



July 20, 2022

Kori Lorick, State Elections Director
Arizona Secretary of State's Office
1700 West Washington Street, 7th Floor
Phoenix, Arizona 85007
klorick@azsos.gov

Re: Campaign Finance Complaint Against Put Arizona First (Filer No. 101075)

Dear Ms. Lorick:

I write to call your attention to apparent—and serious—violations of Arizona campaign finance laws by Put Arizona First, a registered political action committee. As detailed below, there is reason to believe that Put Arizona First has misrepresented the identity of its sole contributor or facilitated an illegal contribution in the name of another, in contravention of Ariz. Rev. Stat. §§ 16-926(B)(2)(a) and/or 16-1022(B).

As you know, political action committees must file with your office periodic reports itemizing their receipts and disbursements, including (*inter alia*) “the source, amount and date of receipt” of all contributions from corporations and limited liability companies and from individuals in excess of certain monetary thresholds. See Ariz. Rev. Stat. § 16-926(B)(2)(a)(i), (vi). Since its registration on April 25, 2022, the entirety of Put Arizona First’s \$2,164,500 in receipts ostensibly originated from a single entity—to wit, a certain “SPH Medical LLC” that, remarkably, shares Put Arizona First’s mailing address at a UPS store facility in Phoenix.¹ A search of Arizona Corporation Commission records indicates that no business claiming the name “SPH Medical LLC” has ever been organized under Arizona law or registered to do business in this state as a foreign company. An investigation by the *Arizona Republic* apparently yielded only one entity in the United States sharing that name, and that California company has categorically denied that it ever contributed funds to Put Arizona First. See *Who Paid \$2M to Promote Kari Lake Campaign?*, ARIZ. REPUBLIC, July 19, 2022, available at <https://www.azcentral.com/story/news/politics/elections/2022/07/19/kari-lake-2-million-worth-ads-jake-hoffman/10093897002/>.

This dubious constellation of facts conduces two equally disconcerting possible inferences. The first is that Put Arizona First has negligently or willfully misrepresented its funding sources, in violation of Ariz. Rev. Stat. § 16-926(B)(2)(a). The second is that “SPH Medical LLC” is an unregistered shell entity that served as a conduit of funds to obscure the identity of a third party. It is a class 6 felony in Arizona “for

¹ It also appears that Put Arizona First has not provided a “physical location or street address” for its chairman and treasurer, as mandated by Ariz. Rev. Stat. § 16-906(B)(3).

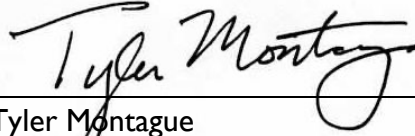
any person to make a contribution in the name of another person, knowingly permit a person's name to be used to effect a contribution in the name of another person or knowingly accept a contribution made by a person in the name of another person." Ariz. Rev. Stat. § 16-1022(B). While this proscription of undisclosed conduits is intended in part to thwart circumvention of contribution limits (a consideration that undisputedly is not relevant to an independent expenditure political committee, such as Put Arizona First), it also is a vital transparency mechanism. Notably, the Federal Election Commission has recognized that a parallel provision in federal law extends in equal force to independent expenditure committees, and prohibits them from camouflaging contributors' identities in a corporate artifice. See Matter Under Review 6485, 6487, 6488, 6711, and 6930, Statement of Reasons of Chairman Matthew S. Petersen and Commissioners Caroline C. Hunter and Lee E. Goodman, at p. 2 (Apr. 1, 2016) (confirming that when "funds used to make a contribution were intentionally funneled through a closely held corporation or corporate LLC for the purpose of making a contribution that evades the [statutory] reporting requirements," the underlying source of the funds is the true contributor for reporting purposes), and nothing in the text of Section 16-1022(B) could sustain a different conclusion here.² Any contribution to any committee governed by Arizona's campaign finance regime must be attended by public disclosure of the true funding source; it cannot be dissembled in the guise of a passive conduit or intermediary.

Accordingly, I respectfully request that your office determine whether there is reason to believe that Put Arizona First violated Ariz. Rev. Stat. § 16-926(B)(2)(a), and, if appropriate, refer this matter to the Attorney General for additional investigation, pursuant to Ariz. Rev. Stat. §§ 16-938 and 16-1021.

Respectfully,

PUBLIC INTEGRITY ALLIANCE, INC.

By:


Tyler Montague
President

² See generally Ariz. Att'y Gen. Op. III-006 (RII-010) (Sept. 21, 2011) (relying on FEC pronouncements in interpreting Arizona campaign finance laws)