House Calendar No. 131

114TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
114–643

IN THE MATTER OF ALLEGATIONS RELATING TO REPRESENTATIVE VERNON G. BUCHANAN

R E P O R T

OF THE

COMMITTEE ON ETHICS

JUNE 24, 2016.—Referred to the House Calendar and ordered to be printed

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ETHICS,
Washington, DC, June 24, 2016.

Hon. KAREN L. HAAS,
Clerk, House of Representatives,
Washington, DC.

DEAR MS. HAAS: Pursuant to clauses 3(a)(2) and 3(b) of Rule XI of the Rules of the House of Representatives, we herewith transmit the attached report, "In the Matter of Allegations Relating to Representative Vernon G. Buchanan."

Sincerely,

CHARLES W. DENT,
Chairman.
LINDA T. SÁNCHEZ,
Ranking Member.

CONTENTS

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IN THE MATTER OF ALLEGATIONS RELATING TO REPRESENTATIVE VERNON G. BUCHANAN

JUNE 24, 2016.—Referred to the House Calendar and ordered to be printed

Mr. DENT, from the Committee on Ethics, submitted the following

R E P O R T

In accordance with House Rule XI, clauses 3(a)(2) and 3(b), the Committee on Ethics (Committee) hereby submits the following Report to the House of Representatives:

I. INTRODUCTION

Since 2012, the Committee has investigated allegations regarding Representative Vernon G. Buchanan and his campaign, as well as his interactions with an investigation by the Federal Election Commission (FEC) of those allegations. Following its investigation, the Committee concluded that there is insufficient evidence to support a finding of any violation by Representative Buchanan. This Report details the Committee's findings and conclusions.

On January 27, 2012, the Office of Congressional Ethics (OCE) transmitted a Report and Findings (Referral) relating to Representative Buchanan to the Committee. OCE's Referral recommended that the Committee further review allegations that Representative Buchanan "attempted to influence the testimony of a witness in a proceeding before the FEC" by coercing the witness to sign a false affidavit in violation of federal law and House Rules. OCE's Referral provided additional information about the allegation that Representative Buchanan attempted to improperly influence the testimony of his former business partner, Sam Kazran, by presenting Mr. Kazran with an affidavit for his signature which included false

statements about wrongdoing with respect to Representative Buchanan's campaign.[1]

The Committee agreed with OCE's recommendation and did further review the allegations in its Referral. On May 9, 2012, the Committee published OCE's Referral and a response from Representative Buchanan, and announced that the Committee would investigate the matter under Committee Rule 18(a).

In addition to the allegations regarding improperly influencing a witness, the Committee examined a broader range of allegations than the allegations for which OCE recommended further review. The Committee investigated allegations relating to Representative Buchanan's campaign, including whether several car dealerships partly owned by Representative Buchanan illegally reimbursed their employees for contributions to Representative Buchanan's House campaigns and whether Representative Buchanan himself may have been aware of the unlawful reimbursements at the time they occurred, or had some role in directing or approving of them.[2]

Together, these allegations were the subject of review by four different entities—the Committee, OCE, FEC, and Department of Justice (DOJ)—as well as related civil litigation in state court. In the course of its investigation the Committee reviewed over 6,000 pages of materials, including statements by 22 witnesses. Much of this material was generated through the course of the related investigations and proceedings. The Committee also interviewed Representative Buchanan, who agreed to appear before the Committee for a voluntary interview.

The FEC investigated the allegations of unlawful reimbursements and the allegations concerning Representative Buchanan's knowledge of, and involvement with, the corporate reimbursement of campaign contributions, and the allegation that he attempted to influence Mr. Karzan's testimony before the FEC. The FEC closed its investigation as it related to Representative Buchanan on February 1, 2011, taking no further action against him.

Additionally, beginning in late 2011, the DOJ investigated similar allegations relating to Representative Buchanan. The DOJ closed its investigation around September 2012.

The allegation related to attempting to improperly influence the testimony of Mr. Kazran was also one of several allegations that arose in a civil suit between Mr. Kazran and Representative Buchanan in Florida state court. On November 10, 2014, at the close of Mr. Kazran's case-in-chief, the Florida Circuit Court for Sarasota County directed a verdict in favor of Representative Buchanan with regard to the allegation that he improperly influenced testimony.

Finally, OCE reviewed the allegation that Representative Buchanan attempted to improperly influence the testimony of Mr.

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[1] A referral from the OCE to the Committee may include a recommendation that the Committee further review an allegation or dismiss it and provide the Committee with certain types of information regarding the allegation, but not the names of any cooperative witnesses or any conclusions regarding the validity of the allegations or the guilt or innocence of the individual who is the subject of the review. *See* H. Res. 895 § 1(c)(2)(C).

[2] Some of the allegations reviewed by the Committee occurred prior to the 111th Congress, prior to the Committee's general investigative jurisdiction, which includes the current and three previous Congresses. However, pursuant to House Rule XI, clause 3(b)(3) and Committee Rule 18(d), the Committee voted to determine that these allegations were directly related to alleged violations that occurred within the Committee's general jurisdiction and did investigate those allegations.

Kazran before the FEC and ultimately recommended that the Committee further review that allegation.

As is true with all of its investigations, the Committee conducted an independent review without deferring to the findings or conclusions of any other entity. In this matter, the Committee also reviewed the allegations that were the subject of proceedings before the FEC, DOJ, and in the Florida Circuit Court for Sarasota County.

Consistent with the resolutions in the matters before the FEC and DOJ, as well as in the related civil litigation, the Committee concluded that there is insufficient evidence to sustain any of the aforementioned allegations or to warrant any action against Representative Buchanan. Specifically, the Committee concluded that three car dealerships partly owned by Representative Buchanan did, in fact, illegally reimburse their employees for contributions to Representative Buchanan's House campaigns. However, the Committee found that the evidence is insufficient to conclude that Representative Buchanan himself was aware of the unlawful reimbursements when they were made, or had any role in directing or approving of them. The Committee further concluded that the evidence is insufficient to find that Representative Buchanan attempted to improperly influence the testimony of Mr. Kazran before the FEC. However, as discussed further in this Report, the Committee cautions Representative Buchanan to exercise more diligence over affairs related to his campaign.

Accordingly, the Committee unanimously voted to release this Report and take no further action in this matter.

II. PROCEDURAL HISTORY

As noted above, the issues discussed in this Report were the subject of other investigations and hearings. On August 19, 2008, Citizens for Responsibility and Ethics in Washington (CREW) filed a complaint with the FEC against Representative Buchanan, as well as a number of corporations with which he was affiliated and officers and employees of those corporations, alleging violations of the Federal Election Campaign Act (FECA). Specifically, CREW alleged that employees at two car dealerships owned by Representative Buchanan were compelled to donate to Representative Buchanan's campaign committee, Vern Buchanan For Congress (VBFC), and that their campaign contributions were later unlawfully reimbursed from corporate funds. On October 6, 2008, Representative Buchanan disclosed to the FEC that VBFC may have unknowingly violated the FECA by accepting contributions from employees of another car dealership owned by Representative Buchanan, who were then reimbursed by the dealership. While these allegations were similar in nature to the CREW allegations, CREW's complaint related to different contributions and corporations. The FEC investigated both CREW's complaint and Representative Buchanan's self-report, including the allegations concerning Representative Buchanan's knowledge of, and involvement with, the corporate reimbursement of campaign contributions. The FEC closed the inves-

tigation as it related to Representative Buchanan on February 1, 2011, taking no further action against him.[3]

On August 24, 2011, CREW wrote to the DOJ, requesting an investigation into not only the alleged violations of FECA previously disposed of by the FEC, but also a series of alleged crimes including obstruction of justice, witness tampering, and bribery, related to a draft affidavit prepared for Mr. Kazran.[4] Representative Buchanan's attorneys acknowledged a DOJ investigation, but that investigation was subsequently closed without formal charges.[5] On December 18, 2013, CREW filed suit against the DOJ under the Freedom of Information Act (FOIA), seeking the release of its investigative file in that matter.[6] The DOJ ultimately released certain documents regarding Representative Buchanan to CREW, and the parties settled their suit on June 29, 2015.[7]

On October 3, 2011, OCE notified the Committee that it had initiated a preliminary review of allegations that Representative Buchanan "may have attempted to influence a witness to sign a false affidavit related to an FEC investigation of campaign contributions to his campaign committee."[8] On October 31, 2011, OCE notified the Committee that it commenced a second-phase review of these allegations. On January 27, 2012, OCE sent its Referral to the Committee, recommending further review of the allegations. OCE's Referral found substantial reason to believe that a single paragraph of the draft affidavit may have been false, and that consequently, Representative Buchanan may have violated three separate criminal statutes.[9] OCE also included in its Referral a section noting that, depending on the facts surrounding the FECA allegations, additional paragraphs in the draft affidavit "may" be false,[10]

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[3]The FEC continued to investigate allegations of conduit contributions by other corporate entities and individuals, even after it concluded its investigation of Representative Buchanan himself. The FEC sued Mr. Kazran (eventually obtaining a settlement against him and a default judgment against the related corporate entity), and reached conciliation agreements with a number of other individuals and entities. *See infra* Part IV.B. The FEC appears to have concluded all business related to this investigation in March 2012. Additionally, in 2010, the FEC undertook an unrelated investigation of contributions to Representative Buchanan's campaign that were reimbursed by a company not owned by or directly affiliated with Representative Buchanan; Representative Buchanan was not a party to that proceeding. *See* Federal Election Commission, *In the Matter of Timothy F. Mobley, et al.*, MUR 6516. The FEC found that the companies in question, which were also targeted by a related DOJ investigation, knowingly reimbursed contributions to Representative Buchanan's campaign, and the FEC entered into conciliation agreements with those companies and the individuals who owned and controlled them.

[4]*See* Letter from CREW Executive Director Melanie Sloan to FBI Assistant Director James W. McJunkin (Aug. 24, 2011), *available at* http://www.citizensforethics.org/legal-filings/entry/crew-files-fbi-complaint-against-rep-vern-buchanan.

[5]DOJ has never publicly acknowledged a date by which it ended its investigation, publicly stating only that it had in fact closed the investigation. *See CREW v. DOJ*, No. 13-cv-2000 Docket #2 ¶ (Answer) (Mar. 6, 2014). But media reports indicate that this decision may have been made as early as September 2012. *See, e.g.*, Adam C. Smith, *Justice Department closes investigations against Vern Buchanan with no charges*, Tampa Bay Times (Sept. 11, 2012), *available at* http://www.tampabay.com/blogs/the-buzz-florida-politics/content/justice-department-closes-investigations-against-vern-buchanan-w-no-charges.

[6]*CREW v. DOJ*, Docket #1 (Dec. 18, 2013).

[7]*Id.*

[8]The FECA violations investigated by the FEC occurred from 2005 through 2007; OCE's investigative authority does not extend to violations that occurred prior to 2008. *See* H. Res. 895 § 4.

[9]OCE found that a number of witnesses, including Representative Buchanan, had failed to fully cooperate with OCE's review, and accordingly noted in its Referral that it was permitted to draw a negative inference from that lack of cooperation. *See* OCE's Referral ¶ 87. Despite this, OCE "judged the evidence adduced to be more than sufficient to support its determination," irrespective of such an inference. *Id.*

[10]See OCE's Referral ¶ 70–86.

but it is unclear as to whether OCE found substantial reason to believe those allegations.[11]

Some of the allegations in this matter were also the subject of a civil suit between Mr. Kazran and Representative Buchanan in the Florida Circuit Court for Sarasota County. Representative Buchanan's holding company filed suit against Mr. Kazran in Duval County on September 4, 2008.[12] The suit alleged that Mr. Kazran had failed to repay a $2.5 million loan. In turn, Mr. Kazran filed suit against Representative Buchanan in Sarasota County on September 25, 2008. His complaint was largely based on claims that Representative Buchanan had engaged in fraud related to his business dealings with Mr. Kazran, but the complaint also included allegations that Representative Buchanan abused the legal process by attempting to force Mr. Kazran to sign a false affidavit.[13] It appears based on the dockets for both cases that Representative Buchanan eventually chose not to pursue his claims in Duval County, instead countersuing Mr. Kazran in Sarasota County and litigating his claims there. Representative Buchanan won summary judgment motions on some of the claims against him; Mr. Kazran's remaining claims, as well as Representative Buchanan's own causes of action, went to trial on November 3, 2014. On November 10, 2014, at the close of Mr. Kazran's case-in-chief, the court directed a verdict in favor of Representative Buchanan. On December 5, 2014, following a jury verdict, the court entered judgment in favor of Representative Buchanan on his own claims against Mr. Kazran, and ordered Mr. Kazran to pay Representative Buchanan $2.5 million plus interest.

A number of factors caused the Committee's review of these allegations to take longer than normal, beginning with the convoluted set of parallel proceedings described above. Exacerbating that complication, Representative Buchanan initially responded to the Committee's request for information by requesting that the Committee defer its inquiry at least until the conclusion of DOJ's investigation, and then, once DOJ had closed the matter, Representative Buchanan requested that the Committee close its own inquiry with no further investigation based solely on DOJ's decision. The Committee declined to do so, and continued its own investigation. These requests, and the Committee's consideration of them, resulted in a delay of at least fifteen months. The Committee faced further delays as it attempted to obtain evidence collected in the other inquiries described above.

As noted above, the Committee reviewed over 6,000 pages of materials, including statements by 22 witnesses. Much of this material was generated through the course of the parallel investigations described above.[14] The Committee also interviewed Representative

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[11]Subsequent correspondence from OCE stated that "OCE did not adopt Mr. Kazran's statement that Representative Buchanan directed him to reimburse campaign contributions." Letter from David Skaggs and William Frenzel to Chairman and Ranking Member of Committee on Ethics at 4 (Apr. 2, 2012).

[12]*See 1099 Mgmt. Co., LLC v. Gwinnett, LLC*, No. 2008 CA11480 (Fla. Cir. Ct., Duval Cty.).

[13]*Kazran v. Buchanan*, 2008 CA 15448 (Fla. Cir. Ct., Sarasota Cty.).

[14]The Committee determined that this information was sufficient to dispose of this matter, and chose not to re-interview certain witnesses who had already been questioned, including Mr. Kazran. In part, this determination was based on independent concerns about Mr. Kazran's credibility, as outlined *infra* at Part IV. Additionally, the Committee's review of the extant testimony did not reveal sufficient evidentiary gaps to warrant duplicative interviews. Finally, because the Committee's determination rested on a legal conclusion regarding the elements of the

Continued

Buchanan, who agreed to appear before the Committee for a voluntary interview.

III. HOUSE RULES, LAWS, REGULATIONS, AND OTHER STANDARDS OF CONDUCT

A number of criminal statutes prohibit actions that intentionally interfere with ongoing government investigations. First, 18 U.S.C. 201(b)(3) prohibits bribing a witness, which is the act of corruptly giving, offering, or promising anything of value to any witness with the intent to influence the witness' testimony. Second, 18 U.S.C. § 1505 prohibits persons from corruptly obstructing an executive branch agency proceeding. Obstruction of a proceeding is defined as "do[ing] something to sway or change or prevent any action likely to be taken in the . . . proceeding."[15] Finally, 18 U.S.C. § 1512(b)(2)(A) prohibits witness tampering, which includes, among other things, corruptly persuading a witness in an official proceeding to fail to offer testimony, or to offer testimony that is false. An "official proceeding" includes agency proceedings as well as those in court.[16]

The Federal Election Campaign Act (FECA), 52 U.S.C. §§ 30101 *et seq.*, imposes a number of restrictions on campaign contributions, including a prohibition on making a campaign contribution in the name of another person.[17] Contributions that violate FECA Section 30122 are sometimes described as "reimbursed" or "conduit" contributions. Violations of Section 30122 are punishable based on the aggregate amount of offending contributions; contributions over $2,000 are misdemeanors punishable by a fine and up to a year imprisonment, while contributions over $25,000 are felonies punishable by a fine and up to five years imprisonment.

Finally, House Rule XXIII, clauses 1 and 2 state that "[a] Member . . . of the House shall behave at all times in a manner that shall reflect creditably on the House," and "shall adhere to the *spirit and the letter* of the Rules of the House . . ." (emphasis added).

IV. BACKGROUND

A. BUSINESS DISPUTES BETWEEN REPRESENTATIVE BUCHANAN AND MR. KAZRAN, AND THE DRAFT AFFIDAVIT

From at least 2005 through 2008, Representative Buchanan, either directly or through a corporation he owned—1099 Management Company, LLC (1099 Management)—held an ownership interest in several car dealerships, including Venice Nissan Dodge (VND), Suncoast Ford (SCF), and Hyundai of North Jacksonville (HNJ).[18] HNJ was, at the time relevant to this matter, a car dealership in Jacksonville, Florida. Representative Buchanan owned a majority stake in HNJ until 2008, when he sold his interest to Mr. Kazran, who had been up to that point the president and minority owner of HNJ.[19]

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offenses, the bulk of the outstanding factual questions were not relevant to its final conclusion. *See infra* Part V.A.

[15] 11th Cir. Federal Criminal Pattern Jury Instructions at 347.

[16] 18 U.S.C. § 1515(a)(1)(C).

[17] Previously codified as 2 U.S.C. §§ 431 *et seq*.

[18] *See* Representative Buchanan's Financial Disclosure Statement for January 1, 2004–April 30, 2006 (filed May 12, 2006).

[19] *See FEC* v. *Kazran*, No. 10-cv-1155, Docket # 1 at § 16 (M.D. Fla. Dec. 17, 2010).

Over the summer of 2008, Representative Buchanan's business relationship with Mr. Kazran began to deteriorate. The fallout from that relationship was then litigated on a continuous basis and in a number of forums until at least late 2014. To summarize, when Representative Buchanan sold his interest in HNJ to Mr. Kazran, he loaned Mr. Kazran the funds used to purchase his equity interest, essentially converting his ownership in HNJ into a loan to Mr. Kazran.[20] In 2008, Mr. Kazran sought additional funds from Representative Buchanan to purchase Kia dealerships in Jacksonville, which Representative Buchanan provided in the form of a $2.5 million personal unsecured loan.[21] Representative Buchanan alleged that Mr. Kazran stopped repaying this loan in the summer of 2008.[22] Representative Buchanan was concerned that Mr. Kazran might declare bankruptcy, and he began negotiating a settlement that involved paying Mr. Kazran millions of additional dollars in exchange for ownership of other dealership properties.[23] Mr. Kazran, for his part, claimed that Representative Buchanan breached a variety of agreements between them and their related businesses.[24] Representative Buchanan and Mr. Kazran ended up filing suit against each other in at least two state courts.[25]

As discussed more fully below at Section IV.B.3., the evidence shows that before the breakdown in the relationship between Mr. Kazran and Representative Buchanan, over the course of two election cycles in 2006 and 2008, Mr. Kazran instructed HNJ employees and other individuals to contribute to VBFC.[26] Mr. Kazran subsequently directed the HNJ controller to write checks drawn from HNJ accounts to those individuals to reimburse their contributions. The reimbursed contributions totaled $67,900.[27] On September 8, 2008, while the parties were discussing the resolution of their legal disputes, Mr. Kazran sent an email to John Tosch—the CEO of Representative Buchanan's company, 1099 Management, LLC—stating that HNJ had reimbursed its employees for their contributions to VBFC:

> This is the 1st set of [reimbursement] checks, there are more to follow, It [sic] gives me great regret to have done this for Vern when he doesn't even hesitates [sic] for a second to sue me and my wife over 20k. Maybe he can consider taking part of this 80k+ as one month of payment so my wife doesn't cry out of fear of loosing [sic] our home.[28]

This September 8, 2008 email appears to have been the first clear indication to Representative Buchanan that Mr. Kazran had directed HNJ to reimburse contributions its employees made to VBFC. However, there had been prior communications between Mr. Kazran, Representative Buchanan, and their respective associates regarding campaign contributions generally. On August 26, 2008,

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[20] FEC, *In the Matter of Vern Buchanan et al.*, MUR 6054 (hereinafter "FEC Investigation"), Deposition of Representative Buchanan.
[21] *Id.*
[22] *Id.*
[23] *Id.* It is worth noting that in 2008, a state court in Georgia held Mr. Kazran in contempt based on actions taken after a business he controlled entered receivership. *See infra* Part IV.B.3.
[24] *See generally Kazran v. Buchanan*, 2008 CA 15448 (Fla. Cir. Ct., Sarasota Cty.).
[25] *See id.; see also 1099 Mgmt. Co., LLC v. Gwinnett, LLC.*, 16 2008 CA 011480 (Fla. Cir. Ct., Duval Cty.).
[26] FEC Investigation, General Counsel's Report #7 at 4–5.
[27] *Id.*
[28] OCE's Referral, Ex. 8.

Mr. Kazran emailed Representative Buchanan to discuss their legal dispute, and noted that he was "the only one in our group that has donated over 80k" to VBFC.[29] On August 27, 2008, Joshua Farid, formerly the CFO of HNJ and Mr. Kazran's brother-in-law, wrote to Mr. Tosch and referred to the support that "the dealership" had provided to Representative Buchanan's campaign, "to a tune of $80K."[30] While neither of these communications clearly alleged that HNJ had reimbursed its employees for their contributions to Representative Buchanan's campaign, they might have alerted Representative Buchanan or his associates and counsel that something was amiss.[31]

On October 2, 2008—approximately three weeks after Mr. Kazran's September 8, 2008 email to Mr. Tosch—Mike Lindell, the attorney representing Representative Buchanan in his civil dispute with Mr. Kazran,[32] transmitted a Term Sheet outlining a proposed settlement of the outstanding disputes between Mr. Kazran and Representative Buchanan. Representative Buchanan's signature appears on this Term Sheet, but during his testimony before the Committee, he could not recall signing the document, and stated that he may have signed it without reading it.

Much of this Term Sheet was similar to previous settlement proposals between the parties, insofar as it proposed that Representative Buchanan and Mr. Kazran would settle their disputes, in exchange for which Representative Buchanan would purchase certain dealership assets from Mr. Kazran and help him pay off obligations at another dealership, through a cash payment of $2.9 million.[33] Unlike the previous proposals, however, this Term Sheet included a draft affidavit regarding the reimbursed campaign contributions.[34] The draft affidavit was prepared for Mr. Kazran's signature, and accordingly refers to him in the first person.[35] It stated that "[d]uring the course of tense and somewhat hostile negotiations between my lawyers and me, and representatives for [Representative] Buchanan, I advised a representative of [Representative] Buchanan that one or more of the dealerships of which I was in operational control had reimbursed certain individuals who had contributed to [VBFC]."[36] It went on to state that "[b]efore September 2008 *neither I*, nor to my knowledge any other person who had ever advised [Representative] Buchanan or any of his representatives had any information that [these dealerships] reimbursed certain individuals for contributions made to [VBFC]."[37] The affidavit further stated that Mr. Kazran had not heard Representative Buchanan threaten discrimination or reprisal to dealership employees for failing to make a contribution, had not heard Representative Buchanan approve of plans to reimburse contribu-

[29] OCE's Referral ¶¶ 60, 61.
[30] *Id.*
[31] For example, a review of Mr. Kazran's contributions to VBFC would indicate that he did not make $80,000 in contributions to the campaign in his own name, which could raise the question of what the "over $80K" figure referred to.
[32] This attorney is not the same attorney that represented Representative Buchanan or VBFC in the FEC Investigation, OCE's inquiry, or the Committee's review.
[33] OCE's Referral, Ex. 1.
[34] *Id.*
[35] *Id.*
[36] *Id.*
[37] *Id.* (emphasis added).

tions, and had not been advised by any third party that Representative Buchanan was aware of plans to reimburse contributions.[38]

The precise nature of Representative Buchanan's involvement in the process of either constructing the draft affidavit or attempting to get Mr. Kazran to sign it is very much in dispute. Representative Buchanan claimed in testimony before the FEC and the Committee that he had not seen the draft affidavit at the time it was provided to Mr. Kazran, although it was attached to the settlement term sheet that he signed.[39] Indeed, during his testimony before the Committee, Representative Buchanan stated that he could not remember ever having reviewed the affidavit, despite it being a central part of both the FEC and OCE investigations.

All of Mr. Kazran's written communications regarding the reimbursed contributions and the settlement were directed at either Mr. Tosch or Representative Buchanan's litigation counsel, and not to Representative Buchanan directly. However, Mr. Kazran stated to OCE that he had dinner with Representative Buchanan and Mr. Tosch in early October 2008, and at that dinner the two men pressured Mr. Kazran to sign the draft affidavit. Representative Buchanan, in his testimony before the FEC and the Committee, denied ever speaking directly to Mr. Kazran about the affidavit, and noted that Mr. Kazran stated in two emails that Mr. Kazran "attempted to speak with [Representative Buchanan] directly but he did not answer,"[40] and "[a]t no time [did Representative Buchanan and I] discuss[] signing documentation that has nothing to do with our agreement [sic]."[41] Mr. Tosch, for his part, denied ever discussing the affidavit in person with Mr. Kazran, and stated that all of his participation in negotiations during this period consisted of either conversations between the two sides' attorneys, or unsolicited and unreciprocated contact from Mr. Kazran to Mr. Tosch, not the other way around.[42]

On the other hand, it is clear that Representative Buchanan knew by at least October 2008 of the allegation that HNJ reimbursed its employees for contributions to VBFC, as evidenced by a voicemail message that Representative Buchanan appears to have left for Mr. Kazran. While the transcript of the voicemail does not indicate its date, Mr. Kazran told OCE that he received and recorded the voicemail after he received the draft affidavit on October 2, 2008, and after he allegedly had a conversation during which Representative Buchanan urged Mr. Kazran to sign the draft affidavit.[43] In the voicemail, Representative Buchanan did not specifically discuss the draft affidavit, but on one occasion he did assert that Mr. Kazran faced legal liability for any reimbursed contributions, while at the same time denying his own involvement:

> I think the threatening of the political stuff and all that, you got more liability than you know if you start telling

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[38] *Id.*
[39] FEC Investigation, Deposition of Representative Buchanan.
[40] VGB–HCE 004296.
[41] VGB–HCE 004312.
[42] FEC Investigation, Deposition of John Tosch. Representative Buchanan noted in his testimony that the time period in question included his wedding anniversary (during which he would have been unavailable for a dinner with Mr. Kazran). FEC Investigation, Deposition of Representative Buchanan. Additionally, Representative Buchanan recorded votes on bills in the House on the evening of October 2, 2008, and on the afternoon of October 3, 2008. 154 Cong. Rec. H10671–05 (2008) (Roll Call No. 676); 154 Cong. Rec. H10805 (Roll Call No. 681).
[43] OCE's Referral, Ex. 2 §§ 31–33.

> people that you reimbursed people, because technically you have that liability. All I told you, and I've always made it clear is that you can't reimburse people. They've got to give it under their free will. You know that. At 12, 18 points, we're going to win the election anyway.[44]

Mr. Kazran ultimately refused to sign the draft affidavit, and on October 6, 2008, VBFC filed a self-report to FEC disclosing the improper contributions from HNJ and asking for guidance on how to dispose of those funds.[45] VBFC ultimately disgorged the contributions, consistent with FEC's recommendation. Also on October 6, 2008, Representative Buchanan's litigation counsel recirculated a revised Term Sheet, which did not contain the draft affidavit.[46] On October 16, 2008, Representative Buchanan's litigation counsel revised the Term Sheet again and sent it to Mr. Kazran's attorneys; this version still excluded the draft affidavit, but increased Representative Buchanan's proposed cash payout to $3 million. In the end, no agreement was reached.

The parties continued to litigate their dispute in Florida state court. Mr. Kazran included in subsequent versions of his civil complaint allegations related to the draft affidavit, among other allegations.[47] Specifically, Mr. Kazran alleged that Representative Buchanan abused the legal process by attempting to force Mr. Kazran to sign a false affidavit. Ultimately, the court granted partial summary judgment in favor of Representative Buchanan for some of Mr. Kazran's claims, then entered a directed verdict against Mr. Kazran and in favor of Representative Buchanan on the rest of Mr. Kazran's claims.[48] While that disposition indicated that the court had rejected Mr. Kazran's claims about the draft affidavit, the record does not make clear the court's legal or factual rationale for doing so. Representative Buchanan prevailed on his own claims against Mr. Kazran after a jury trial.[49]

B. ALLEGATIONS OF REPRESENTATIVE BUCHANAN'S INVOLVEMENT WITH, AND KNOWLEDGE OF, CONDUIT CONTRIBUTIONS TO VBFC

1. Suncoast Ford (SCF)

SCF was, at the time relevant to this matter, a car dealership in Port Richey, Florida. Representative Buchanan owned a majority stake in SCF, but was not involved in its day-to-day operations; Gary Scarbrough was the operating minority partner. Four SCF officers and employees—Mr. Scarbrough, Kenneth Lybarger, Harold Glover, and M. Osman Ally—each contributed $4,600 to VBFC in March 2007 via personal check.[50] According to Mr. Lybarger, SCF's controller, Mr. Scarbrough, subsequently directed him to cut checks from SCF's bank account to reimburse the four SCF officers and

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[44] FEC Investigation, Deposition of Sam Kazran. Representative Buchanan appears to have left a second voicemail message for Mr. Kazran, which did not directly mention reimbursed contributions, and instead focused on the private business disputes between him and Mr. Kazran, encouraging him to agree to a settlement. Nothing in the transcript of the recorded voicemails indicated the dates on which they occurred, but it is worth noting that by October 6, 2008, the draft affidavit had been removed from the proposed Term Sheet.

[45] *See* FEC Investigation, *Sua Sponte* Submission from VBFC (Oct. 6, 2008).

[46] VGB–HCE 004315–19.

[47] *Kazran* v. *Buchanan* (Aug. 10, 2012) (Third Amended Complaint).

[48] *Kazran* v. *Buchanan* (Dec. 5, 2014) (Final Judgment).

[49] *Id.*

[50] *See* FEC Investigation, Conciliation Agreement with Gary Scarbrough at ¶ 4 (Dec. 20, 2011).

employees for their VBFC contributions.[51] Mr. Scarbrough told the FEC that, while Representative Buchanan had asked him on a number of occasions to contribute to VBFC, he could recall very little about the reimbursements themselves.[52] Eventually, an auditor who worked for Buchanan Automotive Group reviewed SCF's books and discovered the reimbursements. SCF then notified VBFC of the reimbursements, and VBFC refunded the contributions to the individuals in question.[53] Mr. Scarbrough testified that, at the time he caused SCF to reimburse the individual contributions, he did not know that such reimbursement violated campaign finance laws, and that doing so was a "mistake."[54] The FEC found, based on these uncontested facts, that SCF and Mr. Scarbrough had both knowingly violated 52 U.S.C. 30122, and directed SCF and Mr. Scarbrough to pay fines of $7,000 and $8,500, respectively.[55] However, the FEC found no evidence that Representative Buchanan was involved in or aware of SCF's decision to reimburse its employees' contributions to VBFC.[56] Representative Buchanan testified before the Committee that he was not involved in or aware of reimbursed contributions at SCF at the time they occurred.

2. Venice Nissan Dodge (VND)

VND was, at the time relevant to this matter, a car dealership in Venice, Florida. Representative Buchanan owned a majority stake in VND, but was not involved in its day-to-day operations, which were handled jointly by minority owner Shelby Curtsinger and general sales manager Donald Caldwell.[57] On or about September 15 or 16, 2005, Caldwell met with VND employees Jack Prater, Carlo Bell, Jason Martin, Marvin White, and William Mullins, and gave each man $1,000 in cash.[58] Mr. Caldwell obtained the funds he used for this distribution from the VND accounting office, and the funds were drawn from a VND bank account.[59] Each of the five VND employees who received the $1,000 in cash contributed the same amount to VBFC through personal checks written within a day or two after they received the cash.[60] Mr. Caldwell admitted that, around the same time he gave the $1,000 to each of the five VND employees, he discussed with each of them the possibility that they might contribute to VBFC.[61] The import of that conversation, however, was a matter of some disagreement. Mr. Bell alleged that Mr. Caldwell had explained that the $1,000 was a reimbursement for donating to VBFC, and that when Mr. Bell objected, Mr. Caldwell asked him if he was "on the team" or not.[62] Messrs. Prater, Martin, White, and Mullins, how-

[51] *See* FEC Investigation, General Counsel's Report #10 at 3 (Apr. 29, 2011).
[52] *See Id*. at 4.
[53] *See* FEC Investigation, Conciliation Agreement with Gary Scarbrough at ¶ 8.
[54] FEC Investigation, General Counsel's Report #10 at 6.
[55] *See* FEC Investigation, Conciliation Agreement with SCF at VI (Dec. 20, 2011); FEC Investigation, Conciliation Agreement with Gary Scarbrough at VI.
[56] FEC Investigation, General Counsel's Report #9 at 12, 15 (Jan. 25, 2011).
[57] FEC Investigation, Conciliation Agreement with VND and Donald Caldwell at ¶¶ 1–2 (Aug. 11, 2010).
[58] *Id.* at ¶ 12.
[59] *Id.* at ¶ 11.
[60] *Id.* at ¶ 13.
[61] FEC Investigation, General Counsel's Report #4 at 3 (June 2, 2010).
[62] FEC Investigation, Complaint at Ex. A. David Padilla, a former VND employee, similarly alleged that he was approached with an offer to contribute to VBFC and be reimbursed by VND; Mr. Padilla stated that he refused to participate. *See Id.* at Ex. D.

ever, asserted that the bonuses were not connected to their contributions and that they gave to VBFC of their own free will.[63] These four VND employees, as well as Mr. Caldwell, testified that the $1,000 cash payments were not unusual in the car sales business, and that they were paid to the VND employees for reaching certain performance targets.[64] Despite this factual dispute, the FEC determined that there was probable cause to believe that the $1,000 cash payments, and the subsequent donations to VBFC, constituted a violation of 2 U.S.C. 441f.[65] While VND and Mr. Caldwell never admitted guilt or responsibility for the violations, they nevertheless agreed to pay a fine of $11,000, and to request that VBFC disgorge the $5,000 in question.[66] VBFC disgorged those funds on October 7, 2010, by check to the U.S. Treasury. As was the case for the contributions for SCF, FEC found no evidence that Representative Buchanan was involved with or aware of VND's decision to reimburse its employees' contributions to VBFC.[67] Representative Buchanan testified to the Committee that he was not involved in or aware of reimbursed contributions at VND at the time they occurred.

3. Hyundai of North Jacksonville (HNJ)

Similar to both SCF and VND, the FEC found that Mr. Kazran and HNJ had violated 52 U.S.C. 30122 by reimbursing HNJ employees for contributions to VBFC. However, unlike the other two dealerships, the FEC was unable to reach an agreement with Mr. Kazran in its ordinary process, and instead filed suit against him and HNJ in the United States District Court for the Middle District of Florida.[68] Mr. Kazran never admitted liability for his actions, but did ultimately settle the suit and agree to pay a fine of $5,500.[69]

The question of Representative Buchanan's involvement in the HNJ reimbursements is subject to substantially more dispute than his apparent lack of involvement in reimbursements from the other two dealerships. Mr. Kazran alleged in his testimony before FEC and OCE that all the actions he took were at the repeated direction of Representative Buchanan:

> I instructed them to write a check and reimburse themselves for—because Mr. Buchanan had asked me to get money. And he specifically told me to get someone you trust and run it through the corporation.[70]

Other witnesses testified that, while they did not directly witness Representative Buchanan directing conduit contributions at HNJ,

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[63] *See* FEC Investigation, Statement of Reasons by Vice Chair Caroline C. Hunter at 4–5 (Dec. 19, 2011).

[64] *Id.* at 4–5.

[65] FEC Investigation, Conciliation Agreement with VND and Donald Caldwell at ¶ 15.

[66] *Id.* at V–VI. It is important to note that the FEC's vote to accept this agreement with VND and Mr. Caldwell was not unanimous—one Commissioner credited the testimony of Mr. Caldwell and the VND employees other than Mr. Bell and concluded that the evidence did not "establish probable cause that a violation did occur." FEC Investigation, Statement of Reasons by Vice Chair Caroline C. Hunter at 7.

[67] FEC Investigation, General Counsel's Report #9 at 15.

[68] *FEC* v. *Kazran*, No. 10–cv–1155 Docket #1 (M.D. Fla. Dec. 17, 2010).

[69] *FEC* v. *Kazran*, Docket #65 (Feb. 29, 2012). HNJ appears to be a defunct entity and did not enter an appearance in the case. Thus, the district court entered default judgment against HNJ for the full amount of the reimbursed contributions. *FEC* v. *Kazran*, Docket #69 (Mar. 8, 2012).

