## BEFORE THE FEDERAL ELECTION COMMISSION

End Citizens United Amanda Bogden PO Box 66005 Washington, DC 20035

Complainant,

v.

Adam Laxalt P.O. Box 751102 Las Vegas, NV 89136,

Laxalt for Senate and Cameron Phillips, Treasurer P.O. Box 751102 Las Vegas, NV 89136 cameron@incompliance.net, and

Morning in Nevada PAC P.O. Box 97212 Las Vegas, NV 89193 info@morninginnevadapac.org

Respondents.

#### COMPLAINT

This complaint is filed under 52 U.S.C. § 30109(a)(1) against Adam Laxalt; Laxalt for Senate and Cameron Phillips, its Treasurer; and Morning in Nevada PAC (collectively, "Respondents"), for violating the Federal Election Campaign Act of 1971, as amended (the "Act") and Federal Election Commission (the "FEC" or "Commission") regulations. In short, there is compelling evidence that Laxalt has violated the Act by controlling a soft money organization while a federal candidate, and that Laxalt received, and Morning in Nevada PAC made, excessive, unreported, and potentially prohibited in-kind contributions. We respectfully request that the Commission investigate this matter.

#### FACTUAL BACKGROUND

Adam Laxalt is the former Attorney General of Nevada. On August 15, 2021, he filed a Statement of Candidacy with the FEC in which he declared his intention to run for Senate and identified Laxalt for Senate as his principal campaign committee.<sup>1</sup> The same day, Laxalt for Senate filed a Statement of Organization with the Commission.<sup>2</sup>

Before becoming a federal candidate, Laxalt had a long history of involvement with a nonfederal PAC in Nevada, called Morning in Nevada PAC ("MIN"). According to MIN's website, it was "created in 2015 by friends of then-Nevada Attorney General Adam Paul Laxalt."<sup>3</sup> According to the PAC's state filings, Laxalt served as the President of the PAC beginning in February 2019.<sup>4</sup> Laxalt was listed as President on the PAC's amended registrations filed in February 2020 and January 2021.<sup>5</sup> Nevada permits PACs to accept funds in unlimited amounts and from most sources (including corporations), and MIN has accepted funds from corporations and in excess of the federal PAC contribution limit.<sup>6</sup>

Since its inception, MIN has held an annual "Basque Fry" fundraising event. In 2021, that event was held on August 14. Laxalt served as President of the PAC on that date. On August 14, 2021, MIN posted a link on Facebook stating: "Morning In Nevada PAC President Adam Laxalt on the left's cancel culture: 'I encourage you to stand for truth, people are ready to stand with us, our state is ready fight against this, America is ready to fight against this. Let's go

<sup>&</sup>lt;sup>1</sup> See Adam Laxalt, Statement of Candidacy (Aug. 15, 2021), available at https://docquery.fec.gov/cgibin/forms/S2NV00324/1534762/.

<sup>&</sup>lt;sup>2</sup> See Laxalt for Senate, Statement of Organization (Aug. 15, 2021), available at https://docquery.fec.gov/cgibin/forms/C00787135/1534763/.

<sup>&</sup>lt;sup>3</sup> Morning in Nevada PAC, About, at <u>https://www.morninginnevadapac.org/about</u> (last visited Aug. 16, 2022).

<sup>&</sup>lt;sup>4</sup> See Exhibit A.

<sup>&</sup>lt;sup>5</sup> See Exhibits B, C.

<sup>&</sup>lt;sup>6</sup> Morning in Nevada PAC Contributions and Expenses Report (Oct. 13, 2021) at <u>https://www.nvsos.gov/soscandidateservices/anonymousaccess/ViewCCEReport.aspx?syn=9uDGZiGKNYk1%252</u> <u>bVHCWkgjjQ%253d%253d</u>.

get 'em.' #BasqueFry Watch live below!"<sup>7</sup> The PAC again posted that day the following graphic, along with the statement "President of Morning In Nevada PAC Adam Laxalt is speaking addressing the 6th Annual Basque Fry now! Watch his full remarks live below!"



