



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

2005 AUG 23 A 9 25  
August 22, 2005

**MEMORANDUM**

TO: The Commission

THROUGH: James A. Pehrkon  
Staff Director

FROM: Allan D. Silberman  
Director ADR Office

**SENSITIVE**

SUBJECT: **ADR 288** – Progressive Majority Committee and Thomas C. Matzzie, Treasurer  
Recommendation to Assign Case

On July 22, 2005 the ADR Office received from the Reports Analysis Division RAD 05L-40 to review and determine its appropriateness for ADR processing. Based on that review, we determined that the case, **ADR 288** is appropriate for ADR and recommend that it be assigned to the ADR Office.

RAD determined that the Progressive Majority Committee and Thomas C. Matzzie, Treasurer, (the "Respondents") filed an Amended 2004 30 Day Post-General Report on January 24, 2004 in order to disclose additional receipts totaling \$54,943.91 and additional disbursements totaling \$57,383.12. Respondents' original 2004 30 Day Post-General Report, filed on December 2, 2004, covering the period from October 14, 2004 through November 22, 2004, disclosed \$3,295.00 for Unitemized Contributions from Individuals/Persons other than Political Committees on Line 11(a)(ii), \$36,656.08 for Federal Share of Operating Expenditures on Line 21(a)(i), \$54,984.12 for Non-Federal Share of Operating Expenditures on Line 21(a)(ii), and \$250.00 for Contributions to Federal Candidates/Committees on Line 23. In addition, the Report did not disclose any entries for earmarked receipts on Schedule A (Itemized Receipts) or any entries for Schedule B (Itemized Disbursements).

Respondents' March 25, 2005 2004 30 Day Post-General Amended Report, filed, in response to a RFAI sent on February 23, 2005, disclosed \$3,788.91 contributions listed on Line 11(a)(ii), \$22,159.19 expenditures listed on Line 21(a)(i), \$74,184.98 expenditures listed on Line 21(a)(ii) and \$8,364.65 contributions listed on Line 23. In addition, the Report disclosed \$54,450.00 in earmarked receipts on Schedule A supporting Line 11(a)(i) and \$54,450.00 in earmarked disbursements on Schedule B supporting Line 23.

Respondents' response to a February 23, 2005 RFAI noted that the Committee "had reconciled the November 30 monthly bank statements and reviewed

26190264373

supporting invoice and noted that the Amended Reports e filed to disclose the Committee's financial activity on the correct Schedules.

Attached for the Commission's review is the *ADR Case Analysis Report* on **ADR 288** along with a copy of the EPS and ADR Rating Sheets. The *Case Analysis Report* includes an analysis of the case and a description of the issues that the ADR Office (ADRO) anticipates addressing if the case is assigned to ADR. In addition, the Report has been reviewed by OGC, which concurs in the description of the case. If the Commission concurs in the recommendation to assign the matter to ADRO, the above case description will be provided to Respondents as part of ADRO's notification package sent to Respondents.

**Recommendation:**

1. Assign **ADR 288/RAD 05L-40** to the ADR Office.

26190264374

## ADR CASE ANALYSIS REPORT

ADR Case: 288

Respondents: Progressive Majority  
Thomas C. Matzzie, Treasurer

RR: 05L-40

Respondents Rep: Thomas C. Matzzie

Date Forwarded to ADRO: 7-22-05

Committee Type: Non-connected

Date Reviewed by ADRO: 7-29-05

Committee Name: Progressive Majority

Election Cycle: 2004

District #/or State: N. A.

Election: N.A.

Complainant: RAD Referral

**Summary of Referral:** The Reports Analysis Division ("RAD") determined that the Progressive Majority Committee and Thomas C. Matzzie, Treasurer, (the "Respondents") filed an Amended 2004 30 Day Post-General Report on January 24, 2004 in order to disclose additional receipts totaling \$54,943.91 and additional disbursements totaling \$57,383.12.

