

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: May 4, 2007

ANALYST: Corbin Jones

I. COMMITTEE: Tennessee Republican Party Federal  
 Election Account (C00040220)  
 Ed Roberson, Treasurer (2/18/05 – Present)  
 Joe R. Arnold, Treasurer (10/15/94 - 2/17/05)  
 2424 21<sup>st</sup> Avenue, Suite 200  
 Nashville, TN 37212

II. RELEVANT STATUTE: 2 U.S.C. §434(b) (4)(A)  
 2 U.S.C. §434(b)(4)(C)  
 11 C.F.R. §104.3(b)(1)(ii)  
 11 C.F.R. §104.17(b)(3)(i)

III. BACKGROUND:

**Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)**

The Tennessee Republican Party Federal Election Account (“the Committee”) filed an Amended 2004 May Monthly Report to disclose additional disbursements totaling \$148,074.16 (Attachment 2).

On May 24, 2004, the Committee filed the 2004 May Monthly Report covering the period from April 1, 2004 through April 30, 2004 (Image 24961479225). This original report disclosed \$4,042.20 on Line 21(a)(i) (Federal Share of Allocated Operating Expenditures), \$10,394.26 on Line 21(a)(ii) (Non-Federal Share of Allocated Operating Expenditures), \$0.00 on Line 22 (Transfers to Affiliated/Other Party Committees) and \$3,000.00 on Line 28(a) (Refunds of Contributions to

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Individuals/Persons Other Than Political Committees) of the Detailed Summary Page (Image 24961479228).

On July 20, 2004, the Committee filed an Amended 2004 May Monthly Report covering the period from April 1, 2004 through April 30, 2004 (Image 24961924819). This report disclosed \$46,342.96 on Line 21(a)(i) (Federal Share of Allocated Operating Expenditures), \$119,167.66 on Line 21(a)(ii) (Non-Federal Share of Allocated Operating Expenditures), \$0.00 on Line 22 (Transfers to Affiliated/Other Party Committees), and \$0.00 on Line 28(a) (Refunds of Contributions to Individuals/Persons Other Than Political Committees) of the Detailed Summary Page (Image 24961924822).

On October 27, 2004, a Request for Additional Information ("RFAI") was sent to the Committee referencing the Amended 2004 May Monthly Report, received 7/20/2004. The RFAI requested, among other matters, clarification regarding the \$151,074.16<sup>1</sup> in additional disbursements that were not disclosed on the Committee's original 2004 May Monthly Report (Image 24038603387-91).

On November 26, 2004, the Committee responded to the RFAI by filing a miscellaneous electronic submission (Form 99) which stated in part:

"The disclosure of the additional \$151,074.16 relates to transfers from the federal account to the non-federal account. These transfers were necessary due to amendments made to the Amended Mid-Year Report in the amount of \$25,273.86 and the Amended December Monthly Report in the amount of \$35,800.30 for shared federal and non-federal administrative expenses. In addition, there was a transfer from the federal to the non-federal account in the amount of \$90,000.00 relating to the excess contribution made by Mr. Joseph Gregory and shown as a memo entry in the amended May Monthly report filed November 17, 2004" (Image 24962942745).<sup>2</sup>

On November 26, 2004, the Committee filed another Amended 2004 May Monthly Report covering the period April 1, 2004 through April 30, 2004 (Image 24962942701). The report disclosed \$4,042.20 on Line 21(a)(i) (Federal Share of Allocated Operating Expenditures), \$10,394.26 on Line 21(a)(ii) (Non-Federal Share of Allocated Operating Expenditures), and \$151,074.16 on Line 22 (Transfers to Affiliated/Other Party Committees) and \$0.00 on Line 28(a) (Refunds of Contributions to Individuals/Persons Other Than Political Committees) of the Detailed Summary Page (Image 24962942704).

