts that tend to rebut this inference, by indicating, *e.g.*,  
4 that the LLC was created and used for purposes other than making a contribution; that the LLC  
5 made the contribution at issue with funds earned through its own operations; or that the LLC  
6 never received outside funds for the specific purpose of making a contribution.<sup>28</sup> The available  
7 facts do not indicate that Tread Standard generated income, made investments, held assets, or had  
8 the means to make a \$150,000 contribution without an infusion of outside funds.<sup>29</sup>

9 An LLC is a separate “person” under the Act and is entitled, under prevailing law, to  
10 make contributions in its own name. But it must be the true source of the funds it contributes  
11 under Section 30122. Here, the available record, viewed as a whole, indicates that the \$150,000  
12 contribution may have been made by others, not the entity that facially appeared to make it,  
13 Tread Standard. Accordingly, the Commission finds reason to believe that Tread Standard LLC  
14 and unknown respondents may have violated 52 U.S.C. § 30122.

---

<sup>28</sup> See First Gen. Counsel’s Report at 8–10, MUR 6930 (Prakazrel “Pras” Michel, *et al.*). In MUR 6930, the sole member of an LLC that contributed to an independent-expenditure-only political committee provided a detailed, sworn affidavit averring that the LLC was an active business entity used to collect and invest business income and assets, and any funds it held were not provided to it for the purpose of making the subsequent contributions at issue. Because that information was sufficient to rebut the allegations, OGC recommended that the Commission make a no reason to believe finding. Here, by contrast, no evidence in the record adequately rebuts the allegations.

<sup>29</sup> See Statement of Reasons of Chairman Matthew S. Petersen and Commissioners Caroline C. Hunter and Lee E. Goodman at 12, MUR 6485 (W Spann LLC, *et al.*), MURs 6487/6488 (F8, LLC, *et al.*), MUR 6711 (Specialty Investment Group, Inc., *et al.*), MUR 6930 (SPM Holdings LLC, *et al.*) (Apr. 1, 2016) (“[T]he Commission will look at whether, for instance, there is evidence indicating that the corporate entity did not have income from assets, investment earnings, business revenues, or bona fide capital investments, or was created and operated for the sole purpose of making political contributions. These facts would suggest the corporate entity is a straw donor and not the true source of the contribution.”); see also Statement of Reasons of Vice Chairman Steven T. Walther and Commissioners Ann M. Ravel and Ellen L. Weintraub at 4, MUR 6485 (W Spann LLC, *et al.*), MURs 6487/6488 (F8 LLC, *et al.*), MUR 6711 (Specialty Investment Group, Inc., *et al.*), MUR 6930 (Prakazrel “Pras” Michel, *et al.*) (Apr. 1, 2016) (“An LLC cannot act on its own; it must do so at the direction of a person. Where an individual is the source of the funds for a contribution and the LLC merely conveys the funds at the direction of that

1                   2. The Commission Takes No Action at this Time as to the Allegation that Tread  
2                   Standard Was Required to Register and Report as a Political Committee

3                   The Complaint alleges that Tread Standard was required to register and report as a  
4                   political committee, arguing that the LLC was both a conduit *and* a political committee.  
5                   However, the available record supports a reasoned inference that Tread Standard may not have  
6                   made any contributions itself and was just conveying the funds of the true contributors.<sup>30</sup> If  
7                   further fact-finding supports this view, then Tread Standard would not satisfy the statutory  
8                   threshold for political committee status. Since additional facts relevant to this issue may come to  
9                   light through further fact-finding, the Commission takes no action at this time with respect to this  
10                  allegation.

---

person, the Act and Commission regulations require that the true source — the name of the individual rather than the name of the LLC — be disclosed as the contributor.”).

<sup>30</sup> See 52 U.S.C. § 30101(4)(A); First Gen. Counsel’s Report at 14, MUR 6485 (W Spann LLC); *see also* Adv. Op. 1996-18 at 2-3 (Int’l Ass’n of Fire Fighters) (June 14, 1996) (“The conduit [account of labor union’s separate segregated fund], therefore, is not accepting or making contributions for the purposes of the Act and is not a political committee that would have to report the receipt and disbursement of such funds.”).