

November 2, 2016

Office of Congressional Ethics
U.S. House of Representatives
P.O. Box 895
Washington, D.C. 20515-0895

VIA EMAIL

Dear Sir or Madam:

Kimberly Carroll respectfully submits this complaint against Representative Patrick Murphy (FL-18). By all appearances, Rep. Murphy has executed a sham “sale” of non-publicly traded shares in his father’s company for \$1,000,000 to fund his U.S. Senate campaign. This massive sale of stocks given to him by his father warrants investigation by the Office of Congressional Ethics (“OCE”), as it appears to constitute a prohibited contribution in the name of another in violation of both federal campaign finance laws and House Ethics rules.

The facts strongly suggest that this sale was not an arms-length commercial transaction, but rather a last-minute effort to provide additional funds to Rep. Murphy’s campaign. By way of background, Rep. Murphy’s father gifted him the underlying shares in Coastal Construction Group, his privately-held company, shortly after Rep. Murphy’s election to the U.S. House of Representatives. These shares were valued between \$1,000,000 and \$5,000,000, more than tripling Rep. Murphy’s net worth overnight.¹ In addition to this generous gift, Rep. Murphy’s father has since spent at least \$2.8 million to benefit his U.S. Senate campaign, including max-out contributions to Rep. Murphy’s principal campaign committee and seven-figure contributions to Super PACs supporting his election.²

As the *Tampa Bay Times* now reports,³ Rep. Murphy recently loaned his campaign \$1,000,000 to pay for television advertising, despite reporting less than a million dollars in personal cash assets. When questioned by reporters about the source of the funds, Rep. Murphy revealed that he had sold shares in his father’s company, confirming that he did so for the express purpose of raising funds to loan to his campaign.⁴

The sale raises significant red flags just a week before Election Day. To date, Rep. Murphy has not revealed who purchased the shares, how many shares he sold, how the shares were valued for that sale,

¹ Jonathan Mitisse, *Gift Triples U.S. Rep. Patrick Murphy’s Personal Wealth*, TC PALM, Dec. 30, 2013; see also Patrick Erin Murphy, *2015 U.S. House of Representatives Financial Disclosure Report*, Filed May 16, 2015.

² Kristen M. Clark, *Patrick Murphy’s Dad Also Gave Another \$1M to a Democratic Super PAC Last Month*, TAMPA BAY TIMES, Oct. 21, 2016.

³ Kristen M. Clark, *Patrick Murphy Sold Stock in Family Company to Cover Last-Minute \$1M Campaign Loan*, TAMPA BAY TIMES, Oct. 30, 2016, available at: <http://www.tampabay.com/blogs/the-buzz-florida-politics/patrick-murphy-sold-stock-in-family-company-to-cover-last-minute-1m/2300665>.

⁴ Clark, *supra* note 2 (“Rubio, however, has questioned how Murphy could have come by such a hefty loan when Murphy doesn’t have the cash assets to cover it, based on his most recent congressional financial disclosure. ‘It was basically a stock sale, of stock I had,’ Murphy explained to reporters...When asked whether the stock in question was specifically Murphy’s investment in Coastal, Murphy said: ‘Yes.’”).

or how he managed to sell the shares so quickly. Given his father's ownership of the company and history of financial support, the most plausible explanation is that Rep. Murphy's father either arranged for or purchased the shares himself, either directly or through Coastal Construction, specifically to benefit the campaign. This would appear to constitute a prohibited contribution in the name of another, as well as an excessive contribution to the campaign.

Federal law prohibits any person from making, knowingly helping or assisting in, or knowingly accepting a contribution in the name of another. 11 C.F.R. § 110.4(b).⁵ Given the facts, there is at least a "reasonable basis"⁶ to believe that Rep. Murphy and his father engineered the sale to funnel \$1,000,000 to Rep. Murphy's campaign. If Rep. Murphy's father or the company indeed purchased the shares, or if he otherwise arranged for the sale, then Rep. Murphy's loan of this money to his campaign would constitute a contribution from his father in Rep. Murphy's own name. By engaging in such highly questionable activity, Rep. Murphy's sale further violates House Rule 23's requirements that Members of the House "behave at all times in a manner that shall reflect creditably on the House" and "adhere to the spirit and the letter of the Rules of the House."⁷

Considering these facts, Kimberly Carroll respectfully requests that the Office of Congressional Ethics fully investigate Rep. Murphy's sale of these shares to determine whether he knowingly made, helped, assisted in, or accepted an excessive contribution in the name of another. If OCE so finds, then Kimberly Carroll would additionally request that OCE refer the matter to the House Ethics Committee and the U.S. Department of Justice for further review, as appropriate.

Respectfully,

Kimberly Carroll

⁵ The Code of Ethics for Government Service provides that House Members should "uphold the Constitution, laws and legal regulations of the United States and all governments therein and never be a party to their evasion. Accordingly, in violating FECA or another provision of statutory law, a Member or employee may also violate these provisions of the House rules and standards of conduct." House Ethics Manual, Committee on Standards of Official Conduct, 110th Congress, 2nd Session, 2008 Edition, p. 122.

⁶ See OCE Rule 7(A) (requiring "preliminary review" where there is a "reasonable and articulable basis" for believing the allegation).

⁷ Rules of the House of Representatives, Rule XXIII, clauses 1 & 2.