[70] FEC Investigation, Deposition of Sam Kazran; *see also* OCE's Referral, Ex. 2 ¶ 14.

they had observed other conversations and conduct that tended to show Representative Buchanan approving of such conduct. For example, HNJ's controller, Gayle Lephart, who reimbursed several HNJ employees for contributions to VBFC, stated that she overheard Mr. Kazran tell Representative Buchanan, during a phone call, "Vern, I'll handle it right now." [71] Immediately after that call, Mr. Kazran directed Ms. Lephart to reimburse her own contribution to VBFC from HNJ funds. Joshua Farid stated that he overheard both sides of a telephone conversation during which Representative Buchanan told Mr. Kazran to reimburse contributions from HNJ employees with HNJ funds.[72] Steve Silverio, one of Representative Buchanan's former business partners, testified that during a lunch in August or September 2005, Dennis Slater, who worked for Representative Buchanan's companies as Chief Operating Officer (COO), suggested that corporate funds could be used to reimburse contributions to Representative Buchanan's first House campaign.[73] More tangentially, Sal Rosa, a former officer in one of Representative Buchanan's companies, stated that before Representative Buchanan ran for office himself, Representative Buchanan asked Mr. Rosa to have his company reimburse a political contribution for another candidate. Mr. Rosa claimed that when he objected, Representative Buchanan told him to "finesse it." [74]

However, the evidence described above was in many ways flawed, inconsistent, and ultimately insufficient to prove that Representative Buchanan was directly involved in, or was even aware of, the reimbursed contributions from HNJ. None of the documents contemporaneous with the reimbursed contributions corroborated Mr. Kazran's testimony; indeed, his testimony consistently referred to oral direction from Representative Buchanan, as opposed to memos or emails instructing him to reimburse contributions. Similarly, none of the witness testimony described above could consistently corroborate Mr. Kazran's allegations. By her own admission, Ms. Lephart never heard Representative Buchanan tell Mr. Kazran to reimburse contributions,[75] and Mr. Kazran explicitly rejected Mr. Farid's claim that Mr. Farid directly overheard Representative Buchanan tell Mr. Kazran to reimburse contributions during telephone conversations between Mr. Kazran and Representative Buchanan.[76]

Mr. Silverio's testimony, similarly, did not directly connect Representative Buchanan to any of the reimbursed contributions, much less those that specifically took place at HNJ. While Mr. Silverio alleged that someone associated with Representative Buchanan suggested using corporate funds for contributions to VBFC generally, he did not connect Representative Buchanan directly to the suggestion, nor did he provide evidence that this suggestion led to

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[71] OCE's Referral, Ex. 5 ¶ 13–15.

[72] Mr. Farid's testimony is inconsistent with others, including Mr. Kazran himself, on this point. *See* infra n. 76 and accompanying text.

[73] *Id.* at 10.

[74] FEC Investigation, General Counsel's Report #9 at 14.

[75] *Id.* at 7, 9.

[76] See OCE's Referral, Ex. 2 ¶ 25 ("There was no instance when [Mr. Kazran] allowed someone to overhear a phone call with Representative Buchanan when reimbursements were discussed. *Anyone who said that is lying*.") (emphasis added); FEC Investigation, General Counsel's Report #9 at 8 (Mr. Farid's understanding of Representative Buchanan's involvement was "based on subsequent conversations [Mr. Farid] had with Mr. Kazran").

any reimbursement of campaign contributions from corporate funds. In the same way, Mr. Rosa's uncorroborated testimony suggests that Representative Buchanan may have failed to comply with federal election laws when he raised funds for a different candidate, prior to entering politics himself. But other than an isolated comment to "finesse" the legality of a contribution, Mr. Rosa provided no additional information about Representative Buchanan knowing or approving of a specific scheme to reimburse those contributions. Put another way, the one-off comments that Mr. Silverio and Mr. Rosa heard and testified to were made in different contexts and without any contextual connection to the contributions at HNJ.

Mr. Kazran's uncorroborated testimony suffered from another, larger problem: his lack of credibility. Mr. Kazran's statement to OCE was inconsistent with his testimony before the FEC: he testified to the former that Representative Buchanan first directed Mr. Kazran to reimburse contributions in June 2006, whereas Mr. Kazran told the FEC that first occurred in November 2005.[77] Because HNJ first reimbursed contributions to VBFC in 2005, Mr. Kazran's testimony to OCE makes it less likely that Representative Buchanan was involved in at least those initial contributions, if not the entire series of reimbursements. Mr. Kazran also appeared at times during the investigations to be motivated by personal and professional animus for Representative Buchanan. For example, in the weeks leading up to the 2010 election, he threatened to publicize the FEC investigation, in potential violation of the FEC's confidentiality rules, by filing a lawsuit related to the investigation.[78] Perhaps most concerning, a Georgia state court ordered Mr. Kazran to serve jail time for contempt of court, arising out of his fraudulent transfer of over $100,000 from car dealerships owned by Mr. Kazran that were in receivership.[79] The FEC found that Mr. Kazran's conduct in that case reflected both on his honesty and his respect for the law.[80]

Viewed in this context, Mr. Kazran's claims about what happened at HNJ fit less tidily into the totality of the circumstances. Without corroboration of Representative Buchanan's instruction to reimburse contributions, the pressure he may have exercised on his colleagues to donate to his campaigns appears less like a prelude to an illegal conduit scheme and more like hard-sell fundraising, which is not illegal. In the end, the flaws in Mr. Kazran's story and his character made it at least equally likely that he decided to reimburse the contributions himself, without Representative Buchanan's knowledge or involvement. The FEC appears to have reached this conclusion, and took no further action with respect to Representative Buchanan.[81] In his testimony before the Committee, Representative Buchanan again asserted that he had not

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[77] *Compare* OCE's Referral, Ex. 2 ¶ 12 *with* FEC Investigation, Deposition of Sam Kazran. In his OCE statement, Mr. Kazran referred to a conversation he allegedly heard between Representative Buchanan and two of his colleagues in late 2005 or early 2006, where reimbursements were discussed. But the other alleged participants in that conversation denied hearing Representative Buchanan authorize reimbursed contributions. *See, e.g.*, OCE's Referral, Ex. 10 ¶ 23.

[78] FEC Investigation, General Counsel's Report # 9 at 3–4. Mr. Kazran's motives for attacking Representative Buchanan are discussed more fully in the section above.

[79] *Id.* at 3.

[80] *Id.*

[81] FEC Investigation, Notification to Vernon G. Buchanan (Feb. 7, 2011).

been involved in or had any knowledge of the reimbursed contributions at HNJ at the time they occurred.

When recommending that the FEC close its investigation of Representative Buchanan, the FEC's Acting General Counsel noted that Representative Buchanan's testimony was "not particularly credible."[82] For example, the FEC's Acting General Counsel concluded that, despite Representative Buchanan's testimony to the contrary, it was unlikely that Representative Buchanan was not involved in the drafting of the affidavit.[83] In addition, Representative Buchanan testified that he could not remember asking Mr. Kazran to raise funds for VBFC, and testified that he did not "know what anybody has raised." However, the FEC's Acting General Counsel noted that VBFC kept lists of the amounts that Representative Buchanan's partners had raised, and his campaign treasurer testified that Representative Buchanan would regularly discuss fundraising activities with his partners at business meetings and through personal follow-ups.[84] Despite these issues, the FEC's Acting General Counsel recommended dismissal of the investigation of Representative Buchanan because these "inconsistencies on background issues do not necessarily show that [Representative] Buchanan directed [Mr.] Kazran to reimburse contributions."[85] However, the FEC's Acting General Counsel stated that Representative Buchanan's "inability to remember basic facts as to these uncontroversial, routine issues detracts from his credibility."[86]

When the Committee interviewed Representative Buchanan, his recollection of details regarding fundraising from business partners was similarly vague. He had very little specific recollection of having solicited campaign donations from any particular partner or group of partners, although he acknowledged that "sometimes people would ask me if they could help in the campaign" after having meetings with his partners. He noted that the campaign did track donors, but that his own focus was on "relationships and people that I've worked with over the years [and soliciting a] maxed out contribution," as opposed to asking his colleagues to host large-scale fundraisers or bundle contributions from their own networks.

When asked about the similarities between the alleged conduit contributions at the aforementioned companies, Representative Buchanan denied that he had any knowledge or involvement in any of them, or of any coordination between these entities. Rather, Representative Buchanan postulated:

> I have 55 entities. You're talking about Dodge where there is five or six people reimbursed $1,000. You're talking about a Ford store that's up in the Clearwater area that was $10,000, and Sam Kazran, that I'm aware of, and we raised in excess of $10 million [in campaign contributions]. [T]he reality of it is, when you raise that much money over a period of 12 years almost, you're going to have some incidences. . . . I do think that we had partners that were naïve. . . . Unfortunately some of them were just overzealous to some extent. I don't think it's a

[82] *See* FEC Investigation General Counsel's Report #9 at 20.
[83] *Id.* at 19.
[84] *Id.* at 21.
[85] *Id.* at 22.
[86] *Id.*

> lot in terms of the magnitude over all, but it's too much by any standard . . . we don't take employee contributions anymore.

V. FINDINGS

A. 52 U.S.C. 30122[87]

A federal campaign finance statute, 52 U.S.C. 30122, prohibits persons from making contributions in the name of another. The prohibition applies not only to persons who make such contributions, but also to persons who assist in such contributions, including "those who initiate or instigate or have some significant participation in a plan or scheme to make a contribution in the name of another[.]"[88] The statute applies to "knowing" and "willful" violations,[89] which is not to say that violations require a specific knowledge of the law, but rather that the defendant "acted deliberately and with knowledge that the representation was false."[90] The FEC investigated the reimbursed contributions from Buchanan-affiliated companies to VBFC, and did not find that Representative Buchanan was responsible for violations of Section 441f.[91] While the FEC staff noted that the matter "came close" to such a finding with respect to reimbursed contributions from one of the dealerships—HNJ—the FEC nevertheless voted to close the matter and take no further action.[92]

The Committee's own review of the evidence led to the same conclusion reached by the FEC. The witnesses to Representative Buchanan's involvement with the conduit contributions at HNJ contradicted each other and could not substantiate a direct link between Representative Buchanan and the reimbursed contributions. Ms. Lephart heard only Mr. Kazran's side of a telephone conversation, which did not include any explicit direction from Representative Buchanan. Mr. Farid, who was Mr. Kazran's relative, claimed to have heard both sides of a conversation between Mr. Kazran and Representative Buchanan, but Mr. Kazran said that was a lie. Mr. Kazran himself had provided inconsistent testimony when speaking to the FEC and OCE, and his credibility was further compromised when a state court in Georgia convicted him of contempt in 2008 for diverting funds from one of his companies in violation of a court order.

The Committee was initially troubled that three different Buchanan-affiliated companies were caught reimbursing contributions to VBFC, along with a fourth company owned and controlled by Representative Buchanan's close friend, Timothy Mobley. Such facts reasonably raise questions about Representative Buchanan's involvement in the various schemes and explain why so many entities investigated these allegations. The Committee was also concerned that Mr. Silverio testified that one of Representative Buchanan's close associates suggested reimbursing contributions as a general matter, and that Mr. Rosa testified that, before Representative Buchanan even ran for office himself, he suggested re-

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[87] Previously codified as 2 U.S.C. § 441f.
[88] 11 C.F.R. § 110.4(b)(1)(iii); 54 Fed. Reg. 34098 (1989).
[89] *See* 52 U.S.C. § 30109(a)(5)(B), 30109(d), previously codified as 2 U.S.C. § 437g.
[90] *United States* v. *Hopkins*, 916 F.2d 207, 214 (5th Cir. 1990).
[91] FEC Investigation, General Counsel's Report #9 at 27.
[92] *Id.*

imbursing contributions for another candidate from corporate funds.

However, when viewed in the context of all the available evidence, these facts, on their own, were not sufficient to conclude that Representative Buchanan knew of the unlawful reimbursements prior to September 2008, or had some role in directing or approving of them. Indeed, it is not unreasonable to conclude that each dealership's management, in response to intense fundraising efforts from VBFC, made a similar error in judgment and reimbursed contributions independent of the choices of one another. Moreover, none of the witnesses could credibly claim that they heard Representative Buchanan direct the reimbursement of campaign contributions to VBFC, or even show that he knew of them. While Mr. Silverio did testify that an associate of Mr. Buchanan suggested reimbursing contributions through corporate funds, as the FEC said, Mr. Silverio's testimony "eliminated [Representative] Buchanan's involvement in this incident."[93] The witness who came closest to implicating Representative Buchanan directly—Mr. Rosa—testified about a conversation that occurred before Representative Buchanan even ran for his House seat and concerned a different candidate. All told, there was insufficient evidence to conclude that Representative Buchanan knew of or directed conduit contributions at any companies with which he was affiliated.

Accordingly, the Committee did not find that Representative Buchanan violated Section 30122.

B. TITLE 18

Three statutes criminalize improper influence over the testimony of witnesses before federal tribunals. Those statutes—sections 201(b)(3), 1505, and 1512(b)(1) of Title 18—criminalize related conduct in slightly different ways. First, 18 U.S.C. 201(b)(3) prohibits persons from knowingly and corruptly giving, offering, or promising anything of value to a witness, with the intent of influencing that witness' testimony. Second, 18 U.S.C. 1505 prohibits persons from knowingly and corruptly influencing, obstructing, or impeding pending proceedings before a federal agency, such as the FEC, or from knowingly and corruptly endeavoring to influence, obstruct, or impede such a proceeding. Third, 18 U.S.C. 1512(b)(1) prohibits persons from knowingly and corruptly intimidating, threatening, engaging in misleading conduct, or corruptly persuading another person with the intent of influencing a person's testimony. All of these statutes prohibit "knowing" and "corrupt" actions, which is to say that a particular act only violates the law if it was taken with the intent to accomplish the wrongful end.[94] The Supreme Court has clarified that, at least with respect to Section 1512, liability is limited to "persuaders conscious of their wrongdoing."[95] And the statutes themselves state that they do not apply to actions that "consisted solely of lawful conduct and [where] the defendant's sole intention was to encourage, induce, or cause the other person to

[93] FEC General Counsel's Report #9 at 11.

[94] *See, e.g., Arthur Andersen v. United States,* 544 U.S. 696 (2005); *United States v. Bhagat,* 436 F.3d 1140 (9th Cir. 2006).

[95] *Arthur Andersen,* 544 U.S. at 706.

testify truthfully,"[96] as well as "the providing of lawful, bona fide, legal representation services in connection with or anticipation of an official proceeding."[97]

Paragraph 5 of the draft affidavit would have required Mr. Kazran to swear that he, Mr. Kazran, did not know that HNJ reimbursed its employees' contributions to VBFC until September 2008, after the reimbursements occurred.[98] However, the record shows that Mr. Kazran did know of the reimbursed contributions before September 2008. First, Mr. Kazran has admitted directing the reimbursements in 2005, 2006, and 2007.[99] Additionally, Ms. Lephart and Mr. Farid both testified that Mr. Kazran was involved in the reimbursements.[100] However, to demonstrate that Representative Buchanan attempted to improperly influence Mr. Kazran's testimony would require a showing that Representative Buchanan knew the statement about Mr. Kazran's knowledge was in the draft affidavit, and knew that statement was false.

The Committee reviewed the available evidence and ultimately concluded that the evidence was insufficient to find that Representative Buchanan knowingly or corruptly attempted to influence Mr. Kazran's testimony in an unlawful way. This finding was consistent with the reviews of the FEC, DOJ, and the Florida state court. OCE, however, found substantial reason to believe Representative Buchanan improperly influenced Mr. Kazran's testimony before the FEC. OCE noted in its Referral that the fact that some witnesses, including Representative Buchanan, failed to cooperate with its investigation permitted it to draw an adverse inference against those witnesses. However, OCE determined that, even without such an inference, the evidence was "more than sufficient" to support its determination.[101]

Thus, despite the lack of cooperation from Representative Buchanan, OCE found there was substantial reason to believe that Representative Buchanan knew that paragraph 5 was false. This finding was based on certain communications between Mr. Kazran and either Representative Buchanan or Representative Buchanan's employees. As a threshold matter, OCE noted that the September 8, 2008 email itself disclosed Mr. Kazran's involvement in the reimbursed contributions, giving Representative Buchanan notice that Mr. Kazran would have known about them before that date.[102] OCE further relied on two emails sent by Mr. Kazran and Mr. Farid to employees of Representative Buchanan in August 2008, discussing campaign contributions, noting that HNJ had supported Representative Buchanan "to a tune of $80K" and that Mr. Kazran was "the only one in our group that has donated over 80k" to VBFC.[103] Finally, OCE noted that Representative Buchanan himself stated in an October 2008, voicemail that Mr. Kazran had legal responsibility for the reimbursed contributions, and therefore must have known of Mr. Kazran's own involvement.[104]

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[96] 18 U.S.C. § 1512(e).
[97] 18 U.S.C. § 1515(c).
[98] OCE's Referral § 37.
[99] *Id.* ¶ 38–41, Ex. 2.
[100] *Id.* ¶ 43–50.
[101] *Id.* ¶ 87.
[102] *Id.* ¶ 53–57.
[103] *Id.* ¶ 62–63.
[104] *Id.* ¶ 65.

Representative Buchanan has offered two responses to the allegation that he intended to cause Mr. Kazran to sign a false affidavit. First, he has stated that Paragraph 5 of the draft affidavit was true on its face.[105] However, Representative Buchanan reaches this conclusion by ignoring key language from Paragraph 5, namely the statement that Mr. Kazran did not know of the illegal reimbursements before September 2008. FEC's Acting General Counsel found that this portion of the affidavit was false,[106] and the Committee reached the same conclusion.

Second, and more persuasively, Representative Buchanan asserts that Paragraph 5, while it is "admittedly inartful and contains typos," was intended to establish that *Representative Buchanan* had no knowledge of the reimbursed campaign contributions prior to Mr. Kazran's September 8, 2008, email to Mr. Tosch.[107] In other words, *Representative Buchanan* claims that the false language in Paragraph 5 was a drafting error, and that this is clear from the general purpose of the draft affidavit, the circumstances surrounding it, and the sections other than Paragraph 5. Representative Buchanan also claims that he did not see the draft affidavit until years after it was provided to Mr. Kazran.

While OCE focused on the plain reading of Paragraph 5, and the false statement it contained, it did not explain why Representative Buchanan would have wanted Mr. Kazran to swear that *Mr. Kazran* was unaware of the reimbursed contributions prior to September 2008, given that the draft affidavit was intended to be filed with the FEC, to establish *Representative Buchanan*'s lack of knowledge of the reimbursement scheme. However, Representative Buchanan's intentions regarding the draft affidavit are critical to the determination of whether his provision of an admittedly false affidavit to Mr. Kazran was a violation of any of the criminal statutes OCE cited.

Ultimately, the Committee did not find sufficient evidence that Representative Buchanan knowingly or corruptly attempted to influence Mr. Kazran's testimony in an unlawful way. As a threshold matter, an offer of a monetary settlement in exchange for the execution of an affidavit, without further evidence of corrupt intent, is not illegal. Indeed, such offers are a standard element of settlement discussions in commercial litigation. Of course, if Representative Buchanan knowingly or corruptly attempted to cause Mr. Kazran to sign a false affidavit, he may have violated the statutes OCE cited in its Referral.[108] But proof of such a violation requires an analysis of Representative Buchanan's intent; it is not enough merely to show that Representative Buchanan's attorney presented an affidavit containing a single false statement to Mr. Kazran. Thus, the Committee considered the totality of the circumstances surrounding the language at issue.

This analysis necessarily begins with Representative Buchanan's knowledge of the contents of the affidavit. Representative Buchanan testified that he had not seen the affidavit at the time it was presented to Mr. Kazran, and OCE's Referral did not cite

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[105] Letter from Counsel to Representative Buchanan to OCE ("Representative Buchanan's OCE Response") at 3.

[106] *Id.* at 3–4.

[107] *Id.* at 4.

[108] It is worth noting that OCE did not cite any case law or other precedent supporting its application of the three statutes in question to the facts as OCE found them.

any evidence to the contrary. While the FEC's Acting General Counsel found that "[i]t is improbable that Buchanan's attorneys drafted the affidavit and presented it to Kazran without Buchanan's involvement,"[109] there is no evidence, either in documents or testimony, showing that Representative Buchanan actually reviewed the final document, including the disputed language in Paragraph 5, before his attorney presented it to Mr. Kazran.[110] Thus, the Committee could not conclude that Representative Buchanan provided an affidavit to Mr. Kazran that Representative Buchanan had read and knew to be false.

Moreover, as Representative Buchanan has explained, the idea that Paragraph 5 was intended to establish Mr. Kazran's lack of knowledge of the reimbursed contributions before September 2008 makes very little sense given the context of the draft affidavit and the surrounding dispute. By October 2, 2008, Representative Buchanan had been aware for a month that HNJ employees had made improper contributions to VBFC. If indeed he was not involved in those contributions, he understood that liability would rest on those who were responsible, namely Mr. Kazran. The voicemail recorded by Mr. Kazran confirms Representative Buchanan's understanding, when he stated that "technically [Mr. Kazran has] that liability." In fact, not only did Representative Buchanan appear to understand Paragraph 5 (and the rest of the draft affidavit) to disclaim only his own knowledge and not Mr. Kazran's knowledge, Mr. Kazran himself understood the draft affidavit in this way, stating that the draft affidavit made him the "fall guy" and "blame[d] everything on [Mr. Kazran.]"[111] The FEC also appears to have adopted this understanding of Paragraph 5,[112] as both its questioning of Mr. Kazran and an initial report from the General Counsel focused on the draft affidavit only insofar as it might disclaim knowledge on the part of Representative Buchanan.[113] Put another way, many persons used context clues to read paragraph 5 in a way that, while inconsistent with its plain text, placed it in line with the rest of the circumstances.

Such a conclusion is even more reasonable considering the nature of the draft affidavit itself. It is not uncommon for attorneys to secure statements from witnesses in anticipation of a proceeding, which can include drafting a proposed statement for discussion with that witness. It is also not fair to assume, without other evidence, that such drafts represent a premeditated and intentional attempt to put words in a witness's mouth, or that they are not subject to negotiation and revision. Courts that have confronted similar issues have held that simply providing a potential witness with a draft affidavit for his signature does not, by itself, constitute the obstruction of justice.[114]

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[109] FEC General Counsel's Report #9 at 19.

[110] Of course, the October 2, 2008 Term Sheet does bear Representative Buchanan's signature. Representative Buchanan acknowledged that he may have signed the signature page of the October 2, 2008 term sheet without reviewing the rest of the document, including the affidavit. The signature lines are on a separate page from the settlement terms and the affidavit.

[111] *See* OCE's Referral, Ex. 2 ¶ 31; FEC Investigation, Deposition of Sam Kazran.

[112] *See* FEC Investigation, General Counsel's Report #9 at 17–19.

[113] *See* FEC Investigation, Deposition of Sam Kazran; FEC General Counsel's Report #2, 20.

[114] *See, e.g., United States v. Brand,* 775 F.2d 1460, 1469 (11th Cir. 1985); *see also Resolution Trust Corp. v. Bright,* 6 F.3d 336, 341 (5th Cir. 1993) ("Placing statements in a draft affidavit that have not been previously discussed with a witness does not automatically constitute bad-faith conduct"); *Harrington v. United States,* 267 F. 97, 101 (8th Cir. 1920) ("It is not an unlawful attempt to influence or impede a witness, or the due administration of justice, for one to

On a similar note, it is unclear that simply providing paragraph 5 in the course of settlement negotiations constituted "corrupt persuasion" under Section 1512, or obstruction of justice, or witness bribery. There appear to have been no consequences for Mr. Kazran's refusal to sign the draft affidavit in terms of the ongoing dispute between him and Representative Buchanan. The Term Sheets before and after the one that included the draft affidavit do not evidence an attempt to increase the value of any settlement that included the draft affidavit; rather, the monetary value of Representative Buchanan's settlement offer to Mr. Kazran increased after the draft affidavit was dropped from the agreement. Similarly, far from being a nonnegotiable condition for Representative Buchanan, the evidence suggests that his attorneys continued to negotiate in the same way they had, irrespective of whether the draft affidavit was included. Even Mr. Kazran's September 8, 2008 email disclosing the reimbursed contributions came in the context of these same settlement negotiations, and so it appears that it was Mr. Kazran, not Representative Buchanan, who injected the campaign finance issues into the unrelated commercial dispute between the two men. Nor does the fact that Representative Buchanan countersued Mr. Kazran in the commercial dispute establish any corrupt intent to influence his testimony. Courts considering allegations of witness tampering in settlement negotiations have held that "threats of litigation do not form the basis of a witness tampering allegation," [115] and that "[i]n a litigious society such as ours, it is thin-skinned to think that a threatened counter-suit, or otherwise, in response to an initial threat of legal action is witness intimidation rather than a mere puffing or power play among negotiators." [116]

It is notable that DOJ received a citizen complaint regarding these same allegations, and chose not to pursue criminal charges against Representative Buchanan. Similarly, Mr. Kazran included related allegations regarding the draft affidavit in his complaint against Representative Buchanan in Florida state court, and Representative Buchanan prevailed in that case. The Committee is not privy to the internal rationale for DOJ's decision, and did not observe the Florida state proceedings firsthand. The Committee would not defer to these decisions, even if their basis was clear. But based on the Committee's own analysis above, it has found no reason to deviate from the result reached in those two forums. Accordingly, the Committee found insufficient evidence that Representative Buchanan violated Section 201, 1505, or 1512 of Title 18.

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seek to obtain from a witness a statement of the facts as he believes them to be, without the exercise of undue influence, even though such a statement may conflict with prior testimony given by the one making the statement. Such an effort is not regarded with favor, because of the temptation to influence the witness unduly; but the mere request for a statement believed to be true . . . is not corrupt conduct.").

[115] *G–I Holdings, Inc. v. Baron & Budd*, 179 F.Supp.2d 233 (S.D.N.Y. 2001).

[116] *Philadelphia Reserve Supply Co. v. Nowalk & Assoc., Inc.,* No. 91–CV–0449, 1992 WL 210590 at *6 (E.D. Pa. Aug. 25, 1992).

C. HOUSE RULE XXIII, CLAUSES 1 AND 2

As stated in previous reports,[117] the Committee observes two basic principles when applying the first two clauses of the Code of Conduct. First, Members must at all times act in a manner that reflects creditably upon the House. This standard was created to provide the Committee "the ability to deal with any given act or accumulation of acts which, in the judgment of the [C]ommittee, are severe enough to reflect discredit on the Congress."[118] Clause 1 "encompass[es] violations of law and abuses of one's official position."[119] It is a "purposefully . . . subjective" standard.[120]

Second, the Committee notes the proposition that the Code of Conduct and other standards of conduct governing the ethical behavior of the House community are not criminal statutes to be construed strictly, but rather—under clause 2 of House Rule XXIII—must be read to prohibit violations not only of the letter of the rules, but of the spirit of the rules. Ethical rules governing the conduct of Members were created to assure the public of "the importance of the precedents of decorum and consideration that have evolved in the House over the years."[121] The standard "provide[s] the House with the means to deal with infractions that rise to trouble it without burdening it with defining specific charges that would be difficult to state with precision."[122] The practical effect of Clause 2 is to allow the Committee to construe ethical rules broadly, and prohibit Members, officers and employees of the House from doing indirectly what they would be barred from doing directly. The *Ethics Manual* states that "a narrow technical reading of a House Rule should not overcome its 'spirit' and the intent of the House in adopting that and other rules of conduct."[123]

The Committee has endeavored to read the applicable laws and rules in this matter in light of these provisions in the Code of Conduct. This is somewhat in tension with the general rule that criminal statutes such as those that formed the basis of OCE's Referral are to be construed narrowly.[124] But even a broad reading of applicable rules does not create liability in the absence of substantial evidence of wrongdoing. Clause 2 of the Code of Conduct is intended to capture instances where there is such evidence that a party violated the spirit of the rule, not to create a lower standard of proof. Innuendo is not evidence. In this case, the FEC, DOJ, and a Florida state court examined the facts of Representative Buchanan's relationship with Mr. Kazran, and none of them were able to substantiate any violations of election laws or witness intimidation. The Committee has reviewed the evidence and does not find sufficient basis to reach an alternative conclusion.

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[117] *See, e.g.,* Comm. on Ethics, *In the Matter of Allegations Relating to Representative Alcee L. Hastings,* H. Rept. 113–663, 113th Cong. 2d Sess. at 14–15 (2014); *In the Matter of Allegations Relating to Representative Don Young,* H. Rept. 113–487, 113th Cong. 2d Sess. 45–46 (2014); *In the Matter of Allegations Relating to Representative Shelley Berkley,* H. Rept. 112–716, 112th Cong. 2d Sess. 36–37 (2012).

[118] 114 Cong. Reg. 8778 (Apr. 3, 1968) (Statement of Representative Price).

[119] *Ethics Manual* at 16.

[120] 114 Cong. Reg. 8778 (Apr. 3, 1968) (Statement of Representative Price).

[121] House Comm. on Standards of Official Conduct, *Report under the Authority of H. Res. 418,* H. Rept. 90–1176, 90th Cong. 2d Sess. 17 (1968).

[122] 114 Cong. Reg. 8778 (Apr. 3, 1968) (Statement of Representative Price).

[123] *Ethics Manual at 17 (citing House Select Comm. on Ethics, Advisory Opinion No. 4,* H. Rept. 95–1837, 95th Cong. 2d Sess. app. 61 (1979)).

[124] *See generally United States v. Wiltberger,* 18 U.S. (5 Wheat.) 35, 43 (1820).

Having said that, the Committee is concerned that, when recommending that the FEC dismiss the investigation of Representative Buchanan, the FEC's Acting General Counsel found that the evidence "comes close" to showing that Representative Buchanan directed or was aware of reimbursed contributions from HNJ. Moreover, if indeed that evidence of his involvement had been more substantial, even Representative Buchanan's proffered interpretation of Paragraph 5 of the draft affidavit—that he did not know of reimbursed contributions at HNJ before September 2008—would have been false, and consequently, the Committee's conclusion regarding the import of the draft affidavit may have been different.

Indeed, it is troubling that part of the "close" case for the FEC's Acting General Counsel was its determination that parts of Representative Buchanan's own testimony were "not particularly credible." [125] To be clear, the Committee's own review of Representative Buchanan's testimony led the Committee to slightly different conclusions about Representative Buchanan's candor. For example, the FEC's Acting General Counsel concluded it unlikely that Representative Buchanan was not involved in the drafting of the affidavit, because (1) the affidavit related to matters outside the scope of the private dispute between Representative Buchanan and Mr. Kazran, which was the primary focus of the negotiations, and (2) because it related to a matter that could have had electoral consequences for Representative Buchanan in advance of the 2008 House elections.[126] Representative Buchanan's testimony before the Committee was similarly vague and unclear regarding his role in drafting the affidavit, especially his continued lack of recall with respect to the document, despite no fewer than three investigations regarding it. It would be more understandable if Representative Buchanan claimed that the passage of time had made it difficult to recall the process of drafting an eight-year-old affidavit, but it is more difficult to ascertain precisely how he might have remained ignorant of a two-page document that has become so central to his own reputation.

But despite this lack of clarity, the evidence is simply insufficient to show precisely what role he had in drafting the affidavit, if any. Apart from the circumstances the FEC's Acting General Counsel describes, the General Counsel cited no evidence to contradict Representative Buchanan's testimony that he had almost nothing to do with the affidavit, and even if he had been more engaged, that does not suggest that he would have caught the false statement in paragraph 5 that so many others apparently missed.[127]

On the other hand, some of the FEC's Acting General Counsel's concerns about Representative Buchanan's credibility arose because other, credible evidence contradicted his testimony, especially as it related to his involvement in his campaign's fundraising activities. While Representative Buchanan testified that he could not remember asking Mr. Kazran to raise funds for VBFC, and testified that he did not "know what anybody has raised," the FEC noted that VBFC kept lists of the amounts that Representative Buchanan's

[125] *See* FEC Investigation General Counsel's Report #9 at 20–22.
[126] *Id.* at 19.
[127] It would have been prudent for Representative Buchanan to have read the affidavit before his attorneys transmitted it to Mr. Kazran, particularly given that Representative Buchanan signed the Term Sheet to which the affidavit was attached.

partners had raised, and his campaign treasurer testified that Representative Buchanan would regularly discuss fundraising activities with his partners at business meetings and through personal follow-ups.[128] Indeed, Representative Buchanan's lack of recall about basic details of his fundraising, while perhaps explainable by his tendency to rely on others to work out the details of his strategies, made his testimony before the Committee at least difficult to follow, if not difficult to believe.

The FEC's Acting General Counsel concluded, and the Committee agreed, that "inconsistencies on background issues do not necessarily show that [Representative] Buchanan directed [Mr.] Kazran to reimburse contributions."[129] But as the recommendation of the FEC's Acting General Counsel stated, Representative Buchanan's "inability to remember basic facts as to these uncontroversial, routine issues detracts from his credibility."[130] If there were additional evidence that, beyond simply failing to recall basic and uncontroversial facts, a Member had provided false testimony on material facts to a government agency, the Committee would likely consider such false testimony a violation of Clauses 1 and 2 of the Code of Conduct. Representative Buchanan, and all Members, should assiduously guard their credibility, as it is an integral part of the public trust they inherit through their service.

The Committee notes that in both the circumstances surrounding contributions to VBFC reimbursed through Buchanan-affiliated companies, and in the circumstances surrounding the draft affidavit, Representative Buchanan has put forth very little evidence, if any, regarding his own oversight and compliance efforts. He testified to the FEC that VBFC sent a letter to Buchanan-affiliated companies regarding election laws after he learned of problems with reimbursed contributions, but never produced such a letter to the FEC or the Committee, and, while he testified that he no longer accepts contributions from employees of Buchanan-affiliated companies, he apparently took no corrective action with respect to any employees implicated in the conduit contributions. In his testimony before the Committee, Representative Buchanan could not explain the unusual pattern of reimbursed contributions from multiple corporate entities with which he was affiliated, beyond stating that such violations are bound to occur, and that perhaps his colleagues became "overzealous'" in their desire to assist his campaign. The Committee does not believe such violations are bound to occur in every campaign, and like Representative Buchanan, is unable to explain how multiple corporate entities came to participate in similar but separate conduit contributions schemes benefitting Representative Buchanan's campaign. Had Representative Buchanan or his campaign been more proactive in explaining the law to colleagues at the time they were soliciting donations—particularly after they first became aware there were concerns about compliance with respect to contributions associated with a company associated with Representative Buchanan—perhaps the subsequent similar issues could have been avoided. Similarly, issues with respect to the draft affidavit might have been avoided had Representative Buchanan read the affidavit. The Committee cautions Rep-

[128] *Id.* at 21.
[129] *Id.* at 22.
[130] *Id.*

resentative Buchanan to exercise more diligence over affairs related to his campaign.

VI. CONCLUSION

VBFC accepted campaign donations from individuals who were subsequently reimbursed through the corporate funds of companies affiliated with Representative Buchanan. The FEC investigated those donations and failed to find sufficient evidence that Representative Buchanan directed or knew of any unlawful reimbursements. DOJ also reviewed allegations against Representative Buchanan and similarly closed its investigation. A Florida state court hearing a private dispute between Mr. Kazran and Representative Buchanan, including claims that the draft affidavit was an abuse of the civil process, held against Mr. Kazran and for Representative Buchanan. OCE's Referral recommended further review regarding the wording of a single paragraph in a draft affidavit Representative Buchanan's attorney's proposed to Mr. Kazran, for use in the FEC investigation. The Committee has independently reviewed the evidence in this case and reached a conclusion in accord with the FEC, DOJ, and the state trial court. The Committee concluded that the existing evidence is insufficient to sustain any of the aforementioned allegations or to warrant any action against Representative Buchanan. However, the Committee noted that Representative Buchanan admitted that he had relatively limited knowledge or involvement with certain facets of his campaign.

Because the evidence is insufficient to conclude that Representative Buchanan himself was aware of the unlawful reimbursements at the time they occurred, or had any role in directing or approving of them, and the evidence is insufficient to find that Representative Buchanan attempted to improperly influence the testimony of Mr. Kazran before the FEC, the Committee has determined to take no further action in this matter, and upon publication of this Report, considers the matter closed.

VII. STATEMENT UNDER HOUSE RULE XIII, CLAUSE 3(c)

The Committee made no special oversight findings in this Report. No budget statement is submitted. No funding is authorized by any measure in this Report.

APPENDIX A

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

REPORT

Review No. 11-7565

The Board of the Office of Congressional Ethics, by a vote of no less than four members, on January 27, 2012, adopted the following report and ordered it to be transmitted to the Committee on Ethics of the United States House of Representatives.

SUBJECT: Representative Vern Buchanan

NATURE OF THE ALLEGED VIOLATION: Representative Vern Buchanan's former business partner claims that Representative Buchanan made a $2.9 million lawsuit settlement agreement contingent on the business partner signing a false affidavit to be filed with the Federal Election Commission ("FEC"). The affidavit was related to allegations that individuals who contributed to Vern Buchanan for Congress received reimbursements from automobile dealerships owned by Representative Buchanan.

If Representative Buchanan attempted to influence the testimony of a witness in a proceeding before the FEC in the manner alleged, he may have violated 18 U.S.C. §§ 201, 1505, and 1512, and House Rule 23, clause 1.

RECOMMENDATION: The Board of the Office of Congressional Ethics recommends that the Committee on Ethics further review the above allegations because there is substantial reason to believe that Representative Buchanan attempted to influence the testimony of a witness in a proceeding before the FEC in violation of 18 U.S.C. §§ 201, 1505, and 1512, and House Rule 23, clause 1.

VOTES IN THE AFFIRMATIVE: 6

VOTES IN THE NEGATIVE: 0

ABSTENTIONS: 0

MEMBER OF THE BOARD OR STAFF DESIGNATED TO PRESENT THIS REPORT TO THE COMMITTEE ON ETHICS: Omar S. Ashmawy, Staff Director & Chief Counsel.

