



FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 17, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Noah Bookbinder
Executive Director
Citizens for Responsibility and Ethics in Washington
455 Massachusetts Ave, N.W.
Sixth Floor
Washington, DC 20001

RE: MUR 6713

Dear Mr. Bookbinder:

On June 6, 2017, the Federal Election Commission reviewed the allegations in your complaint dated January 8, 2013, and found that there is no reason to believe the respondents violated 52 U.S.C. § 30122. Accordingly, the Commission closed the file in this matter.

Documents related to the case will be placed on the public record within 30 days. See Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016), effective September 1, 2016. The Factual and Legal Analysis, which more fully explains the Commission's finding, is enclosed.

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 52 U.S.C. § 30109(a)(8).

Sincerely,

Lisa J. Stevenson
Acting General Counsel

A handwritten signature in black ink, appearing to read "Lynn Y. Tran", is written over the typed name of the Assistant General Counsel.

BY: Lynn Y. Tran
Assistant General Counsel

Enclosure
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**
2
3 **FACTUAL AND LEGAL ANALYSIS**
4

5 MUR: 6713
6

7 **RESPONDENTS:** Sherry L. Huff

8 Carey Vaughn Brown

9 Account Pros, Inc.

10 Credit Protection Depot

11 Credit Payment Services

12 Energy Way Corp.

13 Republican Union PAC and James Harmon in his official capacity as
14 treasurer

15 James Harmon in his individual capacity

16 **I. INTRODUCTION**

17 The Complaint in this matter alleges that Carey Vaughn Brown, Account Pros, Inc.,
18 Credit Protection Depot, Credit Payment Services, Energy Way Corp., or another company
19 owned or controlled by Brown, made a \$1 million contribution to Republican Union PAC in July
20 2012 in Sherry L. Huff's name in violation of 52 U.S.C. § 30122. The Complaint also alleges
21 that Huff violated section 30122 by knowingly permitting her name to be used to make the
22 contribution, and that Republican Union PAC and James Harmon personally and in his official
23 capacity as treasurer violated section 30122 by knowingly accepting the illegal contribution. The
24 Complaint further alleges that each violation was knowing and willful.

25 As discussed below, the available information indicates that Huff was the true source of
26 the \$1 million contribution to Republican Union PAC. Accordingly, the Commission finds no
27 reason to believe Respondents violated 52 U.S.C. § 30122 and closes the file.

II. FACTUAL BACKGROUND

Republican Union PAC filed a Statement of Organization as an independent expenditure-only political committee with the Commission on July 30, 2012,¹ the same day it reported making a \$950,000 independent expenditure opposing President Obama's reelection.² According to its regular reports filed with the Commission, Republican Union PAC received only two itemized contributions during 2012: a \$500 contribution from an individual in California and the \$1 million contribution from Huff that is the subject of this matter.³

At the time of the contribution at issue, Brown operated an online payday loan business involving a web of corporate entities, including each of the corporate respondents in this matter.⁴ Sherry Huff was his first employee, and she came to serve as an employee, officer, or director of several entities allegedly controlled by Brown.⁵ In addition, Huff was the sole owner of three of these entities: Credit Protection Depot, Account Pros, and Envision Management.

Information available to the Commission indicates that in approximately 2005, Brown determined that he needed someone independent to service the loan accounts initiated by one of his companies, Credit Payment Services. Huff obtained a line of credit and created Credit Protection Depot in Nevada in 2005 to purchase loans from Credit Payment Services at a

¹ Statement of Organization, *available at* <http://docquery.fec.gov/pdf/297/12030863297/12030863297.pdf>.

² 24/48 Hour Notice of Independent Expenditures, *available at* <http://docquery.fec.gov/pdf/913/12952602913/12952602913.pdf#navpanes=0> (Aug. 1, 2012).

³ October 2012 Quarterly Report, *available at* <http://docquery.fec.gov/pdf/590/13940229590/13940229590.pdf>; 2012 Post-General, *available at* <http://docquery.fec.gov/pdf/354/12962889354/12962889354.pdf>; 2012 Year-End, *available at* <http://docquery.fec.gov/pdf/435/13940099435/13940099435.pdf>.

⁴ Compl. at 4.

⁵ *Id.* at 6, Exs. E, G, I; Huff Resp. at 2, 8 (confirming that Huff has "a role" in Account Pros, Inc, Credit Protection Depot, Credit Payment Services, and Energy Way Corp.); *id.*, Attach. D (describing Huff as an employee of both Account Pros, Inc. and Credit Protection Depot).

1 premium and service the accounts.⁶ Although Brown may have served as an officer of Credit
2 Protection Depot after its establishment, it appears that his role was limited, and that Huff owned
3 and controlled Credit Protection Depot.⁷ Credit Protection Depot reported gross receipts of
4 \$416,702,514 and total income of \$18,721,374 on its 2011 tax return.⁸

5 According to Respondents, on June 27, 2012, Credit Protection Depot wired \$1 million
6 into Huff's personal bank account at Regions Bank.⁹ Respondents state that on July 2 and July
7 3, 2012, Huff withdrew a total of \$1 million from the account in two separate transactions,¹⁰ and
8 on July 13, 2012, deposited the entire amount into a new account at Cornerstone Community
9 Bank.¹¹

10 Meanwhile, Steve Steele, Huff's representative, contacted Republican Union PAC
11 sometime in "early July 2012"; mutual acquaintances introduced Steele to the PAC.¹² According

⁶ Huff Resp., Ex. 3.

⁷ *Id.* at 6; *id.*, Ex. 2 (showing a stock certificate issuing 75,000 Common Shares to Huff on January 21, 2010); *id.*, Ex. 3 (showing Huff as the sole owner of the corporation's voting stock on its 2011 tax return); *id.*, Ex. 1 (listing Huff as the corporation's sole director in its bylaws as of January 24, 2011). In September 2013, Brown purchased Credit Protection Depot and Account Pros from Huff for approximately \$6 million. On February 25, 2016, it dissolved. See Nevada Secretary of State, Business Entity Search, <http://nvsos.gov/sosentitysearch/corpActions.aspx?lx8nvq=n8g%252foZRC%252bXgWK6QaPQesRA%253d%253d&CorpName=CREDIT+PROTECTION+DEPOT%2c+INC> (last visited Mar. 1, 2017). Account Pros, Inc., Energy Way Corporation, and Credit Payment Services have also dissolved.

⁸ Huff Resp., Ex. 3.

⁹ *Id.* at 6. Although the Huff Response states that the total was \$1 million, it appears that she actually withdrew \$1.7 million in order to cover tax obligations.

¹⁰ *Id.*

¹¹ *Id.* According to Huff, "such a large deposit" inspired Regions Bank to contact "banking regulators" (which would eventually include the Secret Service), place a hold on the funds, and refuse to wire the funds to any third party. *Id.* According to Huff, despite the Secret Service's conclusion that the transaction was proper, Regions Bank still would not transfer the funds to any third party. *Id.* As a result, Huff switched opened the new account at Cornerstone Community Bank. *Id.*

¹² Republican Union PAC Resp. at 1, Davis Aff. ¶¶ 5-6. Steele is the director of the Covenant Values Foundation, which is a charitable organization to which many of the entities associated with Huff and Brown make contributions. Steele is also listed as the president of Kingdom Site Ministries, a charitable organization devoted to translating Christianity-based materials and resources into different languages. See Kingdom Site Ministries, 2011

1 to Republican Union PAC, Steele “indicated in a phone conversation at the time that Ms. Huff
2 wanted to make a contribution to the PAC”; Republican Union PAC then “arranged artwork for
3 the placement of several billboards that would be funded by Ms. Huff’s contribution.”¹³ On July
4 19, 2012, Republican Union PAC received a wire transfer for \$1 million from Huff’s personal
5 bank account.¹⁴

6 The Complaint alleges that Brown or one of the corporate respondents made the
7 \$1 million contribution in Huff’s name and with her permission.¹⁵ The Complaint also alleges
8 that Republican Union PAC knowingly accepted the contribution in the name of another.¹⁶ The
9 Complaint further alleges that each violation was knowing and willful.¹⁷ The allegations are
10 based on Huff’s professional relationship with Brown, the fact that Huff had not previously made
11 political contributions, and real estate records which purportedly demonstrate that Huff lacked
12 the assets to make a \$1 million contribution.¹⁸