Respondents original 2004 30 Day Post-General Report, filed on December 2, 2004, covering the period from October 14, 2004 through November 22, 2004, disclosed \$3,295.00 for Unitemized Contributions from Individuals/Persons other than Political Committees [Line 11(a)(ii)], \$36,656.08 for Federal Share of Operating Expenditures [Line 21(a)(i)], \$54,984.12 for Non-Federal Share of Operating Expenditures [Line 21(a)(ii)] and \$250.00 for Contributions to Federal Candidates/Committees [Line 23]. In addition, the Report did not disclose any entries for earmarked receipts on Schedule A (Itemized Receipts) which support Line 11(a)(i) or any entries for Schedule B (Itemized Disbursements) which support Line 23.

Respondents filed on January 24, 2005 its initial 2004 30 Day Post-General Amended Report covering the same period as previously noted. However, the data disclosed on that Amended Report was subsequently revised with the filing of another 2004 30 Day Post-General Amended Report on March 25, 2005. The latter Report was in response to a RFAI sent to Respondents on February 23, 2005 seeking clarification of data on disclosed on their January 24, 2005 Report.

Respondents March 25, 2005 2004 30 Day Post-General Amended Report disclosed \$3,788.91 contributions listed on Line 11(a)(ii), \$22,159.19 expenditures listed on Line 21(a)(i), \$74,184.98 expenditures listed on Line 21(a)(ii) and \$8,364.65 contributions listed on Line 23. In addition, the Report disclosed \$54,450.00 in earmarked receipts on Schedule A supporting Line 11(a)(i) and \$54,450.00 in earmarked disbursements on Schedule B supporting Line 23.

26190264375

**NOTE:** RAD advised that the Committee's original 2004 30 Day Post-General Report filed on December 2, 2004 disclosed \$10,236.00 on Line 21(b) (Other Federal Operating Expenditures). However, the Amended 2004 30 Day Post-General Report filed on January 24, 2005 disclosed \$350.00 on Line 21(b), which represents \$9,885.50 less than the amount stated on the original 2004 30 Day Post-General Report, therefore, reducing the total increase in disbursements to \$2,933.12 (excluding memo earmarked disbursements).

**Respondents' Reply:** Respondents' response to the February 23, 2005 RFAI noted that the Committee "had reconciled the November 30 monthly bank statements and reviewed cleared checks, supporting invoices and documentation and other transactions." Respondents further noted that the Amended Reports were filed to disclose the Committee's financial activity on the correct Schedules and to "ensure that all transactions that may be subject to the regulations are reported".

**Analysis:** Committees are obliged to report for the reporting period the total amount of all receipts and disbursements including contributions from persons other than political committees and contributions made to other political committees. 2 U.S.C. §§ 434(b)(2) and (b)(4) Political committees other than authorized committees also shall report the total amount of disbursements including, *inter alia*, unitemized operating expenditures. 11 C.F.R. 104.3(b). In addition, an intermediary or conduit of an earmarked contribution shall report the original source to the Commission. A political committee that is a separate segregated fund or a nonconnected committee and that has established separate Federal and non-Federal accounts shall allocate between those accounts its administrative expenses and other costs for related election activity and shall report those allocations. Respondents were advised by RAD in April 2005 that the explanation they provided of the Committees increased activity was inadequate in that it failed to change the fact that the activity had not been disclosed in a timely manner. Respondents failed to respond with any additional information after they subsequently were invited by RAD to submit any information that would help to clarify the issue of increased activity.

**Issue:**

- Reporting of Receipts, 2 U.S.C. § 434(b)(2) and 11 C.F.R. § 104.3(a)
- Reporting of Disbursements, 2 U.S.C. § 434(b)(4) and 11 C.F.R. § 104.3(b)
- Reporting of Earmarked Contributions, 2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 110.6(c)
- Allocation of expenses, 11 C.F.R. § 104.10(b)

**Recommendation: Assign to ADR**

26190264376