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

FINDINGS OF FACT AND CITATIONS TO LAW

Review No. 11-7565

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

FINDINGS OF FACT AND CITATIONS TO LAW

Review No. 11-7565

On January 27, 2012, the Board of the Office of Congressional Ethics (the "Board") adopted the following findings of fact and accompanying citations to law, regulations, rules, and standards of conduct (*in italics*).

The Board notes that these findings do not constitute a determination that a violation actually occurred.

I. INTRODUCTION

1. On October 2, 2008, Representative Buchanan's attorney sent to Representative Buchanan's Former Business Partner a seven-page Confidential Settlement Communication. The settlement was related to various legal disputes between Representative Buchanan and Former Business Partner concerning their automobile dealerships.

2. The settlement agreement was signed by Representative Buchanan and included an affidavit for Former Business Partner's signature. The affidavit concerned reimbursements given to individuals who contributed to Representative Buchanan's campaign committee, Vern Buchanan for Congress.

3. The affidavit required Former Business Partner to state that, prior to September 2008, he had no knowledge of any reimbursements given to individuals who contributed to Vern Buchanan for Congress. The affidavit also required him to consent to Representative Buchanan filing the sworn statement with the Federal Election Commission ("FEC").

4. Former Business Partner refused to sign the affidavit because he said it was not true. Former Business Partner claims that Representative Buchanan continued to pressure him to sign the affidavit and he continued to refuse to sign.

A. Summary of Allegations

5. Representative Buchanan's former business partner claims that Representative Buchanan made a $2.9 million settlement agreement contingent on Former Business Partner signing a false affidavit. The affidavit was to be filed with the FEC. If Representative Buchanan

attempted to influence the testimony of an individual in proceedings before the FEC, he may have violated federal law and House rules.

6. The Board finds that there is substantial reason to believe that Representative Buchanan violated 18 U.S.C. §§ 201, 1505, and 1512, and House Rule 23, clause 1, by attempting to influence his Former Business Partner's sworn statement to be filed with the FEC.

B. Jurisdictional Statement

7. The allegations that are the subject of this review concern Representative Vern Buchanan, a Member of the United States House of Representatives for the 13th District of Florida. The Resolution the United States House of Representatives adopted creating the Office of Congressional Ethics ("OCE") directs that, "[n]o review shall be undertaken . . . by the board of any alleged violation that occurred before the date of adoption of this resolution."[1] The House adopted this Resolution on March 11, 2008. Because the conduct under review occurred after March 11, 2008, the OCE has jurisdiction in this matter.

C. Procedural History

8. The OCE received a written request for a preliminary review in this matter signed by at least two members of the Board on September 28, 2011. The preliminary review commenced on September 29, 2011.[2] The preliminary review was scheduled to end on October 28, 2011.

9. At least three members of the Board voted to initiate a second-phase review in this matter on October 28, 2011. The second-phase review commenced on October 29, 2011.[3] The second-phase review was scheduled to end on December 12, 2011.

10. The Board voted to extend second-phase review for an additional period of fourteen days on December 2, 2011. The second-phase review ended on December 26, 2011.

11. The Board voted to refer the matter to the Committee on Ethics and adopted these findings on January 27, 2012.

12. This report and findings were transmitted to the Committee on Ethics on February 9, 2012.

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[1] H. Res. 895, 110th Cong. §1(e), as amended (the "Resolution").

[2] A preliminary review is "requested" in writing by members of the Board of the OCE. The request for a preliminary review is "received" by the OCE on a date certain. According to the Resolution, the timeframe for conducting a preliminary review is thirty days from the date of receipt of the Board's request.

[3] According to the Resolution, the Board must vote on whether to conduct a second-phase review in a matter before the expiration of the thirty-day preliminary review. If the Board votes for a second-phase, the second-phase begins when the preliminary review ends. The second-phase review does not begin on the date of the Board vote.

D. Summary of Investigative Activity

13. The OCE requested and received testimonial and, in some cases, documentary information from the following sources:

    (1) Buchanan Automotive Group Chief Financial Officer;

    (2) Former Business Partner;

    (3) Hyundai of North Jacksonville Chief Financial Officer;

    (4) Hyundai of North Jacksonville Comptroller;

    (5) Sarasota Ford Finance Director;

    (6) Venice Nissan Dodge Finance Manager 1;

    (7) Venice Nissan Dodge Finance Manager 2; and

    (8) Venice Nissan Dodge Finance Director.

14. The following individuals consented to an interview with the OCE, but declined to produce documents in response to Requests for Information and were determined to be non-cooperating witnesses:

    (1) Shelby Curtsinger, Co-Owner, Venice Nissan Dodge; and

    (2) Dennis Slater, Chief Operating Officer, Buchanan Automotive Group.

15. The following individuals declined to produce documentary and testimonial information in response to Requests for Information and were determined to be non-cooperating witnesses:

    (1) Representative Vern Buchanan;

    (2) Don Caldwell, Sales Manager, Venice Nissan Dodge;

    (3) Kenneth Lybarger, Comptroller, Suncoast Ford;

    (4) Gary Scarbrough, Co-Owner, Suncoast Ford; and

    (5) John Tosch, President, 1099 Management Co., LLC.

II. REPRESENTATIVE BUCHANAN'S FORMER BUSINESS PARTNER WAS ASKED TO SIGN A FALSE AFFIDAVIT TO BE FILED WITH THE FEC DURING SETTLEMENT NEGOTIATIONS WITH REPRESENTATIVE BUCHANAN

A. Law, Regulations, Rules, and Standards of Conduct

18 U.S.C. § 1505

16. *Pursuant to 18 U.S.C. § 1505, "[w]hoever corruptly, or by threats or force, or by any threatening letter or communication influences, obstructs, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law under which any pending proceeding is being had before any department or agency of the United States, or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress . . .[s]hall be fined under this title, imprisoned not more than 5 years . . . or both."*

18 U.S.C. § 1512

17. *Pursuant to 18 U.S.C. § 1512, [w]hoever knowingly uses intimidation, threatens, or corruptly persuades another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to— influence, delay, or prevent the testimony of any person in an official proceeding . . . shall be fined under this title or imprisoned not more than 20 years, or both . . .[w]hoever corruptly . . . obstructs, influences, or impedes any official proceeding, or attempts to do so, shall be fined under this title or imprisoned not more than 20 years, or both."*

18 U.S.C. § 201

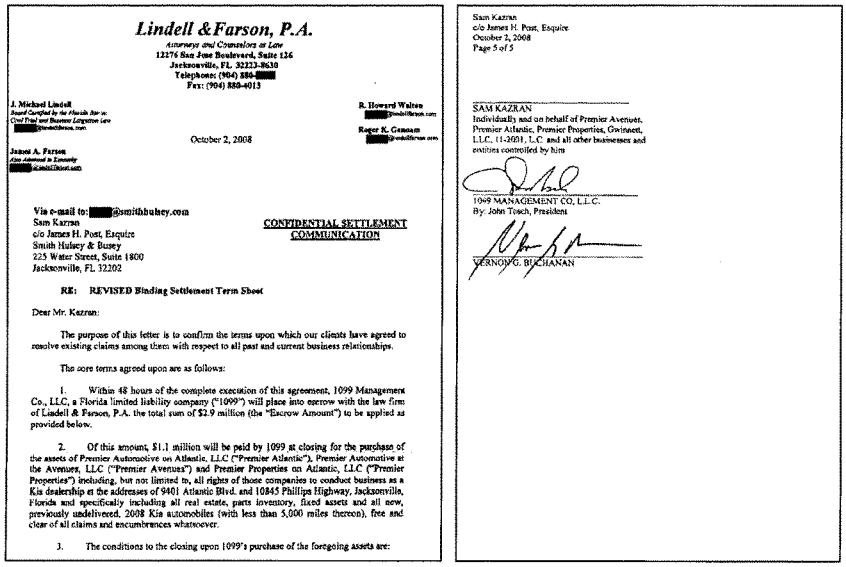
18. *Pursuant to 18 U.S.C. § 201(b)(3), "[w]hoever . . . directly or indirectly, corruptly gives, offers, or promises anything of value to any person, or offers or promises such person to give anything of value to any other person or entity, with intent to influence the testimony under oath or affirmation of such first-mentioned person as a witness upon a trial, hearing, or other proceeding, before any court, any committee of either House or both Houses of Congress, or any agency, commission, or officer authorized by the laws of the United States to hear evidence or take testimony, or with intent to influence such person to absent himself therefrom . . . shall be fined under this title or not more than three times the monetary equivalent of the thing of value, whichever is greater, or imprisoned for not more than fifteen years, or both, and may be disqualified from holding any office of honor, trust, or profit under the United States."*

House Rule 23, clause 1

19. *Under House Rule 23 clause 1, Members "shall behave at all times in a manner that shall reflect creditably on the House."*

B. Representative Buchanan Asked His Former Business Partner to Sign an Affidavit to be Submitted to the Federal Election Commission

20. On October 2, 2008, Representative Buchanan's attorney, Roger Gannam, emailed a "Revised Binding Settlement Term Sheet" to Former Business Partner's attorney, James H. Post.[4] The stated purpose of the letter was to "resolve existing claims among [the parties] with respect to all past and current business relationships."[5]



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Janet A. Farson
Also Admitted in Kentucky
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October 2, 2008

Via e-mail to: [redacted]@smithhulsey.com
Sam Kazran
c/o James H. Post, Esquire
Smith Hulsey & Busey
225 Water Street, Suite 1800
Jacksonville, FL 32202

CONFIDENTIAL SETTLEMENT COMMUNICATION

RE: REVISED Binding Settlement Term Sheet

Dear Mr. Kazran:

The purpose of this letter is to confirm the terms upon which our clients have agreed to resolve existing claims among them with respect to all past and current business relationships.

The core terms agreed upon are as follows:

1. Within 48 hours of the complete execution of this agreement, 1099 Management Co., LLC, a Florida limited liability company ("1099") will place into escrow with the law firm of Lindell & Farson, P.A. the total sum of $2.9 million (the "Escrow Amount") to be applied as provided below.

2. Of this amount, $1.1 million will be paid by 1099 at closing for the purchase of the assets of Premier Automotive on Atlantic, LLC ("Premier Atlantic"), Premier Automotive at the Avenues, LLC ("Premier Avenues") and Premier Properties on Atlantic, LLC ("Premier Properties") including, but not limited to, all rights of those companies to conduct business as a Kia dealership at the addresses of 9401 Atlantic Blvd. and 10845 Phillips Highway, Jacksonville, Florida and specifically including all real estate, parts inventory, fixed assets and all new, previously undelivered, 2008 Kia automobiles (with less than 5,000 miles thereon), free and clear of all claims and encumbrances whatsoever.

3. The conditions to the closing upon 1099's purchase of the foregoing assets are:

Sam Kazran
c/o James H. Post, Esquire
October 2, 2008
Page 5 of 5

SAM KAZRAN
Individually and on behalf of Premier Avenues, Premier Atlantic, Premier Properties, Gwinnett, LLC, 11-3601, LC and all other businesses and entities controlled by him

1069 MANAGEMENT CO, L.L.C.
By: John Tosch, President

VERNON G. BUCHANAN

21. Among other things, the settlement agreement provided that Representative Buchanan's company, 1099 Management Co., LLC, would transfer $2.9 million to certain dealerships owned by Former Business Partner and retire the debts of other dealerships.[6]

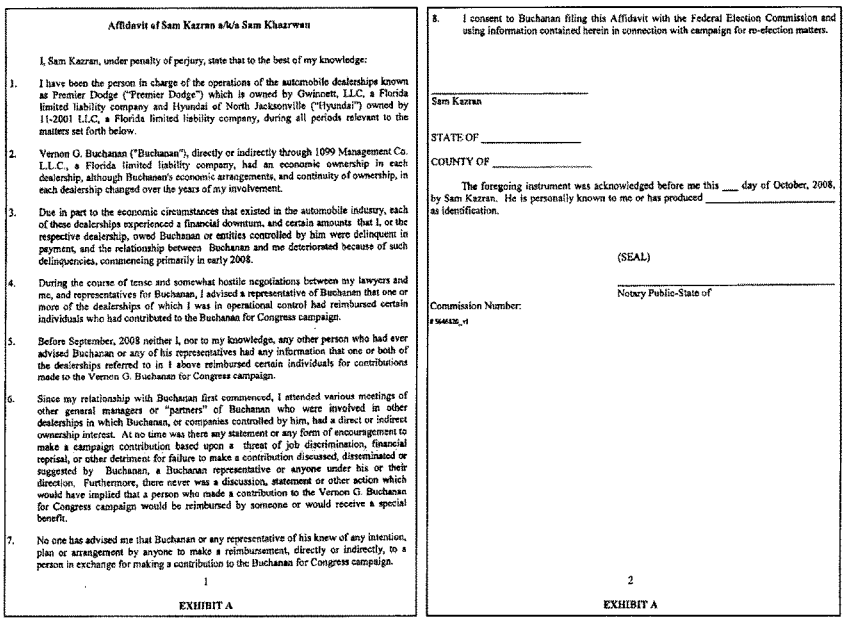
[4] Letter from Roger Gannam, Counsel for Representative Buchanan, to Former Business Partner, dated October 2, 2008 ("Binding Settlement Term Sheet") (Exhibit 1 at 11-7565_0002-0008).
[5] *Id.* at 11-7565_0002.
[6] *Id.* at 11-7565_0002-0003.

22. In return, the agreement required Former Business Partner, within 48 hours of execution of the agreement, to "cause all existing litigation against Vernon G. Buchanan ('Buchanan'), 1099 and any of their affiliated businesses or entities to be immediately dismissed with prejudice and within that same time frame will furnish a copy of the notices of dismissal that have been forwarded to the respective courts for filing."[7]

23. Also, pursuant to the agreement, Representative Buchanan would release Former Business Partner "and his affiliated interests from all claims other than those contemplated by this agreement."[8]

Affidavit for the Federal Election Commission

24. The agreement provided that "further conditions to the disbursement of the [$2.9 million]" required Former Business Partner's "execution of the Affidavit attached hereto as Exhibit A."[9]



Affidavit of Sam Kazran a/k/a Sam Khazrwan

I, Sam Kazran, under penalty of perjury, state that to the best of my knowledge:

1. I have been the person in charge of the operations of the automobile dealerships known as Premier Dodge ("Premier Dodge") which is owned by Gwinnett, LLC, a Florida limited liability company and Hyundai of North Jacksonville ("Hyundai") owned by 11-2001 LLC, a Florida limited liability company, during all periods relevant to the matters set forth below.

2. Vernon G. Buchanan ("Buchanan"), directly or indirectly through 1099 Management Co. L.L.C., a Florida limited liability company, had an economic ownership in each dealership, although Buchanan's economic arrangements, and continuity of ownership, in each dealership changed over the years of my involvement.

3. Due in part to the economic circumstances that existed in the automobile industry, each of these dealerships experienced a financial downturn, and certain amounts that I, or the respective dealership, owed Buchanan or entities controlled by him were delinquent in payment, and the relationship between Buchanan and me deteriorated because of such delinquencies, commencing primarily in early 2008.

4. During the course of tense and somewhat hostile negotiations between my lawyers and me, and representatives for Buchanan, I advised a representative of Buchanan that one or more of the dealerships of which I was in operational control had reimbursed certain individuals who had contributed to the Buchanan for Congress campaign.

5. Before September, 2008 neither I, nor to my knowledge, any other person who had ever advised Buchanan or any of his representatives had any information that one or both of the dealerships referred to in 1 above reimbursed certain individuals for contributions made to the Vernon G. Buchanan for Congress campaign.

6. Since my relationship with Buchanan first commenced, I attended various meetings of other general managers or "partners" of Buchanan who were involved in other dealerships in which Buchanan, or companies controlled by him, had a direct or indirect ownership interest. At no time was there any statement or any form of encouragement to make a campaign contribution based upon a threat of job discrimination, financial reprisal, or other detriment for failure to make a contribution discussed, disseminated or suggested by Buchanan, a Buchanan representative or anyone under his or their direction. Furthermore, there never was a discussion, statement or other action which would have implied that a person who made a contribution to the Vernon G. Buchanan for Congress campaign would be reimbursed by someone or would receive a special benefit.

7. No one has advised me that Buchanan or any representative of his knew of any intention, plan or arrangement by anyone to make a reimbursement, directly or indirectly, to a person in exchange for making a contribution to the Buchanan for Congress campaign.

1

EXHIBIT A

8. I consent to Buchanan filing this Affidavit with the Federal Election Commission and using information contained herein in connection with campaign for re-election matters.

_____
Sam Kazran

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ___ day of October, 2008, by Sam Kazran. He is personally known to me or has produced _____ as identification.

(SEAL)

_____
Notary Public-State of

Commission Number:

5646426_v1

2

EXHIBIT A

[7] *Id.* at 11-7565_0003.
[8] *Id.* at 11-7565_0005.
[9] *Id.*

25. Exhibit A of the settlement agreement was an affidavit titled "Affidavit of Sam Kazran a/k/a Sam Khazrwan."[10]

26. The affidavit stated that "[d]uring the course of tense and somewhat hostile negotiations between my lawyers and me, and representatives for Buchanan, I advised a representative of Buchanan that one or more of the dealerships of which I was in operational control had reimbursed certain individuals who had contributed to the Buchanan for Congress campaign."[11]

27. The affidavit consisted of eight paragraphs. Former Business Partner was to sign the affidavit, under the penalty of perjury, swearing that it was true to the best of his knowledge.[12]

28. Finally, the affidavit required Former Business Partner to consent "to Buchanan filing this Affidavit with the Federal Election Commission . . . ."[13]

29. Former Business Partner told the OCE that he signed the Revised Binding Settlement Agreement, but did not sign the affidavit.[14] He said that after he signed the Revised Binding Settlement Agreement, Representative Buchanan called him to congratulate him and invite him to dinner to celebrate with him and John Tosch.[15] Mr. Tosch is the President of Representative Buchanan's company, 1099 Management Co., LLC and one of the parties to the settlement agreement.[16]

30. According to Former Business Partner, Representative Buchanan asked him to sign the affidavit at the dinner.[17] Former Business Partner refused to sign the affidavit and Representative Buchanan got "very frustrated and got up and left."[18] Mr. Tosch then told Former Business Partner that he had five minutes to sign the document, but he did not sign it.[19]

31. Former Business Partner said that Representative Buchanan called and left a voicemail message the next day.[20]

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[10] *Id.* at 11-7565_0007-0008.
[11] *Id.* at 11-7565_0007.
[12] *Id.*
[13] *Id.* at 11-7565_0008.
[14] Memorandum of Interview of Former Business Partner, December 6, 2011 ("Former Business Partner MOI") (Exhibit 2 at 11-7565_0013).
[15] *Id.*
[16] Binding Settlement Term Sheet (Exhibit 1 at 11-7565_0006).
[17] Former Business Partner MOI (Exhibit 2 at 11-7565_0013).
[18] *Id.*
[19] *Id.*
[20] *Id.*

32. This voicemail message attributed to Representative Buchanan, stated "Sam, Vern . . . we're willing to save what we got and work with you. But I think the threatening of political stuff and all that you got more liability that you know if you start telling people that you reimbursed people because technically you have the liability."[21]

33. Former Business Partner told the OCE that Representative Buchanan left another voicemail message a few days later.[22] That message stated, "Sam, it's Vern. I'm just calling to see how you made out with the bankers and the lawyers after I didn't hear anything. Again, I hope that we can work something out."[23]

34. The message also stated, "but again, I hope we can restructure it, and it will preserve your reputation there in Jacksonville. You don't want to go through two years of litigation."[24]

35. Former Business Partner did not sign the affidavit and the parties did not enter into the settlement agreement.

C. The Affidavit to be Filed with the Federal Election Commission Contained False Statements

Paragraph 5 of the Affidavit

36. The affidavit included statements concerning Former Business Partner's involvement in reimbursing certain individuals who contributed to Vern Buchanan for Congress.[25]

37. Specifically, paragraph 5 of the affidavit required Former Business Partner to swear that he did not know about the reimbursed contributions until September 2008, after the reimbursements first occurred.[26]

> 5. **Before September, 2008 neither I, nor to my knowledge, any other person who had ever advised Buchanan or any of his representatives had any information that one or both of the dealerships referred to in 1 above reimbursed certain individuals for contributions made to the Vernon G. Buchanan for Congress campaign.**

[21] Audio of the voicemail is publicly available and the FEC deposition of Former Business Partner includes a transcript of the voicemail. Virginia Chamlee, *Listen: Buchanan Voicemails Shed Light on Campaign Reimbursement Dispute*, The Florida Independent, Sept. 22, 2011, http://floridaindependent.com/48504/listen-buchanan-voicemails-shed-light-on-campaign-reimbursement-dispute ("Buchanan Voicemails"); Federal Election Commission Investigative Deposition of Former Business Partner, November 6, 2009 ("Former Business Partner FEC Deposition") (Exhibit 3 at 11-7565_0095-0100).
[22] Former Business Partner MOI (Exhibit 2 at 11-7565_0013).
[23] Buchanan Voicemails.
[24] *Id.*
[25] Binding Settlement Term Sheet (Exhibit 1 at 11-7565_0007).
[26] *Id.*

Paragraph 5 of the Affidavit Was False

38. Former Business Partner admitted to the OCE that paragraph 5 of the affidavit was false.[27]

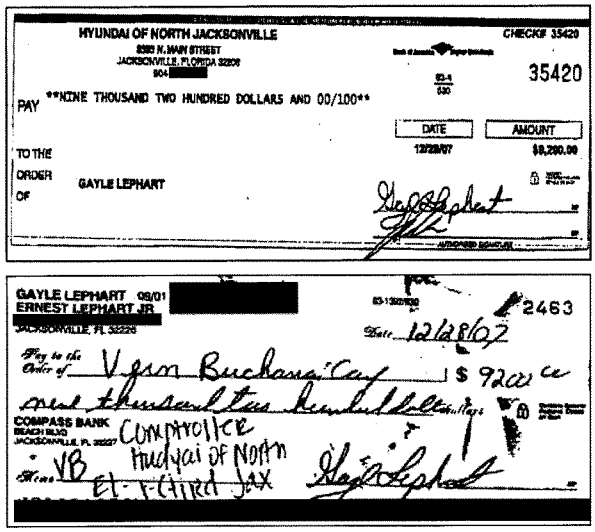
39. Former Business Partner told the OCE that in late 2005 he began asking certain employees of HNJ to contribute to Vern Buchanan for Congress.[28] He said that he had HNJ reimburse these employees for the campaign contributions.[29]

40. Former Business Partner told the OCE that during the period from 2005 to 2007, he directed the following HNJ employees to make contributions to Vern Buchanan for Congress and receive reimbursements: Stephanie Champ, Gayle Lephart, Dee Smith, Joe Cutaia, Eric Khazravan, Vincent Sams, and Josh Farid.[30]

41. Former Business Partner estimated that the total amount of HNJ reimbursements for campaign contributions to Vern Buchanan for Congress was approximately $100,000.[31]

[27] Former Business Partner MOI (Exhibit 2 at 11-7565_0011).
[28] *Id.*
[29] *Id.* at 11-7565_0012.
[30] *Id.*
[31] *Id.*

42. Former Business Partner provided copies of checks to the OCE that corroborate his statement that HNJ employees received reimbursements for campaign contributions to Vern Buchanan for Congress.[32] For example, there is a check from one HNJ employee to Vern Buchanan for Congress that is on the same day and in the same amount as a payment from HNJ to the employee.[33]


HYUNDAI OF NORTH JACKSONVILLE
CHECK# 35420
35420
PAY **NINE THOUSAND TWO HUNDRED DOLLARS AND 00/100**
DATE 12/28/07
AMOUNT $9,200.00
TO THE ORDER OF GAYLE LEPHART
GAYLE LEPHART 08/01
ERNEST LEPHART JR
2463
Date 12/28/07
Pay to the Order of Vern Buchanan Cong $ 9200 00
COMPASS BANK
Comptroller Hyundai of North Jax

43. HNJ Comptroller corroborated Former Business Partner's testimony that he was involved in the reimbursements to HNJ employees who contributed to Vern Buchanan for Congress in 2005, 2006, and 2007.[34]

[32] Collection of Checks Payable to Vern Buchanan for Congress and Checks Payable to HNJ Employees ("HNJ Campaign Contributions") (Exhibit 4 at 11-7565_0113-0114).
[33] *Id.* The checks include a payment of $4,600 from Stephanie Champ to Joe Cutaia. Based on the testimony of HNJ Comptroller, this payment was made because Ms. Champ wrote a $9,200 check to Vern Buchanan for Congress and received a reimbursement of $9,200 from HNJ. However, Vern Buchanan for Congress returned the check because Ms. Champ could only contribute $4,600 pursuant to contribution limits. Ms. Champ then contributed $4,600 to Vern for Congress. Mr. Cutaia also contributed $4,600 to Vern for Congress and Ms. Champ gave him the $4,600 that she had been overpaid by HNJ. Memorandum of Interview of HNJ Comptroller, December 9, 2011 ("HNJ Comptroller MOI") (Exhibit 5 at 11-7565_0118).
[34] HNJ Comptroller MOI (Exhibit 5 at 11-7565_0118-0119).

44. HNJ Comptroller was responsible for all of the company's banking, including payroll payments.[35] She told the OCE that she wrote the HNJ checks to reimburse the employees who contributed to Vern Buchanan for Congress.[36]

45. HNJ Comptroller stated that the first occasion Former Business Partner told her to reimburse the campaign contributions to Vern Buchanan for Congress was in 2005.[37]

46. She explained to the OCE that Former Business Partner told her to write a personal check to Vern Buchanan for Congress.[38] She did this and then wrote a check to herself from HNJ, making sure to "gross up" the amount of the payment from the company.[39] This meant that the gross amount HNJ paid accounted for income taxes and the net amount was the amount of the campaign contribution.[40]

47. HNJ Comptroller explained that Former Business Partner told her which HNJ employees to reimburse for their contributions to Vern Buchanan for Congress and she handled each accordingly.[41]

48. HNJ CFO also corroborated Former Business Partner's testimony that he was involved in the reimbursements to HNJ employees who contributed to Vern Buchanan for Congress.[42]

49. HNJ CFO told the OCE that he made multiple contributions to Vern Buchanan for Congress around 2006 and that he received reimbursements from HNJ.[43] He told the OCE that Former Business Partner told him that he was to receive the reimbursements.[44]

50. The Board notes that the FEC investigated Former Business Partner's involvement in the reimbursements and "found that there is probable cause to believe" that he and HNJ reimbursed individuals for their contributions to Vern Buchanan for Congress.[45]

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[35] *Id.*
[36] *Id.*
[37] *Id.*
[38] *Id.*
[39] *Id.*
[40] *Id.*
[41] *Id.*
[42] Memorandum of Interview of HNJ Chief Financial Officer, December 5, 2011 ("HNJ CFO MOI") (Exhibit 6 at 11-7565_0122-0123).
[43] *Id.*
[44] *Id.*
[45] Letter from Mark Allen, FEC Assistant General Counsel, to Former Business Partner, dated September 28, 2010 (Exhibit 7 at 11-7565_0125).

D. <u>There is Substantial Reason to Believe that Representative Buchanan Knew the Affidavit Was False</u>

51. The affidavit stated that neither Former Business Partner nor Representative Buchanan or their representatives became aware that reimbursements had occurred at HNJ until September 2008.[46]

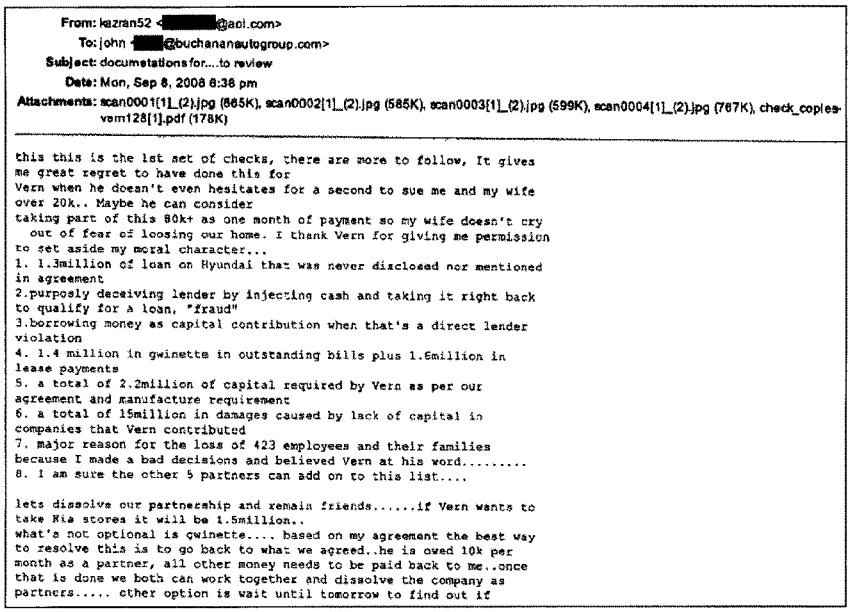
52. Contrary to paragraph 5 of the affidavit, Former Business Partner was aware of the reimbursements prior to 2008 and Representative Buchanan and his representatives first knew Former Business Partner's involvement no later than September 8, 2008.

<u>Former Business Partner's September 8, 2008 Email</u>

53. On September 8, 2008, Former Business Partner sent Mr. Tosch, an email titled "documents for . . . review."[47] Mr. Tosch is the President of Representative Buchanan's company, 1099 Management Co., LLC and one of the parties to the settlement agreement.[48]

[46] Binding Settlement Term Sheet (Exhibit 1 at 11-7565_0007).
[47] Email from Former Business Partner to John Tosch, dated September 8, 2008 ("September 8, 2008 Email") (Exhibit 8 at 11-7565_0127-0129).
[48] Binding Settlement Term Sheet (Exhibit 1 at 11-7565_0006).

54. The email included attachments of "check copies" that Former Business Partner appears to have received from his former assistant at HNJ, Stephanie Champ.[49]



From: kazran52 <[redacted]@aol.com>
To: john [redacted]@buchananautogroup.com>
Subject: documetations for....to review
Date: Mon, Sep 8, 2008 8:38 pm
Attachments: scan0001[1]_(2).jpg (565K), scan0002[1]_(2).jpg (585K), scan0003[1]_(2).jpg (599K), scan0004[1]_(2).jpg (767K), check_copies-vern128[1].pdf (178K)

this this is the 1st set of checks, there are more to follow, It gives me great regret to have done this for
Vern when he doesn't even hesitates for a second to sue me and my wife over 20k.. Maybe he can consider
taking part of this 80k+ as one month of payment so my wife doesn't cry out of fear of loosing our home. I thank Vern for giving me permission to set aside my moral character...
1. 1.3million of loan on Hyundai that was never disclosed nor mentioned in agreement
2.purposly deceiving lender by injecting cash and taking it right back to qualify for a loan, "fraud"
3.borrowing money as capital contribution when that's a direct lender violation
4. 1.4 million in gwinette in outstanding bills plus 1.6million in lease payments
5. a total of 2.2million of capital required by Vern as per our agreement and manufacture requirement
6. a total of 15million in damages caused by lack of capital in companies that Vern contributed
7. major reason for the loss of 423 employees and their families because I made a bad decisions and believed Vern at his word.....
8. I am sure the other 5 partners can add on to this list....

lets dissolve our partnership and remain friends.....if Vern wants to take His stores it will be 1.5million..
what's not optional is gwinette.... based on my agreement the best way to resolve this is to go back to what we agreed..he is owed 10k per month as a partner, all other money needs to be paid back to me..once that is done we both can work together and dissolve the company as partners..... other option is wait until tomorrow to find out if

55. The check copies attached to the email include checks from HNJ employees to Vern Buchanan for Congress.[50] These checks are also included in the documents that Former Business Partner provided to the OCE to establish that HNJ employees were reimbursed.[51]

56. The email states that "[t]his is the 1st set of checks, there are more to follow, It gives me great regret to have done this for Vern when he doesn't even hesitates [sic] for a second to sue me and my wife over 20k. Maybe he can consider taking part of this 80K+ as one month of payment . . . ."[52]

[49] *Id.*
[50] *Id.*
[51] HNJ Campaign Contributions (Exhibit 4 at 11-7565_0106-0115).
[52] September 8, 2008 Email (Exhibit 8 at 11-7565_0127).

57. As of September 8, 2008, Former Business Partner had informed Representative Buchanan's representative that: (1) the reimbursements had occurred; (2) Former Business Partner had documentary evidence of the reimbursements; and (3) Former Business Partner personally knew of the reimbursements prior to September 2008.[53]

Additional Contact with Representative Buchanan Regarding Contributions

58. Prior to the September 8, 2008 email, two other emails were sent to Representative Buchanan or his representatives referencing contributions from HNJ.

59. Former Business Partner's September 8, 2008 email had been preceded by a related email from HNJ CFO to Mr. Tosch, dated August 27, 2008.[54]

60. HNJ CFO told the OCE that he sent Mr. Tosch, a representative of Representative Buchanan, an email concerning the money taken out of HNJ's operating fund for the reimbursed contributions.[55]

61. In the email, HNJ CFO states that Mr. Buchanan asked for campaign contributions and HNJ supported him "to a tune of $80K."[56]

62. One day before the August 27, 2008 email from HNJ CFO to John Tosch, Former Business Partner sent an email to Representative Buchanan regarding the $80,000 in contributions from HNJ.

63. On August 26, 2008, Former Business Partner sent an email to Representative Buchanan, stating that "I am the only one in our group that has donated over 80k" to Vern Buchanan for Congress."[57]

64. Although two of the three emails referenced above were sent to Mr. Tosch, Representative's Buchanan's knowledge of the communications is illustrated by the content of the voicemail that is attributed to him.[58]

65. The message begins "Sam, Vern. Sorry I didn't get your message, but, Sam, Mike Lindell told me the other day that you're going to sue us or threatening to sue us."[59] It continues, "[b]ut I think the threatening of political stuff and all that you got more

[53] *Id.*
[54] FEC MUR 6054, General Counsel's Report #9 ("FEC OGC Report") (Exhibit 9 at 11-7565_0131-0159).
[55] HNJ CFO MOI (Exhibit 6 at 11-7565_0123).
[56] FEC OGC Report (Exhibit 9 at 11-7565_0146).
[57] *Id.*
[58] Buchanan Voicemails.
[59] *Id.*

liability than you know if you start telling people that you reimbursed people because technically you have the liability."[60]

Conclusion

66. Former Business Partner's testimony, the testimony of HNJ employees, and the documentary evidence discussed above establish that Former Business Partner was involved in reimbursing HNJ employees who contributed to Vern Buchanan for Congress.

67. Representative Buchanan and his representatives were aware of Former Business Partner's years of involvement in reimbursing HNJ employees no later than September 8, 2008.

68. Therefore, there is substantial reason to believe that Representative Buchanan knew on October 2, 2008, at the time that he made the settlement agreement contingent on the affidavit that: (1) Former Business Partner had information concerning the reimbursements prior to September 2008; and (2) paragraph 5 of the affidavit was false.

69. The Board notes that following the FEC's investigation of the reimbursements of campaign contributions from Representative Buchanan's automobile dealerships, the Commission found that "[c]ontrary to [Representative Buchanan's] claims, the affidavit is not 'entirely true.'"[61] It further found that paragraph 5 of the affidavit "contradicts one of [Representative Buchanan's] key claims in the case – that Kazran alone directed reimbursements at HNJ during the '06 and '08 cycles."[62] The FEC concluded that "[i]t is improbable that Buchanan's attorneys drafted the affidavit and presented it to Kazran without Buchanan's involvement . . . ."

III. THE AFFIDAVIT INCLUDED ADDITIONAL STATEMENTS THAT MAY BE FALSE

70. In addition to Representative Buchanan having knowledge of Former Business Partner's involvement in reimbursing the HNJ employees for campaign contributions, he may have had personal knowledge of the reimbursements and directed such reimbursements.

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[60] *Id.*

[61] FEC OGC Report (Exhibit 9 at 11-7565_0149). The FEC investigation of Representative Buchanan was limited to determining whether there were violations of 2 U.S.C. §§ 441f (contributions in the name of another) and 441a(f) (prohibited contributions and expenditures). The FEC investigation, unlike this Review, was not to determine whether there may have been violations 18 U.S.C. §§ 201, 1505, and 1512, and House Rule 23, clause 1. The FEC determined to take no further action against Representative Buchanan with respect to violations of 2 U.S.C. §§ 441f and 441a(f)

[62] *Id.*

71. If Representative Buchanan had personal knowledge of the reimbursements to HNJ employees prior to September 2008, statements in the affidavit, in addition to paragraph 5, were false.