Laxalt and his allies used the 2021 Basque Fry event to foster support for his 2022 Senate candidacy. At the event, Senator Tom Cotton effectively announced Laxalt's candidacy by stating:

Adam, I guess he's not supposed to say that he's going to be your next United States Senator. There's some campaign finance rules against it. But what do I care about some stupid rules like that? Adam Laxalt is going to the United States Senate for the Battle Born state in 2022.<sup>8</sup>

Similarly, Florida Governor Ron DeSantis encouraged Laxalt to run for Senate at the

event.9 And Richard Grenell, former acting director of national intelligence said he expected

voters to hear from Laxalt on Tuesday: "We can't make any announcements here about Adam's

future, but as a close friend of Adam's, I'm telling you I am pushing him hard, that on Tuesday

maybe he'll make an announcement."10

Laxalt remained listed as President of MIN on the PAC's filings until August 31, 2021, at

which point one of Laxalt long-standing advisors, Robert S. Uithoven, was identified as

<sup>&</sup>lt;sup>7</sup> Facebook (Aug. 14, 2021), available at

https://www.facebook.com/MorninginNevadaPAC/photos/a.526840620808385/2156282367864194/.

<sup>&</sup>lt;sup>8</sup> Associated Press (Aug. 15, 2021), available at <u>https://mynews4.com/newsletter-daily/sen-tom-cotton-speaks-at-6th-annual-basque-fry-in-gardnerville</u>.

<sup>&</sup>lt;sup>9</sup> Id.

<sup>&</sup>lt;sup>10</sup> Nevada Independent (Aug. 15, 2021), available at <u>https://thenevadaindependent.com/article/sen-tom-cotton-announces-adam-laxalts-candidacy-for-u-s-senate</u>.

President of the PAC.<sup>11</sup> Uithoven ran Laxalt's campaign for Attorney General in 2014,<sup>12</sup> and Uithoven continues to advise Laxalt in connection with his Senate campaign.<sup>13</sup> According to Commission records, Laxalt for Senate has paid Uithoven and his political consulting firm, Axiom Strategies, \$329,504.38 to date.<sup>14</sup>

Recipient	Description	Date	Amt
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	6/17/22	\$10,000.00
AXIOM STRATEGIES	PRINTING AND PRODUCTION SERVICES	6/8/22	\$5,615.00
AXIOM STRATEGIES	DIGITAL MANAGEMENT SERVICES	6/7/22	\$126,771.00
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	5/20/22	\$10,000.00
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	5/6/22	\$10,000.00
AXIOM STRATEGIES	TRAVEL/ NO ITEMIZATION REQUIRED	4/29/22	\$325.49
AXIOM STRATEGIES	SEE BELOW/ TRAVEL	4/8/22	\$364.76
AXIOM STRATEGIES	PRINTING AND PRODUCTION SERVICES	4/8/22	\$88,447.00
AXIOM STRATEGIES	SEE BELOW/ TRAVEL	4/8/22	\$473.99
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	3/11/22	\$10,000.00
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	3/4/22	\$10,000.00
AXIOM STRATEGIES	SEE BELOW/ TRAVEL	2/12/22	\$339.09
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	12/10/21	\$10,000.00
AXIOM STRATEGIES	SEE BELOW/ TRAVEL	12/3/21	\$16.54
AXIOM STRATEGIES	STRATEGY CONSULTING SERVICES	12/3/21	\$40,000.00
UITHOVEN, ROBERT	SEE BELOW/ TRAVEL, CATERING SERVICES	10/29/21	\$7,151.51

Laxalt has remained closely tied to MIN. To this day, MIN still prominently features biographical information about Laxalt on its website.<sup>15</sup> And just this past week, Laxalt used the PAC's annual Basque Fry to again advance his campaign for U.S. Senate. At the event, Laxalt

<sup>&</sup>lt;sup>11</sup> Morning in Nevada PAC Committee Registration Form *at* https://www.nvsos.gov/elections/2488.pdf (last visited Aug. 16, 2022).

<sup>&</sup>lt;sup>12</sup> See <u>https://robertuithoven.com/</u> (last visited Aug. 16, 2022).

<sup>&</sup>lt;sup>13</sup> See Associated Press (Aug. 16, 2021), available at

https://www.rgj.com/story/news/politics/2021/08/16/republican-adam-laxalt-us-senate-candidatenevada/8152974002/ (identifying Uithoven as Laxalt's "political consultant"); CNN (Dec. 7, 2021), available at https://www.cnn.com/2021/12/07/politics/nevada-senate-race-2022-republican-hopes/index.html (identifying Uithoven as "a Laxalt adviser").

