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BEFORE THE
FEDERAL ELECTION COMMISSION

Nevada State Democratic Party
Roberta G. Lange, Chair
1210 S. Valley View Blvd., Suite 114
Las Vegas, NV 89102

Complainant,

v.

Danny Tarkanian for Congress
Judith Flynn, Treasurer
7220 S. Cimarron Rd., Suite 100
Las Vegas, CA¹ 89113

MUR# 6572

Respondent.

COMPLAINT

Complainant files this complaint under 2 U.S.C. § 437g(a)(1) against Danny Tarkanian for Congress (the "Committee"), the principal campaign committee for Danny Tarkanian, a candidate for Congress in the fourth district in Nevada, and Judith Flynn, treasurer. The record demonstrates that the Committee accepted corporate contributions, may have accepted contributions above the legal limit, and failed to properly report contributions from Limited Liability Companies ("LLC"), if in fact they were permissible contributions. The Committee also may have failed to report an outstanding loan from Mr. Tarkanian.

A. Facts

The Committee filed an amended first Quarterly Report for 2012 on April 16, 2012. Based on a review of the report, it appears that the Committee has accepted at least one illegal contribution from a corporation – \$500 from Haig's Quality Printing on March 30, 2012 (Line 11a, pg 39). Haig's Quality Printing is a corporation registered with the Nevada Secretary of State. It has accepted three contributions from entities that appear to be businesses on the face of the report, and that, therefore, may be corporations: \$500 from B.I. Porter Commercial & Residential Properties on March 30, 2012 (Line 11a, pg 9), \$1500 from Mason Contractors Association of America on March 31, 2012 (Line 11a, pg 58), and \$1000 from Nostrebor Music on March 7, 2012 (Line 11a, pg 63). The report provides no information about their statuses as sole proprietorships, partnerships or LLCs.

¹ The address is listed as it was reported; the correct address should be Las Vegas, NV.

The Committee also reported 14 contributions from LLCs without partnership attributions. Without such attributions it is impossible to know whether any of the partners have exceeded contributions limits and even whether the LLC could permissibly contribute based on its tax status. In total, the Committee accepted \$17,860 in contributions from LLCs without corresponding partner attributions.

The Committee may have accepted an excessive contribution from the partner of an LLC. On February 27, 2012 the committee accepted a contribution from DeWayne Zinkin, Jr. for \$2500 designated for the primary election (Line 11a, pg 91). Mr. Zinkin's address is the same as the address of Zinkin Entertainment LLC, which had previously contributed \$2500 for the primary election and \$2500 for the general election without a partner attribution (Line 11a, pg 90).

The Committee also did not attribute a partnership contribution for TLC, A California Partnership from which it received a \$500 contribution on March 28, 2012 (Line 11a, pg 85).

A recent news article quoted Mr. Tarkanian saying that most of the loan he made to the Committee during his 2010 Senate campaign, over \$260,000 is still outstanding.² However, as acknowledged by Mr. Tarkanian in the article, the report does not list such a substantial loan. According to the report, there is only \$1902.10 in outstanding loans from the candidate (Line 13b, pg 138). The Committee's 2011 Year End Report states that \$219,304.38 in loans from Mr. Tarkanian was forgiven (Year End Report pgs 11, 13).

B. Legal Analysis

The Federal Election Campaign Act of 1971 (the "Act") prohibits corporations from making contributions, in connection with any election for federal office.³ Haig's Quality Printing is a corporation covered by this prohibition. The other entities named above, B.I. Porter Commercial & Residential properties, Mason Contractors Association of America and Nostrebor Music, appear on the face of the report to be businesses, which are usually corporate in structure. It is possible that the Committee accepted up to \$3500 in illegal corporate contributions, in addition to the LLC contributions discussed below.

Limited liability corporations are permitted by Federal Election Commission (the "Commission") regulations to make contributions only under certain circumstances. If an LLC elects to be treated as a partnership for tax purposes or does not elect to be treated as a corporation or a partnership, then it may contribute as a partnership.⁴ If, on the other hand, the LLC elects to be treated as a corporation for tax purposes or has

² Damon, Anjeanette, *Candidates' financials: What Nevada politicians are worth*, Las Vegas Sun, April 18, 2012.

³ See 2 U.S.C. § 441b(a).

⁴ 11 C.F.R. § 110.1(g)(2).