72. In addition to paragraph 5 of the affidavit, paragraphs 6 and 7 may be false.

73. Paragraph 6 required Former Business Partner to swear that "I attended various meetings of general managers or 'partners' of Buchanan . . . . At no time was there any statement or any form of encouragement to make a campaign contribution based upon a threat of job discrimination, financial reprisal, or other detriment for failure to make a contribution discussed, disseminated or suggested by Buchanan . . . . Furthermore, there never was a discussion, statement or other action which would have implied that a person who made a contribution to the Vernon G. Buchanan for Congress campaign would be reimbursed by someone or would receive a special benefit."[63]

74. Paragraph 7 stated that "[n]o one has advised me that Buchanan or any representative of his knew of any intention, plan or arrangement by anyone to make a reimbursement, directly or indirectly, to a person in exchange for making a contribution to Buchanan for Congress campaign."[64]

75. According to Former Business Partner and several other witnesses, Representative Buchanan intended to have individuals reimbursed for campaign contributions to his campaign.[65]

76. Former Business Partner told the OCE that around June 2006, Representative Buchanan told him to collect at least $25,000 for his campaign. When Former Business Partner told him that he could not get $25,000, Representative Buchanan asked "don't you have someone you can trust to run it through the company, like your brother or something."[66]

77. Former Business Partner understood this to be an explicit direction to use the dealership to reimburse individuals for campaign contributions.[67]

78. Former Business Partner told the OCE that although June 2006 was the first time that Representative Buchanan explicitly told him to reimburse campaign contributions, he overheard a conversation between Representative Buchanan, Dennis Slater, and David Long at a meeting of the Representative Buchanan's business partners in late 2005 or

[63] Binding Settlement Term Sheet (Exhibit 1 at 11-7565_0007).
[64] *Id.*
[65] Former Business Partner MOI (Exhibit 2 at 11-7565_0011); HNJ CFO MOI (Exhibit 6 at 11-7565_0122); HNJ Comptroller MOI (Exhibit 5 at 11-7565_0118-0119).
[66] Former Business Partner MOI (Exhibit 2 at 11-7565_0011).
[67] *Id.*

early 2006.[68] Representative Buchanan asked Mr. Long for a campaign contribution and Mr. Long replied that he could not make a contribution. In response, Representative Buchanan told him "don't you know you're going to get it back."[69]

79. Dennis Slater, the former Chief Financial Officer of the Buchanan Automotive Group, told the OCE that Representative Buchanan did not offer to reimburse him for campaign contributions.[70]

80. HNJ Comptroller told the OCE that around 2005 she overheard Former Business Partner speaking with Representative Buchanan over the telephone.[71] Former Business Partner told Representative Buchanan "Vern, I'll handle it right now."[72] Immediately following the call, Former Business Partner instructed her to write a personal check to Vern Buchanan for Congress and then to reimburse herself with a check from HNJ.[73]

81. She told the OCE that Former Business Partner asked her later, around 2007, to make a second contribution and she did so because she had the feeling that her employment could be terminated by Representative Buchanan if she did not.[74]

82. HNJ CFO told the OCE that he made contributions to Vern Buchanan for Congress and received reimbursements.[75] He said that it was his understanding that Representative Buchanan directed Former Business Partner to reimburse employees who made campaign contributions.[76] HNJ CFO said that Former Business Partner was on the phone with Representative Buchanan and Former Business Partner put the phone to HNJ CFO's ear.[77] He said that he heard Representative Buchanan say that "they could get the managers to contribute to the campaign and the dealership to reimburse them."[78] He explained that the reimbursements occurred prior to the end of 2006.[79]

83. Former Business Partner told the OCE that he allowed HNJ CFO to listen to certain calls when Representative Buchanan asked for campaign contributions but that Buchanan did not explicitly discuss reimbursing campaign contributions during these calls.[80]

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[68] *Id.*
[69] *Id.*
[70] Memorandum of Dennis Slater, dated October 25, 2011 (Exhibit 10 at 11-7565_0163).
[71] HNJ Comptroller MOI (Exhibit 5 at 11-7565_0118).
[72] *Id.*
[73] *Id.*
[74] *Id.*
[75] HNJ CFO MOI (Exhibit 6 at 11-7565_0122).
[76] *Id.*
[77] *Id.*
[78] *Id.*
[79] *Id.*
[80] Former Business Partner MOI (Exhibit 2 at 11-7565_0013).

84. The Board notes that the FEC investigated whether Representative Buchanan directed Former Business Partner to reimburse campaign contributions of HNJ employees and found that "[t]he evidence in this case comes close to supporting a finding that it is more likely than not that [Representative Buchanan, Vern Buchanan for Congress, and Joseph Gruters] violated §§ 441f and 441a(f)."[81] Due to a lack of corroborating evidence regarding whether Representative Buchanan instructed Former Business Partner to make reimbursements, the FEC decided to take no further action against Representative Buchanan.[82]

85. The OCE was unable to discuss with Representative Buchanan his involvement, if any, with directing reimbursements of campaign contributions because he refused to cooperate with the OCE Review.

86. The following witnesses, who also were identified as having information relevant to determining Representative Buchanan's involvement in reimbursing campaign contributions, did not cooperate with the Review: Don Caldwell, Shelby Curtsinger, Kenneth Lybarger, Gary Scarbrough, Dennis Slater, and John Tosch (collectively, "Non-Cooperating Third Parties").

IV. CONCLUSION

87. Although permitted by House Resolution 895 and OCE rules to draw a negative inference from the lack of cooperation of Representative Buchanan and the Non-Cooperating Third Parties, the Board judged the evidence adduced to be more than sufficient to support its determination that there is substantial reason to believe that Representative Buchanan violated federal law and House rules.

88. Based on the information before the OCE, Former Business Partner was involved in reimbursing campaign contributions that HNJ employees made to Vern Buchanan for Congress prior to September 2008, making the affidavit false.

89. Representative Buchanan and his representatives were made aware of this fact no later than September 8, 2008.

90. There is substantial reason to believe Representative Buchanan asked Former Business Partner to sign an affidavit to be submitted to the FEC, that he knew to be false and conditioned a $2.9 million dollar legal settlement on the signature.

91. For the foregoing reasons, Board of the Office of Congressional Ethics recommends that the Committee on Ethics further review the above allegations because there is substantial

[81] FEC OGC Report (Exhibit 9 at 11-7565_0158).
[82] *Id.*

reason to believe that Representative Buchanan attempted to influence the testimony of a witness in a proceeding before the FEC in violation of 18 U.S.C. §§ 201, 1505, and 1512, and House Rule 23, clause 1.

V. INFORMATION THE OCE WAS UNABLE TO OBTAIN AND RECOMMENDATIONS FOR THE ISSUANCE OF SUBPOENAS

92. The following individuals, by declining to be interviewed by the OCE, did not cooperate with the OCE's review:

    a. Representative Buchanan;

    b. Don Caldwell, Sales Manager, Venice Nissan Dodge; and

    c. John Tosch, President, 1099 Management Co., LLC.

93. The following individuals, by declining to provide documentary evidence in response to the OCE's Requests for Information, did not cooperate with the OCE's review:

    a. Shelby Curtsinger, Co-Owner, Venice Nissan Dodge;

    b. Kenneth Lybarger, Comptroller, Suncoast Ford;

    c. Gary Scarbrough, Co-Owner, Sucaost Ford; and

    d. Dennis Slater, Chief Operating Officer, Buchanan Automotive Group.

94. As a result, the OCE was unable to obtain certain information regarding Representative Buchanan's involvement in the reimbursements given to HNJ employees who contributed to Vern Buchanan for Congress.

95. The Board recommends the issuance of subpoenas to Representative Buchanan, Don Caldwell, Shelby Curtsinger, Kenneth Lybarger, Gary Scarbrough, Dennis Slater, and John Tosch.

EXHIBIT 1

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October 2, 2008

Via e-mail to:[redacted]@smithhulsey.com
Sam Kazran
c/o James H. Post, Esquire
Smith Hulsey & Busey
225 Water Street, Suite 1800
Jacksonville, FL 32202

CONFIDENTIAL SETTLEMENT COMMUNICATION

RE: REVISED Binding Settlement Term Sheet

Dear Mr. Kazran:

The purpose of this letter is to confirm the terms upon which our clients have agreed to resolve existing claims among them with respect to all past and current business relationships.

The core terms agreed upon are as follows:

1. Within 48 hours of the complete execution of this agreement, 1099 Management Co., LLC, a Florida limited liability company ("1099") will place into escrow with the law firm of Lindell & Farson, P.A. the total sum of $2.9 million (the "Escrow Amount") to be applied as provided below.

2. Of this amount, $1.1 million will be paid by 1099 at closing for the purchase of the assets of Premier Automotive on Atlantic, LLC ("Premier Atlantic"), Premier Automotive at the Avenues, LLC ("Premier Avenues") and Premier Properties on Atlantic, LLC ("Premier Properties") including, but not limited to, all rights of those companies to conduct business as a Kia dealership at the addresses of 9401 Atlantic Blvd. and 10845 Phillips Highway, Jacksonville, Florida and specifically including all real estate, parts inventory, fixed assets and all new, previously undelivered, 2008 Kia automobiles (with less than 5,000 miles thereon), free and clear of all claims and encumbrances whatsoever.

3. The conditions to the closing upon 1099's purchase of the foregoing assets are:

(a) Approval by the Kia manufacturer;

(b) Approval by the first mortgage holder with respect to the existing mortgage on the 9401 Atlantic Blvd. real estate; and

(c) Clear title to all assets being conveyed (with the exception of the existing first mortgage on the real estate.)

4. Out of the Escrow Amount, $1.6 million will be applied, under the oversight of Ira Silver, CPA, to retiring the obligations of Premier Dodge and Gwinnett, LLC, including without limitation all obligations for floor plan sales out of trust and outstanding federal and state tax liabilities related to the Premier Dodge operation, which out of trust and tax liabilities will be satisfied before any other Premier Dodge liabilities. You, Sam Kazran, agree to hold Buchanan, 1099, and any other businesses or entities affiliated with them, harmless for all damages, as well as defense costs, associated with all obligations arising out of the Premier Dodge dealerships (hereinafter the "Premier Dodge Liabilities").

5. The balance of the Escrow Amount in the sum of $200,000 is earmarked as a reserve account to be applied to any remaining obligations to the lessor of the automobile dealership facility located in Duluth, Georgia and currently occupied by the Premier Dodge Dealership. Upon full satisfaction of that obligation, you, Sam Kazran, will be entitled to receive any balance remaining on hand in that reserve account. Should satisfaction of the obligation to the lessor require an amount greater than deposited into this reserve account, Kazran agrees to hold Buchanan, 1099, and any other businesses or entities affiliated with them, harmless for all damages, as well as defense costs, associated with final resolution of that obligation (hereinafter the "Hendrick Lease Liability").

6. Provided 1099 timely advances the Escrow Amount contemplated by paragraph 1 above, and otherwise tenders full performance hereunder, within 48 hours of the complete execution of this agreement you, Sam Kazran, will cause all existing litigation against Vernon G. Buchanan ("Buchanan"), 1099 and any of their affiliated businesses or entities to be immediately dismissed with prejudice and within that same time frame will furnish a copy of the notices of dismissal that have been forwarded to the respective courts for filing.

7. With respect to the existing working capital loan incurred in connection with the operation of the Premier Dodge Dealership in Duluth, Georgia payable to M & I Bank in the approximate principal sum of $800,000 under which Buchanan and one or more of his related entities may be obligated, you, Sam Kazran, agree that this obligation will be kept current with the lender and that you will hold Buchanan and all of his related businesses and entities harmless for all damages as well as defense costs associated with that loan (the "Cap Loan Liability").

8. Within ninety (90) days of the full execution of this agreement, you, Sam Kazran, will repurchase from 1099 the assets of the Kia dealership located at 10845 Phillips Highway,

Jacksonville, Florida for the total sum, at closing, of $1 million, payable by promissory note bearing interest at the rate of 6%, with a term of 42 months, interest-only payments due for the first 12 months, principle and interest payments due for remaining 30 months calculated based upon a 5-year amortization, and balloon payment due for all remaining principal and interest after 42 months (the "Avenues Kia Note"). The conditions to the closing of the transaction will be:

(a) Approval by the Kia manufacturer; and

(b) Clear title to all assets which shall specifically include the new parts inventory, all new cars (subject to floor plan) and all fixed assets.

9. With respect to the required approvals by the Kia manufacturer contemplated by paragraphs 3 and 8 above, the parties agree that they will diligently, and in good faith, take all steps necessary, within their control, to satisfy the requirements of the Kia manufacturer for approval.

10. Provided you, Sam Kazran, fully perform hereunder, the promissory note dated December 29, 2006 in the original principal sum of $700,000 under which you, your wife, Gwinnett, LLC and 11-2001, LC are listed as makers, will be deemed fully paid and satisfied.

11. In order to secure your obligations under the Hendrick Lease Liability, the Premier Dodge Liabilities, the Cap Loan Liability, and the Avenues Kia Note, as defined above, you, and any of your related or affiliated businesses will grant no less than a second priority, enforceable security interest in the following described collateral no later than the first disbursement of escrow funds as contemplated above:

(a) All assets used, or to be used, in connection with the business of Hyundai of North Jacksonville both at its current location and at its anticipated new location in the vicinity of Interstate 95, Broward Road, and Dunn Avenue.

(b) All real estate owned by you, Sam Kazran, 11-2001, LLC, Jacksonville Auto Mall, LLC, Aram Askarifar, and Onyyx Development Group, LLC in the vicinity of the new location of Hyundai of North Jacksonville, including without limitation the 22 acres (tax parcel no. 022105-0000) referred to during our negotiations; and

(c) All rights you, Sam Kazran, or any of your partners or affiliates have to operate as a Hyundai dealer in the North Jacksonville area.

(d) A local counsel, mutually agreeable to the parties, will provide an opinion that the security interest described is enforceable according to its terms.

In the event any portion of the real property herein, including without limitation the 22 acres, tax parcel no. 022105-0000, is conveyed to the Florida Department of Transportation (DOT) in connection with the DOT Notice to Owner dated June 12, 2008, to 11-2001, LLC, Jacksonville Auto Mall, LLC, and Aram Askarifar, then Buchanan and 1099 will cause any security interest arising hereunder to be released as to the property conveyed to DOT; provided, however, that any proceeds from such conveyance will be applied first to such purposes as required by Bank of America in connection with the workout or restructuring of obligations to Bank of America, then to the Cap Loan Liability, and then to the Avenues Kia Note, before such proceeds are used for any other purpose.

12. Further conditions to the disbursement of the Escrow Amount are as follows:

(a) Kazran's execution of the Affidavit attached hereto as Exhibit A.

(b) Kazran's provision to Buchanan and 1099 of written verification from Bank of America that, as a result of the parties executing these settlement terms, and provided that the Escrow Amount is disbursed in accordance herewith, Bank of America will allow Hyundai of North Jacksonville to continue its operations and will loan additional working capital for the operation of the dealership.

13. The parties contemplate that formal agreements will be executed among them implementing these terms. Those agreements will include a release of all claims by Kazran and his affiliated interests against Buchanan and his affiliated interests by reason of any known or unknown set of facts arising before this date except for the obligations assumed under this settlement. Likewise, assuming performance by Kazran, Buchanan and his affiliated interests will release Kazran and his affiliated interests from all claims other than those contemplated by this agreement.

14. The parties agree (1) that the terms of this settlement will be kept strictly confidential except where its disclosure is necessary in order to secure approvals from persons whose consent is essential to accomplishment of the transactions described herein (2) not to disparage one another and to report to any public inquiry that "all disputes have been satisfactorily resolved;" and (3) not to commence any new litigation against one another, except to enforce the terms of this settlement.

Please indicate your agreement to these core terms by signing in the spaces provided below.

Sincerely,

s/ Roger K. Gannam

Roger K. Gannam

SAM KAZRAN
Individually and on behalf of Premier Avenues, Premier Atlantic, Premier Properties, Gwinnett, LLC, 11-2001, L.C. and all other businesses and entities controlled by him

1099 MANAGEMENT CO, L.L.C.
By: John Tosch, President

VERNON G. BUCHANAN

Affidavit of Sam Kazran a/k/a Sam Khazrwan

I, Sam Kazran, under penalty of perjury, state that to the best of my knowledge:

1. I have been the person in charge of the operations of the automobile dealerships known as Premier Dodge ("Premier Dodge") which is owned by Gwinnett, LLC, a Florida limited liability company and Hyundai of North Jacksonville ("Hyundai") owned by 11-2001 LLC, a Florida limited liability company, during all periods relevant to the matters set forth below.

2. Vernon G. Buchanan ("Buchanan"), directly or indirectly through 1099 Management Co. L.L.C., a Florida limited liability company, had an economic ownership in each dealership, although Buchanan's economic arrangements, and continuity of ownership, in each dealership changed over the years of my involvement.

3. Due in part to the economic circumstances that existed in the automobile industry, each of these dealerships experienced a financial downturn, and certain amounts that I, or the respective dealership, owed Buchanan or entities controlled by him were delinquent in payment, and the relationship between Buchanan and me deteriorated because of such delinquencies, commencing primarily in early 2008.

4. During the course of tense and somewhat hostile negotiations between my lawyers and me, and representatives for Buchanan, I advised a representative of Buchanan that one or more of the dealerships of which I was in operational control had reimbursed certain individuals who had contributed to the Buchanan for Congress campaign.

5. Before September, 2008 neither I, nor to my knowledge, any other person who had ever advised Buchanan or any of his representatives had any information that one or both of the dealerships referred to in 1 above reimbursed certain individuals for contributions made to the Vernon G. Buchanan for Congress campaign.

6. Since my relationship with Buchanan first commenced, I attended various meetings of other general managers or "partners" of Buchanan who were involved in other dealerships in which Buchanan, or companies controlled by him, had a direct or indirect ownership interest. At no time was there any statement or any form of encouragement to make a campaign contribution based upon a threat of job discrimination, financial reprisal, or other detriment for failure to make a contribution discussed, disseminated or suggested by Buchanan, a Buchanan representative or anyone under his or their direction. Furthermore, there never was a discussion, statement or other action which would have implied that a person who made a contribution to the Vernon G. Buchanan for Congress campaign would be reimbursed by someone or would receive a special benefit.

7. No one has advised me that Buchanan or any representative of his knew of any intention, plan or arrangement by anyone to make a reimbursement, directly or indirectly, to a person in exchange for making a contribution to the Buchanan for Congress campaign.

1

EXHIBIT A

8. I consent to Buchanan filing this Affidavit with the Federal Election Commission and using information contained herein in connection with campaign for re-election matters.

_____
Sam Kazran

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ___ day of October, 2008, by Sam Kazran. He is personally known to me or has produced _____ as identification.

(SEAL)

_____
Notary Public-State of

Commission Number:

5646820_v1

EXHIBIT 2

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE:	Former Business Partner
REVIEW NO.:	11-7565
DATE:	December 6, 2011
LOCATION:	225 East Coastline Drive Jacksonville, FL 32202
TIME:	10:00 a.m. to 12:30 p.m. (approximate)
PARTICIPANTS:	Omar S. Ashmawy Kedric L. Payne

SUMMARY: The witness is a former business partner of Representative Vern Buchanan. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning, which will be placed in the case file in this review.

2. The witness is currently unemployed. He told the OCE that he is in litigation with Bank of America that was commenced in 2008 by Representative Buchanan.

3. The witness was a partner with Representative Buchanan in several business: Hyundai of North Jacksonville, Premier Dodge (legal name: Gwinnett, LLC), Premier Kia on Atlantic (legal name: Premier Automotive Group, LLC) and Premier Kia at the Avenue (legal name: Premier Automotive Group, LLC).

4. The witness was the managing director at these entities. He reported to Representative Buchanan. Representative Buchanan ran these dealerships and others through an entity called the "1099 Company" which owned everything. Representative Buchanan managed the dealerships through monthly financial reports.

5. The first time campaign contributions in relation to Representative Buchanan came up was at meeting of his various business partners meeting where Representative Buchanan gave a speech and announced he was running for Congress. Right after the speech Representative Buchanan talked to everyone. Representative Buchanan told the witness that he was depending on the witness for contributions. It was the same conversation he had with all the partners in the room.

6. The witness's first contribution to Representative Buchanan was $9200 from him and his wife. The contribution was not reimbursed.

7. Close to the end of a calendar quarter, Representative Buchanan would become aggressive regarding contributions. Sometimes the witness would receive thirty or more calls in a week from Representative Buchanan.

8. On one occasion, Representative Buchanan asked the witness to help raise $50,000 for his campaign. This was not too long after the witness had made the $9200 contribution. The witness could not raise additional money for contributions from others, so he wrote a $4,000 check to Representative Buchanan's campaign. The check was returned by the campaign. This was the first time the witness learned about contribution limits.

9. At that time, the witness's contact at the campaign was a woman named Selena. A few months afterwards Representative Buchanan set up a more formal campaign staff.

10. Representative Buchanan talked to the witness and all of his other business partners about campaign contributions. The witness knew this because the partners would talk to one another and joke about it – asking each other how much Representative Buchanan "hit them up for" and then complain about it.

11. There was one partner meeting the witness recalled when Representative Buchanan was stressed. The quarter was ending and Representative Buchanan said that he needed $1 million by the end of the quarter. The witness recalled one partner asking Representative Buchanan "Hey boss, why don't you just use your money?" Representative Buchanan said that he could not because he needed to have lots of people contribute because otherwise "it didn't look good."

12. The first time Representative Buchanan was explicit about reimbursing individuals for the campaign contributions was sometime in June 2006. It was part of a conversation about buying Representative Buchanan out of one of the dealerships. The witness was walking out of a partners' meeting with Representative Buchanan, Dennis Slater, John Tosh, and Josh Farid.

13. Representative Buchanan told the witness that if he could get at least $25,000 to his campaign by the end of the quarter, Representative Buchanan would give the witness an additional two months to get money to Representative Buchanan to buy him out of Gwinnett, LLC.

14. The witness told Representative Buchanan that he could not get $25,000 to his campaign. Representative Buchanan then asked "don't you have someone you can trust to run it through the company, like your brother or someone."

15. Although this was the first time Representative Buchanan explicitly discussed reimbursements of campaign contributions with the witness, the witness was already clear that Representative Buchanan wanted him to do this. It first dawned on him when his check for $4,000 was returned and yet Representative Buchanan was still asking for contributions.

16. At another partners' meeting in very late 2005 or early 2006, the witness overheard a conversation between Dennis Slater, David Long, and Representative Buchanan. They were talking about campaign contributions. Representative Buchanan asked David Long for a contribution and Mr. Long said he could not make the contribution. The witness heard Representative Buchanan say "don't you know you're going to get it back."

17. The witness listed the following people as individuals who were reimbursed for the campaign contributions: Stephanie Champ, Gayle Lephart, Dee Smith, Joe Cutaia, Eric Kazran, Josh Farid, and Vincent Sams. Each individual was an employee of the Hyundai of North Jacksonville dealership. The witness estimated that in total, they gave Representative Buchanan over $100,000.

18. The witness said that one occasion he had a meeting with the employees and told them that Representative Buchanan asked him to get and reimburse contributions from them. At the meeting one person said that he did not have the money to make the contribution and wait for a reimbursement, so the witness had to write a check to the person first.

19. The witness also explained that on one occasion Representative Buchanan told the witness to use the dealership's corporate credit card and put approximately $18,000 on it, over the course of several transactions. The witness was told to call Selena and have her "run it for Vern PAC."

20. On another occasion in Summer 2008, Honda of North Jacksonville was having financial trouble and cash flow was becoming tight. The witness asked Representative Buchanan and his representative, John Tosh, for money. They said no. When Josh Farid heard this, he got angry and called John Tosh. Mr. Farid told Mr. Tosh that they [the dealership] gave Representative Buchanan
"all the money and we've been expecting it back."

21. Within a few minutes of that phone call, the witness received an angry call from Representative Buchanan who wanted to know what was going on. The witness apologized for Mr. Farid and Representative Buchanan said "what was it? A thousand? I'll have Tosh send it to you."

22. The witness stated that Representative Buchanan started out "normal," but as time went on he "constantly talked about money." Representative Buchanan started out alluding to the idea of reimbursements, but the witness thought that as the election approached and Representative Buchanan became more concerned, he became "so stressed and needed the money" that he began to ask for it explicitly.

23. The witness described Representative Buchanan as very vigilant about the financials of the dealerships. Representative Buchanan would frequently catch minute – in the $100's – discrepancies and losses. On one occasion Representative Buchanan noticed that $230 was missing from an account.

24. The funds used to reimburse individuals for campaign contributions were listed as a Vern Buchanan Capital Contribution in the financial statements. No one was asked to explain them and no one talked about it.

25. The witness said that there have been a handful of times when he would put Ms. Lephart or Mr. Farid on the phone to let them overhear a conversation or put a call on speaker so they could hear Representative Buchanan asking for campaign contributions. There was no instance when the witness allowed someone to overhear a phone call with Representative Buchanan when reimbursements were discussed. Anyone who said that is lying.

26. Ms. Lephart was the comptroller for Honda of North Jacksonville and was therefore aware of all the money going out for the reimbursements. Mr. Farid also helped with the finances and he was therefore aware of money being used for reimbursements.

27. When asked about the affidavit Representative Buchanan asked him to sign, the witness explained that in June 2008 the company was getting low on cash. Bank of America audited the company and determined that Representative Buchanan removed $800,000 out of the company early on in its existence.

28. Representative Buchanan was being distant with the witness and would not speak to the witness. As a result, the witness was speaking with John Tosh. It was around this time that Mr. Farid made the angry call to Mr. Tosh that resulted in a phone call from Representative Buchanan. As a result of this phone call from Representative Buchanan to the witness, the two men began speaking again.

29. Over the course of several conversations, the witness told Representative Buchanan "you're not in the car business anymore – let me buy you out."

30. An agreement to buy Representative Buchanan out was proposed and eventually signed. The day it was signed, Representative Buchanan called the witness to congratulate him and invited him to Sarasota, FL to celebrate over dinner at a restaurant on Longboat Key.

31. When the witness arrived, Representative Buchanan showed him the affidavit and asked the witness to sign it. The witness read it and was upset because it not only claimed Representative Buchanan did not know about the reimbursements, but made the witness the "fall guy."

32. The witness then called his wife and his attorney from the restaurant. He refused to sign the affidavit, at which time Representative Buchanan got "very frustrated and got up and left."

33. The following day, Representative Buchanan called the witness and left a voicemail. He called again and left another voicemail a few days later. These are voicemails that were publically released.

34. The witness went back and forth with Mr. Tosh to see if there was something they could agree on, but they could not.

35. The last communication the witness had with Representative Buchanan was in 2008 or 2009 regarding the lawsuit. The witness has spoken with Representative Buchanan's attorneys since then.

36. Other dealerships were also reimbursing contributions. Those dealerships were: Sarasota Ford, Venice Nissan, Suncoast Ford, Melbourne Toyota and Melbourne Lexus. Shelby Curtsinger of Venice Nissan would complain a lot about the reimbursement to the witness.

37. The witness did not recall a time when Mr. Farid was privy to a phone call in which Representative Buchanan mentioned reimbursements; however Mr. Farid "knew exactly what was going on." Mr. Farid was on at least two phone calls when Representative Buchanan was asking for campaign contributions.

38. Just about every time Representative Buchanan asked for money, the witness had to talk to Mr. Farid and Ms. Lephart about it.

This memorandum was prepared on January 5, 2012 after the interview was conducted on December 6, 2011. I certify that this memorandum contains all pertinent matter discussed with the witness on December 6, 2011.

Omar S. Ashmawy
Staff Director and Chief Counsel

EXHIBIT 3

Certified Copy

FEDERAL ELECTION COMMISSION

CONFIDENTIAL

INVESTIGATIVE DEPOSITION OF

SAM KAZRAN

November 6, 2009
10:30 a.m.

1301 Riverplace Boulevard
Suite 1609
Jacksonville, Florida

Sandra Crowley, RMR, FPR

1

FEDERAL ELECTION COMMISSION

CONFIDENTIAL

INVESTIGATIVE DEPOSITION OF

SAM KAZRAN

November 6, 2009

10:30 - 2:07 p.m.

1301 Riverplace Boulevard

Suite 1609

Jacksonville, Florida

Sandra Crowley, RMR, FPR

APPEARANCES OF COUNSEL

On behalf of the Federal Election Commission:

JACK A. GOULD, Esquire

WADE J. SOVONICK, Investigator

999 E Street, N.W.

Washington, DC 29463

202-694-[redacted]

INDEX OF WITNESSES

WITNESS: Sam Kazran

- - -

INDEX TO EXHIBITS

(Exhibits 1-3 have been retained by counsel.)

CONFIDENTIAL DEPOSITION OF SAM KAZRAN
November 6, 2009

MR. GOULD: Let's go on the record. Today is Friday, November 6. The time is approximately 10:30. This is the deposition by the Federal Election Commission of Sam Kazran. This is called an investigative deposition.

I will be asking you questions and ask for your best recollection. If you cannot remember the exact words that were in part of a conversation, give us your best summary of the gist of the conversation. If I ask you for dates, if you don't know the exact date, you can tell us the month. Do the best that you can. And again, if you need any breaks, let us know and we'll take a break.

SAM KAZRAN, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. GOULD:

Q. Please state your name for the record.

A. Sam Kazran, K-a-z-r-a-n.

Q. Mr. Kazran, what is your business, your official business?

4

A. I own automobile dealerships.
Q. For the record, provide us with the address of your -- the dealership where you maintain your office.
A. It would be 9401 Atlantic Boulevard, Jacksonville, Florida 32218.
Q. And what is your telephone number?
A. 904-874-[redacted]. Would you like the business number? I gave you direct cell number. Would you like --
Q. Yes, let's have your business number as well.
A. 904-354-[redacted].
MR. GOULD: Please mark this as Exhibit 1.
(FEC Exhibit 1 was marked for identification.)
Q. Mr. Kazran, I'm going to hand you now a document that has been marked for identification as Exhibit 1. The document is a subpoena issued by the Federal Election Commission that compels your attendance at this deposition.
Okay. Mr. Kazran, I can see that there is not an attorney here. Is that your choice not to be represented by counsel?

5

A. Correct.
Q. Mr. Kazran, when did you become acquainted with Vernon G. Buchanan?
A. It was early 2004.
Q. How did you become acquainted with Mr. Buchanan?
A. I met Mr. Buchanan to discuss a partnership on an automobile dealership that he owned in Jacksonville, Florida. I met him through a colleague of ours by the name of Kevin Brodski, B-r-o-d-s-k-i.
Q. And who is Mr. Brodski?
A. Mr. Kevin Brodski is a partner or former partner of Mr. Vern Buchanan in another automobile dealership.
Q. And the name of that dealership is?
A. It was Toyota and Lexus of Melbourne.
Q. That's Melbourne, Florida?
A. Melbourne, Florida, correct.
Q. Okay. It is our understanding that you are the president of a company known as 11-2001 LLC, is that correct?
A. Correct.
Q. When did you acquire your ownership interest in 11-2001, LLC? And for the record, is

6

that business known as Hyundai of North Jacksonville?
A. Correct, yes. I started my partnership with Mr. Vern Buchanan, I believe it was either April or May of 2004.
Q. And did you acquire an ownership interest in 11-2001, LLC?
A. Correct. In May of -- April or May of 2004, I had had a minority share of the company. I was the managing partner, and Mr. Buchanan had a controlling share of the company.
Q. Do you recall what percentage of the company --
A. Yes, I was a 49 percent partner, and Mr. Vern Buchanan was 51 percent.
Q. And that was in what year?
A. 2004, I believe it was April or May of 2004.
Q. Okay. Did you and Mr. Buchanan have subsequent business dealings?
A. Yes. Yes, we had two more automobile -- actually three more automobile dealerships, partnerships. One was called Gwinnett, LLC, d/b/a Premier Dodge, located in Duluth, Georgia, outside of the Atlanta area. And we had two other dealerships in Jacksonville, Florida, Kia -- Premier Automotive

Toll Free: 800.322[redacted]
Facsimile: 904.355.6152
1609 Riverplace Tower
1301 Riverplace Boulevard
Jacksonville, FL 32207
www.esquiresolutions.com

7

Group, d/b/a Kia on Atlantic, and a sister store, Kia at The Avenues.

Q. Going to the Gwinnett company, when did you -- did you acquire an interest in that company?

A. Correct.

Q. And Mr. Buchanan also had a financial interest in that company?

A. Correct. Mr. Buchanan and I both were partners. I had 49 percent controlling share, and he had 51 percent controlling share in Gwinnett, LLC. I believe the time was December of '05, January of '06 time period. With respect to the two Kia dealerships, that was formed in December of '07, and the partnership structure I was 75 percent partners and he was 25 percent.

Q. Okay. The Federal Election Commission records show that you contributed $4,200 to Vern Buchanan's campaign for Congress in or about July of 2005. Do you recall making that contribution?

A. Correct.

Q. Who asked you to make this campaign contribution?

A. Mr. Vern Buchanan.

Q. And tell me what you recall. Was there a meeting or conversation in which he asked you?

8

A. Yes.
Q. Tell me what you --
A. Mr. Buchanan and I had a discussion. He had informed us that he would be running for Congress, that he would like our help in raising money for them. He had asked me to give him a check, I believe the amount is $4,600. It might have been two of them, one from me and one from my wife, I can't quite remember, and which I did. I wrote him a personal check and that was the end of it.

I -- you know, he had asked me and I gave him the check. And throughout time after I personally contributed to him, numerous times Mr. Buchanan approached me again and asked for me to raise money for him and contribute to his campaign, but he told me that I could no longer write a check myself.

Q. Okay. Did he say why you could not write a check yourself?
A. This was later. I believe the first time that I contributed he used to tell us it's the end of the quarter, we need to have money. So it would be the third and fourth and fifth round of every time that he was raising money, yes.
Q. Let's go back to the first time. Was

9

this in a meeting that he asked you to make this contribution?

A. Both in a meeting and also in private, yes.

Q. In the meeting, where did that meeting take place?

A. We used to conduct a monthly partners meeting in Sarasota, Florida. All partners would meet once a month to discuss progress of our businesses.

Q. Who was present at this particular meeting where Mr. Buchanan asked for the campaign contribution?

A. We had several partners that attended there on a regular basis. Kevin Brodski would be one. I'm going to do my best to remember everyone. Mr. Dennis Slater was another, Steve Silverio was another, Jeff King was another, Scott Tomasso is another, Jim Gruisko was another, and several other folks. I have to write down and remember all of them, but I'll certainly do that.

Q. I can give you a note pad.

A. Yes, if you would. I'm sorry. I remember four more. Mr. John Tosch, Mr. Mark Ornstein was the company's attorney. Josh Farid,

10

which was a partner of mine, David Long, Scott Tomasso, Tom Moore. Shelby -- I can't remember the last name, Shelby's last name.

MR. SOVONICK: Is it possible it's Curtsinger?

THE WITNESS: Correct.

MR. SOVONICK: C-u-r-t-s-i-n-g-e-r.

THE WITNESS: Yes. We had had -- there's probably another handful of names that I can't remember now, but as we're talking I'll jot them down and share that with you.

Q. Okay. As I previously stated, the FEC records indicate that this contribution, $4,200 contribution, was received by the campaign committee in July of 2005. Is that the approximate time that this meeting occurred?

A. Correct. Mr. Buchanan held several meetings, and we discussed business, but as time went along, his intensity, if you will, with raising funds grows, so those discussions has taken place on numerous occasions.

Q. Where did this meeting take place?

A. Sarasota in the corporate office for Buchanan Enterprises. Sarasota, Florida. And the ones that him and I had in private would be in a

11

restaurant around that area.

Q. Let's go back to the particular meeting when Mr. Buchanan first asked you to make the campaign contribution to his campaign committee, Vern Buchanan for Congress.

A. Yes.

Q. Tell me what you can recall regarding his request for the contribution.

A. Mr. Buchanan, he told me that he's going to be running for Congress, that he was very excited. And he said, I'm going to be running for Congress, and my next position would be the governor. I need you to help me. I need to gather as much money as possible. I'm going to put your name on $50,000 that you've got to raise by the end of the quarter -- I can't remember what month that was.

And he says, I need you to write me a check for -- he first asked me, he says, You and your wife both on the checking account? I said, I'm not sure. My wife writes all the checks. He says, Okay, well, it's 9,000-something and change. And I did that for him, no problem. And that was the end of it, but --

Q. Let me stop you there. Did you write a check during that meeting when he asked for the

12

contribution?
A. No. I went back to Jacksonville, and I overnighted a check to him.
Q. To his office in Sarasota?
A. Correct, yes. What Mr. Buchanan did with respect to payments, he would talk to us and someone else would follow up in the event that the payments, you know -- they would expect it to be there the very next day.
Q. Okay. Let's go through the list of names that were at this meeting where Mr. Buchanan asked you to make contribution.
A. Okay.
Q. Okay. The first person?
A. Mr. John Tosch, who is Mr. Vern Buchanan's right-hand man, Mr. Mark Ornstein, Josh Farid, David Long, Tom Moore, Shelby Curtsinger, Scott Tomasso, Dennis Slater, Kevin Brodski, Steve Silverio, Jeff King, Josh Farid.
I would like to share with you -- as I mentioned before, the level of intensity, if you will, of campaign contributions intensified as time went on. We got to a point where the partners were just joking around, we would walk in a meeting and partners would talk about, Well, how much did he hit

13

you for? I'm not going to make any money this month so I won't be able to provide any money. Did anybody -- did Vern say to anybody I'm going to -- are you going to get the money back? Do you know who's going to be paying this money back, et cetera?

The first round, I wrote the check to him because he had asked me. I did not reimburse myself for that money. He asked me to do it and I did. But later he asked me to raise money, and when I told him that I can't do that anymore, that's when he told me -- in fact, I remember we were at a corporate office, my partner and I. This is right about the time that we were discussing the partnership for Dodge.

I had asked him -- he wanted -- I'd asked him to consider taking less for our partnership's buyout. And he said, Okay, I'm going to do this, but I need you to raise -- I can't remember if it was 25- or 50,000. And he says, By Friday I want you to raise that.

And when I indicated to him that I don't have that money, he said, Well, don't you have somebody at the dealership you can trust? Just run it through the corporation. And Josh Farid was present with me. He was right behind me when he said that.

14

So we went to the dealership. I asked several key employees that I had trusted, had been with us for a long time, to write the check. They all told me that they don't have money, but I said, Go ahead and reimburse yourself.

So that's what we did. They wrote a personal check, but at the same time -- in fact, before they -- the personal check went out, we issued a check from the company to them. We were not in a position to write $9,000 checks and then get reimbursed later, so we had to get the money up-front.

Q. What was your understanding when Mr. Buchanan told you: Run it through the company? What did you understand he would be telling you?

A. My understanding was that he said to have someone write the check personally and then give them back the money through the corporation.

Q. To your knowledge, did Mr. Buchanan tell any of the other partners they should do the same?

A. Yes, I'm very confident that Mr. Buchanan had individual talks with everyone just like he did with me. One of the things that -- a couple of discussions that I overheard, and one particular meeting I remember I was with Mr. Dennis Slater who

15

is the company COO. And Vern came up to us and he said, Dennis, I haven't gotten your check yet. And he mentioned something like, Boss, I was hoping to take a pass or something within that nature that no, he had not. And Vern said, Don't worry. You know you're going to get it back. And he kind of tapped him on the shoulder and walked away.

And Dennis smiled and he said, You know, this is just getting too much. He's always pounding us, and he doesn't care, we just need to get that money.

I also had several other discussions prior to the meeting starting, just having a cup of coffee. Everyone would talk about, you know, the intensity, and how much money Vern needs to collect from them. So Mr. Buchanan spoke more freely, if you will, with the partners, and then that trickled down to the dealership.

Typically what would normally happen is partners like me -- I was one of the partners that did better than the rest with respect to our operations, but the rest of them -- I would have general managers or partners who would go to their lower level managers and ask them to write a check for $500 or a thousand dollars, and then they'd just

16

reimburse them with cash. That was happening a lot.

Mr. Buchanan directly was mostly involved with partners. And the general managers and lower level managers were contacted for much smaller portions, with salespeople, financial managers, et cetera.

Q. Do you recall who it was that told you that they were reimbursing employees with cash?

A. I can't remember which one of the partners. I believe it was David Long at the Ford store in Sarasota. I had -- a part of my expertise was finance department. And quite often I used to go to other dealerships to train their finance personnel. And I'm also a unique operator, if you will. I was a partner but I was also very, very involved as a hands-on partner.

And most other partners were not as active as I am. So for that reason, I was very much involved with everyone from lower level up. And discussions like that took place all the time. I remember I was at a Ford dealership once, and the finance manager was talking to another manager, and he said, I got hit by a thousand bucks, and I'm not giving him the money -- I'm not going to give him a check until they pay me up-front, because I'm not

17

going to wait for it.

This was probably -- I don't know if this was the first, the second election time at the Ford store. With respect to other partners, we had regular talks. I mean, in the partners meetings behind closed doors we spoke pretty freely about Mr. Buchanan's campaign contributions.

Mr. Buchanan would -- initially he asked for money, and I think if we go back to records and show, as we got closer to the campaign, he became pretty aggressive and was just -- in my case, I'm not sure with the rest of the partners, but right before the end of a quarter or the close time, you would see phone call after phone call after phone call after phone call to me.

And Mr. Buchanan, he's not like that, he's very reserved if you will. He does not -- he does not have interactions with partners on a daily basis. But for the campaign contribution, he was just calling -- phones would ring off the hook. And I'm sure -- I don't know when your quarter ends, that's...

In one incident, one of the partners had asked him, he says, Vern, you got a lot of money. Why don't you put the money in yourself? And he

18

said, Well, you know, I can't do that. If I put the money out of me directly that I'm putting my own money in there, it doesn't look as strong as if the money was raised. And he always talked about how he needed to raise 3 million, then it went to 4 million, then it went to $5 million when the campaign got closer to the actual election date.

Q. Let's go back to the list of partners. Why don't you tell us what company they were associated with and whether Vern Buchanan also had a financial interest.

A. Yes, Mr. Buchanan was involved in every dealership that the partners had come in. And he had a -- I don't know for certain, but the vast majority, in fact, I'm pretty confident that 99 percent of those he had controlling share in all the companies.

The only incident that I know that was not the case was the most recent partnership that him and I had in the Kia dealerships, so I'll go ahead and share with you who they are.

David Long was at Sarasota Ford. Tom Moore was initially at Ocala Honda and later into a Ford and Chevy dealership. Ford store in Tampa area and Chevy store also in the Tampa area. Shelby was a partner at Venice Dodge and Nissan. Scott Tomasso

19

was a partner at the Honda store, I think Space Coast it was called. Kevin Brodski was partners -- Kevin was also one of the senior partners, had involvement in multiple dealerships. Toyota and Lexus in Melbourne, the Chevy store in Tampa -- the name has changed a couple times -- a Toyota store in North Carolina, and I believe there was another -- oh, and Kevin Brodski was also partners with Scott Tomasso.

Steve Silverio was a partner at the Chevy store in Tampa. Jeff King was a partner at the Toyota store in Jacksonville, Florida. Dennis Slater was chief operating officer of the company. He used to travel to all the dealerships to help out with the business' pro formas, et cetera.

Q. You said Mr. Slater was a C...

A. COO, chief operating officer.

Q. What company are you referring to?

A. Mr. Buchanan's. The company's name is 1099 Management Company.

Q. And you said it was Mr. Buchanan's company. Do you know what percentage of the company he owns?

A. I believe he owns 100 percent of 1099 Management Company. I'm not sure exactly how the structure is. I do know that Mr. Buchanan is 100

20

percent decision-maker of that, but normally after the deals are done, then he puts up 1099 Management Company. That was the management company that all the dealerships were reporting to and were paying their fees to.

Q. You say paying fees. What do you mean by that?

A. Mr. Buchanan had various fees on each dealership. For every car that was sold, the corporate office collected money. The offshore accounts that collected money for extended warranties, et cetera, they had set up accounts, I guess for tax purposes. They called it a Vern's PAC. The partners joked around, it was for his jet, for his office staff, et cetera.

Anything that Mr. Buchanan did, he pushed it down to the dealerships and raised the cost on it.

Q. Okay. The Federal Election Commission records -- I'm sorry, were you done with the list of partners?

A. Correct, yes. There may be a couple more, but I'm jotting them down as I go forward, but for the most part I gave you all that I remember right now.

Q. The Federal Election Commission records

21

show that on or about November 2005 some of the employees at the North Jacksonville Hyundai made contributions to Mr. Buchanan's campaign for Congress. The records show that Gail Lephart, Ernest Lephart, Gary Smith and Diana Smith contributed a total of $16,800 to Mr. Buchanan's campaign for Congress.

Did you ask any of these individuals to make a contribution to Mr. Buchanan's campaign?

A. Yes, I did.

Q. Why did do you that?

A. I instructed them to write a check and reimburse themselves for -- because Mr. Buchanan had asked me to get money. And he specifically told me get someone you trust and run it through the corporation.

Q. Okay. And did you get someone that you trusted?

A. Yes, Ms. Gail Lephart and D. Smith, he's no longer with us, they were the office managers. Ms. Gail Lephart was our comptroller that I had known and had a good relationship with. And she was going to cut the check. She's the person that cuts the check.

And the first time that -- and I think

22

she's contributed on multiple times, but the first time that I did, I told her that we'd be getting this money back from Mr. Buchanan. I said, I don't know when, he just asked me to do it.

But on the second time, in fact, she was at the office when I was talking to Mr. Buchanan. And at the time in 2007, I think, or 2008 was the second one, the company was not doing very good, so -- and she was not very happy about us writing those large amount of checks.

D. Smith -- another person that contributed was Josh Farid. I'd asked my brother, Eric Kazran, to do so. He wanted -- Mr. Buchanan wanted to get, I think it's nine thousand two or nine thousand four hundred dollars, and he was always wanting to make sure the personal checking account has husband and the wife on it to do both.

Who else was it? Oh, Joe Cutaia was general manager of the store. He also wrote a personal check and was reimbursed afterwards. And a couple of times just several days before -- he always used to call at the end of reporting time. He had called and asked me how much money I have gotten for him. And I told him -- I'm not sure if it was 25- or 30,000. And what he said, he said, I need more. I

23

want you to charge $10,000 on the credit card that you have and call it Vern's PAC. I'm not sure what that meant, but that's what I did. I charged $10,000 on the company credit card, and I classified it as Vern's PAC.

Q. And do you recall what year that was?

A. You know, I think it was -- I'm not sure if it was '05 or '06. It might have been '07. I had numerous discussions with Mr. Buchanan with respect to campaign contributions, so forgive me. I have to give you blocks.

Q. I'll help you with information from the FEC database for campaign contributions. The FEC records indicate that you contributed $4,600 to what you've called Vern PAC on or about September 2, 2007. Is this the contribution that you were just telling us about?

A. Yes. I remember with the credit card he'd asked me to do $10,000. It's possible that we used another credit card. I don't know where Vern PAC goes. I had thought that money was going to his management company, because it's called Vern's PAC. It's possible that the $4,600 might have changed.

They have sent checks back in the past because it was for the wrong amount, and they said

24

this check needs to be redone and send it for a different amount.

Q. When you say "they sent it back," who are you referring to?

A. The folks that work with Mr. Vern Buchanan. I remember one incident was a check sent out for 9,000 and change. They sent it back and said, That's not correct, there's only one person on that. You need to change it to 4,000 and whatever.

Q. When you say the people that work for Mr. Buchanan, are you speaking of the people that worked at 1099 Management Company?

A. Yes, there was a -- I can't remember her name. It was not Mr. Buchanan's assistant, it was another lady that helps specifically with the campaigns. And so what Mr. Buchanan would do, he would -- I'm going to use me as an example.

He would talk with me, tell me how much money I needed to send and by when. And then that lady would call and follow up to make sure that the check came out. And if the check was an hour late, they would call and apply serious pressure on sending that money.

Q. Now, just so I'm clear on this, the woman who would call you, was she an employee of the 1099

25

Management Company or was she a staff person for the campaign?

A. I'm not sure. I don't know how Mr. Buchanan did his deal with them. I don't know -- I do know that she became -- she came in the picture after the campaign stuff started, so my guess would be she worked for the campaign part.

Q. Okay. I do not want you making any guesses.

A. Yes.

Q. If you're not sure, you can say so.

A. Okay.

Q. Do you recall her name?

A. I do not. I apologize, I don't know what her name is.

Q. If it comes to you --

A. She was a spokesperson, I think. I read in an article somewhere that she introduced herself as a spokesperson. But if I recall the name, which is very possible, I'll give you that name.

Q. The campaign contribution checks that you wrote, they were sent -- do you recall the address that they were sent to?

A. Yes, mostly they would go to the Sarasota address that they would give us. I'm not quite sure

26

of the exact one, but the initial address was 707 something. I can't remember that. They relocated since, so that address is not... But I know that it's been sent to Sarasota. I also know that it has been sent to another address where they had -- it's possible it was Washington, but I'm not sure. But I do know I have sent to two separate addresses.

Q. Do you know whether or not the address in Sarasota is the Ford dealership in Sarasota?

A. Correct, yes. The Ford dealership is where Mr. Buchanan used to stay before they moved. I don't know how their mail got there, but I do know that Vern had an office upstairs in the Ford dealership. That's how I met him for the first time.

Q. And you said they moved later on. Do you know where they moved to?

A. They moved also in Sarasota, somewhere downtown in a separate building.

MR. GOULD: Mr. Sovonick has some questions.

BY MR. SOVONICK:

Q. Mr. Kazran, first off, do you know a person named Vincent Sams?

A. Yes.

Q. Who is that?

27

A. Vincent Sam is a former partner of mine that I worked with, and he might be another one of the folks that I dealt with when I was asked to help with the campaign. Vincent Sam was -- I met Vincent Sam several years ago. We worked together, and we purchased a dealership together in Waycross, Georgia.

Q. Okay. According to FEC records, Vincent Sams contributed $4,200 to Vern Buchanan's campaign on January 2, 2006.

A. Yes.

Q. Was he a person that was also reimbursed for his contribution?

A. Correct, yes.

Q. Was he reimbursed through funds from --

A. The company, yes.

Q. -- from your company? From Hyundai of North Jacksonville?

A. Correct. None of the people that contributed to Mr. Buchanan, with the exception of me, which he asked me for the first time, he said Write the check, they were all reimbursed the same day. Actually, they got -- the money was deposited into their personal account so that the checks could cash, because none of these folks -- these are ordinary folks that make 2-, $3,000 a month. They

28

would not be in a position to write that.
Q. With regard to Vincent Sams, did you ask him to do that?
A. Correct.
Q. And did you tell him that he would be reimbursed?
A. Correct. Yes, Vincent Sam, because he was a partner, I spoke freely with him and he was aware.
Q. Do you know who Patricia Sams is?
A. Patricia Sams is Vincent Sams' wife.
Q. Do you know if she also made contributions?
A. You know, I think the check that Vincent wrote had both of them. That was one of the things that I was told you got to make sure there's two people on the check to get the most amount.
Q. So did you discuss with him that his wife should contribute as well and be reimbursed?
A. No, what I told him is, I said, Do you have a checking account that has both your names on it? He said, Yes. I said, Okay, so this will work. Then write the check for that.
Q. You mentioned when you were talking about the partners of Vern Buchanan's earlier, you

29

mentioned a person named David Long.

A. Yes.

Q. And you also mentioned that you might have had a conversation with him about reimbursing employees at his dealership?

A. Yes. David Long and I had -- as I said before, in partners meeting during break and afterwards, before, as time went along, the partners were not too happy about this money we were giving. And David was not very happy about that, you know. Him and I discussed, I said, you know -- I asked him, I said, How much are you writing this time? How much is this costing you?

And he goes, Man, I'm getting tired of this every day. I'm getting phone calls, and I just don't have that kind of money.

With respect to David Long, I know he had employees that -- there was a finance manager, I think, and a couple of other people. I know there's a lot more, but in a couple of incidents I was made aware of it because I understand that they had a problem with one and that employee came out and -- I don't know if they hadn't paid him the amount of money or he had a problem with his paycheck. And once that came out, then Mr. Buchanan was kind of put

30

-- distanced himself. He still talked with us, his inner circle, if you will, but with respect to David Long, I did not talk to him. I was in the finance department, and he had a couple of people in there, and one of them were saying, I'm not going to give him any money until they pay me up front.

Q. Do you remember who that person was?

A. He was the finance director. This was several years ago.

Q. Of the dealership that David Long was managing?

A. Correct.

Q. Okay. We'll get back to that.

Is it possible that the person's name was Joe Keezer? Does that ring a bell?

A. Yes, it is Joe. He was the finance manager. Now, I think he had a couple positions. Joe was kind of a five-seven, five-eight gentleman. Yes, I think it's Joe.

Q. Did you ever have any conversations with David Long specifically regarding reimbursing any of his employees? Did he ever mention that he was asked to do it or if he hadn't done it?

A. We all -- this is -- the discussion I remember having with Dave, he was just tired. We

31

just don't have this kind of money. We're getting pounded all the time about get money, get money, get money. Our cash flow is bad. He was frustrated.

My store was one of the more profitable ones, so cash flow was not as big a deal. Obviously I -- but I thought from the beginning that we're all going to get reimbursed for this money.

Q. Do you know what Long's relationship with Vern Buchanan is now?

A. I don't know. I haven't spoken to him in some time. The last I talked with him was maybe a year ago, two years ago.

Q. Are there any other of the partners that you have a clear recollection of them acknowledging that they reimbursed any of their employees for contributions they made to Buchanan's campaign?

A. Yes, Mr. -- I was in a partners meeting, I was talking to Mr. Dennis Slater. I can't remember what it was, pro formas, et cetera, and Mr. Buchanan approached and said, Dennis, I've not gotten your check yet.

And he said, Boss, I'm hoping to take a pass on it. He looked at him and smiled, Don't worry, you know you're going to get it back. He tapped him on the shoulder and left.

32

Mr. Josh Farid is my partner. We were walking out of the hallway when Mr. Buchanan asked me to raise -- he told me -- I don't remember what day it was, but that Friday was the end of quarter. And he said to me, he says, Get somebody you trust and get the money out of the corporation.

He had asked me to get money, I told him, I said, I thought you said that I'm maxed out? I've already given you that money. And he said, Well, just get somebody you trust and run it through the corporation.

Q. Do you have -- do you recall ever having any conversations with this person Kevin Brodski?

A. Kevin -- with respect to specifics, no, but Kevin Brodski was also, you know, he was one of the more profitable dealerships. But we all talked. I mean, the discussions that we had, it was a result of repeated and numerous requests for money. And they were expressing disappointment of it, you know, but I did not have a specific talk with him, Kevin Brodski.

BY MR. GOULD:

Q. Mr. Kazran, you used the term "at the end of the quarter." Was this fiscal, financial quarter?

A. You know, it's a good question. To this

33

day I don't know, but I know that Mr. Buchanan used to say, I've got to report this money by this date, and we got to have more than the other candidate.

And that's what he said. This is the end time, this is the end time. It's a reporting. The first couple of times I thought that this was the end for him, there's no more campaigning but, you know, the following day, Well, we got another one that we're starting.

But whatever that is, I don't know if it's fiscal year or quarters or whatever that is.

Q. Did Mr. Buchanan ever say "this is the end of the quarter"?

A. Yes, yes.

Q. Okay. Let's go back to the credit cards you made contributions with. Was this your personal credit card or was it the company credit card?

A. It was the company's credit card. There were a couple of times we attempted to contribute to it, one time I know the credit card was maxed out and we weren't able to do that. But all of the reimbursements were through the company with the exception of the first time that he asked me and I gave him the money out of my own pocket, which really came out of my paycheck.

34

Q. Okay. Now, going back to the time frame when Mr. Buchanan was asking you to make these contributions and asking you to get your employees to make contributions, what was the business relationship with Mr. Buchanan?

A. I have had a great relationship with Mr. Buchanan up until June of '08. That's when I discovered that he had taken some $800-or-so thousand out of the company without my consent of the partnership in Gwinnett. At the time the company was not doing good. Him and I had a bad -- once I discovered that that was the case, then our relationship became sour.

Q. Okay. And I believe I read this somewhere -- and you can correct me if I'm wrong -- the agreement that you entered into with Mr. Buchanan to buy an interest or Mr. Buchanan's interest in Gwinnett, LLC, was in June of 2006?

A. That's correct.

Q. Now, as we've said, the Federal Election Commission records show that a lot of contributions were made by employees' relatives in June of 2006. Did the contributions have any connection with your business dealings?

A. That's the time that he had talked with

35

me when we were walking in the hallway. The reason you'll see a lot of contributions at that time is that's when I think the corporate office wanted to add another $10,000 of fee into the dealership, and I didn't want to do that. So we just discuss it. I said, Let me just buy you out. And I was supposed to give him 300,000, I think, or 400,000, but I didn't have the money at the time. So I said I needed to cut that down and do lower amounts and pay you on payments.

That's when he told me, he said -- in fact, that Tuesday before the end of the month on that June, I bet you it's one of the close of time, because he told me, he said, Friday is the end and I need you to raise -- I don't remember if it was 25- or $50,000.

And he said, If you do that, then I'm going to take care of that payment. So instead of paying him all at once, he agreed to let me make payments on his buyout portion, but I had to raise that money.

If you go back and check, I bet you that whatever that end of June is, my agreement was in June, I don't know what, but it's probably going to be towards the end of June, or maybe beginning, I'm

36

not sure, but I remember clearly that's when he asked me.

Q. And just for the record, as I said before, this is based on information in the FEC database, these contributions were reported as received by the Buchanan campaign committee on June 28, 2006.

A. Correct.

Q. Okay. That's your understanding that that's the time frame in which you had these discussions with Mr. Buchanan about him not requiring you to make these payments to his --

A. Correct. The way I can remember, I don't know what the FEC report says, but the way I can remember is while we were negotiating to buy him out out of the Gwinnett Place Dodge, that's when he asked me, he said, I will agree to take payments instead of one lump sum, but you got to raise that money for me. And when I told him that I don't have it, he says, Well, get somebody you trust and run it through the corporation.

BY MR. SOVONICK:

Q. Can I ask you a question. You said that he instructed you to get people you could trust.

A. Uh-huh.

37

Q. What did you understand that to mean?
A. When I told him that -- he said he wants more money, I think he had assumed that I already know what to do. And I said, You already told me I can't give any money. He says, Don't you have somebody, like your brother or someone you trust that you can get them to write a check for me? And I said sure. That -- and the date that we were walking out of the hall is when he said, Run it through the corporation.

So my understanding was: Get someone you can trust, have them write a personal check and reimburse them.

Q. Well, what I'm getting to is the trust issue. Was it ever -- was he -- did Buchanan ever instruct you or did he ever imply to you that what this -- what was going on, what he was asking you to do was something that you should keep quiet or not discuss?

A. After that day, I got it. I knew that we're not supposed to be discussing this, that that's -- there's -- you have to know, I'm ignorant about this stuff up to that point. I've never contributed to any campaign. I don't know what the laws and procedures are.

38

I became very aware once we had a problem at the Ford store. But Vern and I had a very, very close relationship. And I think when he told me about trust, I think he just assumed I know what I'm supposed to do.

BY MR. GOULD:

Q. You said something about a problem at the Ford store. Can you elaborate.

A. Yes. Well, the -- a couple of people in the Ford store started to talk about this publicly. And they, you know -- and they were upset at something. And then later it escalated where then the partners were talking about it. And ever since that then, you know, things became very different.

Mr. Buchanan, to my knowledge, never would go and talk to entry-level salespeople or all that. If it was a manager that had been with the company for a long time, he would go and talk with them. He would ask them for contribution, but he would promise things, you know. He'd always have some sort of carrot out there, you know. A weekend on my boat or a promotion, things like that. He's always selling.

I know that when he was at our dealerships with our senior management, he'd always

39

tell them, you know, You guys stay with us. You're going to do very good. You know, Sam, why don't you maybe want to get the jet and bring them out and we'll take them out and show them. Then right afterwards, you know, You need to go get money from these people, you know. We need to raise money.

Q. You said "raise money." Was it your understanding it was for the campaign?

A. Campaign, absolutely.

Q. Going back to the Ford dealership, you said that there was a problem with it. Do you recall the names of any of the individuals who were going public with the --

A. I know Joe was one, but the day that I was talking -- the Ford store, those two folks were talking, it was the finance director, Joe, and another person. They were just pissed. They said, I'm not going to give him any more money. I need to get that money up front.

And for the most part, I would say the vast majority of people, they didn't care, you know. Their boss is telling them to write the check and they'll do it as long as they get reimbursed. But I would be willing to bet that as far as -- I know for certain that with respect to my dealerships, no one

40

would have extra 500 or a thousand dollars or two -- in my case is was $9,000 -- to contribute. These folks were just -- they're not in that -- they can't do that.

Q. You said that Joe was talking to someone else. Was that person a man or a woman?

A. He was -- no, the two people in the office, they're both men, yes.

Q. Do you recall the name of that other person?

A. No, I do not. I apologize. You know, that was the only incident that I heard myself, but there was -- after a while there was rumors everywhere. In fact, I know that it got so bad that Mr. John Tosch had an emergency meeting and says, you know, in the event of possible litigations that are coming and challenges that we have, we're changing company policies.

He wanted all the partners to get there and discuss this to -- you know, he said he wants to change some rules of the company. And I know that we discussed the lawsuit in the partners meeting. I can't remember when it was.

I'm trying to remember if it was in '07 or '06. I can't remember what the date was.

41

Q. The lawsuit, what lawsuit was that?
A. Well, Mr. Tosch sent out a memo, and he says, In light of all possible litigations, we are changing some policies. And it was kind of an important unexpected meeting that he wanted to talk to everyone about what's going on.
Q. So it was basically an invitation to a meeting?
A. Correct.
Q. And did this meeting take place?
A. Yes. I did not go to that meeting. I had an arrangement with a manufacturer that -- those days before that.
Q. Did anyone who attended the meeting tell you what had happened at the meeting?
A. I know that Mark Ornstein had come by -- Mark is the company's attorney. He represented various dealerships for various matters. And he had -- I guess my recollection is that he had come by and told them -- he had told them that this guy is pissed off, we need to be more careful. From now on we're not hiring people that are -- have money problems.
He indicated that this guy had been fired somewhere else for running his mouth and trying to sue people. I don't know who he was referring to. I

42

wasn't there, but this is kind of a trickle-down rumor.

Q. Do you know who this person -- this guy who was being referred to?

A. I'm not sure. At the time I was much more focused on dealing with my own business affairs, and I've never actively looked or investigated or learned more about this. In fact, quite to the contrary, I always wanted to be as far away as possible.

I wouldn't even be here if Josh, my former partner, did not express to John Tosch how frustrated he was with this campaign stuff and, obviously, a phone call from you folks. This is not the type of things that I like to do.

So you folks had called one of my employees or sent him a letter, I don't know which one it was, and they were very scared. They said, you know, they didn't even know who federal campaign commission was. They just heard "federal" and they got scared, so that's why I wanted to make sure that I cleared they had nothing to do with this.

Q. Now we can go back on the record.

Mr. Kazran, you had mentioned a gentleman by the name of Shelby Curtsinger. Remind me, which

43

dealership was he associated with?

A. Curby was a partner in Venice Dodge and Venice Nissan. Curby is a store that they had -- I think that's the one that they had paid cash -- I can't remember if it was a GM or GSM that had spoken to their salespeople and the lower level management and they just give them cash to write the check for Mr. Buchanan's campaign. I'm sorry, go ahead.

Q. You used the term GSM or GM?

A. Yes, general sales managers, I apologize, and general managers. They're senior management. Typically speaking, the partners would have the general managers who are their right-hand man, and obviously they probably work together for some time. And they're the ones who would help raise money and run the company.

So, you know, in that particular instance I know that there was a problem because they were too open about it. I can't quite recall, but I think that's when one of the senior managers had gone to a meeting and said, We're raising money for Vern and write me a check. And he was reimbursing them right there and then. And this type of thing was happening pretty often.

And again, as I said before, these are

44

regular folks. We're not involved in this type of thing. It's no big deal. I mean, all along up to the very last few months that Mr. Buchanan became very aggressive and threatened me, I thought he just doesn't want anybody to know that it's his own money. He told me that if I use my own money it's not going to look good, I've got to have other people, you know, write me checks to show that -- you know.

He says, I know I've got my own money, but it's just never going to look as good. He even used an example. Some other guy, he said, put his own money in there but he didn't win because it was not the people.

So that was my impression of why he wanted to do all this stuff. As far as it being illegal, I'm very confident no one knew that these type of things are federal violations.

Q. Did you ever have any conversations with Mr. Curtsinger about these contributions and the reimbursements?

A. Specifically after that, no. As I said, once these things -- you know, there was a couple of problems that blew up and they were all over the media, the finance director in Sarasota, Florida, I know a couple at Venice Nissan. But once that

45

happened, Vern -- I know he spoke with me, John Tosch was also speaking, it kind of stopped. We cannot be doing it in this open manner.

I think Vern applied too much pressure on the partners, and it just -- you know, when your boss tells you you need to get this money for me, you just go get it, you know. And at any given time every partner or general manager or general sales manager is either hoping to get a promotion or a new partnership and that was always leverage, so...

Q. At any of the partners meetings that you attended, was there a discussion about these problems about people talking about the reimbursements?

A. Yes. We -- you know, we kind of had off record and on record talk. Mark Ornstein normally would be the person who explains the rules. Off record, you know, with Shelby, I remember one time him, me and a couple -- I want to say it was Steve Silverio and Dennis. And Shelby was expressing -- because cash flow was really, really bad, we're not going to be doing this, plus all the headaches and problems with the store. He expressed he was pretty much done with it.

Steve Silverio was another guy that had a talk with me, and he said -- I think he was one of

46

the guys that gave Vern some money. I don't know how much, but he told me, he says, I am not -- he says, Vern has got plenty of money himself. If he wants to give me the money upfront, then I'll do it, but I'm not advancing the money upfront anymore.

BY MR. SOVONICK:

Q. Yes, you said that during this conversation that you remember with Curtsinger he said that he's not going to be doing this anymore, was he referring to reimbursing his employees?

A. Yes. We used to joke a lot about this before the meetings, having coffee, you know. I remember the partner in Bowling Green from Mercedes Benz being -- I can't remember what his name was.

Q. Is that in Kentucky?

A. Correct. Scott -- I don't know what his name is, because it's been quite some time. That dealership had several partners, but he said, So how much are you guys getting hit for? You know, I got hit for five grand last week or ten grand. Numbers like this. And we would just joke around about it.

But as I said, I think this was kind of a favor for Mr. Buchanan at first, but then nobody got their money, and then pressure applied and, you know, after a while everybody was just kind of fed up with

47

it.
BY MR. GOULD:
Q. Let me go back to something that we've discussed a little bit, and that's the use of the company credit card to make contributions. I believe you told us that you made a contribution to a committee called Vern PAC with the company credit card. Do you recall contributions to other political committees where you used the credit card?
A. No. The only person I've ever donated money to with -- is what Mr. Buchanan told me. Just for his. I know he's been involved in several other ones. I don't know much of the detail. I know that he was actively involved with Senator Mel Martinez. I know he had several discussions about him helping Senator Mel Martinez and that, you know, he said he's going to be senator, I'm going to be governor, but I don't really know the details in that.
Q. And just so I'm clear on this, did Mr. Buchanan tell you to use the credit card?
A. Himself, yes. Mr. Buchanan had direct discussions with me every single time. He would have someone to call. I don't know what discussions they had, but they would say, Mr. Buchanan told me that you would be sending a check. I want to make sure

48

you have the address. Have you sent it?

But he would call me directly and talk with me. What he said to me with respect to the credit card, he says, I want you to get the card -- whomever it was, the lady, I gave them my card number, but Vern said ten grand.

There was another time that I give credit card. She called me and said the credit card wasn't -- the limit on it was maxed out at the time, but we would just give this lady the credit card. I don't know how, where they charged it for, but what he told me, he said, Classify it as Vern's PAC.

Q. Can you give me -- to the best of your recollection, how much of the Hyundai of North Jacksonville Company money was used for contributions to Mr. Buchanan's 2006 campaign?

A. Well, it wasn't just Hyundai of North Jacksonville. It was other -- specifically Gwinnett Place Dodge as well. What happens is we had a centralized accounting with almost everything, the payroll, the insurance, et cetera, would go through Hyundai. So Hyundai would pay, then the other store would do an intercompany transfer.

Over all, I believe we were over $100,000. I know that at one point when I was

49

talking with Mr. Tosch, I sent him an e-mail, had some $80-something thousand did not include the credit card and it did not include the money that I wrote, which I never expected to get back. But very, very close to $100,000 is what...

Q. Were there any employees at Gwinnett who made the contributions and then were reimbursed?

A. Well, Vincent Sams and Josh were helping -- and Gail Lephart, they worked for both the dealerships. They had -- Gail was overseeing the office there. Josh also would help me with that, and so did Vincent Sams. And, as you know, we don't have access to our records now with the receivership, but I'm pretty confident that it's close to 100,000. I don't know how much the ones we gave you, so there is possibly two or three more names there.

If you folks give me -- I don't know if you guys keep track of the people that donate money to -- if you have the names, I can read them and I can share with you if I recognize any of them.

Q. Were there any of those partners that -- you had said before if you thought -- if you could remember any other names that you would tell us.

A. Yes. Well, here's a couple. I shared with you the conversation Vern had with Dennis

50

Slater. I know the partner in North Carolina, Gruisko, I believe that's Jim, and I know that Jim had spoken to someone, to another partner who shared with me. He said, You know, Jim went out and paid Vern, but he turned around and bought furniture for himself.

Q. Can you explain. He bought furniture for himself with -- why don't you explain that.

A. Yes. So after this, you know, the level of intensity that went up, and when this -- these things happened with Sarasota Ford and the managers complaining, the contributions were -- Jim Gruisko apparently, from my understanding, that he contributed to the campaign and then went out and bought furniture for himself for the company.

See, what happens is Vern's a percentage partner and the other partners are percentage. Well, if you take $10,000 or $5,000 out of the company, his shares are not going to be there too. But it's my understanding that the money that was contributed to the campaign, he paid for himself with his check and then he went out and got the money out of the company and bought furniture with it.

I don't know what kind of furniture, all that, I just overheard that's what Jim had done.

51

BY MR. SOVONICK:

Q. Mr. Kazran, I'm going to take you back to Josh Farid, how do you spell his last name?

A. It's F-a-r-i-d.

Q. Do you know his wife's name?

A. Yes, it's A-t-e-f-e-h.

Q. Do you know approximately when Josh contributed?

A. Well, I know when we went back from the partners meeting in '06, but it's very possible that he contributed later too. As I mentioned, Mr. Buchanan frequently talked to me about this so, you know...

Q. Do you know if his wife contributed as well?

A. Well, the check that they wrote, Josh was very well aware because he knew Mr. Buchanan and several discussions I had on the phone, Josh had been with me, so he knew that he was -- it was supposed to be two checks.

Josh was very frustrated, and he sent out an e-mail to Mr. John Tosch expressing he was very mad at me when Mr. Buchanan -- when he took this money out of the bank -- not the campaign but several hundred thousand dollars, we -- our company was

52

having cash problems. And Josh several times told me, You need to go to Vern and ask to pay this money back. We need it. And then John Tosch really made Josh upset, he never was paid any of his...

Q. Just one other question about Josh, then I'm done, Jack. Do you happen to know where he lives? What his home address is?

A. He lives in Jacksonville. I don't know. He lives on Southside. I don't know his exact address, but it's right -- Southside, Deer Creek area.

MR. SOVONICK: Okay, great.

BY MR. GOULD:

Q. If at a later time you recall his address, will you please contact us?

A. Yes, of course. I just have to call him. He does not actively work with me anymore, but we...

Q. Okay. Getting back to contributions made by your employees, the FEC records show that you contributed $4,600 to Vern Buchanan for Congress on or about September 2, 2007. Was this contribution made in connection with any of your business dealings with Mr. Buchanan?

A. Correct. All of -- every contribution made to Mr. Vern Buchanan was not because we wanted

53

to -- I mean, the first check that I wrote, I had assumed that he wanted me -- you know, my senior partner wants me to write a check, so I'm not going to question it. But afterwards, every money that we gave him, we had to -- we reimbursed out of the company.

Q. What business dealings did you have going on with Mr. Buchanan in that time period, which again is the end of 2007?

A. Well, Mr. Buchanan had a first right of refusal with me when the Gwinnett Place Dodge was a dealership that was awarded to me by Chrysler Corporation for free. But when I went to purchase it, Mr. Buchanan said that I have a first right of refusal and I can't have it, so I was forced to give him 51 percent. But then later when I wanted to buy it, he says, You can pay me a million dollars, but in lieu of doing payments, he wanted me to commit to money to the campaign.

And that -- and the second time that he was running, we were in the process of buying the Kia dealership. But, you know, I was a pretty good partner, if you will, with Mr. Buchanan, so he always -- he always said, I'm counting on you now. You're the only one that can raise this kind of money. Make

54

sure you get it. Make sure you get it.

There would be times that Mr. Buchanan would call me in a week's time several times. I mean, very aggressively too. I mean, I remember having two, three phone calls in a two, three-day period.

Now, if you guys go and check the close of reporting, that quarterly reporting, you'll see that, you know, at the beginning you get a small amount, but then towards the end of it he would always expect us to do more.

(FEC Exhibit 2 was marked for identification.)

Q. Mr. Kazran, I'm going to hand you a document that has been marked for identification Exhibit 2. It is a five-page document and the first page has a heading that says Confidential Settlement Communication. Please take a look at that document.

A. Yes, I recognize this.

Q. Please tell us what this document is.

A. This document is an agreement between me and Mr. Vern Buchanan after I discovered that he had embezzled money from the company. And the e-mail to Josh had said he came in the picture, and prior to that he hadn't spoken to me.

55

And just to make a long story short, he agreed to pay me back the one and a half million dollars that was a result of the damage that was caused to the company from 8- or $900,000 of money he had taken out plus the payments that I had made to him. Plus at the time I did not want to have any more partnership with him. And I wanted him to buy out the partnership from the Kia store. So he agreed to pay me $2.9 million. This was shortly -- this was right before the election.

But I decided not to go through this. 2.9 million, and I'm glad you brought this up because I want to put on record at no time I ever acted to financially benefit from this. In fact, quite the contrary, I've been doing my best to avoid this.

But Mr. Buchanan told me that he will pay the money that he owes, and he will buy out his portion of the company and we were going to split the company. He signed the contract, and this is what he wanted me to do.

Q. Mr. Kazran, will you turn to the last page of Exhibit No. 2, the signature lines.

A. Yes.

Q. Do you recognize the signature of -- tell me which signatures you recognize.

56

A. It's Mr. Vern Buchanan's signature and Mr. John Tosch.

Q. And how is it that you recognize these signatures?

A. I have seen these signatures several times. Mr. Buchanan and I have had several contracts together. I'm confident that's his. Plus this document came from their attorneys, and I have an e-mail that says Mr. Buchanan signed the documents. We need Mr. Kazran to sign so that we can proceed with funding.

