

REPORTS ANALYSIS DIVISION REFERRAL  
TO  
ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: April 16, 2012

ANALYST: Rosa Lewis

- I. COMMITTEE: Freedomworks Inc Political Action  
Committee  
C00353227  
Max Pappas, Treasurer  
(7/20/11-Present)  
John Robert Jordan, Treasurer  
(4/29/10-7/19/11)  
400 North Capitol St. NW, Ste. 765  
Washington, DC 20001
- II. RELEVANT STATUTE: 2 U.S.C. § 434(b)(4)  
11 CFR § 104.3(b)

III. BACKGROUND:

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

Freedomworks Inc Political Action Committee ("the Committee") amended the 2010 12 Day Pre-General, and 2010 30 Day Post-General Reports to disclose additional disbursements totaling \$86,581.76 that were not disclosed in the original reports (Attachment 2).

**2010 12 Day Pre-General Report**

On October 21, 2010, the Committee filed the original 2010 12 Day Pre-General Report covering the period from October 1, 2010 through October 13, 2010. The report disclosed \$138,125.48 in disbursements on Line 21(b) (Other Federal Operating Expenses) and \$0.00 in disbursements on Line 28(a) (Refunds of Contributions to Individuals/Persons Other Than Political Committees) of the Detailed Summary Page (Image 10991775802).

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On May 18, 2011, the Committee filed an Amended 2010 12 Day Pre-General Report. The report disclosed \$138,949.51 in disbursements on Line 21(b) and \$710.00 in disbursements on Line 28(a) of the Detailed Summary Page, a total increase in disbursements of \$1,534.03 from the original report (Image 11931473143; Attachment 3). In addition, the amendment included Memo Text stating, "Amended to update independent expenditure and donor information not previously reported" (Image 11931473140).

#### 2010 30 Day Post-General Report

On December 2, 2010, the Committee filed the original 2010 30 Day Post-General Report covering the period from October 14, 2010 through November 22, 2010. The report disclosed \$0.00 in disbursements on Line 21(b) (Other Federal Operating Expenditures), \$259,126.95 in disbursements on Line 24 (Independent Expenditures) and \$0.00 in disbursements on Line 28(a) (Refunds of Contributions To Individuals/Persons Other Than Political Committees) of the Detailed Summary Page (Image 10932051131).

On May 18, 2011, the Committee filed an Amended 2010 30 Day Post-General Report. The amendment disclosed \$9,450.49 in disbursements on Line 21(b), \$334,554.19 in disbursements on Line 24, and \$170.00 in disbursements on Line 28(a) of the Detailed Summary Page, a total increase in disbursements of \$85,047.73 from the original report (Image 11931474155; Attachment 3).<sup>2</sup> The amendment also included Memo Text stating in part, "Amended to update missing donor information and independent expenditure information" (Image 11931474152).

On January 4, 2012, a Request for Additional Information (RAFI) was sent to the Committee referencing the Amended 2010 30 Day Post-General Report, received May 18, 2011. The RAFI requested clarification regarding the substantial increase in disbursements disclosed on the Amended 2010 12 Day-Pre General and 2010 30 Day Post-General Reports<sup>3</sup> that were not disclosed in the original filings (Images 12330000054-56).

On February 1, 2012, the Reports Analysis Division (RAD) Analyst called the Committee's treasurer, Max Pappas, to explain that the email of the RAFI referencing the Committee's 2010 30 Day Post-General Report, received May 18, 2011 had not been opened. The Analyst left a voicemail message with her direct contact information and

<sup>2</sup> Line 21(b) of the Detailed Summary Page of the Amended 2010 30 Day Post-General Report discloses negative disbursements totaling -\$120,732.54, and Line 31 (Total Disbursements) shows an overall decrease in activity from the original report of \$-45,135.30. However, this is due to the addition of a negative entry of -\$130,183.03 on Line 21(b) which was used to offset the disclosure of the dissemination date of independent expenditures on Line 24 that were paid in a prior reporting period. This negative entry was correctly disclosed and is therefore omitted from the calculation of the increase in disbursements on the Amended 2010 30 Day Post-General Report.

<sup>3</sup> The chart attached to the January 4, 2012 RAFI did not reference the increase on Line 28(a) of the Amended 2010 12 Day Pre-General Report or the increase on Line 21(b) of the Amended 2010 30 Day Post-General Report. An additional RAFI was sent on April 11, 2012 to include reference to the increases on those Lines (Image 12330004900).

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advised Mr. Pappas that he could view the RFAI on the Commission's website, and to call the RAD Analyst with any questions (Attachment 4).

On February 23, 2012, the RAD Analyst left Mr. Pappas a voicemail message informing him that the increases in disbursements addressed in the RFAI referencing the Amended 2010 30 Day Post-General Report, received May 18, 2011 were referable for further action. The RAD Analyst explained that the Committee could add an additional clarifying statement to the public record. The Analyst left her contact information and suggested Mr. Pappas contact her with any questions (Attachment 4).

Later that day, Mr. Pappas returned the RAD Analyst's call regarding the matter referable for further action. He stated that he was not able to locate the emailed RFAI, nor could he locate the RFAI on the Commission's website. The RAD Analyst assisted Mr. Pappas in finding the RFAI on the website and explained that any additional clarifying information should be added to the public record. Mr. Pappas asked if there was anything else the Committee could do to rectify the situation. The Analyst advised him that if the amended reports were accurate, the Committee could add a statement to the public record clarifying why the disbursements were not originally reported. Mr. Pappas explained that he did not believe there was anything else he could add because he was not the Treasurer at the time the activity took place (Attachment 4).

To date, no further communication has been received from the Committee regarding these matters.

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