

**BEFORE THE
FEDERAL ELECTION COMMISSION**

Complainant,

v.

Terri Lynn Land
7955 Byron Station Court SW
Byron Center, MI 49315

Terri Lynn Land for Senate and Kathy Vosburg, Treasurer
P.O. Box 308
Grandville, MI 49418

Respondents.

COMPLAINT

Complainant files this complaint under 2 U.S.C. § 437g(a)(1) against Terri Lynn Land, Terri Lynn Land for Senate (“the Committee”) and Kathy Vosburg in her official capacity as Treasurer (collectively, “Respondents”), for violations of the Federal Election Campaign Act (“Act”), as described below. Complainant alleges that the Committee accepted multiple illegal contributions in excess of the amounts permitted under the Act.

A. FACTS

Terri Lynn Land became a candidate for the U.S. Senate in Michigan on July 1, 2013. As a candidate, Ms. Land filed Personal Financial Disclosure Reports (“PFD Reports”) on August 2, 2013 and May 15, 2014, as she was required to do by the Ethics in Government Act of 1978, as

amended.¹ Ms. Land certified that the statements made in the reports were true, subject to criminal penalty under 18 U.S.C. § 1001.

On her 2013 PFD Report, which covered Ms. Land's financial activity from January 1, 2012 until July 30, 2013, Ms. Land reported having between \$116,003 and \$315,000 in liquid personal assets.² These assets consisted of: (i) one personal checking account valued at between \$15,001 and \$50,000, (ii) notes receivable valued at between \$100,001 and \$250,000 from a management company she owns, and (iii) one pension listed at an unascertainable value. Ms. Land also listed one joint bank account held with her spouse valued at between \$1,001 and \$15,000. Ms. Land reported having illiquid assets in the form of (i) a management company valued at between \$500,001 and \$1 million, and (ii) retirement plan assets valued at between \$147,007 and \$380,000.³ Aside from joint ownership of a property with no value or valued at less than \$1,001, the remainder of the assets reported are listed as being held solely by her spouse. In addition to her assets, Ms. Land reported receiving income in the form of (i) a salary of \$1,600, (ii) rental/capital gains income valued at between \$115,002 and \$1,050,000 from her management company, and (iii) accounts receivable capital gains income valued at between \$5,001 and \$15,000 from the same company.

On her 2014 PFD Report, which covered Ms. Land's financial activity from January 1, 2013 until May 15, 2014, Ms. Land reported having between \$45,003 and \$150,000 in liquid

¹ See Ethics in Government Act, §§ 101 – 111, 5 U.S.C. App. 4.

² Ms. Land's 2013 PFD Report is attached as Exhibit A. Asset values are current within 31 days (before or after) of the close of the reporting period. Accordingly, the asset values in Ms. Land's 2013 PFD Report were current as of a date (chosen by Ms. Land) between June 29, 2013 and August 30, 2013.

³ Ms. Land also reported personal ownership of an asset named "Parkcrest LLC; Wyoming, MI; Apartment Complex." However, the same property appears as a spousal asset on her subsequent PFD Report. We assume the property was listed as Ms. Land's (instead of as her spouse's) asset in error on the 2013 PFD Report. Even if the property was Ms. Land's, it was not liquidated as of May 15, 2014 (and therefore could not have been used to finance the contributions made prior to May 15, 2014). In addition, any income received from ownership of the property was received prior to the date on which Ms. Land made her first contribution to the Committee. Accordingly, ownership of the property is irrelevant for purposes of this analysis.

personal assets.⁴ These assets consisted of: (i) two personal checking accounts valued at between \$15,001 and \$50,000 each, (ii) notes receivable valued at between \$15,001 and \$50,000 from a management company she owns, and (iii) one pension listed at an unascertainable value. Ms. Land reported having illiquid assets in the form of (i) a management company valued at between \$500,001 and \$1 million, and (ii) retirement plan assets valued at between \$146,006 and \$365,000. Ms. Land did not report any jointly held assets with her spouse. The remainder of the assets reported are listed as being held solely by her spouse. In addition to her assets, Ms. Land reported receiving income in the form of (i) salary payments of \$1,781, (ii) rental/capital gains income of between \$100,001 and \$1 million from her management company, and (iii) accounts receivable interest of between \$2,501 and \$5,000 from the same company.