Q. Mr. Kazran, Exhibit 2, does this appear to be a true and correct copy of the Confidential Settlement Communication that was given to you by Mr. Buchanan's attorney?

A. Correct.

Q. Do you know who prepared this document?

A. Yes, Mr. Vern Buchanan's attorneys, their name is Lindell & Farson and Mr. Mike Lindell.

Q. Was Mr. Buchanan present during the settlement negotiations?

A. I had spoken to him several times on the phone. We did discuss on a conference call this agreement and the dollar amounts of it. Most of our communications were on the phone.

57

Q. Was this agreement important to you?
A. Yes. This agreement would have saved my company and almost 500 employees that were working. I was very, very much in need of this money.
Q. Okay. Mr. Kazran, I would like you to turn to page 4 of Exhibit No. 2, and I want to draw your attention to what appears to be paragraph No. 12.
A. Okay.
Q. For the record, paragraph 12 says: Further conditions to the disbursement of the escrow amount are as follows: Subparagraph A, Kazran's execution of the affidavit attached hereto as Exhibit A.
And you had seen this paragraph in this agreement?
A. Yes, but that was -- I thought the affidavit that they're talking about -- and, in fact, there should be an affidavit that described the schedules of the contract. But the reason I chose not to sign this contract was because... I'm sorry. I apologize. I didn't mean to talk over you.
(FEC Exhibit 3 was marked for identification.)
Q. Would you mark this as Exhibit 3.

58

Mr. Kazran, I'm handing to you a document that has been marked for identification as Exhibit No. 3. It is a two-page document. The heading of the document is, it says Affidavit of Sam Kazran, a/k/a and it has a different spelling of your last name.

A. Correct.

Q. And at the bottom of this document, Exhibit No. 3, the word Exhibit A. Would you take a moment to look at this document.

A. Yes. Yes, I remember this.

Q. Okay. This Exhibit No. 3 you've seen this before?

A. Yes.

Q. Is this the affidavit that is referred to in Exhibit No. 2 with the Confidential Settlement Communication?

A. No, this was an affidavit that Mr. Buchanan did not want to talk, in fact --

Q. Hold on. Mr. Kazran, maybe I'm all wrong about this. This talks about the attachment --

A. This right here.

Q. Right. Which is --

A. This affidavit. I'll show it to you.

Q. Well, I'm just telling you, Mr. Kazran,

59

execution of the affidavit attached hereto as Exhibit A, and this document at the very bottom says Exhibit A. I just want to know --

A. Correct.

Q. My assumption that this Exhibit A and that Exhibit A --

A. Yes. No, I apologize.

Q. No, no, please. If I'm wrong about that, you know, tell me.

A. I'm telling you what happened is they tried -- this exhibit was...

Q. Mr. Kazran, I previously asked you questions about Exhibit No. 3, the affidavit of Sam Kazran that at the bottom of that exhibit is the words "Exhibit A" typed on it. And my question, I believe, was: Is this document, Exhibit A, is this the Exhibit A that is referred to in the Confidential Settlement Communication which we have marked for identification as Exhibit 3?

A. Yes. Sorry about that. The A and the 3 confused me. This is the affidavit that Mr. Buchanan wanted me to sign, and it was going to be a condition of this contract except they never brought it up with me until afterwards. Initially, I had thought that, you know, normally when you do a contract there are

60

exhibits there, but after Mr. Buchanan signed this he called me a couple of hours later and he said, Congratulations. He asked me to come to Sarasota and meet him.

When I went there, he had told me his attorney had prepared this affidavit and he wanted me to sign it. And I was so desperate to save my company that I would probably have signed it had it not been because of my wife and my attorney, who my attorney said, Sam, this is a bad person. I'm surprised that he would go to this extent. And I knew exactly why he did that. He knew how desperate I was, and he wanted to use that opportunity to get that.

But this affidavit basically wanted me to say that Vern had no idea about this and that I'm the one who did all of it, which is absolutely incorrect.

Q. When you say "about this," what are you referring to?

A. The campaign contributions. He wanted me to say that Vern had nothing to do with campaign contributions. When I said no to them, Mr. John Tosch said, Sam, you want this money? You have five minutes to sign this contract -- to sign this affidavit or the contract is not going to go through.

61

Q. Let me go through some of this affidavit. First of all, who gave this document, this affidavit to you?

A. My attorney. This was sent -- this was prepared by Mr. Vern Buchanan's attorneys and sent to our attorneys.

Q. Does this document which we have marked for identification as Exhibit No. 3, does this appear to you to be a true and correct copy of the affidavit that you had just told us about?

A. Correct.

Q. Did Mr. Buchanan discuss this affidavit with you?

A. Absolutely.

Q. When was that?

A. This was right after he signed the contract, he asked me to meet him in Sarasota. I did. And he said, I need a favor. I need you to sign this affidavit. He mentioned that there's so much heat and lawsuits going on that he did not want any more of this.

You know, I was so excited to save the company, I said, Sure. But when I read it, I became very uncomfortable. And I wanted to be honest, I said, Look, Vern, you know, I've never wanted to

62

bring this up. You want me to sign something that's fine, but I can't be lying and putting myself in a spot. So when I said no to him, he was, Okay, no problem, we'll talk about that. And then he began talking to me about how he's going to be the governor and I shouldn't be this -- I don't want him to be against me but on my side.

But the following day Mr. John Tosch told me he was frustrated, very frustrated with me when I told him I can't sign this. Mr. John Tosch told me, Sam, you got five minutes to sign this document or the deal is off. And when he said that, I became frustrated, and I said, That's fine. We're going to go to court.

And I want to put on record here I was very, very tempted -- this was just before his election -- to go public with this, but I did not do it. My wife prevented me from doing so but this -- by not signing this, I lost my company. And I'm very frustrated about it because this has nothing to do with the other, absolutely nothing to do with the other.

Q. When you say "nothing to do with the other," what do you mean?

A. The contract. What -- this money that he

63

is going to pay was money he took out. Now, there are two sets, the campaign contributions and the contract that he signed to buy out my shares and his shares had absolutely nothing to do with each other, but he made it a condition afterwards and he did -- if I did not sign the affidavit, to blame everything on me, then there would be no agreement and contract to purchase out the dealership and give me back the money.

Q. Let me just ask a question for clarification. You said that there was two categories of money. Was this agreement intended to give back money to the company that the company had spent reimbursing employees and others to make contributions?

A. This contract, the one that -- it's for $2.9 million?

Q. Which is Exhibit...

A. It's Exhibit 2. No, this has nothing to do with the other one. Up to the point --

Q. The "other one" being?

A. The affidavit.

I have never asked or brought this up with Mr. Buchanan. He's the one who started it. He's the one who filed the lawsuit, otherwise I would

64

have never filed a lawsuit against him. He's the one that brought this up, otherwise I wouldn't -- you know I've been trying to avoid you folks for some time.

The agreement that I made with him on this is exactly the dollar amounts, not a penny more than what he cost the company. And I have receipts. That's sales tax, health coverage and the money that he took out of the bank account. I have -- I know that I've had so many people have attempted to get their hands on this. I've been offered to have complete immunity if I go public, if I give him this.

I've had offers to go public and they would not mention my name. And I know that this -- I know what he did was wrong. He thought that because I'm so desperate I'm going to sign this. And I know that the consequences was so bad, but he's just not a good person.

I could not see -- I mean, I was tempted. I was tempted to sign and get him off; I would have done anything to save my company, but I didn't. And after they backed us out, I wanted to destroy him by going public and showing this. And my wife prevented me from doing it.

And you're the only other person that

65

I've shared this with. Although it's very tempting to expose him because he's not the person that he said he is.

Q. So, Mr. Kazran, then why have you given us the information? Why have you cooperated with the FEC by answering subpoenas and appearing here at the deposition?

A. Two reasons. It's not about money. The money part of it was gone a long time ago. I wanted to make sure my employees are not harmed, and I wanted to make sure that Vern Buchanan has several times discussed -- he doesn't come out and say, I'm going to get you, but he makes comments, Look, I'm going to be the governor some day. You want me to be on your side. I'm the only person that can help you.

And he's also said, And you don't want to be in litigation with me. I knew that I would create an enemy. And just shortly after this, he started to -- he sued my wife for this. And that's -- and at that time I decided that, Look, I don't care about the money. I'm not doing this to get money out of him. I've had several opportunities and I have not. I'm doing this because it's the right thing to do. I'm doing this because I want Mr. Buchanan to be seen as he is and not anything else, so...

66

Q. Mr. Kazran, referring you back to Exhibit No. 3, which is titled the Affidavit of Sam Kazran, drawing your attention to paragraph No. 4 which states: During the course of tense and somewhat hostile negotiations between my lawyers and me and representatives for Mr. Buchanan, I advised a representative of Mr. Buchanan that one or more of the dealerships of which I was in operational control had reimbursed certain individuals who had contributed to the Buchanan for Congress campaign.

Mr. Kazran, when did the tense and somewhat hostile negotiations take place?

A. That's an inaccurate statement. I never had a hostile...I have been -- I've been frustrated, but I've never been hostile to them. And this paragraph is far from the truth. Josh Farid sent out an e-mail to John Tosch because he wanted me and Vern Buchanan -- he wanted me to tell Vern Buchanan to put this money back in the company. This was almost $100,000.

And I sent out an e-mail to John Tosch when he made a comment that, you know, your company is going to -- the cookie is going to crumble and we're going to take it over if you don't work with us. And I sent him an e-mail and I said, you know,

67

You're a dirt bag. I've done so much for you guys, and I'm not even asking for anything other than give me back the money which you've taken business which is going to go for payroll. That has been the only discussion. I don't find that to be hostile.

And he tried to make it sound like he had nothing to do with this. This is far from the truth.

Q. When you say he said he wanted it to sound like he had nothing to do with it --

A. That's what I'm talking about.

Q. Who are you referring to?

A. Mr. Vern Buchanan. Mr. Vern Buchanan. He has been involved all along. Nothing goes on in that company without his knowledge.

Q. In paragraph 4 it says: I advised a representative of Buchanan that one or more of the dealerships of which I was in operational control, had reimbursed certain individuals who had contributed to the Buchanan for Congress campaign.

Who is the representative that you were referring to?

A. I don't know what he's talking about. The only thing -- I sent out an e-mail to John Tosch, told him that if this money could go towards payroll, but this -- this is why I wanted you folks to grab

that e-mail because it will clearly show -- this thing was not something that he knew right then and there. This is something that has been ongoing for several years.

Q. Okay. Well, I didn't mean to imply that you wrote this affidavit. You've already told us that someone else wrote it.

A. Correct, yes.

Q. But this affidavit says that one or more of the dealerships. At the time that this was occurring when they were asking you to sign this dealerships -- to sign this affidavit, which dealerships were you operational -- did you have operational control of?

A. I had -- the ones that Mr. Buchanan and I were involved were Premier Dodge, Kia of The Avenues, Kia on Atlantic. And I had already purchased in 2008, I had already finished making the payments for Hyundai of North Jacksonville.

MR. SOVONICK: What about the dealership in Georgia?

THE WITNESS: Gwinnett Place is Premier Dodge, Gwinnett, LLC.

MR. SOVONICK: That's the one you had operational control of?

69

THE WITNESS: Correct.
BY MR. GOULD:
Q. Mr. Kazran, going back to the affidavit, at that time period did you have a list of the individuals who had contributed and were reimbursed for contributions?
A. The e-mail that I sent John Tosch, I sent him the check -- I said, This is the dollar amounts that you guys took that I'm supposed to get back. Remember, this is the campaign money. Mr. Buchanan was supposed to put back the money he took out of the company.
And I sent out the checks to show him the money that Vern got. And I can't remember when that was. And I don't remember specifically which ones, but...
Q. You sent a copy of the actual checks?
A. Correct, the checks that we wrote to Mr. Buchanan's campaign. And I basically said, Look, we need this money back in the company to operate.
Q. And that was in an e-mail, an attachment to an e-mail?
A. Yes, that's correct.
Q. That you sent to Mr. Tosch?
A. Correct. This is why I wanted you guys

70

to see this.

MR. SOVONICK: This is the e-mail that you already told us that you had saved on the computer?

THE WITNESS: Correct.

MR. SOVONICK: At your Kia office?

THE WITNESS: Correct.

Q. Drawing your attention back to the affidavit, paragraph 5 states: Before September 2008, neither I nor to my knowledge any other person who had ever advised Buchanan or any of his representatives had any information that one or both of the dealerships referred to in paragraph 1 reimbursed certain individuals for contributions made to the Vernon G. Buchanan for Congress campaign.

Is that a correct statement?

A. That is an absolute lie. Mr. Vern Buchanan -- well, let's put it this way. I'm surprised that they're putting that in there, because not only he's had personal talks with me, I've had -- Josh Farid has heard him, Gail Lephart on the phone has heard him. All these partners know. For them to put this in this affidavit, I find that to be ridiculous that he says no one had information.

I would invite you to check my phone

71

records. You'll see it's always congruent with the dates that they closed the campaign quarter, whatever you call it. You'll see a few days before that, it starts, the phone calls increase from Mr. Buchanan to me.

Q. Mr. Kazran, you remember you are under oath.

A. Yes.

Q. Is it your sworn testimony that Mr. Buchanan was aware of these reimbursed contributions?

A. Of course. Absolutely.

Q. And please state how he was made aware of the reimbursed contributions to his campaign.

A. How he was made aware?

Q. Yes.

A. Well, he knew it when we were reimbursing him. As far as this what he says in the affidavit, we never had a hostile -- the only thing that I did was send him an e-mail with copies of checks to get money back.

And other than that, he's had a talk with me after Josh Farid had sent, and he said, Sam, you know what I'm going through right now. This is not the kind of thing I want to do. We'll work this out.

72

Don't worry about it. I've had numerous discussions with him. For him to come and say that he had no knowledge of it is...

MR. SOVONICK: Mr. Kazran, going back to the previous testimony that you've made today, isn't it true that you were initially approached by Mr. Buchanan who instructed you --

THE WITNESS: Every time.

MR. SOVONICK: -- to reimburse your employees with the company money and contribute to his campaign?

THE WITNESS: Right. He said get somebody you trust, run it through the corporation. And Josh Farid was present there.

But, you know, what I would really like for you folks to do, I'm sure that probably mine was more because my store was more profitable, but you guys should go and look at the rest of those dealerships and look at the campaign contributions, and you'll find very similar stories.

Q. Mr. Kazran, you said that you had conversations with Mr. Buchanan. Have you had any conversations with him regarding all the news that had been coming out regarding the campaign

73

contributions and reimbursements?

A. The last time that I talked with him was one conversation after I did not sign this affidavit. He told me, Sam, you know I'm in this heated race. Towards the end he was very nervous. He said, I'm going to help you. I've already signed the contract. You know all these things that are going on, all these Democrats trying to ruin my name and reputation. I've been very good to you. Why do you want to do this?

And I said, Vern, I've never been a person that's been -- I told him, I said, You know, As much as I liked to go to these newspaper companies or columnists, I've never done it. I don't intend to do so. He was very, very concerned about his name coming out anymore.

He -- while he was signing this contract, at about the same time, he filed a lawsuit against me, which was later dismissed, in Duval County for one purpose only, and that's to prevent me from ever filing anything that would damage his name in Sarasota. And later the judge dismissed it and said the venue here is in Sarasota. You've got to go back there. But he's very concerned about this.

I'm honestly surprised that he would make

74

comments as if he's unaware of all this. As I said, and I don't know, I may get myself in trouble for saying this. I was so desperate I would have signed it had it not been because of my wife.

I wanted to save my company, and he saw an opportunity, someone who's very desperate who would do anything. And when this did not go through, he became very defensive.

I know he's attempted to sue me. He's told me that he's very powerful, and I don't want to be against him. He has partnered up with Bank of America to take the company away several, several times. And all along he wants, he wants me to give him a release and not mention anything.

Now, I have never used this against him. Not only this is the proof, as much as I'd like to, as much as he deserves it, I've never gone public with this information. And I wouldn't be sitting talking to you folks -- as you know, I've done my best to run away from everybody, but I'm here because it's time for Mr. Buchanan to stop threatening people.

I'm not doing this for money. I'm not going to go after him for this money or what -- I've already written that off. And I want to put on

75

record this is not for money. This is just to come out and tell the truth.

And I know that this might create problems for me. You folks have been very clear that this is not a -- this is not legal. I chose myself not to have an attorney. I chose to provide you-all this information because it's just time for everybody to know who Mr. Buchanan is.

And I guarantee you if you go out and search the others, you'll see so much of this going on. I don't know if it's of this magnitude, but you'll find that everybody's story is more like me and not his.

Q. Mr. Kazran, you said that you had conversations with Mr. Buchanan regarding these reimbursed contributions and the affidavit that he wanted you to sign but you didn't sign. Tell me, were all these conversations in person?

A. I've had conversations in person and I've had conversations through the phone. In fact, I provided you a couple voice mails that he had left me. The first voice mail that he had left was the first time that he had learned about Josh's e-mail that expressed how disappointed he was of this. And he popped out of the blue after three months or so of

76

not speaking to me and several discussions. Now, you got one or two of those voice mails, but he wanted to make very clear that I'm going to have serious problems if I proceed.

I think in that voice mail it says technically you're the one who's got problems or liabilities or something of that nature. But simultaneously, he's a politician; he uses his words very carefully. He wanted to make me go away, if you will. And he was willing to pay for it too as long as I signed the affidavit. And after I didn't, he's making good on his threats.

That voice mail was -- the first one was before this contract was signed, and then the next one, I'm not sure if it was during or afterwards. But he -- the content of the message was: I'm not worried about the election. I'm going to win it anyway. You probably don't know it, but you got the one who's got problems, but I'd really like to work it out. That message was left in my voice mail late at night.

If you know Mr. Buchanan, you can have him listen to that. Anyone that knows him will know that voice is not like Mr. Buchanan's, very nervous. He's normally very confident, and he carries himself

very well, so...

Q. You said that the voice message was left on your phone?

A. Correct.

Q. What phone is that?

A. I had a -- I had an Apple phone and a palm pilot. And after he left the message, I had transferred it to my Apple phone and then after that I downloaded all that in my computer and voice recorder.

Q. Take me through the steps that you did. You had a voice message on your phone?

A. Correct.

Q. And how did you get that message to the voice recorder?

A. Okay. I had the phone play. In other words, I had the two phones right next to each other, and I turned one on and the speakerphone on one and just put it on the other one and let it record.

MR. SOVONICK: You used a recording function on the other phone?

THE WITNESS: Correct, correct. I'm not very savvy with those electronics.

Q. Okay. And then what did you do with the recording on the second phone?

78

A. Okay. I put that -- I mean, I asked my assistant to download -- she periodically downloads all my information from my phone onto my computer. And with Apple phone, all you have to do is synch it and it dumps everything in there. And that was -- the voice mail, that's another reason you folks want my computer, that was on the old phone. It was transferred from the old phone. You have some static and all that. I think while I was recording it somebody called me and it had all that.

Q. Mr. Kazran, pursuant to the subpoena for records that the Commission issued to you on or about August 18, 2009, you provided to the FEC a digital voice recorder. We have that with us, and I want to ask you just to make sure, is this the original -- is this the digital voice recorder that you provided to Mr. Sovonick and myself?

A. Correct.

Q. Okay.

A. It also has some of my personal recordings on there as well.

Q. We don't want to know anything about the personal recordings.

A. I understand.

Q. Mr. Kazran, since this is your digital

79

voice recorder, can you play for us the voice messages that Mr. Buchanan left on your phone.

A. Correct. Sure.

Q. Mr. Kazran, can you please operate this voice digital device so that we can hear the voice message that Mr. Buchanan left on your phone.

A. Sure.

Q. Mr. Kazran, you said you had two recordings of that conversation?

A. Correct.

Q. One that had a lot of static on it?

A. Correct.

Q. Would you play for us the one --

A. Yes. When I was recording it, somebody called me and it had that static.

Q. Then what did you do?

A. I just rerecorded it, and there was no one calling me so it's a bit more clear.

(Playing recording: "Sam, Vern. Sorry I didn't get your message, but, Sam, Mike Lindell told me the other day that you're going to sue us or threatening to sue us. All that we're trying to do is in the event you go through chapter 11 or unfortunately, hopefully not, but if something happens, we sell the store, they're

80

recommending to protect our interests. And I want to resolve it, work it out.

"I can't put -- I put two and a half million in cash -- nobody has done that for you ever -- this year in the business. I trust that you -- that everything is going to be great.

"And the bottom line, I understand people have problems, have challenges but, you know, this should be something we should be able to work out. We're willing to save what we got and work with you. But I think the threatening of the political stuff and all that, you got more liability than you know if you start telling people that you reimbursed people, because technically you have that liability.

"All I told you, and I've always made it clear is that you can't reimburse people. They've got to give it under their free will. You know that. At 12, 18 points, we're going to win the election anyway.

"But the bottom line is I think I've been your best friend, best asset. I heard the other day too that the banks were not shipping cars to Kia, and so that rumor is out there. And again, we're just trying to protect our interest and do

81

what's right for us and ideally for you.

"And I think that it would be a good idea if we tried to figure out how to work together. Get a good lawyer and get what you want, but get a good lawyer in Tampa. Mike is a very honorable person, Mike Lindell. And let us sit down and work together and work this out where it's in everybody's best interest.

"I've been through situations and lawsuits before, for 30 years being in business, and I can tell you at the end of the day the only ones that win is the lawyers.

"So again, nothing personal. You know, I feel bad that it's come to this, but the lawyer, Mike Lindell could not recommend to John Tosch me putting in two million unsecured on the first deal with you on a signature and put another two million in in a couple three days without knowing the extent of the whole exposure. Nobody in their right mind would do that, you know, would look at it, a bank, and not know that you put two million in there and somehow once it gets in bankruptcy and we're back in the same position we're in right now.

"So again, I've trusted you. We've had a

82

great relationship. I never give people money, like I gave you two and a half million unsecured. I did that based on your reputation, based on the relationship. We've had a successful relationship in the past.

"I feel bad, I really do, in terms of us having to protect our interests, but again, we can stay that. Nonissue. I think it's important that we sit down and work together and work this out. Give me a buzz. Thanks."

Q. Mr. Kazran, you've said that this is a voice message from Mr. Vernon Buchanan. How do you know it's his voice?

A. I'm very familiar with Mr. Vern Buchanan's voice. Plus at the beginning of the voice mail he says: Sam, it's Vern. But anyone that knows Mr. Buchanan will tell you that's his voice. I'm confident that's him.

And he had left that voice mail because I was incredibly frustrated. While we were negotiating this contract, to trick me and protect himself, he committed that we would go through with this deal, but then he filed a suit in Jacksonville. And he called right back after that and says: Oh, don't worry about that. That's just to protect ourselves.

83

Because he knew that I may go and sue him in Sarasota.

Q. His home turf?

A. That's correct. So while he was working on this, he files a suit in Duval County, which later the judge threw it out, to prevent me from going there. He just wanted to let me know, Don't worry about it. It's just a technicality, and we're just protecting ourselves.

But I was very frustrated about that, because he acted in bad faith, so...

Anyway, I'd like to play the second one for you if you like.

Q. Yes, please.

(Playing recording: "Sam, it's Vern. I'm just calling to see how you made out with the bankers and the lawyers after I didn't hear anything. Again, I hope that we can work something out. I do believe there's a restructure that makes sense for everybody. That's the best path to take. Again, I've done that before in these situations.

"If you decide to go the other way, I hope that, you know, we talk about paying back and that gets off on a lot of tangents because

84

that will only make it worse for everybody. And, you know, I don't see how that helps you long-term. But again, I hope we can restructure it, and it will preserve your reputation there in Jacksonville.

"You don't want to go through two years of litigation. (Inaudible) So, you know, just make sure you get good advice, people that don't have an ax to grind, and you get good lawyers. Anybody that's got any sense, any lawyer is going to tell you get a restructuring done, get this recapitalized.

"Like I said, if I can find a way to help secure this, I'm willing to work with you. But again, we get down the road and things start to get, you know, personal and nasty, then I'm out.

"So give me a holler. I'm still hoping we can get something done. Give me a buzz when you get this. Bye-bye."

A. He was -- so that one was while we were negotiating. So, you know, he tells me we're going to work something out. He files suit. I get upset at him, and I send an e-mail to John Tosch. Then he calls back, and he says: Look, don't worry about it.

85

We'll do this.

But before and after that on several other occasions, he's made it very clear that I'm going to have consequences. But, you know, he contradicts himself, because I've never gone to the newspapers, all that. I've never used this against him. I've never -- all I've asked him to do is put back the money that he took out of our bank account.

He's very, very nervous in there, and he keeps saying I'll work it out, I'll work it out, but the whole intent of him was for me to give him some sort of an affidavit like he typed so that he can go through election.

Now, it's important that you know that he got what he wanted without me taking any actions. He did not have to make good on his contract, and I did not expose him. So he turned out to be a happy man, because I did not hold him accountable to the contract that he signed, nor did I make his information public.

And I tell you, it's very tempting, it's -- a person like that, he's just not a nice person. And my attorney said, you know, Sam, sometimes people like that deserve to get hurt, but you're just not the type of person and you shouldn't get involved

86

with this. And I took their advice. The cost of it was the loss of my company, but it is what it is, I guess.

BY MR. SOVONICK:

Q. Mr. Kazran, I just had a couple of follow-up questions about Josh. When he sent that e-mail, who specifically did he send it to?

A. He sent it to me and to John Tosch. He was frustrated at me because, you know, while we're going through this, I told him that, look, Vern has told me he's going to give this money back; we're going to take care of it. I got a second mortgage on my home. He had gone and gotten a mortgage on his home.

And John Tosch came out to him and said, What you need to do is file bankruptcy and sign over the company to us, and we're not going to give you anything. And he, Josh, became very frustrated at this. And he was mad at me and them. And that's why it prompted that, John Tosch and me. So that's where the original...

Q. Had he told you he was going to send that e-mail before he sent it?

A. No, I had no knowledge of it.

Q. Okay.

87

A. In fact, I sent an e-mail to John Tosch now I remember it, and I said, I'm sorry, John, I really didn't have anything to do with this. That's why I wanted you to have my computer. You'll see that, you know, up to the last point when I saw him sue my wife, and then I said, Forget about the money, I'm going to go public with this; but I still didn't do that.

But up until then all I wanted to do is save my company, and he took advantage of that, so...

BY MR. GOULD:

Q. Mr. Kazran, you've played for us the message from your digital voice recorder, a voice message that Mr. Buchanan left on your cell phone.

A. Correct.

Q. And prior to that voice message in which Mr. Buchanan is saying that you have liability for all this, had Mr. Buchanan ever told you that what he told you to do, namely to reimburse your employees for their contributions to his campaign by running it through the company, did he ever tell you that was illegal?

A. No, sir. Absolutely not. Up to the point where this affidavit came where he became defensive and he wanted to force me into signing it,

if you will, prior to that I had no idea.

And I tell you, even up to, you know, '07, '08 I just thought that he wants to make himself look better by having lots of supporters. I mean, if I knew that this was -- there's a law against this, I wouldn't -- I would not -- I'm a law-abiding citizen. I would not break the law, especially something as serious as this.

You know, Mr. Vern Buchanan was my senior partner, and I just did what he told me. But had he told me, Hey, this is illegal and you're going to get in trouble, of course I would not get involved in this.

Q. Okay. Thank you, Mr. Kazran. Appreciate your cooperation sitting for this deposition, providing us material documents -- well, things that we had subpoenaed. But I appreciate your cooperation. And have a good day, sir.

A. And thank you for having me and thanks for your patience in working with all the documents. Thank you.

(The deposition was concluded at 2:07 p.m.)

EXHIBIT 4

TO:Stephanie COMPANY:

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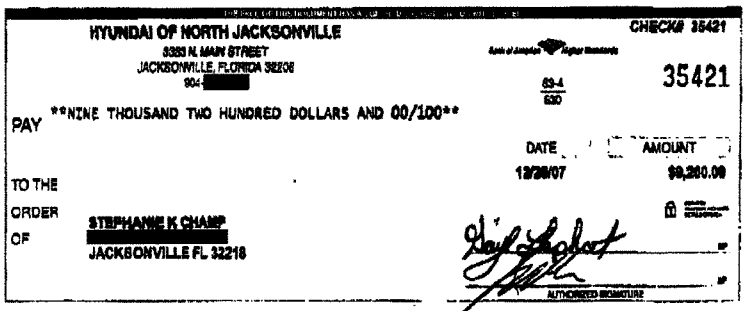
Bank Number:	[redacted]	Check Number:	35421



HYUNDAI OF NORTH JACKSONVILLE
8333 N. MAIN STREET
JACKSONVILLE, FLORIDA 32208
904[redacted]

CHECK# 35421

35421

PAY **NINE THOUSAND TWO HUNDRED DOLLARS AND 00/100**

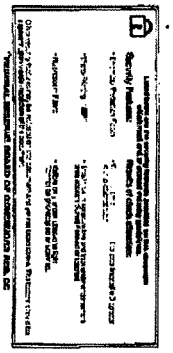
DATE 12/28/07

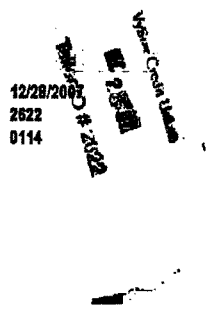
AMOUNT $9,200.00

TO THE ORDER OF STEPHANIE K CHAMP [redacted] JACKSONVILLE FL 32218

AUTHORIZED SIGNATURE

[redacted]





12/28/2007
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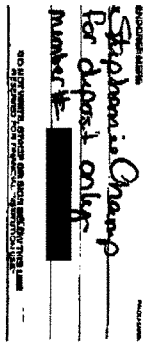
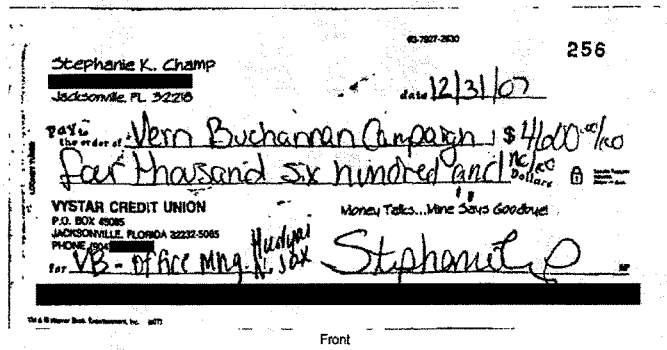
0114



Stephanie Champ
For deposit only
Account # [redacted]

Electronic Endorsements

Date	Sequence	Bank #	BOFD	Bank Name
12/28/2007	0091631334	[redacted]	Y	VYSTAR CU
12/28/2007	0091631334		N	SOUTHWEST CORPORATE
12/28/2007	003892018150		N	BANK OF AMERICA, NA



Stephanie K. Champ
[redacted]
Jacksonville, FL 32216

256

date 12/31/07

Pay to the order of Vern Buchanan Campaign $ 4,600.00

Four Thousand Six Hundred and 00/100 Dollars

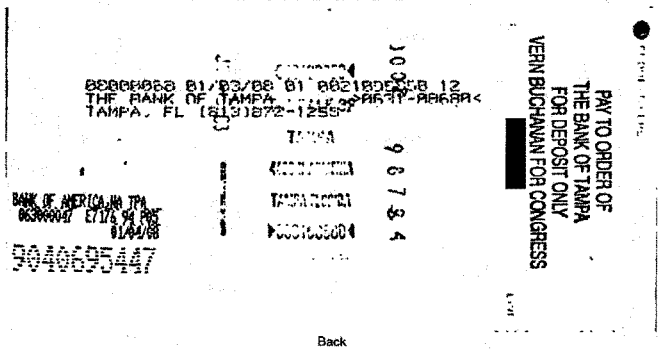
VYSTAR CREDIT UNION
P.O. BOX 45085
JACKSONVILLE, FLORIDA 32232-5085
PHONE (904) [redacted]

Money Talks...Mine Says Goodbye!

for VB - Office Mng. Primary Stephanie C

[redacted]

Front



THE BANK OF TAMPA
TAMPA, FL (813)872-1255

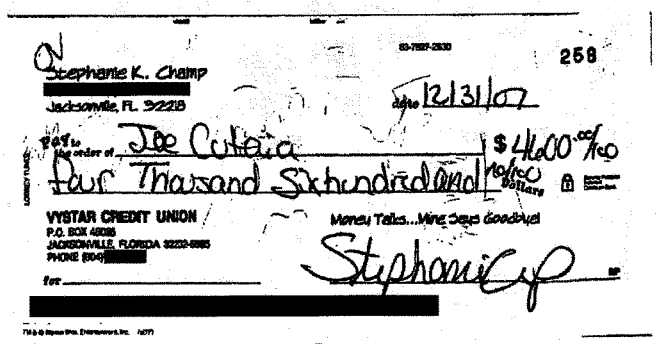
BANK OF AMERICA NA TPA
063000047 E7176 04 P05
01/04/08

9946695447

PAY TO ORDER OF
THE BANK OF TAMPA
FOR DEPOSIT ONLY
VERN BUCHANAN FOR CONGRESS
[redacted]

Back

Close



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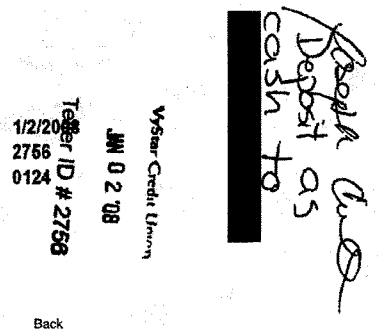

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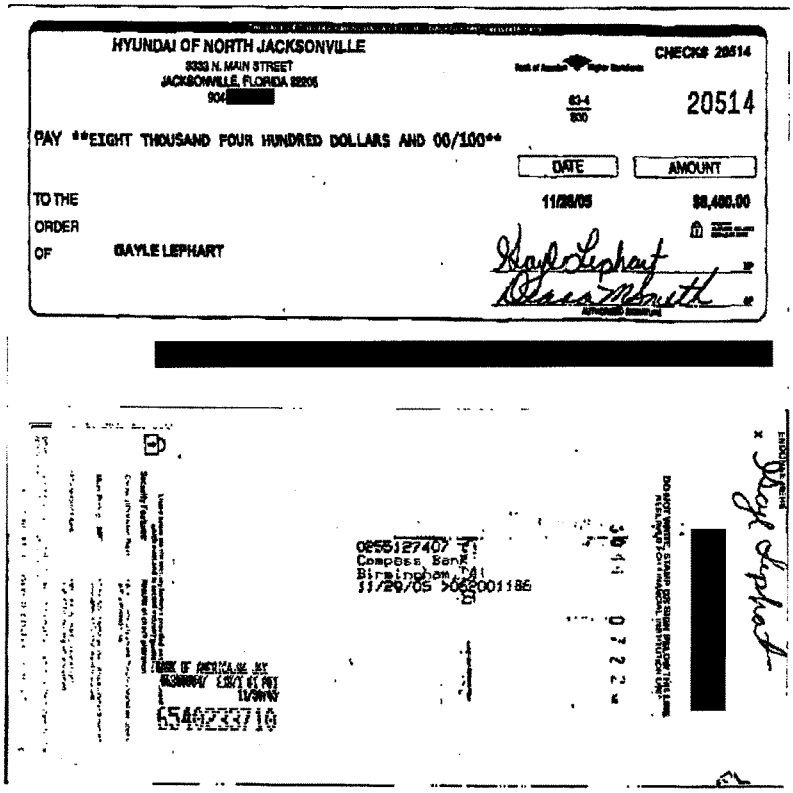
Bank Number: [redacted]

Sequence Number: 6540233710
Capture Date: 11/30/2005
Check Number: 20514



HYUNDAI OF NORTH JACKSONVILLE
8333 N. MAIN STREET
JACKSONVILLE, FLORIDA 32205
904[redacted]

CHECK# 20514

63-4
630

20514

PAY **EIGHT THOUSAND FOUR HUNDRED DOLLARS AND 00/100**

DATE: 11/28/05
AMOUNT: $8,400.00

TO THE ORDER OF GAYLE LEPHART

Gayle Lephart
Stacy Smith

[redacted]

0655127407
Compass Bank
Birmingham, AL
11/29/05 >0652001186

6540233710

Gayle Lephart

[redacted]

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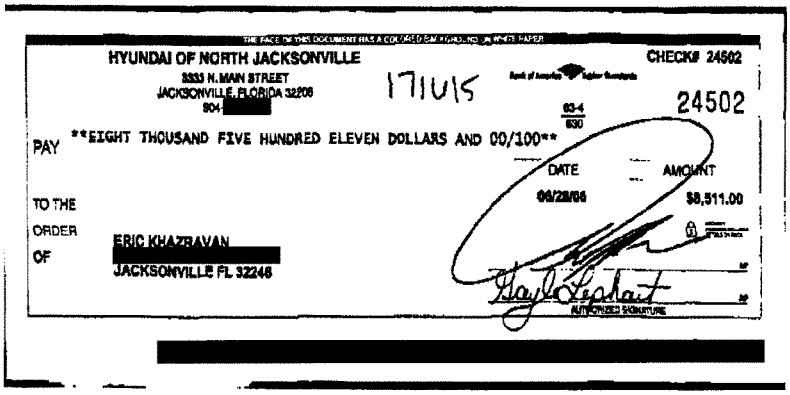


HYUNDAI OF NORTH JACKSONVILLE
8333 N. MAIN STREET
JACKSONVILLE, FLORIDA 32208
904[redacted]

CHECK# 24502

17105

63-1
630

24502

PAY **EIGHT THOUSAND FIVE HUNDRED ELEVEN DOLLARS AND 00/100**

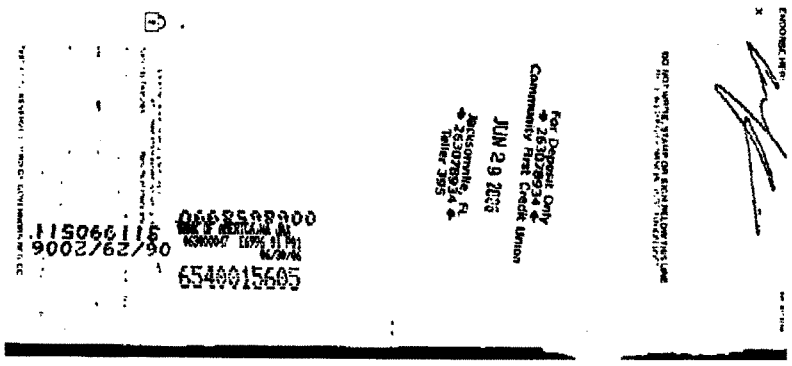
DATE 06/28/06

AMOUNT $8,511.00

TO THE ORDER OF ERIC KHAZRAVAN [redacted]
JACKSONVILLE FL 32246

Gayle Upshaw
AUTHORIZED SIGNATURE

[redacted]



For Deposit Only
263078934
Community First Credit Union

JUN 29 2006

Jacksonville, FL
Teller 3955

115066116
9002762790

6540015605

DO NOT WRITE, STAMP OR SEAL BELOW THIS LINE

TO:Stephanie COMPANY:

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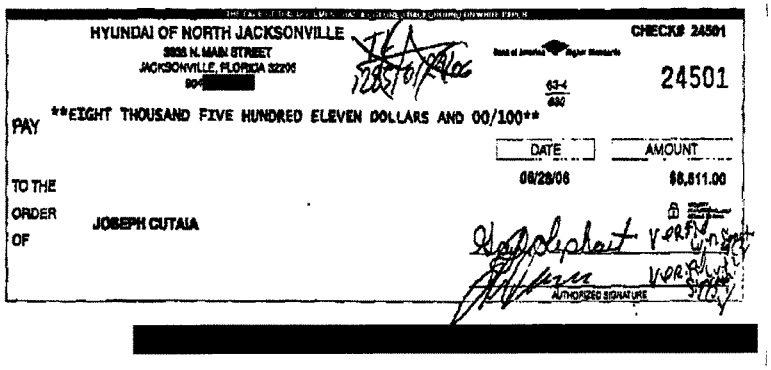
Bank Number:	[redacted]	Check Number:	24501



HYUNDAI OF NORTH JACKSONVILLE
8225 N. MAIN STREET
JACKSONVILLE, FLORIDA 32206
904[redacted]

CHECK# 24501

63-1
630

24501

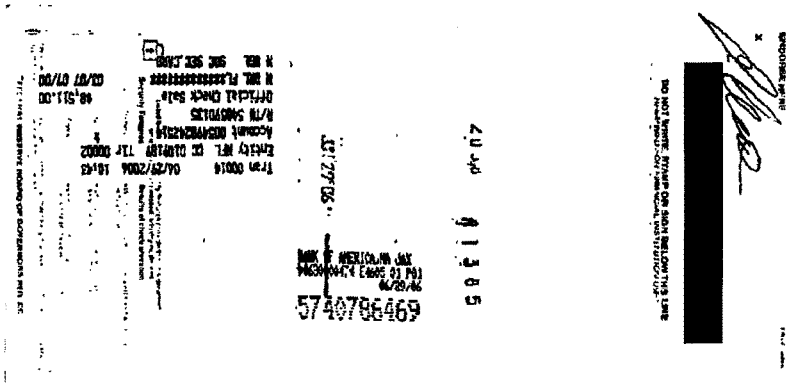
PAY **EIGHT THOUSAND FIVE HUNDRED ELEVEN DOLLARS AND 00/100**

DATE	AMOUNT
06/29/06	$8,511.00

TO THE ORDER OF JOSEPH CUTAIA

AUTHORIZED SIGNATURE

[redacted]



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Account:	[redacted]	Capture Date:	11/30/2005
Bank Number:		Check Number:	20515

HYUNDAI OF NORTH JACKSONVILLE
3033 N. MAIN STREET
JACKSONVILLE, FLORIDA 32206
904-[redacted]

CHECK# 20515

63-1
630

20515

PAY **EIGHT THOUSAND FOUR HUNDRED DOLLARS AND 00/100**

DATE	AMOUNT
11/28/05	$8,400.00

TO THE ORDER OF
DIANA SMITH
[redacted]
MIDDLEBURG FL 32068

[redacted]

0333768597
11302005
0630-0019-9
EXT*4011 TRC*4011 PM*01
FOR DEPOSIT ONLY -
NAVY FED CU VIENNA VA 22180 703-255-8621 92 0042-0042
000000402326209

BANK OF AMERICA/NA JAX
MIDDLEBURG FLORIDA
11/30/05
6540324678

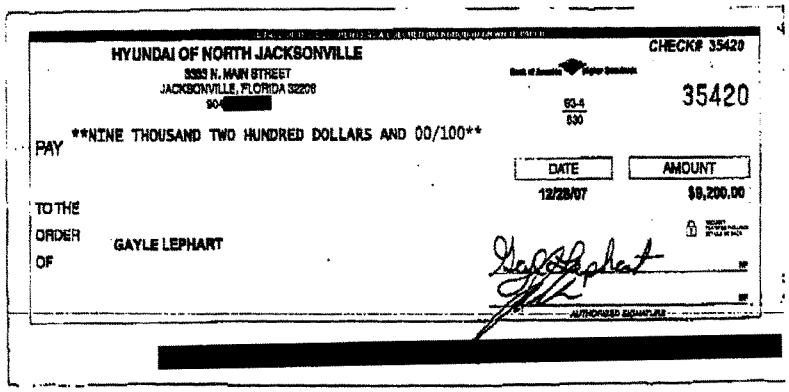
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

[redacted]

TO:Stephanie COMPANY:

Amount: $9,200.00
Account: [redacted]
Bank Number: [redacted]

Sequence Number: 4192858163
Capture Date: 01/02/2008
Check Number: 35420



HYUNDAI OF NORTH JACKSONVILLE
3383 N. MAIN STREET
JACKSONVILLE, FLORIDA 32206
904[redacted]

CHECK# 35420

35420

63-4
630

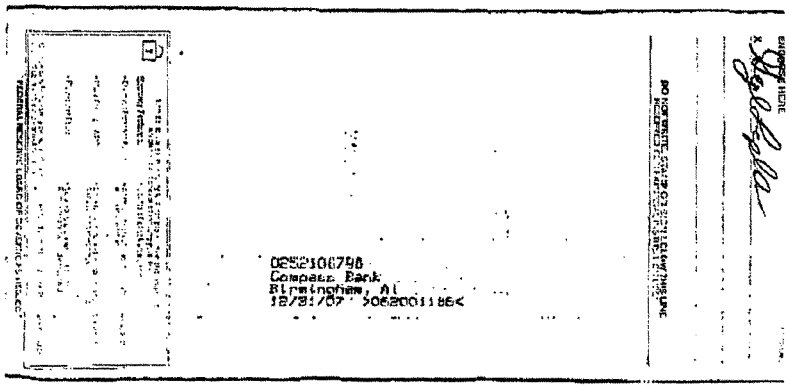
PAY **NINE THOUSAND TWO HUNDRED DOLLARS AND 00/100**

DATE 12/28/07

AMOUNT $9,200.00

TO THE ORDER OF GAYLE LEPHART

[redacted]



0252106798
Compass Bank
Birmingham, AL
12/31/07 [redacted]

Electronic Endorsements

Date	Sequence	Bank #	BOFD	Bank Name
01/02/2008	004192858163	[redacted]	N	BANK OF AMERICA, NA

VIEW CHECK IMAGE

Zoom Out Zoom In Print Screen Send Us a Message

#2463 Date: 01/03 Amount: $9,200.00

GAYLE LEPHART 09/01
ERNEST LEPHART JR.
[redacted]
JACKSONVILLE, FL 32226

63-1392/630 2463

Date 12/28/07

Pay to the Order of Vyan Buchanan Cap $ 9200 00

nine thousand two hundred dollars

COMPASS BANK
BEACH BLVD
JACKSONVILLE, FL 32227

Memo VB Comptroller Hughai of North FL - Third Jax

Gayle Lephart

[redacted]

VIEW BACK IMAGE DONE

VIEW CHECK IMAGE

Zoom Out Zoom In Print Screen Send Us a Message

#2463 Date: 01/03 Amount: $9,200.00

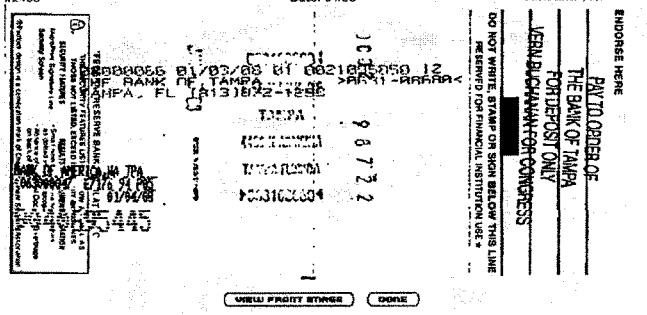


EXHIBIT 5

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE:	Hyundai of North Jacksonville Comptroller
REVIEW NO.:	11-7565
DATE:	December 9, 2011
LOCATION:	225 East Coastline Drive Jacksonville, FL 32202
TIME:	10:00 a.m. to 10:45 a.m. (approximate)
PARTICIPANTS:	Kedric L. Payne Omar S. Ashmawy

SUMMARY: The witness is a former employee of several of Representative Vern Buchanan's auto dealerships. The OCE requested an interview with the witness and she consented. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning prior to the interview, which will be placed in the case file in this review.

2. The witness is currently employed as a payroll practitioner at Jacksonville Electric Authority. She has been employed there since January 2, 2011.

3. The first automobile dealership that she worked for that was affiliated with Representative Buchanan was M & L Motors. She worked as an accountant for the dealership from approximately 1995 to 2002.

4. From 2002 to 2004, she worked as the office manager for Buchanan Jenkins Hyundai.

5. In 2004, Sam Kazran became an owner of Buchanan Jenkins Hyundai and it became Hyundai North Jacksonville ("HNJ"). The witness worked there was comptroller until HNJ closed.

6. Her duties as comptroller included responsibility over the company's bank records, weekly payroll, and insurance. She also prepared the company's financial statements which included records of all income and expenses.

7. After she prepared the monthly financial statements, Dennis Slater and Sam Kazran reviewed the records.

8. The witness reported directly to Mr. Kazran. She managed employees who reported to her, including Jill Oaks, Stephanie Champs, and Jan Martin.

9. The witness told the OCE that the financial statements for HNJ were ultimately given to Representative Buchanan. It is her understanding the Representative Buchanan reviewed

the financial statements with Mr. Kazran. Her understanding is based on Mr. Kazran's conversations with her at the time.

10. The witness never met Representative Buchanan.

11. The witness told the OCE that she contributed to Representative Buchanan's campaign around 2005 and 2008.

12. Mr. Kazran told her to make the contributions.

13. She described the first contribution. She told the OCE that Mr. Kazran was at HNJ on the phone with Representative Buchanan.

14. Mr. Kazran said, "Vern, I'll handle it right now."

15. Mr. Kazran then told her to write a personal check to Representative Buchanan's campaign. Then she was to write a check to herself from the company and "gross it up". This meant that she was to make the check from the company large enough to cover taxes such that after taxes it was enough.

16. The witness said that at the time she did not know that the transaction was illegal.

17. She described the second time that she made a contribution to the campaign.

18. When Mr. Kazran asked her to make the second contribution she said she screamed at him and said that the company could not afford to make the contribution at the time.

19. She said that she contributed because she had the feeling that her employment could be terminated if she did not. She felt as though Representative Buchanan had the ability to tell Mr. Kazran to terminate an employee because he was the majority owner of the company.

20. The witness told the OCE that other HNJ employees made contributions to Representative Buchanan's campaign.

21. Mr. Kazran told her who contributed and the witness wrote checks from HNJ to reimburse the employees.

22. The witness recalls that Stephanie Champ contributed to the campaign, but Diana from Representative Buchanan's campaign committee returned the check to Ms. Champ. The witness did not know Diana's last name, but she recalled that Diana assisted Representative Buchanan's campaign.

23. The witness told the OCE that the check was returned because Ms. Champ was not married.

24. However, Ms. Champ had already received the reimbursement from HNJ. As a result, another HNJ employee, Joe Cutaia, made the contribution to the campaign. In return, Ms. Champ wrote a check to Mr. Cutaia to reimburse him for the contribution for which she had already received a reimbursement.

25. The witness told the OCE that the payments were listed in HNJ's financial statements as salary.

26. She does not recall any specific designation for the payments other than salary.

27. She told the OCE that Representative Buchanan had to be aware of the reimbursements because the salary entries for individuals were higher during certain months than others.

28. She also stated that Dennis Slater would have known about the reimbursements.

29. The witness said that during the summer of 2010 the Federal Election Commission ("FEC") contacted her and asked about what happened with the contributions to Representative Buchanan's campaign from HNJ employees.

30. The FEC then asked her to write a statement, which she sent to FEC.

31. She has not been deposed by anyone concerning this matter.

32. When asked how Mr. Kazran received reimbursement for campaign contributions, the witness stated that she does not believe that he was reimbursed through salary.

33. She believes that he may have been reimbursed through partnership distribution. She explained that as partners, Buchanan had to receive 51% of any distribution. Any such distribution to Mr. Kazran had to be approved by Dennis Slater.

This memorandum was prepared on January 3, 2012, based on the notes that the OCE staff prepared during the interview with the witness on December 9, 2011. I certify that this memorandum contains all pertinent matter discussed with the witness on December 9, 2011.

Kedric L. Payne
Deputy Chief Counsel

EXHIBIT 6

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE:	Hyundai of North Jacksonville CFO
REVIEW NO.:	11-7565
DATE:	December 5, 2011
LOCATION:	225 East Coastline Drive Jacksonville, FL 32202
TIME:	7:10 p.m. to 8:30 p.m. (approximate)
PARTICIPANTS:	Omar S. Ashmawy Kedric L. Payne

SUMMARY: The witness is the former Chief Financial Officer of an automobile dealership affiliated with Representative Buchanan. The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning, which will be placed in the case file in this review.

2. The witness is currently the managing director of U.S. Outfitters, LLC. He has held that position since 2007. Prior to this position, the witness was the Chief Financial Officer for Honda of North Jacksonville ("HNJ"). This was the only Representative Buchanan affiliated entity with which he was involved.

3. He initially joined HNJ because of his background in construction. There were plans to build-out HNJ and some other projects. Sam Kazran asked the witness to come work with him to help out with the building. Sam Kazran has been the witness's brother in law since 1998. The witness was involved in the construction, planning the interiors, and purchasing furniture. The title of Chief Financial Officer was a "title that was bestowed" on the witness.

4. The witness mainly reported to Mr. Kazran. Regarding his duties, the witness said that the more involved in the construction side of his work, the less he was involved in the financial side. The dealership's finances were not his day to day work. Each dealership had its own comptroller who did the day-to-day financial management. The witness was involved in the banking side because the dealership had to put together "packages" for the construction projects.

5. The witness left HNJ in 2008 because Bank of America audited the dealership and determined they had defaulted on the loan. The bank shutdown the business.

6. At the end of each month, the witness reviewed HNJ's financial statements with Mr. Kazran and Ms. Gayle Lephart, the comptroller for HNJ. The statements contained sales figures, expenses, and other data on the incomes and expenses of the dealership.

7. Dealership expenses included salaries and bonuses for employees, rent, other compensation, etc. Ms. Lephart and the witness would review the statements to see if they were "in or out of line."

8. The witness knew Representative Buchanan. He first met Representative Buchanan in 2004 when Mr. Kazran bought into a dealership with Representative Buchanan. The witness also met Representative Buchanan a couple of times at a partners' meeting and at a fundraiser in Sarasota, FL that was attended by Vice President Dick Cheney. The witness thought the fundraising event was in 2006.

9. The partners' meetings were held on a regular basis. All of the partners of the automobile dealerships Representative Buchanan owned would meet. They would review all the sales figures and report on each dealership, including the numbers of vehicles sold, whether they were new or used, and other categories of sales.

10. The witness only attended two of the partners' meetings. On each occasion it was because Mr. Kazran asked him to attend. Mr. Kazran was the person who attended all the meetings.

11. At the first partners' meeting that the witness attended, the witness was walking to Representative Buchanan's office with Mr. Kazran, John Tosh, and Representative Buchanan. Representative Buchanan said that he needed help with getting money for his campaign.

12. Prior to this occasion, the witness was with Mr. Kazran at the HNJ location. They were in the sales tower and were walking from the sales tower towards their office. Mr. Kazran was on the phone with Representative Buchanan. He knew this because Mr. Kazran put the phone to the witness' ear while Representative Buchanan was speaking so that the witness could hear what was being said. The witness heard Representative Buchanan say that "they could get the managers to contribute to the campaign and the dealership would reimburse them."

13. This happened on two occasions. The witness did not recall the second occasion as clearly, however he remembered that he was at the HNJ location with Mr. Kazran and that they were also walking from one place to another. He recalled that Representative Buchanan told Mr. Kazran to "reimburse" people who gave contributions to his campaign.

14. The witness made contributions to Representative Buchanan's campaign and was reimbursed for them. Mr. Kazran told the witness he would be reimbursed. The witness' understanding of Representative Buchanan's role in the reimbursement process was that Representative Buchanan directed it. When asked why he had that understanding, the witness said that it was because Representative Buchanan told Mr. Kazran to do it and because of Representative Buchanan mentioned that he needed help at the partners' meeting.

15. The witness did not recall how the reimbursements were categorized in the financial statements that he reviewed with Ms. Lephart at the end of each month. They may have been categorized as "bonus." The witness also stated that at the point in time when reimbursements were being made he was not involved in the financial side of the business – he got involved a little later, in the latter part of 2006. Before he got involved, the financial side was managed by Mr. Kazran and Ms. Lephard. However, the witness knew the reimbursements were taking place because he was privy to the conversations.

16. When asked about the affidavit that Representative Buchanan asked Mr. Kazran to sign, the witness said that he learned about it the day it was presented to Mr. Kazran. Mr. Kazran called the witness when he received it and emailed it to the witness. The content of the affidavit is nothing but a cover-up by Representative Buchanan. Representative Buchanan offered Mr. Kazran the affidavit while a deal that Mr. Kazran needed was pending.

17. The witness also referred to an email he sent to John Tosh. The email was written "well before" the affidavit was presented to Mr. Kazran.

18. The witness told the OCE that the email concerned the money taken out of the operating fund of the company for the campaign contributions that were reimbursed.

19. The witness was then shown an August 5, 2011 newspaper article from the *Florida Independent*, titled "More Former Buchanan Employees Speak Out about Pressure to Donate, Reimbursement Scheme." He was asked if the quotes attributed to him in the article were accurate and true. The witness said yes.

20. The witness never worked on Representative Buchanan's campaign or communicated directly with Representative Buchanan.

This memorandum was prepared on January 5, 2012 after the interview was conducted on December 5, 2011. I certify that this memorandum contains all pertinent matter discussed with the witness on December 5, 2011.

Omar S. Ashmawy
Staff Director and Chief Counsel

EXHIBIT 7

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 28, 2010

Via Personal Service

Sam Kazran
[redacted]
Jacksonville, FL 32225

Re: MUR 6054
Sam Kazran
11-2001 LLC d/b/a
Hyundai of North
Jacksonville

Dear Mr. Kazran:

On September 21, 2010, the Federal Election Commission found that there is probable cause to believe that you and 11-2001 LLC d/b/a Hyundai of North Jacksonville ("HNJ"), violated 2 U.S.C. § 441f, and that HNJ violated 2 U.S.C. § 441a(a), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with contributions to Vern Buchanan for Congress that were reimbursed using HNJ funds.

The Commission has a duty to attempt to correct such violations for a period of at least 30 days and no more than 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement after 30 days, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter.

Sincerely,

Mark Allen
Assistant General Counsel

Enclosure

12044311175

EXHIBIT 8

From: kazran52 <[redacted]@aol.com>
To: john <[redacted]@buchananautogroup.com>
Subject: documetations for....to review
Date: Mon, Sep 8, 2008 6:38 pm
Attachments: scan0001[1]_(2).jpg (865K), scan0002[1]_(2).jpg (585K), scan0003[1]_(2).jpg (599K), scan0004[1]_(2).jpg (767K), check_copies-vern128[1].pdf (178K)

---

this this is the 1st set of checks, there are more to follow, It gives me great regret to have done this for Vern when he doesn't even hesitates for a second to sue me and my wife over 20k.. Maybe he can consider taking part of this 80k+ as one month of payment so my wife doesn't cry out of fear of loosing our home. I thank Vern for giving me permission to set aside my moral character...
1. 1.3million of loan on Hyundai that was never disclosed nor mentioned in agreement
2.purposly deceiving lender by injecting cash and taking it right back to qualify for a loan, "fraud"
3.borrowing money as capital contribution when that's a direct lender violation
4. 1.4 million in gwinette in outstanding bills plus 1.6million in lease payments
5. a total of 2.2million of capital required by Vern as per our agreement and manufacture requirement
6. a total of 15million in damages caused by lack of capital in companies that Vern contributed
7. major reason for the loss of 423 employees and their families because I made a bad decisions and believed Vern at his word.....
8. I am sure the other 5 partners can add on to this list....

lets dissolve our partnership and remain friends.....if Vern wants to take Kia stores it will be 1.5million..
what's not optional is gwinette.... based on my agreement the best way to resolve this is to go back to what we agreed..he is owed 10k per month as a partner, all other money needs to be paid back to me..once that is done we both can work together and dissolve the company as partners..... other option is wait until tomorrow to find out if

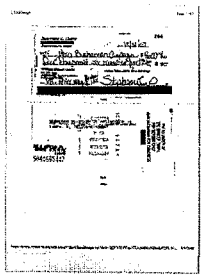
-----Original Message-----
From: [redacted]@aol.com
To: [redacted]@aol.com
Sent: Mon, 8 Sep 2008 4:18 pm
Subject: check copies

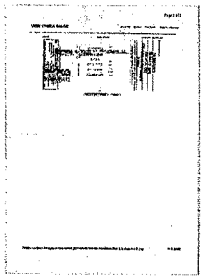
These are the copies that I have. Let me know if you need anything else.

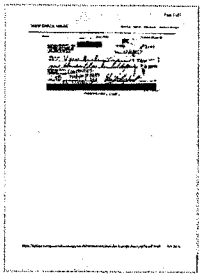
Thank you!

Stephanie Looking for spoilers and reviews on the new TV season? Get AOL's ultimate guide to fall TV.

4 Attached Images







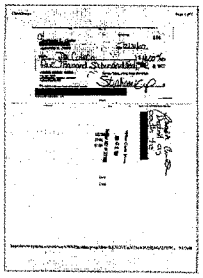


EXHIBIT 9

FEDERAL ELECTION COMMISSION
Washington, DC 20463

December 20, 2011

VIA ELECTRONIC MAIL
AND FIRST CLASS MAIL

William J. McGinley, Esq.
Patton Boggs LLP
2550 M Street, N.W.
Washington, DC 20037
[redacted]@PattonBoggs.com

12044311545

RE: MUR 6054
Vern Buchanan for Congress and
Joseph Gruters, in his official
capacity as Treasurer

Dear Mr. McGinley:

On February 7, 2011, you were notified that the Federal Election Commission determined on February 1, 2011, to take no further action and close the file as to your clients, Vern Buchanan for Congress and Joseph Gruters, in his official capacity as Treasurer. This letter is to advise you that the file in this matter has been closed and this matter is now public. Documents related to this matter will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009).

Enclosed is a copy of MUR 6054 General Counsel's Report #9 in which the Office of the General Counsel recommended that the Commission take no further action as to Vern Buchanan for Congress and Joseph Gruters, in his official capacity as Treasurer, the recommendation approved by the Commission on February 1, 2011.

If you have any questions, please contact Michael Columbo at (202) 694-[redacted].

Sincerely,

Michael A. Columbo
Attorney

Enclosure

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 6054
Vernon G. Buchanan	)	
	)	
Vern Buchanan for Congress and Joseph R. Gruters, in his official capacity as treasurer	)	

GENERAL COUNSEL'S REPORT #9

I. RECOMMENDATION

Take no further action as to Representative Vernon G. Buchanan, Vern Buchanan for Congress and Joseph Gruters, in his official capacity as treasurer, and close the file as to these respondents.

II. INTRODUCTION

This matter concerns $67,900 of campaign contributions received by Vern Buchanan for Congress ("VBFC" or "Committee"), during the 2006 and 2008 election cycles that were reimbursed with the funds of Hyundai of North Jacksonville ("HNJ"), a car dealership in which Representative Vernon G. Buchanan ("Buchanan") held a majority ownership interest. On March 17, 2010, the Commission found reason to believe that Rep. Vernon G. Buchanan, Vern Buchanan for Congress, and Joseph Gruters, in his official capacity as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(f) and conducted an investigation. On September 21, 2010, the Commission determined to enter into pre-probable cause conciliation with Respondents, who rejected conciliation shortly thereafter. After we served the General Counsel's Brief, Respondents served their brief, which substantively responded to the allegations in this matter for the first time. On December 9, 2010, the Commission held a probable cause hearing.

This case turns on whether Buchanan directed his minority business partner Sam Kazran ("Kazran") to reimburse contributions at HNJ in 2005, 2006, and 2007. Kazran testified that he did, and Buchanan testified that he did not. We have reviewed the entire record, including Respondents' evidence and arguments regarding the credibility of witnesses and exculpatory information.

Since we served the General Counsel's brief, we learned of evidence that bears directly on Kazran's credibility. This new information raises significant concerns regarding the credibility of Kazran, the principal witness in this case, and there is no testimonial or documentary evidence that sufficiently corroborates his testimony that Buchanan directed Kazran to reimburse contributions of HNJ employees, a claim that Buchanan denies. Other witnesses gave statements that are in some ways consistent with Kazran's testimony, but these witnesses either did not testify that they heard Buchanan instruct Kazran to reimburse contributions, or their testimony did not align with Kazran's as to Buchanan's alleged direction to reimburse contributions. Given the concerns about Kazran's credibility and other gaps in the evidentiary record, the lack of direct support is significant. Further, the circumstantial evidence does not sufficiently corroborate Kazran's testimony to overcome our current concerns with his credibility because in many cases, this evidence supports Buchanan's claims or is ambiguous.

Accordingly, we recommend that the Commission to take no further action as to Buchanan and VBFC.

III. NEW INFORMATION REGARDING KAZRAN'S CREDIBILITY

After we filed the General Counsel's brief, Respondents provided a copy of an order finding Kazran in contempt of court. This order, coupled with Kazran's actions at about the

same time we filed the General Counsel's brief, influences our reasoning and recommendation in this case.

Respondents attach to their reply brief a 2008 order from a civil case in Georgia finding Kazran in contempt and ordering him jailed, and a 2010 motion seeking sanctions in the same case against Kazran's companies. Reply Brief, Exhs. 6, 8. Respondents' claim that "Kazran's lack of credibility should be evident to OGC given his deceit during a recent bankruptcy proceeding in Georgia state court, a case likely familiar to OGC as a result of its two-year investigation." Reply Brief at 6.

The contempt order in question was issued by a Georgia trial court in November 2008 in a civil suit between Bank of America and three car dealerships owned by Kazran. *See* Reply Brief, Exh. 5, 6. It appears that the court found Kazran in contempt because he transferred $137,843.00 in violation of an order appointing a receiver. *Id.* We agree with Respondents that a court's contempt order for transferring funds in violation of an order of receivership is a serious matter because it relates to Kazran's honesty and respect for the law.[1]

Respondents assert that Kazran's credibility is also undermined because in mid-to-late October 2010, he allegedly threatened to publicize the Commission's investigation of Buchanan by filing a lawsuit seeking Buchanan's payment of Kazran's future negotiated civil penalty with the Commission and repayment of the reimbursements to HNJ. Reply Brief at 5, Exh. 1, 4. We agree with Respondents that Kazran's actions were ill-advised and raise credibility concerns,

---

[1] Respondents also fault OGC for not discovering this information. Hearing Transcript at 16. As to this claim, Buchanan's counsel informed us in September 2010 that Kazran had been in jail in Georgia. We asked Respondents' counsel for more specifics about Kazran's jailing, and counsel for Buchanan said he would produce them at the appropriate time. We immediately conducted criminal background searches in both Georgia and Florida, and those searches produced no evidence of convictions. Respondents revealed the information in early November when they served their reply brief. We do not know why counsel did not reveal it sooner.

especially as Kazran's actions occurred in the two weeks before the 2010 elections. We note that once the election was over, Kazran did not follow through with his promise to file the lawsuit, which may suggest that his promise was tied to the election.

In fairness to Kazran, his October 2010 correspondence essentially repeats the claims he has made all along: Buchanan should repay HNJ and him for the amounts related to Buchanan's instruction that HNJ reimburse contributions to his political committee. Further, a close reading of the documentation Kazran sent indicates that Kazran's actions would reveal the investigation of his own actions, not Buchanan's. Moreover, although the timing of Kazran's actions makes it appear that they were tied to the upcoming election, the timing of Kazran's letter was also related to the timing of the Commission's September 28, 2010, notification to Kazran that it had found probable cause and was seeking conciliation. The September 28, 2010, notification letter also stated that the Commission might institute a civil suit against Kazran if an agreement was not reached within 30 days.

We also note that at the probable cause hearing, Respondents asserted that "Kazran implied in a letter that he was working with OGC to negotiate a civil penalty for Congressman Buchanan to pay on behalf of Kazran." Hearing Tr. at 17. In fact, the Commission found probable cause that Kazran and HNJ violated the Act, and, as required by the Act, OGC engaged in post-probable cause conciliation on behalf of the Commission. The negotiation, which was unsuccessful, was over Kazran and HNJ's civil penalty, not Buchanan's.

Given the new information relating to Kazran's credibility, we believe that his testimony regarding Buchanan's instruction to reimburse contributions at HNJ needs strong corroboration to be considered sufficient enough to say that it is more likely than not that his version of the facts is true. As explained in this report, the record does not contain such corroboration.

IV. KAZRAN'S TESTIMONY AS TO DISCUSSIONS DURING WHICH BUCHANAN INSTRUCTED HIM TO REIMBURSE CONTRIBUTIONS AT HNJ IS NOT SUFFICIENTLY CORROBORATED BY WITNESSES TO THESE DISCUSSIONS

Kazran testified that Buchanan, his majority partner in the HNJ car dealership, directed him on a number of occasions from 2005 to 2007 to solicit employees at HNJ to make contributions to VBFC and then to reimburse those employees with funds from HNJ. Kazran Depo at 13-14, 20-22, 32, 34-37, 53-54, 70-72. Buchanan denies that he ever suggested that Kazran should reimburse employee contributions to his campaign. Buchanan Depo at 93, 98-99.

We analyzed Kazran's testimony regarding Buchanan's directions to reimburse contributions of HNJ employees and compared it to the sworn statements of those who witnessed these conversations to see if Kazran's claims were more likely than not true. That analysis shows that Kazran's testimony lacks sufficient corroboration.

A. The 2005 Instructions to Reimburse Contributions

In his deposition, Kazran described the first time Buchanan allegedly told him to reimburse contributions.

> Q. The Federal Election Commission records show that on or about November 2005 some of the employees at the North Jacksonville Hyundai made contributions to Mr. Buchanan's campaign for Congress. The records show that Gail Lephart, Ernest Lephart, Gary Smith and Diana Smith contributed a total of $16,800 to Mr. Buchanan's campaign for Congress. Did you ask any of these individuals to make a contribution to Mr. Buchanan's campaign?
>
> A. Yes, I did.
>
> Q. Why did do you that? [sic (transcript)]
>
> A. I instructed them to write a check and reimburse themselves for -- because Mr. Buchanan had asked me to get money. And he specifically told me get someone you trust and run it through the corporation.

> Q. Okay. And did you get someone that you trusted?
>
> A. Yes, Ms. Gail Lephart and D. Smith, he's no longer with us, they were the office managers. Ms. Gail Lephart was our comptroller that I had known and had a good relationship with. And she was going to cut the check. She's the person that cuts the check. And the first time that -- and I think she's contributed on multiple times, but the first time that I did, I told her that we'd be getting this money back from Mr. Buchanan. I said, I don't know when, he just asked me to do it.

Kazran Depo at 20-22. Kazran makes another reference to Lephart later in the deposition when we questioned him about a paragraph in an affidavit that Buchanan and John Tunah, the CEO of his companies, presented to him to sign in connection with a settlement of a business dispute between Buchanan and Kazran. *See* Section V.E., below. This paragraph states that before September 2008, neither he nor Buchanan knew of reimbursements at HNJ. Kazran stated:

> A. That is an absolute lie. Mr. Vern Buchanan -- well, let's put it this way. I'm surprised that they're putting that in there, because not only he's had personal talks with me, I've had -- Josh Farid has heard him, Gail Lephart on the phone has heard him....

Kazran Depo at 70. Buchanan denied that he ever suggested to Kazran that he reimburse these contributions. Buchanan Depo at 98-99.

To help resolve this factual dispute, we looked at sworn statements from witnesses who claimed they were present during 2005 conversations regarding reimbursing contributions at HNJ. First, Gayle Lephart averred that just before she made her contribution to VBFC on November 29, 2005, she heard Kazran talking on a cellphone to a person she assumed was Buchanan. *See* Lephart Affidavit. She heard Kazran say something like "Vern, I'll handle it now," and immediately after that, Kazran told her to write a personal check to VBFC in a specific amount and reimburse herself with HNJ funds, and then find other potential contributors at HNJ and reimburse them through HNJ's payroll account, which she did. *Id.* She also swore that Kazran directed her to send the contributions to Diane Mitchell at VBFC. *Id.* Diane

Mitchell is an assistant to John Tosch who, according to Buchanan, may have done some volunteer work for VBFC. Buchanan Depo at 101-102.

However, Lephart does not swear that she heard Buchanan direct Kazran to reimburse contributions, indeed, she did not hear anything Buchanan said during the phone call in question. Further, Lephart did not corroborate Kazran's testimony that he told her that Buchanan would repay HNJ for the reimbursements. Lephart Aff. at 1.

Second, Joshua Farid, Kazran's business partner and brother-in-law, swore to overhearing a 2005 phone conversation during which Buchanan told Kazran that he needed to raise $50,000 for VBFC. *See* Farid Affidavit at ¶4. He also swore that he heard Kazran tell Buchanan that he had already contributed the maximum to Buchanan's campaign, to which Buchanan replied that Kazran should have HNJ employees contribute to the campaign and then reimburse them with HNJ funds. *Id.* Kazran did not mention this conversation in his deposition.

B. <u>The 2006 Instructions to Reimburse Contributions</u>

Kazran also testified to a 2006 conversation during which Buchanan suggested to him that he could reimburse contributions at HNJ to raise $25,080 or $50,000 for VBFC, and this suggestion was part of the negotiations regarding Kazran's purchase of Buchanan's interest in a dealership in Georgia called Gwinnett Place Dodge. Kazran Depo at 13-14, 32, 34-36. Buchanan denies that he ever suggested reimbursing contributions at HNJ, Buchanan Depo at 93, 98-99, and specifically denied that he discussed with Kazran the amount that Kazran would have to pay him for his share of Gwinnett Place Dodge, and denied asking Kazran to raise funds in connection with that transaction. *Id.* at 104-106.

Kazran testified that Buchanan, Farid, and he were walking in a hallway when Kazran offered to buy Buchanan's interest in that dealership. Kazran Depo at 32, 34-35. Buchanan had

asked Kazran for $300,000 or $400,000 for his interest, but Kazran did not have that much money. *Id.* at 35. Kazran wanted to pay a smaller amount, and he wanted to pay Buchanan over time. *Id.* He further testified that Buchanan agreed to payments over time if Kazran would agree to raise "25- or $50,000" for VBFC. *Id.* at 35-36. When Kazran said he did not have that much money, Buchanan told him to "get someone you trust and run it through the corporation." *Id.* at 36. He also claims that Farid was present during the conversation. *Id.* at 32, 72.

Farid, however, does not swear that he heard Buchanan tell Kazran to reimburse VBFC contributions with HNJ funds during this conversation. He swears that (1) he heard Buchanan tell Kazran that he "would have to get more funds for Buchanan's campaign," and (2) it was his understanding "based on subsequent conversations [Farid] had with Mr. Kazran" that Buchanan wanted Kazran to solicit contributions from HNJ employees and then reimburse them with HNJ funds. Farid Aff. at ¶5. So, while Farid's affidavit provides evidence that is consistent with some details to which Kazran also testified, it lacks first-hand testimony on the most important point: whether Buchanan told Kazran to reimburse contributions at HNJ in 2006.

C. The 2007 Instructions to Reimburse Contributions

There is corroboration of Kazran reimbursing contributions at HNJ in 2007, but not of the allegation that Buchanan directed them. Kazran's testimony as to such reimbursements was:

> But on the second time, in fact, she [Lephart] was at the office when I was talking to Mr. Buchanan. And at the time in 2007, or 2008, was the second one, the company was not doing very good, so—and she was not very happy about us writing those large amounts of checks.

Kazran Depo at 22. He also testified:

> And that -- and the second time that he was running, we were in the process of buying the Kia dealership. But, you know, I was a pretty good partner, if you will, with Mr. Buchanan, so he always -- he always said, I'm counting on you now. You're the only one that can raise this kind of money. Make sure you get it. Make sure you get it.

> There would be times that Mr. Buchanan would call me in a week's time several times. I mean, very aggressively too. I mean, I remember having two, three phone calls in a two, three-day period.
>
> Now, if you guys go and check the close of reporting, that quarterly reporting, you'll see that, you know, at the beginning you get a small amount, but then towards the end of it he would always expect us to do more.

Kazran Depo at 53-54. Kazran further testified:

> Q.: Mr. Kazran, going back to the previous testimony that you've made today, isn't it true that you were initially approached by Mr. Buchanan who instructed you –
>
> A.: Every time.
>
> Q.: -- to reimburse your employees with the company money and contribute to his campaign?
>
> A.: Right. He said get somebody you trust, run it through the corporation. And Josh Farid was present there.

Id. at 72. Again, Buchman denies that he ever discussed reimbursing contributions at HNJ. Buchanan Depo at 93, 98-99.

Lephart's affidavit also describes reimbursements at HNJ "sometime in 2007." She swore that Kazran approached her and told her that HNJ employees needed to contribute to VBFC and be reimbursed with HNJ funds. She claimed she told Kazran she was upset that company money was going to be used to reimburse contributions, but Kazran responded only with a shrug. *See* Lephart Affidavit.

What is missing from both Kazran's testimony and Lephart's statement is specific, direct evidence that Buchanan told Kazran to reimburse contributions in 2007. Kazran testifies only that Buchanan told him to get more contributions, and he was aggressive about it. Kazran Depo at 53-54. He obliquely indicated that these contributions were also accomplished through a trusted person, Lephart. *Id.* at 22. Lephart testifies only that Kazran told her to reimburse more

contributions at HNJ, she told Kazran she was upset about it, and Kazran only shrugged. Kazran also testified ambiguously about how Buchanan instructed him to reimburse contributions "every time," but he seems to be referring to times when Farid was present, and Farid was not present during the 2007 conversation he had with Buchanan. Kazran Depo at 72. As there is insufficient direct evidence that Buchanan directed Kazran to reimburse contributions at HNJ, we next considered the circumstantial evidence.

V. SOME OF THE CIRCUMSTANTIAL EVIDENCE IS CONSISTENT WITH KAZRAN'S VERSION OF EVENTS, BUT OTHER EVIDENCE IS CONSISTENT WITH THE DENIALS OF BUCHANAN AND HIS ASSOCIATES

As described more fully in the General Counsel's Brief, there was a series of events from 2005 to 2008 that relates to Kazran's allegation that Buchanan directed him and other partners in his businesses to reimburse contributions. The circumstantial evidence does not sufficiently corroborate Kazran's testimony to overcome our recent concerns with his credibility because in many cases, the evidence is consistent with the denials of Buchanan and his associates.

A. Testimony That Shortly After Buchanan Announced his Candidacy in 2005, One of his Associates Suggested that Employee Contributions Could be Reimbursed

Buchanan announced to his partners at a meeting in late summer 2005 that he was running for Congress. Buchanan partner Steve Silverio testified to a conversation that happened during a lunch in August or September 2005 that followed that meeting. According to Silverio, Buchanan's COO Dennis Slater suggested that contributions to Buchanan's campaign could be reimbursed, and Buchanan's CEO John Tosch "just sat there." Silverio Depo at 46-47.

In response, Respondents cite Tosch's general denial of any knowledge that Buchanan or his agents suggested reimbursing contributions and Slater's testimony that he did not know about any contributions that had been reimbursed until he heard about them in the media. Reply Brief at 14-15; Tosch Depo at 36; Slater Depo at 68. Respondents also assert that Silverio testified

that Buchanan never alluded to reimbursing dealership employees, and Silverio was biased against Buchanan. *See* Reply Brief at 15, note 8; Hearing Tr. at 10. In addition, before the probable cause hearing, we identified and disclosed to the Respondents Silverio's prior statement, made during an informal interview before his deposition, that the Buchanan officer who authorized the reimbursements was either Tosch or Slater and that Buchanan was present when one of his top officers gave that instruction. Letter dated December 9, 2010. In contrast, during his deposition, Silverio testified that it was Slater who stated that partners could reimburse their employees through payroll, and Silverio did not place Buchanan at this discussion. *See* Silverio Depo at 46-47. Further, we disclosed to Respondents that Silverio stated during his interview that after the end of his partnership with Buchanan, he was at one time motivated to sue Buchanan or take their dispute to the media, but an attorney talked him out of it. Letter dated December 9, 2010.

We believe that Silverio's deposition testimony remains credible. First, Silverio testified in a way that eliminated Buchanan's involvement in this incident, which is inconsistent with a bias against Buchanan. Respondents' claim that that Silverio's initial desire to sue Buchanan or go to the media shows bias against Buchanan, but it is hard to understand how Silverio's ultimate refusal to do these things in the past shows that he must have been biased against Buchanan when he testified as to what Slater said and Tosch heard. Further, whether it was Tosch or Slater who authorized the partners to reimburse employee contributions, Silverio consistently claimed that a top Buchanan officer suggested that partners could reimburse employee contributions. Finally, both Slater and Tosch have reason to deny that the incident Silverio described happened.

Even so, this incident is of limited value in supporting Kazran's testimony about Buchanan. Silverio testified that Buchanan was not present during the conversation, and that he

never heard Buchanan suggest that partners could reimburse employee contributions. Silverio Depo at 61. In addition, no other Buchanan partner who we contacted stated that he heard Buchanan authorize reimbursed contributions.

B. Fundraising Pressure

As described more fully at pages 9-15 of the General Counsel's Brief, there was also testimony and documentary evidence that beginning in 2005, Buchanan and his associates pressured his minor partners to raise contributions, especially towards the end of quarterly reporting periods, that Buchanan's campaign tracked these contributions, and that Buchanan was more involved in these activities than he was willing to admit during his deposition. Respondents argue that all of this activity was normal and legal, and Buchanan's lack of recall about these events is understandable, given the passage of time. Reply Brief, 16-18, 22-24. We think the evidence here is ambiguous because it is consistent with both Kazran's contentions of a wider reimbursement scenario and Respondents' claim of normal campaign activity.

C. Employee Reimbursements at the Venice Nissan Dealership in 2005 and the SunCoast Ford Dealership in 2007

Last year, the Commission found probable cause to believe that contributions in September 2005 were reimbursed at Venice Nissan ("VN"), a Buchanan-controlled dealership, and the relevant respondents conciliated with the Commission. *See* General Counsel's Report #6 in this matter. There is, however, no information that Buchanan was personally involved with these reimbursements.

In 2007, another Buchanan dealership, SunCoast Ford, reimbursed $18,400 in contributions to VBFC made by its operating partner, Gary Scarbrough, and three employees. *See* GC's Brief at 15-16, Reply Brief at 20-21. Respondents' *sua sponte* submission in this matter did not mention these reimbursements. *See* Reply Brief, Exh. 9. Respondents do not

contest that SunCoast Ford reimbursed these contributions, that they learned of the reimbursements in 2007, or that they did not voluntarily disclose this fact to the Commission. Reply Brief at 20-21. Respondents rely upon Scarbrough's testimony that he did not recall ordering the reimbursements. *Id.* at 7. They also maintain that VBFC's refund of the reimbursed contributions was in line with Commission regulations and standard operating procedure for political campaigns. *Id.* at 21.

Regarding Scarbrough's claim he did not recall ordering the reimbursements, we note that Scarbrough responded that he either did "not recall" or did "not remember" over 100 times during his deposition, which lasted a little more than two hours. *See* Scarbrough Depo, *passim*. As discussed below, Scarbrough remembered more during his informal interview, so we do not consider his testimony particularly credible. In addition, after the SunCoast Ford reimbursements were revealed, neither Scarbrough nor any other SunCoast Ford employee was disciplined for using company funds to contribute to VBFC, Tosch Depo at 51, nor have Buchanan's businesses instituted new policies nor issued guidance to Buchanan's partners and employees about contributing to VBFC. Tosch Depo at 52.

Respondents' contention that VBFC complied with Commission regulations when it refunded the reimbursed SCF contributions is essentially true. Nonetheless, in response to a question at the hearing why VBFC only disclosed the HNJ reimbursed contributions in its *sua sponte* and not the SCF reimbursed contributions, counsel for VBFC responded that CREW had filed a complaint on August 19, 2008, alleging reimbursed contributions at VN, and it wanted the Commission to understand "all of the outstanding issues." Hearing Tr. at 31-33. Counsel also stated that the HNJ reimbursed contributions were more recent than the SCF reimbursed contributions and that HNJ was "a completely different fact pattern." *Id.* at 31-32. Counsel for

Buchanan noted that VN never admitted wrongdoing, and he distinguished SCF from HNJ by asserting that Scarbrough "believed he could engage in the activity that occurred there" and that it was a "mistake." *Id.* at 35-36. Ultimately, counsel's explanation appeared to be that, in contrast to the Buchanan subordinates involved in the VN and SCF contribution reimbursements, Kazran was the only Buchanan partner who admitted guilt. *Id.* at 36. We believe the *sua sponte's* exclusion of the SunCoast Ford reimbursements is in tension with counsel's claim at the hearing that the *sua sponte* was filed to help the Commission understand "all the outstanding issues."

Related to evidence of reimbursements at other Buchanan-owned dealerships is the testimony from Salvatore Rosa, a former financial officer for a Buchanan-owned company, that Buchanan had asked him in the early 2000's to help one of Buchanan's business partners receive a reimbursement for a political contribution using the funds of the company Buchanan owned with that partner. Rosa Depo at 20-21. According to Rosa, when he told Buchanan that doing so would be illegal, Buchanan told him to "finesse it" and ended the conversation. *Id.* at 21-22. Buchanan denies this event happened, and in their Reply Brief, Respondents provide reasons why they believe that Rosa is an unreliable witness. *See* Buchanan Depo at 73-74, Reply Brief at 12-14, and Section VI.B.3 below. In response to a question at the hearing, Buchanan's counsel stated that the phrase "finesse it" could be interpreted in different ways and that Buchanan might interpret such a statement differently than Rosa did. Hearing Tr. at 25-26. Respondents did not offer any examples of alternative interpretations.

The Commission found probable cause to believe that VN and a senior manager reimbursed employee contributions, and there is no dispute that SCF reimbursed employee contributions. These incidents are consistent with Kazran's testimony of a reimbursement

scenario at HNJ, another Buchanan-owned business. There is, however, no evidence directly linking Buchanan to these situations. Rosa's testimony, however, links Buchanan to such a scheme, although it is outside the statute of limitations. Even so, it is evidence that is consistent with Kazran's claim that Buchanan asked him to reimburse contributions at HNJ.

D. Kazran and Farid's 2008 Emails

In 2008, the business relationship between Buchanan and Kazran deteriorated as Kazran's dealerships began experiencing financial difficulty. As a result, Kazran and Farid sent a series of emails to Buchanan, his CEO John Tosch, and one of Buchanan's attorneys in late summer and early fall of 2008 seeking to resolve the business dispute, and in some cases, asking for Buchanan's help. Kazran also sent Tosch copies of the contribution checks of HNJ employees and the HNJ checks given to those employees to reimburse them for their contributions. *See* Tosch Depo Docs 000018-38.

The first Kazran email, dated August 26, 2008, and sent to Buchanan, mentioned Kazran's support of their partnership and stated "I am the only one in our group that has donated over 80k to [Buchanan's] campaign." Tosch Depo Docs 000058-59. It stated that Kazran and Buchanan appeared to be at the end of their partnership, but Kazran hoped for an "amicable, clean and speedy exit strategy." *Id.* at 000058.

The next day, Farid sent an email to Tosch in which he expressed frustration with Buchanan because Buchanan was seeking to sue Kazran after "this dealership" [HNJ] had supported his campaign "to a tune of $80K" at Buchanan's request. Farid Aff. at Exh. 1. He also expressed frustration with Kazran. *Id.* In his affidavit, Farid explained that he sent this email, in part, because he felt that Buchanan was taking advantage of Kazran by expecting him to use dealership funds to reimburse employee contributions to VBFC. Farid Aff. at 1-2.

On September 8, 2008, Kazran sent an email to Tosch either just before or just after receiving a demand letter for $2.5 million from Buchanan. In the email, Kazran stated:

> this is the 1st set of checks, there are more to follow, It gives me great regret to have done this for Vern when he doesn't even hesitates [*sic*] for a second to sue me and my wife over 20k . . Maybe he can consider taking part of this 80k+ as one month of payment so my wife doesn't cry out of fear of loosing [*sic*] our home. I thank Vern for giving me permission to set aside my moral character . . .

Tosch Depo Docs 000028. Tosch testified that Kazran sent this email and the checks to him the day or the day after Buchanan sent him the demand letter seeking $2.5 million on a loan Buchanan had made to Kazran. Tosch Depo at 92-96. According to Tosch, this email shows the amounts of dealership money that Kazran claimed he used to reimburse employee contributions at Buchanan's direction. *See* Tosch Depo at 71; *see also* Tosch Depo Docs 000028, 000049, 000056, and 000058-59.

On October 1, 2008, Kazran sent an email to Buchanan attorney Roger Gannam about terms on which Buchanan and Kazran might settle their business dispute. That email contained the following:

> Vern had mentioned he would want to reimburse the stores a bill that he and I spoke of, the total amount is $83500, He has copies of 52k, if he likes I can get the rest or he can verify through his record. This was at his request

Tosch Depo Docs 000049.

Finally, on October 5, 2008, Kazran sent an email to Tosch, which appears to reflect settlement discussions he was having directly with Buchanan. In that email, Kazran stated:

> Vern and I will talk about the last part without attornies[*sic*], I think I have a suggestion that will make him happy . . . He wants to cut a check for all the amount, I have about 70k tracked down the rest are credit cards, if he wants to verify, I have to call the campaign mgr to ask her for details, if you can have someone do that I would app[re]ciate it.

Tosch Depo Docs 000056.

Respondents maintain that Kazran's 2008 emails were both (a) about the reimbursements for which Kazran did not want to take responsibility, Reply Brief at 19, and (b) not about reimbursements but, as Tosch testified, about attorney's fees. Reply Brief at 9-10. Respondents do not clearly explain this difference. In support of their claim that the "52k" Kazran referred to in his October 1, 2008, email was a reference to Kazran's attorney's fees, Respondents rely on Tosch's deposition testimony. Reply Brief at 9-10; Tosch Depo at 92-96. Kazran recently confirmed in a letter that he and Buchanan were indeed discussing Buchanan possibly paying Kazran's attorney's fees of $50,000. Reply Brief, Exh. 1.

Although the emails contained discussions about attorney's fees, they also appear to discuss Kazran's reimbursement of contributions at HNJ and his discussions with Buchanan about repaying those funds. What is not clear is whether these emails closely support Kazran's claim that Buchanan told him to reimburse these contributions with HNJ funds, or that Buchanan agreed to repay these amounts. The language in the emails is vague on these points, and none of them state that Buchanan was aware that Kazran was reimbursing contributions or that Buchanan ordered him to do so.

E. The Affidavit that Buchanan's Attorneys Asked Kazran to Sign

Another piece of circumstantial evidence in this matter is that on October 2, 2008, Buchanan and Tosch made an offer to Kazran to settle their dispute that required him to sign an affidavit regarding the reimbursement of contributions at HNJ. This affidavit stated, among other things, that neither Buchanan nor Kazran knew anything about the reimbursed contributions. This affidavit was attached to a settlement proposal Buchanan's counsel drafted, which Buchanan and Tosch signed. Kazran Depo at 56, Exhs. 2 and 3. Kazran testified that the

affidavit was false, and that Buchanan made its execution a condition of that October 2, 2008, offer to settle their differences. Kazran Depo at 63, 70-72. He stated that Buchanan told him "if I did not sign the affidavit, to blame everything on me, then there would be no agreement and contract to purchase out the dealership and give me back the money." *Id.* at 63. This affidavit is potentially significant because it could demonstrate that Buchanan was attempting to conceal his involvement in the reimbursement scheme.

Respondents claim that the affidavit is "entirely true." Reply Brief at 20; *see also* Probable Cause Hearing Transcript at 37. Contrary to Respondents' claims, the affidavit is not "entirely true." Paragraph 5 of the affidavit states that before September 2008, Kazran had no information that HNJ had reimbursed individuals for contributions made to VBFC. This provision contradicts one of Respondents' key claims in the case--that Kazran alone directed the reimbursements at HNJ during the '06 and '08 cycles. See Hearing Tr. at 7-8. It also contradicts Kazran's undisputed testimony that he reimbursed contributions at HNJ in 2005, 2006, and 2007. *See* Section IV, above. Further, at the time the affidavit was drafted, Kazran had already sent the reimbursement checks to Tosch, who discussed Kazran's allegations with Buchanan's attorneys. Tosch Depo at 71-72 (noting that Kazran discussed the reimbursements during a call that took place the day of, or the day before, Kazran sent the checks to Tosch by email); Tosch Depo Docs 000028 (September 8, 2008, email from Kazran to Tosch containing HNJ reimbursement checks and the contribution checks that were reimbursed). Finally, Buchanan and Tosch gave different reasons why the affidavit was necessary. Buchanan claimed that the affidavit was needed because Tosch told him that Kazran was trying to leverage more money in the financial dispute, but Tosch claimed that the affidavit was needed based on a conversation Buchanan had with

Kazran on October 1, 2008. *See* Buchanan Depo at 165-68; Tosch Depo at 111. Tosch testified that he was unaware of the subject of the conversation. Tosch Depo at 111-12.

Buchanan testified to having almost nothing to do with the affidavit and remembering little about it. Buchanan Depo at 164, 166-67, 173. He claimed he did not remember signing the settlement proposal to which the affidavit was attached, that it was not his idea to have Kazran sign the affidavit, that he did not know who prepared the affidavit, that he had no part in drafting it, that he had never seen it before his deposition, and that he never discussed it with Tosch. *Id.* at 164, 166-67. He denied knowing if Kazran ever signed the affidavit. *Id.* at 173. Respondents assert that Buchanan was understandably unable "to remember the precise details of a document he had never seen[.]" Reply Brief at 20.

Buchanan's lack of recall about the affidavit, or the events surrounding it, does not seem credible. It is improbable that Buchanan's attorneys drafted the affidavit and presented it to Kazran without Buchanan's involvement considering that (1) the affidavit did not concern the subject of the commercial negotiations, but rather Buchanan's knowledge of reimbursed contributions to VBFC, and (2) it was presented to a former Buchanan partner who, according to Respondents, was threatening to go to Buchanan's political opponent or the Commission before the 2008 election with his allegation that Buchanan ordered him to reimburse contributions.

To some extent, the affidavit contradicts the testimony of both Kazran and Buchanan. Respondents claim that affidavit is true, but it is not. Kazran claims that the affidavit "blame[s] everything on me," but it does not. Kazran Depo at 63. Thus, it does not provide strong corroboration for either.

F. The Testimony of Buchanan and his Associates on Background Issues

On a number of background issues, the testimony of Buchanan and his associates is not particularly credible. Although these inconsistencies diminish the credibility of Buchanan and his associates, they do not necessarily corroborate Kazran's testimony.

In their Reply Brief, Respondents claim that there is "unassailable, independent proof that Congressman Buchanan actively instructed against reimbursement of contributions," Reply Brief at 11, even though there is little corroborative evidence and more contrary evidence. During his deposition, Buchanan asserted that he made it clear to Kazran and others that they could not reimburse contributions, and that VBFC sent a letter to partners informing them that they could not reimburse contributions. Buchanan Depo at 34, 58-59, 93-94. Buchanan's testimony is at odds with the testimony of Kazran and Silverio, *see* Kazran Depo at 87-88 (testimony that he was unaware that reimbursing contributions was illegal), Silverio Depo at 46-47 (claiming that Buchanan's COO Dennis Slater told him in 2005 that he could reimburse contributions and that Silverio did not know the rules or the laws of campaign finance). Buchanan's testimony is also internally inconsistent, contradicted by a statement in an interview of the former VBFC treasurer Nancy Watkins that she was unaware of any documents prepared for Buchanan's business partners regarding campaign finance law, and not supported by the documents actually produced by VBFC.

Similarly, Buchanan testified that he could not remember "one way or the other" whether he ever asked Kazran to fundraise for VBFC for the '06 election. Buchanan Depo at 89. There is evidence that Buchanan did ask, and it raises legitimate questions as to Buchanan's credibility that he could not admit this innocuous fact. *See* Gruters Depo

at 38-39 (testifying that Buchanan asked his partners for contributions during the 2006 election). Despite not remembering whether he asked Kazran to fundraise in 2006, Buchanan was certain that he told Kazran not to reimburse contributions. *See* Buchanan Depo at 93-94, 110. These two statements are largely inconsistent with each other, and are inconsistent with the other evidence.

Also, Silverio and Gruters testified that Buchanan discussed his campaign with his partners at the monthly partner meetings, which Buchanan regularly attended. Silverio Depo at 16-17, 27-28; Gruters Depo at 32, 50-51. Buchanan and his top deputies, Tosch and Slater, appeared to have contradicted one another as to whether Buchanan attended partner meetings during his campaign and whether his campaign was discussed at those meetings. *See* Buchanan Depo at 26, 51, 114; Tosch Depo at 28; Slater Depo at 47-57. However, Gruters' and Silverio's testimony were consistent with Kazran's account.

Buchanan testified that he did not report an individual partner's fundraising goal back to the campaign, the campaign did not track fundraising goals, and that he could not "imagine saying anything" to his campaign about what his partners agreed to raise. Buchanan Depo at 41, 56. Further, Buchanan testified, "I don't know what anybody has raised." *Id.* at 110. However, this testimony is contradicted by the testimony of Gruters and documents produced by VBFC. The campaign maintained lists showing the amounts that Buchanan's partners had committed to raise, or what they had raised so far, Gruters Depo at 42-43, 97, 109, and Buchanan himself would follow up with partners to see how they were progressing with their fundraising. *Id.* at 38-39, 42, 109-111. VBFC produced an email listing $58,300 in contributions from various individuals received by VBFC on

September 27, 2007, including $9,200 from Kazran and his wife. VBFC initially produced this email on June 25, 2010, but redacted the recipients' email addresses, including Buchanan's, as "non-responsive." VBFC 000361. After Buchanan's deposition, Respondents produced this document in unredacted form, revealing that the email was sent to Buchanan.

Faced with the inconsistencies between Buchanan's testimony and that of the other witnesses and records regarding these issues, Respondents contend that Buchanan's memory may have "imperfections" or contains "minor memory lapses" that pertain to events years before. Respondents also contend that these inconsistencies and lapses are not meaningful, and they relate to legal activity. Reply Brief at 16-18. We do not insist that any witness have perfect recall of past events to be considered credible, but we think that Buchanan's inability to remember basic facts as to these uncontroversial, routine issues detracts from his credibility. Nevertheless, these inconsistencies on background issues do not necessarily show that Buchanan directed Kazran to reimburse contributions.

VI. RESPONDENTS' ARGUMENTS ARE NOT FACTUALLY ACCURATE

While we do not, for the reasons stated above, recommend finding probable cause, we believe it is necessary to show that three arguments raised in the Reply Brief are factually incorrect. In their brief, Respondents contend that "three fatal flaws" prevent the Commission from finding probable cause in this matter: OGC (1) "relies exclusively on the testimony of *one* unreliable witness and his relative," (2) "conveniently omits exculpatory evidence that contradicts OGC's ultimate conclusion," and (3) "contorts commonplace, lawful fundraising practices into evidence of wrongdoing." Reply Brief at 1.

A. OGC Relies on More Than One Witness and his Relative

As discussed above, other witnesses, including Lephart, Rosa, and Silverio—none of whom are related to Kazran—gave testimony that was consistent with parts of Kazran's testimony. As discussed above, to some extent, Buchanan and his associates also corroborated aspects of Kazran's testimony.

Respondents assert that Farid is not credible because he is Kazran's brother-in-law and partner. Reply Brief at 6-7. The fact that Farid is Kazran's brother-in-law and business partner does not make Farid's sworn testimony inherently biased or unreliable, nor does it affect the extent to which the remainder of the evidence may support Kazran's (and Farid's) testimony. Also, Respondents rely significantly on an unsworn email from Buchanan's sister-in-law Yvonne Buchanan stating that "We've never reimbursed anyone." *See* Reply Brief at 15 and VGB 002. Further, her statement was inaccurate because by the time of her email, there was no dispute that VBFC knew that contributions at SunCoast Ford had been reimbursed by the dealership and subsequently refunded by VBFC at the direction of its treasurer. Accordingly, it is hard to see why Ms. Buchanan's email statement is significant.

Respondents also contend that Kazran has a substantial motive to fabricate his testimony to receive lenient treatment from the Commission, having admitted illegal activity. Reply Brief at 3-4. Kazran has not received lenient treatment from OGC, as we recommended that the Commission make knowing and willful findings against Kazran at the RTB and Probable Cause stages, and we recently recommended that the Commission sue Kazran, which it did. *See FEC* v. *Sam Kazran a/k/a Sam Khazrawan, et al.*, No. 3:10-cv-01155-UATC-JRK (M.D. Fla.) (complaint filed December 17, 2010). We note that Buchanan, a sitting Representative, also has a motivation to avoid a probable cause determination that he and his committee violated the Act.

Respondents also seek to undercut Kazran's testimony by citing allegations from Buchanan's lawsuit against Kazran and pending bankruptcy proceedings as truth, even though these matters are not final. Respondents allege that Kazran's credibility is diminished because he did not repay a loan from Buchanan to Kazran and that Kazran allegedly diverted funds intended for one dealership to support a different dealership and for other purposes. *See* Reply Brief at 5-6. Litigation between Buchanan and Kazran has been ongoing for over two years. The Commission is in no position to resolve the allegations in those matters, and for now, those allegations are just that: allegations.

B. Exculpatory Information Was Disclosed to Respondents

Respondents received exculpatory information, some in the GC's Brief, some in the depositions, and some shortly before the December 9, 2010, probable cause hearing.

1. The HNJ Response Document

As evidence that Buchanan was not involved with the HNJ reimbursements, Respondents relied significantly on a statement in an unsworn document Kazran submitted to OGC styled as the HNJ Response to the Commission's Subpoena ("HNJ Response"). In Kazran's answer to subpoena question 27, Kazran omits Buchanan's name from a list of HNJ partners, officers, and managers whom he claimed knew about the reimbursed contributions. Hearing Tr. at 9-10, 37; HNJ Response at 5. Kazran submitted this document on October 2, 2009, which was after he stated during interviews on July 15 and 16, 2009, that Buchanan instructed him to reimburse contributions and before he testified under oath during a deposition on November 6, 2009, that Buchanan instructed him to reimburse contributions. Kazran Depo at 13, 21, 37, 72.

We understand why Respondents might think this unsworn document[2] is significant because they may be unaware that we interviewed Kazran before he submitted that statement, and in that prior interview, he claimed that Buchanan directed the reimbursements at HNJ. Further, it is likely Kazran understood the relevant question as referring only to current HNJ partners, not a past partner such as Buchanan. Accordingly, this document is not significant.

As a final note, Respondents assert that we provided this document two days before the hearing, and they are correct. However, it was an oversight, we provided the document immediately when it was called to our attention, and the Respondents' prominent use of the document suggests that they suffered little harm.

2. Information in the GC's Brief and Contentions Made in the Reply Brief

Respondents contend that OGC omitted significant exculpatory evidence from its Brief. *See* Reply Brief at 12. Respondents contend that Salvatore Rosa's testimony that Buchanan directed him to reimburse a business partner's contribution in the early 2000's is not credible and that Rosa has not worked for Rep. Buchanan for eight years. Reply Brief at 12-14. However, OGC clearly identified the time period in which Rosa warned Rep. Buchanan that reimbursing dealership employees was illegal, and did not imply that Rosa knew anything about the current allegations. Moreover, the statute of limitations has nothing to do with when Buchanan knew reimbursing contributions was illegal, and that knowledge is relevant to the analysis of whether his alleged violations were knowing and willful.

Respondents also contend that Slater, Buchanan's former COO, provided "significant exculpatory testimony." Reply Brief at 15-16. Respondents' characterization suggests that they view as exculpatory any person's testimony – here, Slater's – that their own contributions to

[2] Counsel for Buchanan inaccurately referred to the HNJ Response as a sworn statement. Hearing Tr. at 37.

VBFC were not reimbursed or that Buchanan never told them to reimburse contributions, *see* Hearing Tr. at 10-11, even if their contributions are not at issue in this case. Respondents even asserted that Dennis Slater's opinion that "the reimbursement allegations smell like retribution rather than fact" is exculpatory evidence, which it is not. Hearing Tr. at 11. In any event, Slater was represented by Buchanan's attorney for his dealerships during his deposition and a full transcript of his deposition testimony was provided to Respondents at the time we provided Respondents with OGC's brief.

3. Information Provided to Respondents Prior to the Probable Cause Hearing

Just before the probable cause hearing, we provided to Respondents three pieces of information obtained during informal interviews. Letter dated December 9, 2010. We have already discussed one of these pieces, which relates to a difference between Silverio's interview and deposition testimony. *See* Section V.A., above. While there may be differences of opinion as to whether all the material in the letter is exculpatory, we do not think that the information is particularly significant and, as already noted, Respondents used the information at the hearing.

Another piece of information was a statement from Rosa's interview that he did not trust Kazran. However, Respondents argue for three pages that Rosa himself should not be believed, *see* Reply Brief at 12-14. We do not think that Rosa's general impression of Sam Kazran is particularly probative.

Finally, the information provided from Joseph Scarbrough's interview regarding the circumstances of his being reimbursed by SunCoast Ford for his contribution to VBFC was actually inculpatory, not exculpatory, because it impeached his testimony (he appeared to remember more during his interview than at his deposition), and Respondents relied on Scarbrough's testimony.

C. **Lawful Fundraising Practices Are Not Cited as Evidence of Wrongdoing but Rather Provide Relevant Context**

Respondents correctly point out that the following actions are legal: soliciting business partners for contributions, seeking contribution "bundlers," tracking contributors, focusing on quarterly reporting, and choosing to raise funds from individuals instead of self-funding. *See* Reply Brief at 22-24. OGC did not allege that any of these practices constituted violations of the Act; rather, they provide relevant background, context, and corroborating details for Kazran's testimony, and provided examples of instances in which Buchanan's testimony did not appear to be accurate or consistent, even as to innocuous and routine activity.

VII. CONCLUSION

The evidence in this case comes close to supporting a finding that it is more likely than not that Respondents violated both §§ 441f and 441a(f). However, new information raises significant concerns regarding the credibility of Kazran, the principal witness in this case, and there is no testimony or documentary evidence sufficiently corroborating his testimony that Buchanan instructed him to reimburse employee contributions at HNJ, a claim that Buchanan directly denies. While there is some other evidence in the record that is consistent with Kazran's general allegations, other evidence supports Buchanan's denials or is ambiguous. Accordingly, we recommend that the Commission take no further action against these respondents.

VIII. RECOMMENDATIONS

1. Take no further action as to Representative Vernon G. Buchanan, Vern Buchanan for Congress and Joseph Gruters, in his official capacity as treasurer, and close the file as to these respondents.

2. Approve the appropriate letters.

1/25/11
Date

Christopher Hughey by Stephen Gura w/t/l permission
Christopher Hughey
Acting General Counsel

Stephen A. Gura
Deputy Associate General Counsel for Enforcement

Mark Allen
Assistant General Counsel

Jack Gould
Attorney

Michael A. Columbo
Attorney

EXHIBIT 10

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE:	Dennis Slater
REVIEW NO.:	11-7565
DATE:	October 25, 2011
LOCATION:	Lindell Investments Inc. 402 Knights Run Ave. Tampa, FL 33602
TIME:	10:40 a.m. to 11:40 a.m. (approximate)
PARTICIPANTS:	Paul J. Solis Kedric L. Payne

SUMMARY: Dennis Slater (the "witness") is the Vice President and Chief Financial Officer of Lindell Investments Inc. OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning, which will be placed in the case file in this review.
2. The witness is currently the Vice President and Chief Financial Officer of Lindell Investments. He has been employed with the company for approximately one year.
3. He was the Chief Operations Officer and Corporate Controller for the Buchanan Automotive Group ("BAG") from approximately 2003 to 2005. BAG consisted of approximately twelve automobile dealerships.
4. He left BAG when Representative Vern Buchanan began selling his dealerships during his first congressional campaign.
5. As COO and Controller, the witness was responsible for creating budgets and forecasts and interacting with the various dealerships. The Controllers for each dealership reported to the witness.
6. The witness reported to Representative Vern Buchanan and John Tosch, who was Vice President and Chief Executive Officer for BAG.
7. The witness first met Representative Buchanan when Carl Lindell introduced them to discuss a potential business relationship between Representative Buchanan and the witness.

8. The witness described the nature of his relationship with Representative Buchanan as a business relationship.

9. When the OCE asked when the witness most recently communicated with Representative Buchanan, the witness paused for an exceptionally long period of time. He then said that his most recent communication was eight or nine months ago. This communication occurred during an in-person meeting at the Sarasota Club.

10. During the meeting, the witness and Representative Buchanan discussed Sam Kazran. The witness told the OCE that he offered to talk with Mr. Kazran on behalf of Representative Buchanan to help resolve a "business dealing" between the two.

11. The witness has known Mr. Kazran since 2003 and would usually see him once per month when Mr. Kazran was an operating partner of one of the car dealerships.

12. The business dealing was related to a car dealership where Mr. Kazran defaulted on a loan. The witness told the OCE that Representative Buchanan had loaned Mr. Kazran a substantial amount of money and Mr. Kazran had diverted the funds and defaulted on the arrangement, yet Mr. Kazran wanted more money from Representative Buchanan. The witness stated that he discussed with Mr. Kazran the claims against Representative Buchanan and told Mr. Kazran to move on.

13. The witness stated that based on his understanding of the loan agreement, Representative Buchanan's description of the facts was correct and Mr. Kazran's description of the facts was a "figment of his imagination."

14. The witness also discussed with Mr. Kazran his lawsuits against Bank of America and offered "friendly advice" to him.

15. The witness described Mr. Kazran as a highly emotional person who "manufactures things in his mind." He stated that the automobile dealer business has a reputation for manipulation and that Mr. Kazran fit that perfectly.

16. The witness told the OCE that he first began acting as an intermediary between Mr. Kazran and Representative Buchanan about a year and half ago after he offered to help. He stated that Representative Buchanan had no "malicious intent" towards Mr. Kazran.

17. The witness told the OCE that Mr. Kazran is motivated by his need for $5 million to restart a dealership and that Mr. Kazran had asked the witness to reach out to others for the money. He needs this abnormal amount of money to start a dealership because "he had burned his bridges with everyone in the industry."

18. The witness stated that the last time he spoke to Mr. Kazran as eight to nine months ago. At that time, Representative Buchanan told the witness that he wasn't going to keep paying money to Mr. Kazran although he was willing to help him as a "humanitarian."

19. When asked why he made campaign contributions to Representative Buchanan in 2005, the witness told the OCE that he wanted to support Representative Buchanan and he was excited about him running for office.

20. The witness was not directed to attend fundraisers or to make contributions to Representative Buchanan's campaign while at BAG business meetings. Campaign contributions were not a topic at the meetings.

21. The witness stated that he attended eight to ten fundraisers for Representative Buchanan.

22. The witness told the OCE that he "absolutely" did not receive any reimbursements for any contributions that he made to Representative Buchanan's campaign nor was he told by Representative Buchanan that he would get his money back.

23. The witness told the OCE that he was familiar with Mr. Kazran's FEC deposition testimony, which states that Representative Buchanan asked the witness to contribute to his campaign and offered to reimburse the contribution. The witness stated that Mr. Kazran's statements in the deposition are false and that Representative Buchanan did not offer to reimburse him for a campaign contribution. The witness also stated that he did not solicit any contributions for Representative Buchanan's campaign.

24. The witness said he was not aware of anyone receiving reimbursements for campaign contributions and that he did not authorize anyone with the company to reimburse anyone for campaign contributions.

25. He stated that he did not discuss the deposition testimony with Mr. Kazran.

26. The witness did not have any ownership interest in any of the car dealerships affiliated with Representative Buchanan.

27. He stated that he was not asked by Representative Buchanan to submit any type of affidavit.

28. The witness told the OCE that Mr. Kazran has never substantiated his allegations. He knew all the individuals that were allegedly involved and if there were any financial misdealing, it would have been the witness' responsibility, and he has never been implicated.

This memorandum was prepared on November 29, 2011, based on the notes that the OCE staff prepared during the interview with the witness on October 25, 2011. I certify that this memorandum contains all pertinent matter discussed with the witness on October 25, 2011.

Kedric L. Payne
Deputy Chief Counsel

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