



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of )  
) )  
) MUR 7081  
) Floridians for a Strong Middle Class )  
) )  
) )

**STATEMENT OF REASONS  
OF COMMISSIONERS ELLEN L. WEINTRAUB AND ANN M. RAVEL**

Federal law bars foreign nationals from spending directly or indirectly in U.S. elections.<sup>1</sup> Federal law also bars anyone from making a political contribution in the name of another.<sup>2</sup> These prohibitions go to the core of the legitimacy of our elections and the faith of the American public in them. Correspondingly, this Commission’s job is to ensure that the American public is properly informed about who is paying for its elections and to make sure foreign nationals do not do so.<sup>3</sup>

For our democracy to work, the American public must have confidence that they – and not some unknown foreign actors – are financing our candidates for office. But in this matter, this Commission has failed in its duty to the American public to nourish that confidence.

The Complaint filed in this matter alleges that Florida real estate developer Nicholas Mastroianni arranged for Chinese foreign nationals to contribute \$50,000 through 230 East 63rd -6 Trust, LLC (“230 East”) to Floridians for a Strong Middle Class (“FSMC”), an independent-expenditure-only political committee (also known as a Super PAC) supporting Representative Patrick Murphy’s campaign for the U.S. Senate in Florida. The Complaint also alleges that Chic Boutique, LLC, which is also linked to Mastroianni, was used to contribute \$5,000 to FSMC.<sup>4</sup>

<sup>1</sup> 52 U.S.C. § 30121.

<sup>2</sup> 52 U.S.C. § 30122.

<sup>3</sup> See *Bluman v. FEC*, 800 F. Supp. 2d 281, 288 (D.D.C. 2011) (Kavanaugh, J.).

<sup>4</sup> See Compl. at 3-4. Complainant relies on news articles from 2014 that described a way of laundering money in the United States. “Corrupt politicians from all over the world” were buying high-end real estate with the money of foreign nationals. Chinese foreign nationals made up the “majority of the foreign investors using this method.” *Id.* (citing Hudson, Stanescu, and Adler-Bell, *How New York Real Estate Became a Dumping Ground for the World’s Dirty Money*, THE NATION (July 3, 2014); Mike Segar, *In Real Estate, the Chinese Take Manhattan*,

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The Complaint raises serious questions of misconduct. Mastroianni was given a full opportunity to answer the Complaint, but his terse Response does not refute – or even address – the Complaint’s accusations that he obtained funds through a Chinese national to contribute to FSMC. He did not even muster up a bare-bones denial of the allegations, much less a sworn statement. The other respondent, 230 East, did not answer at all.

Given the severity of the allegations before us and their inadequate refutation, we have reason to believe that a violation may have occurred and that we should open an investigation in this matter.<sup>5</sup>

The “reason to believe” standard is often misconstrued by some of our colleagues. A “reason to believe” finding at this stage in our proceedings is *not*:

- a beyond-a-reasonable-doubt determination that someone has committed a violation of the Act;
- a determination that a violation of the Act has occurred; or
- even a determination that there is *probable cause* that a violation of the Act has occurred.

Instead, it is well-established that a “reason to believe” finding at this stage in our proceedings is simply an indication that the Commission has found sufficient legal justification to open an investigation to determine *whether* there is probable cause to believe that a violation of the Act occurred.<sup>6</sup>

Based on the record before us here, that low standard has been met. There is enough before us to indicate that an investigation *could* uncover facts that would provide probable cause to believe that a violation of the Act has occurred. *That* is the threshold question we were asked to answer here.

An investigation should have been the natural and obvious first step in pursuing these allegations. Congress gave this Commission, and this Commission alone, subpoena powers and other resources to investigate alleged civil violations of the Act. If we don’t investigate, no one else can or will, and we will never determine the truth of the matter. Our colleagues have

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REUTERS (Apr. 25, 2014)). The Complaint also relies on a news article to show that Mastroianni used the EB-5 program to obtain financing from foreign nationals for development projects. *See* Compl. at 2 (citing Peter Elkind and Marty Jones, The Tangled Past of the Hottest Money-Raiser in America’s Visa-For-Sale Program, *FORTUNE* (Oct. 14, 2014)).

<sup>5</sup> We voted to find reason to believe that Nicholas A. Mastroianni II, 230 East 63rd -6 Trust, LLC, and Floridians for a Strong Middle Class and Jennifer May in her official capacity as treasurer violated 52 U.S.C. § 30121 or 11 C.F.R. § 110.20 by arranging for foreign nationals to contribute to a U.S. election and 52 U.S.C. § 30122 by making contributions in the name of another. We also voted to find reason to believe that Chic Boutique, LLC and Mark Giresi violated 52 U.S.C. § 30122 by making contributions in the name of another. These votes failed. We voted to take no action as this time with respect to whether Pride United Limited Partnership and Representative Patrick Murphy violated the Act or Commission regulations. *See* Certification in MUR 7081, dated February 23, 2017.

<sup>6</sup> *See* Statement of Reasons of Vice Chair Ellen L. Weintraub and Commissioners Cynthia L. Bauerly and Steven T. Walther in the Matter of MUR 6441 (Unknown Respondents) at 1 n.2 (citing 12 F.R. 12545, Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process (March 16, 2007)).

MUR 7081 (Floridians for a Strong Middle Class)  
Statement of Commissioners Ellen L. Weintraub and Ann M. Ravel

credulously accepted one non-existent Response and other artfully vague Responses as sufficient to resolve this matter. We refuse to do so.

2/28/17  
Date

Ellen L. Weintraub  
Ellen L. Weintraub  
Commissioner

2/28/17  
Date

Ann M. Ravel  
Ann M. Ravel  
Commissioner

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