<sup>1</sup> The Committee's original 2004 May Monthly Report filed on May 24, 2004, disclosed \$3,000.00 on Line 28(a) (Refunds of Contributions to Individuals/Persons Other Than Political Committees). However, the Amended 2004 May Monthly Report filed on July 20, 2004 disclosed \$0.00 on Line 28(a), a decrease of \$3,000.00, thus reducing the overall increase in disbursements for the amended report to \$148,074.16 (see Attachment 2).

<sup>2</sup> Please note that the memo entry referenced in the November 26, 2004 electronic submission actually appears on the Amended 2004 April Monthly Report (3/1/2004 – 3/31/2004), received 11/17/2004. The memo entry reads as follows: "There was a transfer of \$90,000 to our non-federal account. The transfer was made April 7, 2004. It will be reflected in our amended May Monthly Report to be filed next week." (Image 24971906880)

On December 9, 2004, the Reports Analysis Division ("RAD") analyst called L. Stuart Dungan, a Committee contact, regarding the issue of increased disbursements on the Amended 2004 May Monthly Report. The Analyst informed Mr. Dungan that the issue was referable to the Office of General Counsel (OGC) and discussed the additional information he should provide in a response to the Commission (Attachment 3).

On December 13, 2004, the Committee filed a miscellaneous electronic submission (Form 99) concerning the increase in disbursements disclosed on the Amended 2004 May Monthly Report which stated in part:

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"With respect to the issue of the disclosure of the transfers totaling \$151,074.16 appearing on the amendment to the above referenced report and not being included in the original report: The three transfers were necessary due to amendments made to the Amended Mid-Year Report in the amount of \$25,273.86 and the Amended December Monthly Report in the amount of \$35,800.30 for shared federal and non-federal administrative. Also a transfer from the federal to the non-federal account in the amount of \$90,000.00 relating to the excess contribution made by Mr. Joseph Gregory and shown as a memo entry in the amended May Monthly report filed November 17, 2004 totaling \$151,074.16. These transfers were made during the period 4/1/04 to 4/30/04 and entered into the software we utilize to prepare our periodic reports to the Federal Election Commission. However, the transfer code entered to disclose the nature of the transfer was misinterpreted. This error was discovered and corrected during the amendment." (Image 24981777062)

On December 31, 2004 and July 8, 2005, the Committee filed additional Amended 2004 May Monthly Reports covering the period from April 1, 2004 through April 30, 2004. These reports, however, disclosed no change in the amount of disbursements reported by the Committee (Images 24981921475 and 25970549932).

On January 24, 2007, the RAD analyst called the Committee treasurer and left a message explaining that the increase in disbursements disclosed on the Amended May Monthly Report was being referred to OGC. The Analyst indicated that if Mr. Roberson had anything further to add to the explanation of why the increase occurred, he should send that in as soon as possible (Attachment 3).

On January 24, 2007, Mr. Troy Brewer, an accountant for the Committee, called to discuss several issues, including the referral to OGC for the increase in disbursements on the Amended 2004 May Monthly Report. The Analyst explained that if the Committee wished to add any further explanation, it should be done as soon as possible. Mr. Brewer indicated that he would research the matter and send in any further relevant information (Attachment 3).

On January 29, 2007, Mr. Ed Roberson called concerning the pending referral to OGC for the increase in disbursements on the Amended 2004 May Monthly Report. He asked if Mr. Brewer had submitted an adequate response to address the problem and also inquired as to what had caused the delay in having the matter referred. The Analyst stated that there was no response which the Committee could submit that would adequately address the problem, but that any additional information submitted in explanation for the increase would be taken into consideration. The Analyst also explained that he had no information to give as to why the referral was delayed. Mr. Roberson explained that he was unsure why the Committee was being referred for making the disbursements when the reason the payments were made was to be in compliance with FEC regulations. The Analyst explained that the Committee is not being referred because it made the payments, but rather because the disbursements were not disclosed on the original 2004 May Monthly Report (Attachment 3).

To date, no further communication has been received from the Committee regarding this matter.

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