According to Respondent’s publicly available FEC reports, which cover activity through June 30, 2014, Ms. Land has made the following contributions, totaling \$2.9 million, to the Committee from her “personal funds”:

Date	Amount
8/13/2013	\$50,000
9/30/2013	\$100,000
9/30/2013	\$100,000
9/30/2013	\$750,000

⁴ Ms. Land’s 2014 PFD Report is attached as Exhibit B. Asset values are current within 31 days (before or after) of the close of the reporting period. Accordingly, the asset values in Ms. Land’s 2014 PFD Report were current as of a date (chosen by Ms. Land) between April 14, 2014 and June 15, 2014.

12/31/2013	\$600,000
3/31/2014	\$100,000
6/30/2014	\$1.2 million

Thus, despite reporting *at most* \$315,000 in liquid assets on her 2013 PFD Report, and *at most* approximately \$1 million in income during the time period beginning on January 1, 2013 and ending May 15 of this year, Ms. Land allegedly made \$2.9 million in personal funds contributions to the Committee within that same time period.

B. LEGAL ARGUMENT

Federal law permits candidate committees to accept up to \$2,600 from each individual for each election.⁵ There is a narrow exception to this limit when a candidate makes contributions from her “personal funds.”⁶ A candidate’s “personal funds” include the following:

(a) Assets. Amounts derived from any asset that, under applicable State law, at the time the individual became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had--

- (1) Legal and rightful title; or
- (2) An equitable interest;

(b) Income. Income received during the current election cycle, of the candidate, including:

- (1) A salary and other earned income that the candidate earns from bona fide employment;
- (2) Income from the candidate’s stocks or other investments including interest, dividends, or proceeds from the sale or liquidation of such stocks or investments;

⁵ See 2 U.S.C. § 441a(a)(1)(A).

⁶ See 11 C.F.R. § 110.10 (“[C]andidates for Federal office may make unlimited expenditures from personal funds as defined in 11 C.F.R. § 100.33.”).

- (3) Bequests to the candidate;
- (4) Income from trusts established before the beginning of the election cycle;
- (5) Income from trusts established by bequest after the beginning of the election cycle of which the candidate is the beneficiary;
- (6) Gifts of a personal nature that had been customarily received by the candidate prior to the beginning of the election cycle; and
- (7) Proceeds from lotteries and similar legal games of chance; and

(c) Jointly owned assets. Amounts derived from a portion of assets that are owned jointly by the candidate and the candidate's spouse as follows:

- (1) The portion of assets that is equal to the candidate's share of the asset under the instrument of conveyance or ownership; provided, however,
- (2) If no specific share is indicated by an instrument of conveyance or ownership, the value of one-half of the property.⁷

Significantly, a candidate's "personal funds" do not include assets held by the candidate's family members, who are subject to the same contribution limit (\$2,600 per election) as any other individual.⁸

Thus, as detailed below – and assuming that her PFD reports were true and accurate – Ms. Land did not have enough "personal funds" to contribute \$2.9 million to the Committee.

- *First*, "personal funds" include a candidate's assets at the time she became a candidate.⁹ Ms. Land became a candidate on July 1, 2013. On her 2013 PFD report – which reflects the value of her assets as of some date between June 29, 2013 and August 30, 2013 – Ms. Land reported having between \$116,003 and \$315,000 in liquid personal assets.
- *Second*, "personal funds" also include any income that the candidate earns after she becomes a candidate.¹⁰ Ms. Land reported only \$1,781 total in salary and self-employment income on her 2014 PFD Report. Ms. Land also reported receiving income

⁷ *Id.* § 100.33

⁸ *See Buckley v. Valeo*, 424 U.S. 1, 53 n.59 (1976) (upholding Federal Election Campaign Act provision subjecting a candidate's family members "to the same [contribution] limitations as nonfamily contributors").