<sup>&</sup>lt;sup>14</sup>https://www.fec.gov/data/disbursements/?data\_type=processed&committee\_id=C00787135&recipient\_name=axio <u>m&recipient\_name=uithoven</u> <sup>15</sup> Morning in Nevada PAC, About, at <u>https://www.morninginnevadapac.org/about</u> (last visited Aug. 16, 2022).

gave a stump speech for his election, stating "So this is what we can get out of our leaders. This is what we could get if we fight in this state to get me in the United States Senate. Right?" Laxalt later stated "We have the record. We have the policies. We have the ideas. If you elect me, I'm going to be able to join Senator Cruz and others. And we're going to be the 51st vote to start reversing this madness."<sup>16</sup>

#### LEGAL ANALYSIS

### I. Laxalt triggered federal candidacy on August 14, 2022.

Under the Act, an individual will become a federal candidate when they raise or spend more than \$5,000 in connection with a candidacy for federal office.<sup>17</sup> While Commission rules provide for a "testing-the-waters" exemption, that exemption does not apply where a candidate has decided to become a candidate for federal office, such as where a candidate "makes or authorizes written or oral statement that refer to him or her as a candidate for a particular office."<sup>18</sup>

Here, Laxalt received an in-kind contribution from MIN by using the 2021 Basque Fry to announce his federal candidacy. When a third party pays for the cost of an event where a candidate or his agents is permitted to expressly advocate the candidate's election, it results in an in-kind contribution to that candidate.<sup>19</sup> The Basque Fry is MIN's marquee annual fundraising event and, on information and belief, the costs associated with it would have easily exceeded \$5,000. The Basque Fry is hosted at the Corley Ranch and MIN spent \$18,991 on Corley

<sup>&</sup>lt;sup>16</sup> A true and correct transcript of Laxalt's speech is attached to Complaint as Exhibit D. A video of the speech is available from C-SPAN *at* <u>https://www.c-span.org/video/?521979-5/us-senate-candidate-adam-laxalt-r-nv-speaks-2022-basque-fry-nevada</u>.

<sup>&</sup>lt;sup>17</sup> 52 U.S.C. § 30101(2)

<sup>&</sup>lt;sup>18</sup> 11 C.F.R. §§ 100.72(b), 100.131(b).

<sup>&</sup>lt;sup>19</sup> See, e.g., Advisory Opinion 1996-11.

Ranches LLC, MIN spent \$144,185.64 on food and wine purchases, and \$50,315.91 on party rentals, all within a month of the date of the 2021 Basque Fry among other expenses likely related to hosting the event. <sup>20</sup>

Moreover, the facts indicate that Laxalt – who was President of MIN on the date in question – discussed with the event's attendees that he would soon be announcing his federal candidacy. This fact is revealed by the remarks of the various speakers at the event. Senator Cotton announced that Laxalt would be "your next United States Senator," while admitting that the "stupid" campaign finance rules prohibited him from saying as much. And Richard Grenell indicated that an announcement could be expected from Laxalt on the following Tuesday. This indicates that there were discussions between the incipient Laxalt campaign and other event speakers about Laxalt's impending announcement of his candidacy. And, as the Commission has advised, a statement that a person "will announce candidacy" on a date certain is itself a statement that triggers candidacy.<sup>21</sup>

In short, then, the facts indicate that Laxalt had announced his impending candidacy to his allies at or before the 2021 Basque Fry, and he received more than \$5,000 in in-kind support for his candidacy from MIN. Thus, he triggered candidacy no later than August 14, 2021.

# **II.** Laxalt controlled an organization that spent soft money in connection with federal and nonfederal elections.

The Act, as amended by the Bipartisan Campaign Reform Act of 2022, prohibits federal candidates, and any organization that is "directly or indirectly" established, maintained, financed or controlled by a federal candidate, from raising or spending funds in connection with an

<sup>&</sup>lt;sup>20</sup> Morning in Nevada PAC Contributions and Expenses Report (Oct. 13, 2021) at <u>https://www.nvsos.gov/soscandidateservices/anonymousaccess/ViewCCEReport.aspx?syn=9uDGZiGKNYk1%252</u> <u>bVHCWkgjjQ%253d%253d</u>.

<sup>&</sup>lt;sup>21</sup> Advisory Opinion 2015-09, at 6.

election that fall outside of the federal source restrictions and contribution limits.<sup>22</sup> In the case of spending in connection with a federal election, that spending must also be subject to federal reporting requirements.<sup>23</sup>

Laxalt and MIN have violated this prohibition. He was publicly identified as the President – a position unequivocally denoting control – of MIN as late as August 14, 2021, the day before he formally declared as a federal candidate. And he continued to be listed as President of the PAC on its state registration as late as August 31, 2021. During this period, MIN, with Laxalt as its chief executive officer, solicited nonfederal funds and spent nonfederal funds – funds that were raised outside of the federal contribution limits and source restrictions, and that were not reported to the Commission -- in connection with federal elections, specifically, by using the Basque Fry event to advance Laxalt's federal candidacy.

Even if the Commission determines that Laxalt did not trigger candidacy until August 15, and that he formally cut ties with MIN after the August 14 Basque Fry but before he declared his candidacy on August 15, there is still ample evidence that Laxalt indirectly controlled MIN after that date. The Commission determines whether a candidate directly or indirectly controls an entity based on a variety of factors, including whether the candidate "directly or through its agent" has the authority or ability to direct or participate in the governance of the entity"; whether the candidate "has common or overlapping officers or employees with the entity"; and whether the candidate "has any members, officers, or employees who were members, officers or employees of the entity that indicates a formal or ongoing relationship."<sup>24</sup> Here, after Laxalt left his position as President of MIN, Robert Uithoven, his long-time adviser, took over that role.

<sup>&</sup>lt;sup>22</sup> 52 U.S.C. § 30125(e)(1).

<sup>&</sup>lt;sup>23</sup> *Id.* § 30125(e)(1)(A).

<sup>&</sup>lt;sup>24</sup> 11 C.F.R. § 300.2(c)(2).

And, while President of MIN, Uithoven has continued to work as a key advisor to Laxalt's Senate campaign, receiving over \$300,000 in fees for that work to date. Thus, Laxalt may have continued to control MIN through his relationship with Uithoven even after he stepped down as President of MIN.

# **III.** Laxalt received excessive, unreported, and possibly prohibited in-kind contributions from MIN.

Federal law prohibits candidates from accepting contributions from persons other than multicandidate committees of more than \$2,900 per election.<sup>25</sup> Federal candidates must also itemize all contributions that aggregate in excess of \$200 per source per election cycle.<sup>26</sup> Lastly, when unregistered organizations donate to a federal candidate, the organization must either donate from an account that contains only federally permissible funds or must demonstrate through a reasonable accounting that the contribution being made to the federal candidate consist of federally permissible funds.<sup>27</sup>

Here, there is ample evidence that MIN made, and Laxalt received, multiple excessive and unreported contributions. First, Laxalt received an excessive in-kind contribution in August 2021 when he, then the President of MIN, used MIN's annual Basque Fry to develop support for this federal candidacy; as discussed above, the cost of the event was more than \$2,900, the contribution limit then in effect, and this in-kind support was not reported by Laxalt for Senate on its FEC filings.<sup>28</sup> This may have also resulted in an improper corporate contribution, unless

<sup>&</sup>lt;sup>25</sup> 52 U.S.C. §30116.

<sup>&</sup>lt;sup>26</sup> *Id.* § 30104(b)(3).

<sup>&</sup>lt;sup>27</sup> 11 C.F.R. § 102.5(b).

 $<sup>^{28}</sup>$  Even if Laxalt did not trigger candidacy until August 15, the same result must follow. Under the testing-thewaters exemption, an individual who is exploring a federal candidacy may only use funds that are subject to the federal limits and source restrictions in connection with those exploratory activities, and must report contributions received once that individual becomes a federal candidate. *Id.* § 100.72(a). Thus, even if the Commission concludes that Laxalt was still in the exploratory phase as of August 14, 2022, he violated the Act and Commission regulations by accepting an excessive contribution in connection with his exploratory activities and by failing to report that support once he triggered candidacy.

MIN used a reasonable accounting mechanism to identify sufficient federal funds on-hand to account for the contribution.

Second, Laxalt received an excessive in-kind contribution from MIN again in August 2022, when he gave a campaign stump speech at the 2022 Basque Fry. As stated above, the Commission has long held that, when a third party pays for the cost of an event where a candidate is permitted to expressly advocate his own election, it results in an in-kind contribution to that candidate.<sup>29</sup> That is precisely what happened here. The cost of the event was again, on information and belief, more than the \$2,900 contribution limit and Laxalt, for his part, failed to disclose any contribution from MIN. Accordingly, Laxalt again received and excessive unreported contribution from MIN.

### **REQUESTED ACTION**

As shown, Respondents appear to have repeatedly violated the Act and Commission regulations by raising and spending soft money in connection with a federal election and making and accepting excessive and undisclosed contributions. Accordingly, we respectfully request that the Commission immediately investigate these violations, fine Respondents the maximum amount permitted by law, and enjoin Respondents from further violations of the law.

Sincerely

End Citizens United Amanda Bogden PO Box 66005 Washington, DC 20035

<sup>&</sup>lt;sup>29</sup> See, e.g., Advisory Opinion 1996-11.

SUBSCRIBED AND SWORN to before me this the 19<sup>th</sup> day of August 2022.

mark andrews

Notary Public

My Commission Expires:

MARK ANDREWS NOTARY PUBLIC DISTRICT OF COLUMBIA My Commission Expires July 14, 2024