13 Huff, Brown, Account Pros, Inc., Credit Protection Depot, Credit Payment Services, and
14 Energy Way Corp. filed a joint response (the “Huff Response”). It denies that any of the
15 respondents violated section 30122, and it states that Huff made the \$1 million contribution to

Form 990, 1-2. Kingdom Site Ministries lists Huff as its secretary and Brown as its director and treasurer. *Id.* at 7. According to its tax return, Kingdom Site Ministries has a \$650,000 working capital line of credit from Credit Protection Depot. *Id.*, Schedule L. Kingdom Site Ministries mistakenly describes Credit Protection Depot as “owned by Carey Brown, a director” of Kingdom Site Ministries. *Id.*

¹³ Republican Union PAC Resp. at 1.

¹⁴ Huff Resp. at 6; Republican Union PAC Resp. at 2.

¹⁵ Compl. at 8-9.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.* at 4-7.

1 the Republican Union PAC after she withdrew money from Credit Protection Depot, a company
2 she solely owned and controlled.¹⁹

3 Republican Union PAC's response states that "Sherry Huff was and always has been
4 described to Republican Union PAC as the actual source of the July 2012 contribution," and thus
5 it did not knowingly accept a contribution made in the name of another.²⁰ According to
6 Republican Union PAC, Huff "represented herself as the donor to an accountant who monitored
7 and facilitated the contribution transaction," and Huff was continually identified as the donor
8 when Republican Union PAC sought Huff's information for purposes of disclosing her
9 contribution to the Commission.²¹

10 III. LEGAL ANALYSIS

11 The Act prohibits a person from making a contribution in the name of another person,
12 knowingly permitting his or her name to be used to effect such a contribution, or knowingly
13 accepting such a contribution.²² The Commission has included in its regulations illustrations of
14 activities that constitute making a contribution in the name of another:

- 15 (i) Giving money or anything of value, all or part of which was provided
16 to the contributor by another person (the true contributor) without
17 disclosing the source of money or the thing of value to the recipient
18 candidate or committee at the time the contribution is made; or
19
20 (ii) Making a contribution of money or anything of value and attributing
21 as the source of the money or thing of value another person when in
22 fact the contributor is the source.²³
23

¹⁹ Huff Resp. at 2, 4-5

²⁰ Republican Union PAC Resp. at 1-2.

²¹ *Id.*

²² 52 U.S.C. § 30122.

²³ 11 C.F.R. § 110.4(b)(2)(i)-(ii).

1 In this case, the available information shows that Huff was the true source of the \$1
2 million contribution to Republican Union PAC. First, it appears that Huff legitimately owned
3 and controlled Credit Protection Depot during all relevant times,²⁴ contrary to the assertion in the
4 Complaint that Brown owned or controlled Credit Protection Depot.²⁵ The record before the
5 Commission contains no information indicating that Huff was not entitled to withdraw the funds
6 from Credit Protection Depot, or that the withdrawal was in any way improper. Second, Huff
7 appears to have reported the \$1 million withdrawal to the IRS as personal income and paid
8 appropriate taxes on it.²⁶ Third, the Complaint provides no evidence that another source
9 transferred money into Credit Protection Depot for the purpose of advancing those funds to Huff
10 in order to make a contribution. Instead, the available information in the record shows that
11 Credit Protection Depot had more than sufficient funds to make a \$1 million distribution to its
12 sole owner. At the time of Huff's contribution, Credit Protection Depot was an established
13 business servicing loan accounts with a reported income of \$18,721,374 in the year prior to
14 Huff's withdrawal.²⁷ For these reasons, it appears that Huff was the true source of the
15 contribution to Republican Union PAC. Accordingly, the Commission finds no reason to believe
16 Respondents violated 52 U.S.C. § 30122 and closes the file.²⁸

²⁴ See *supra* at 2-3.

²⁵ Compl. at 3.

²⁶ See note 9 *supra*.

²⁷ See *supra* at 3.

²⁸ See MUR 6190 (Kelly Bearden, *et al.*) (finding no RTB where evidence showed that contributions were made from personal funds available to the contributors).

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