



December 4, 2018

The Honorable Michele Reagan
Secretary of State
Office of the Secretary of State
Elections Division
1700 W. Washington St. Floor 7
Phoenix, AZ 85007

Dear Secretary Reagan:

The Campaign Legal Center (“CLC”) files this complaint pursuant to Ariz. Rev. Stat. Ann. § 16-938(A) respectfully requesting that you investigate Larry Van Tuyl and Blue Magnolia Investments, LLC (“Blue Magnolia”) for violating Arizona’s straw donor ban, Ariz. Rev. Stat. Ann. § 16-1022(B) (2016), and seek disciplinary action as appropriate.

On May 11, 2018, Blue Magnolia contributed \$500,000 to the Ducey Victory Fund Committee, from the address 1209 Orange St., Wilmington, DE, according to that Committee’s reports filed with the Elections Division.¹

As CLC described below, and in the attached complaint filed with the Federal Election Commission (“FEC”), Blue Magnolia appears to be a shell corporation used to facilitate contributions in the name of another person. Other evidence indicates that Larry Van Tuyl is the true source of the contribution made in Blue Magnolia’s name.²

On April 24, 2018, Blue Magnolia incorporated in Delaware.³ In Delaware records, the LLC’s registered agent is the “Corporation Trust Company” at 1209

¹ Ducey Victory Fund Committee, Amended 2018 7th Report (2nd Quarter) Campaign Finance Report at 35 (Oct. 15, 2018), <https://apps.azsos.gov/apps/election/cfs/search/PublicReports/2018/E5AD7F25-C88C-4ED5-941E-B7467802710E.pdf>.

² See Max Abelson, Bill Allison, & Katherine Chiglinsky, *Republican Super-PAC Mystery Leads to Berkshire Car Dealer Mogul*, BLOOMBERG (Sept. 14, 2018), <https://www.bloomberg.com/news/articles/2018-09-14/republican-super-pac-mystery-leads-to-berkshire-car-dealer-mogul>.

³ *Entity Details: Blue Magnolia Investments, LLC*, STATE OF DELAWARE (purchased July 27, 2018). See also *Blue Magnolia Investments, LLC*, OPENCORPORATES, https://opencorporates.com/companies/us_de/6857924 (last visited July 27, 2018).

Orange St., Wilmington, DE.⁴ Blue Magnolia does not appear to have a website; other than the Delaware incorporation records, there is no publicly available information about the entity.

Just two weeks after forming, on May 11, 2018, Blue Magnolia contributed \$500,000 to the Ducey Victory Fund Committee from its Delaware address.⁵ On May 30, 2018, Blue Magnolia additionally contributed \$100,000 to the federal political committee DefendArizona from the Delaware address,⁶ triggering CLC's FEC complaint.

The available facts suggest that Blue Magnolia did not have sufficient income from assets, investment earnings, business revenues, or bona fide capital investments to make a \$500,000 contribution to the Ducey Victory Fund Committee and a \$100,000 contribution to DefendArizona, absent an infusion of funds provided to it for such purpose. The temporal proximity between the entity's formation and the contribution, viewed in the context of Blue Magnolia's overall activities, strongly suggests that it received funds for the specific purpose of making this contribution.

Indeed, approximately one month after CLC filed its FEC complaint alleging that Blue Magnolia had facilitated a straw donation to DefendArizona, DefendArizona filed an amended FEC report reattributing Blue Magnolia's contribution to Larry Van Tuyl.⁷

Under Arizona law, "[i]t is unlawful for 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. Ann. § 16-1022(B) (2016).

The evidence indicates that Larry Van Tuyl knowingly made a contribution in the name of Blue Magnolia, and that Blue Magnolia knowingly permitted its name to be used to effect this contribution, in violation of Ariz. Rev. Stat. Ann. § 16-1022(B) (2016).

CLC respectfully requests that your office investigate Blue Magnolia and Van Tuyl to determine if a violation of Arizona law has occurred, and seek remedial and disciplinary actions as appropriate.

⁴ *Id.*

⁵ Ducey Victory Fund Committee, *supra* note 1.

⁶ DefendArizona, 2018 July Quarterly Report, FEC Form 3X, at 6 (filed July 15, 2018), <http://docquery.fec.gov/cgi-bin/fecimg/?201807159115525704>.

⁷ DefendArizona, 2018 Amended July Quarterly Report, FEC Form 3X, at 6 (amended Sept. 11, 2018), <http://docquery.fec.gov/pdf/001/201809119121697001/201809119121697001.pdf>.

Respectfully submitted,

Handwritten signature of Brendan M. Fischer, consisting of the letters 'B' and 'F' in a cursive style.

Brendan M. Fischer
Campaign Legal Center
1411 K Street, NW, Suite 1400
Washington, DC 20005
(202) 736-2200