⁹ *See* 11 C.F.R § 100.33(a).

¹⁰ *See id.* § 100.33(b).

of *at most* approximately \$1 million from her management company on her 2014 PFD Report.¹¹

- *Third*, “personal funds” also include the value of the candidate’s share of any joint assets held with the candidate’s spouse.¹² On her 2013 PFD report, Ms. Land reported a joint bank account valued at between \$1,001 and \$15,000. Ms. Land did not report any joint assets on her 2014 PFD Report. The vast majority of Ms. Land’s family wealth, including apartment buildings and other real estate, is listed solely in her husband’s name. In fact, recent news reports reveal that Ms. Land has made a point of noting that any assets related to her family’s real estate company are owned and controlled by her husband, not her.¹³

It is therefore simply implausible that Ms. Land had enough “personal funds” to contribute \$2.9 million to the Committee between August 2013, when she made her first contribution, and June 2014, when she reportedly made her last contribution.¹⁴ Ms. Land reported having no more than \$315,000 in liquid assets when she filed her 2013 PFD Report, *before* she made her first contribution to the Committee. Yet as of May 15, 2014, after allegedly making \$1.7 million in contributions to the Committee using “personal funds,” Ms. Land had not liquidated any of her illiquid assets. Thus, even assuming Ms. Land received the maximum amount of \$1 million in income from her management company between January 1, 2013 and May 15, 2014,¹⁵ she still would not have had enough funds in her possession to contribute \$1.7 million to the Committee as of March 31, 2014. Furthermore, even if Ms. Land liquidated all of her assets after May 15, 2014 (including her retirement assets for which she would have incurred significant penalties), and received the maximum \$1 million income from her management

¹¹ We are not including income Ms. Land reported receiving on her 2013 PFD Report because all of her contributions to the Committee were made after the 2013 PFD Report was filed. Accordingly, the amount of any unspent income at the end of the reporting period covered by the 2013 PFD Report that could have been used for the contributions should have been reflected in the value of Ms. Land’s liquid or illiquid assets on the 2014 PFD Report.

¹² See 11 C.F.R. § 100.33(c).

¹³ Todd Spangler, *Where Did Senate Candidate Terri Lynn Land’s \$3 million come from?* The Detroit Free Press, (July 17, 2014), available at <http://www.freep.com/article/20140717/NEWS06/307170034/>.

¹⁴ *Id.* (“Republican U.S. Senate candidate Terri Lynn Land has given her own campaign nearly \$3 million this year and last, but nowhere in her federal financial disclosure form has she listed any bank accounts or other assets in her control worth that much.”)

¹⁵ It is unlikely that Ms. Land received \$1 million in income from her management company, because the company itself was only valued at between \$500,001 and \$1 million.

company (which is highly unlikely), she *still* would not have had enough funds in her possession to contribute a total of \$2.9 million in “personal funds” to the Committee as of June 2014.

Consequently, some or all of the \$2.9 million in contributions must have originated from a source other than the “personal funds” reported on Ms. Land’s PFD Reports. As a result, the Committee likely accepted – and the actual source of the funds likely made – an illegal contribution in excess of the \$2,600 per-election limit.¹⁶

C. REQUESTED ACTION

As we have shown, there is substantial evidence that Respondents have violated the Act. We respectfully request the Commission to investigate these violations, including whether they were knowing and willful. Should the Commission determine that Respondents have violated the Act, we request that Respondents be enjoined from further violations and be fined the maximum amount permitted by law.

Sincerely,

¹⁶ See 2 U.S.C. § 441a(a)(1)(A).

SUBSCRIBED AND SWORN to before me this ____ day of _____.

Notary Public

My Commission Expires:
