

**IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION**

FEDERAL ELECTION COMMISSION,)	
)	
Plaintiff,)	Case No. 2:15-cv-00439-DB
)	
v.)	
)	STIPULATION FOR ENTRY OF CONSENT JUDGMENT
JEREMY JOHNSON,)	
)	
Defendant.)	District Judge Dee Benson

**STIPULATION FOR ENTRY OF CONSENT JUDGMENT BETWEEN PLAINTIFF
FEDERAL ELECTION COMMISSION AND DEFENDANT JEREMY JOHNSON**

Plaintiff Federal Election Commission (“FEC” or “Commission”) and defendant Jeremy Johnson agree and stipulate as follows:

1. The Commission and Johnson consent to entry of the attached Consent Judgment Between Plaintiff Federal Election Commission and Defendant Jeremy Johnson (“Consent Judgment”).
2. The Commission makes the following allegations which, for purposes of this stipulation, Johnson has agreed not to contest.
3. In mid-2010, Johnson used the names of others to contribute approximately \$50,000 to Mike Lee, who was then a candidate in the 2010 Republican primary election for United States Senate in Utah, and who, after winning that election, became a candidate in the November 2010 general election for United States Senate in Utah. John Swallow solicited Johnson to reimburse contributions to the Lee campaign and promised Johnson that funding the contributions would help protect Johnson’s business interests from federal prosecution.
4. During the time relevant to this case, Johnson’s business interests included

companies that made tens of millions of dollars by processing financial transactions for online poker companies. Also during the time relevant to this case, Johnson was aware that the United States Attorney's Office in the Southern District of New York had been filing lawsuits to seize the assets of online-poker companies, including those like Johnson's companies that processed financial transactions relating to online poker games.

5. In January 2010, Lee entered the race for the Republican nomination for Senate in Utah. Swallow engaged in fundraising efforts for Lee's campaign and solicited Johnson to make a large contribution to the campaign. When Swallow asked Johnson to contribute to Lee's campaign, Johnson asked Swallow whether he could write a large check to the Lee campaign or if limits applicable to a previous campaign to which Johnson contributed applied. Swallow confirmed to Johnson that the same rules applied.

6. Swallow and Johnson discussed how contributing to Lee's campaign would help protect and advance Johnson's business interests. Swallow told Johnson: "I'm supporting you, and supporting your processing of poker . . . you don't have to worry about anything on the state level, but if the federal government comes after poker, you wanna head that off and this is how you do it." Swallow also told Johnson: "[W]e've gotta raise this money and we gotta make Mike Lee our guy. . . . [H]e's gonna be choosing the next U.S. Attorney and you gotta have him in your corner and you gotta have the U.S. Attorney in your corner, especially while you're processing poker in this district."

7. Johnson entered into arrangements or understandings with his straw donors that they would contribute funds to Lee's campaign and that Johnson would supply them with the funds for those contributions. Johnson would tell a potential straw donor: "Hey would you donate to Mike Lee? I'll get you the money."

8. Johnson's straw donors transmitted funds to Lee's campaign that collectively amounted to approximately \$50,000. Johnson supplied his straw donors with those funds by either advancing them the money for the contributions they would make to Lee's campaign or reimbursing them for the contributions they had already made to Lee's campaign.

9. Johnson made the contributions described in paragraphs 3 to 8 for the purpose of influencing the 2010 Republican primary election for United States Senate in Utah or the 2010 general election for United States Senate in Utah.

10. In 2010, Johnson used the names of others to contribute approximately \$20,000 to then-Majority Leader Harry Reid, who was a candidate in the June 2010 primary election for the Democratic nomination for United States Senate in Nevada, and who, after winning that election, became a candidate in the November 2010 general election for United States Senate in Nevada.

11. In 2010, Johnson discussed with individuals in the online-poker gaming industry, including Ray Bitar, a principal of an internet-poker company called Full Tilt Poker, using straw donors to contribute unlawful amounts to federal candidates, including Majority Leader Reid, in an attempt to protect or further their business interests. Full Tilt Poker became a defendant in a civil asset forfeiture case brought by the United States Attorney's Office in the Southern District of New York in 2011. *See United States v. Pokerstars, et al.*, No. 11-cv-2564 (S.D.N.Y.).

12. During the time relevant to this case, Johnson owned an internet-marketing company named I Works. In 2010, the Federal Trade Commission was investigating complaints that I Works charged customers without authorization and engaged in other fraudulent trade practices. In the latter half of 2010, Johnson unsuccessfully sought Majority Leader Reid's assistance in halting the Federal Trade Commission's investigation. In December 2010, the Federal Trade Commission filed suit against Johnson and some of his associates and businesses,

including I Works, in the United States District Court for the District of Nevada. *See FTC v. Johnson, et al.*, No. 2:10-cv-2203 (D. Nev.). Also as a result of I Works' allegedly unlawful business practices, Johnson was criminally indicted in June 2011 in the United States District Court for the District of Utah. *See United States v. Johnson et al.*, No. 2:11-cr-0501 (D. Utah).

13. Johnson entered into arrangements or understandings with his straw donors that they would contribute funds to Majority Leader Reid's campaign, and that Johnson would supply them with the funds for those contributions.

14. Johnson's straw donors transmitted funds to Majority Leader Reid's campaign that collectively amounted to approximately \$20,000. Johnson supplied his straw donors with those funds by either advancing them the money for the contributions they would make, or reimbursing them for the contributions they had already made, to the Reid campaign.

15. Johnson made the contributions described in paragraphs 10 to 14 for the purpose of influencing the 2010 Democratic primary election for United States Senate in Nevada or the 2010 general election for United States Senate in Nevada.

16. Johnson made the contributions described in paragraphs 3 to 14 voluntarily and with an awareness that they were unlawful.

17. The evidence that Johnson was aware that the contributions described above were unlawful includes conduct related to earlier violations. In 2009, John Swallow solicited Johnson to make a large contribution to the 2009 United States Senate campaign of Mark Shurtleff, who was then the Attorney General of Utah and a candidate in the June 2010 Republican primary election for United States Senate in Utah. Johnson offered to write a check for Shurtleff's campaign in an amount in excess of FECA's limits. Swallow told Johnson, however, about FECA's limit on the amount that any one person could legally contribute to a federal candidate.

Swallow and Johnson then discussed the possibility of illicitly contributing additional amounts to Shurtleff's campaign by giving the funds to straw donors and arranging for those straw donors to pass on the funds to the Shurtleff campaign. Johnson entered into arrangements or understandings with his straw donors that they would contribute funds totaling approximately \$100,000 to Shurtleff's campaign and that Johnson would supply them with the funds for those contributions. Johnson's violations in connection with Shurtleff's 2009 Senate campaign are beyond the five-year statute of limitations in 28 U.S.C. § 2462, but help demonstrate Johnson's state of mind related to later contributions in the name of another.

18. The straw donors for Johnson's unlawful contributions to the Lee, and Reid campaigns included Johnson's family members, employees, friends, and business associates.

19. In an attempt to conceal his illicit scheme, Johnson sometimes used cash to advance funds to his straw donors or to reimburse them for their donations to the candidates.

20. Also, Johnson and his straw donors at times used companies and accounts that they owned or effectively controlled to execute and attempt to conceal Johnson's illegal contributions.

21. For example, Johnson enlisted one of his business associates, Arvin Lee Black II, to act as a straw donor and to recruit other straw donors for Johnson's illicit contributions. On June 14, 2010, Triple 7, a company Johnson owned or effectively controlled, issued a check for \$14,400 to Sole Group LLC, a company owned or controlled by Black. The \$14,400 amount of that check was the exact amount needed to fund six contributions of \$2,400 each, which was FECA's applicable limit for contributions to federal candidates in the 2009-2010 election cycle.

22. The same day that Triple 7 issued its \$14,400 check to Sole Group LLC, Sole Group LLC issued six checks for \$2,400 each (totaling \$14,400) made payable sequentially to

Arvin Lee Black II, Atia Black, Matthew Black, Savannah Jones, Kyle Boyer, and Tiffany Boyer. Each of those six individuals attempted to make contributions in the amount of \$2,400 each to the Lee campaign in June 2010. Some of their checks bounced, but at least four of the contributions, for a total of \$9,600, were successfully made.

23. On June 21, 2010, Swallow informed Johnson about the four bounced contribution checks, and Johnson responded that he would “fix” the problem immediately. The following day, three of the four contributors whose contributions had bounced issued new contribution checks to the Lee campaign. One of the re-submitted checks also bounced.

24. Because the amount in violation is \$70,000 and in light of the nature of the violations involved here, the Federal Election Campaign Act permits the Commission to seek civil penalties up to \$840,000. *See* 52 U.S.C. § 30109(a)(6)(C). Considering a number of applicable factors, in ordinary circumstances a civil penalty of \$270,000 would be warranted based on the violations outlined herein.

25. In August 2016, the United States District Court for the District of Nevada entered a monetary judgment against Johnson, jointly and severally with other defendants, in the amount of \$280,911,870.36. Stipulated Order, *FTC v. Johnson*, 2:10-cv-2203-MMD-GWF (Docket No. 1941) (D. Nev. Aug. 26, 2016). Payment of that judgment was suspended in light of Johnson’s inability to pay. Johnson certifies that his ability to pay a legal judgment has not materially improved since the 2016 judgment.

26. In March 2016, Johnson was convicted of violating 18 U.S.C. § 1014 for having knowingly provided a material false statement to a bank for the purposes of influencing the bank’s action. Jury Verdict, *United States v. Johnson*, 2:11-cr-00501-DN-PMW (Docket No. 1399) (Mar. 25, 2016). Johnson was sentenced to an 87-month prison term for that conviction.

Amended Judgment, *United States v. Johnson*, 2:11-cr-00501-DN-PMW (Docket No. 1801) (Dec. 20, 2018), *aff'd*, 2020 WL 748843 (10th Cir. Feb. 14, 2020) (unpublished). Due to the ongoing coronavirus pandemic, Johnson was recently released to a halfway house.

27. The Internal Revenue Service has assessed millions of dollars in unpaid federal income taxes against Johnson. *See* Declaration of Brick Kane ¶ 8 and Exh. 1, *FTC v. Johnson*, 2:10-cv-2203-MMD-GWF (Docket No. 2057) (D. Nev. Sept. 19, 2019).

28. In recognition that Johnson owes the federal government millions of dollars in connection with other actions and is currently limited in his ability to earn a living, the Commission agrees to forego any civil monetary penalty. If Johnson's financial condition on the day he signs this stipulation was not as represented, a total civil penalty of \$270,000 will be immediately due.

29. Johnson shall also be subject to the declaratory and injunctive remedies described in the Consent Judgment. Johnson's previous violations in connection with Shurtleff's 2009 Senate campaign support the issuance of equitable relief here.

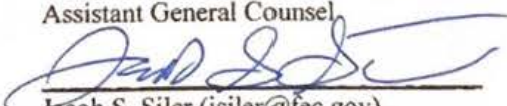
30. The Court should enter the Consent Judgment.

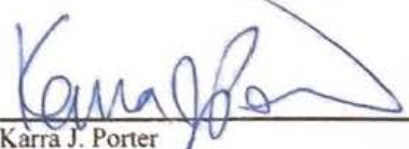
Respectfully submitted,

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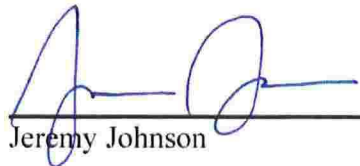
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July 2nd, 2020

I swear or affirm upon oath and under penalty of perjury that the foregoing Stipulation for Entry of Consent Judgment Between Plaintiff Federal Election Commission and Defendant Jeremy Johnson is true and correct.



Jeremy Johnson

Date: 7-2-2020

STATE OF UTAH

COUNTY OF WASHINGTON

Subscribed and sworn to or affirmed before me this 7 day of July, 20 20, by Mr. Jeremy Johnson, who is personally known to me or whose identity has been satisfactorily established.

[SEAL]



NOTARY PUBLIC

Name: Leslie M. Dean
My commission expires: 6-7-2024

