



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

JUN 07 2010

William James Scoggin

Lemoore, CA 93245

RE: MUR 6221

Dear Mr. Scoggin:

On May 25, 2010, the Federal Election Commission ("Commission") reviewed the allegations in your complaint dated October 12, 2009, and found that on the basis of the information provided in your complaint, and information provided by the respondents, there is no reason to believe Transfund PAC and Rod B. Kassir, in his official capacity as treasurer, violated 2 U.S.C. § 441a(a)(2)(A); Kilpatrick for United States Congress and Carl Stafford, in his official capacity as treasurer, violated 2 U.S.C. § 441a(f); Dan Seals for Congress and Harry Pascal, in his official capacity as treasurer, violated 2 U.S.C. § 441a(f); and Arthur Blackwell violated 2 U.S.C. § 441a(a). Accordingly, on the same date the Commission closed the file in this matter.

Documents related to the case 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). The Factual and Legal Analyses, which more fully explain the Commission's findings, are enclosed.

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. *See* 2 U.S.C. § 437g(a)(8).

Sincerely,

A handwritten signature in black ink, appearing to read "Peter G. Blumberg".

Peter G. Blumberg  
Assistant General Counsel

Enclosures  
Factual and Legal Analyses (3)

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1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3  
4 **RESPONDENTS:** Transfund PAC and MUR: 6221  
5 Rod B. Kassir, in his official  
6 capacity as treasurer  
7 Kilpatrick for United States Congress and  
8 Carl Stafford, in his official capacity as treasurer  
9

10 **I. INTRODUCTION**

11 This matter was generated by a complaint filed with the Federal Election Commission by  
12 William James Scoggin, *see* 2 U.S.C. § 437g(a)(1), alleging that Transfund PAC (“Transfund” or  
13 “PAC”), Representative Carolyn Kilpatrick’s leadership PAC, improperly filed a “Notification  
14 of Multicandidate Status” (FEC Form 1M) with the Federal Election Commission  
15 (“Commission” or “FEC”) without meeting the qualification requirements for a multicandidate  
16 committee. The complaint alleges that because Transfund did not qualify as a multicandidate  
17 committee and thereby gain eligibility for a higher limit on its contributions, Transfund made an  
18 excessive contribution when it contributed \$2,000 on September 30, 2008, and \$1,000 on  
19 October 31, 2008, to Dan Seals for Congress (“Seals Committee”), and made an excessive  
20 contribution to Kilpatrick for United States Congress (“Kilpatrick Committee”) on July 16, 2008,  
21 when the PAC made two contributions of \$5,000 each to that committee. Complaint at 1-2.  
22 Additionally, the complaint states that an individual named Arthur Blackwell made an excessive  
23 contribution to the Kilpatrick Committee. *Id.* at 2.

24 In a joint response, Transfund and the Kilpatrick Committee deny the allegations and  
25 explain that the PAC achieved multicandidate status on July 1, 2008, after having been in  
26 existence for at least six months, contributing to more than five federal candidates, and receiving  
27 contributions from fifty-one contributors, pursuant to 2 U.S.C. § 441a(a)(4) and 11 C.F.R.

1 § 100.5(e)(3). Transfund and Kilpatrick Response (“Transfund Response”) at 2 and Exhibits A,  
2 B and C. As such, the PAC’s contributions to the Seals and Kilpatrick Committees did not  
3 exceed the limits for multicandidate committees. In addition, Respondents deny that the  
4 Kilpatrick Committee received an excessive contribution from Blackwell as a result of an  
5 earmarked contribution, and asserts that there are no facts to suggest that Blackwell retained  
6 control over his contributions or had actual knowledge that Transfund would contribute to the  
7 Kilpatrick Committee. *Id.* at 2-3.

8 The available information indicates that the Seals Committee was not aware that  
9 Transfund may not have qualified for multicandidate committee status. Upon receipt of  
10 Transfund’s contribution, the committee’s treasurer verified the legitimacy of the PAC by  
11 reviewing Transfund’s Form 1M on the FEC’s website. However, upon becoming aware of the  
12 complaint, the Seals Committee refunded Transfund’s allegedly excessive contribution totaling  
13 \$700, apparently out of an abundance of caution.

14 As discussed in further detail below, Transfund properly qualified as a multicandidate  
15 committee. Thus, the PAC’s contributions to the Seals Committee and the Kilpatrick Committee  
16 were not excessive. In addition, there is no information to support the allegation that Blackwell  
17 made an earmarked contribution to the Kilpatrick Committee through Transfund, which would  
18 have resulted in an excessive individual contribution by Blackwell to the Kilpatrick campaign.  
19 Accordingly, the Commission finds no reason to believe that Transfund PAC and Rod B. Kassir,  
20 in his official capacity as treasurer, violated 2 U.S.C. § 441a(a)(2)(A) or that Kilpatrick for  
21 United States Congress and Carl Stafford, in his official capacity as treasurer, violated 2 U.S.C.  
22 § 441a(f).

1     **II.     FACTUAL AND LEGAL ANALYSIS**

2             The Federal Election Campaign Act of 1971, as amended (“the Act”) provides that no  
3     person shall make contributions to any candidate and his or her authorized political committee  
4     with respect to any election for federal office which, in the aggregate, exceed \$2,300 for the  
5     2008 election cycle, or to any other political committee in any calendar year which, in aggregate,  
6     exceed \$5,000. 2 U.S.C. § 441a(a)(1)(A) and (C); 11 C.F.R. § 110.1(b) and (d); *Price Index*  
7     *Increases for Expenditure and Contribution Limitations*, 72 Fed. Reg. 5294, 5295 (Feb. 5, 2007).  
8     Additionally, multicandidate committees are prohibited from making contributions in excess of  
9     \$5,000 to any candidate and his or her authorized committee with respect to any election for  
10    federal office. 2 U.S.C. § 441a(a)(2)(A); 11 C.F.R. § 110.2(b). Candidates and their committees  
11    are prohibited from knowingly accepting any contributions in excess of the Act’s limitations.  
12    2 U.S.C. § 441a(f); 11 C.F.R. § 110.9(a).

13            **A.     Transfund’s Multicandidate Committee Status**

14            Transfund, the leadership PAC for Representative Carolyn Kilpatrick, has been registered  
15    with the Commission since December 16, 2006. *See* Statement of Organization. The Act  
16    defines a “leadership PAC” as a political committee that is directly or indirectly established,  
17    financed, maintained, or controlled by a candidate for Federal office or an individual holding  
18    Federal office, but which is not an authorized committee of the candidate or individual and  
19    which is not affiliated with an authorized committee of the candidate or individual. 2 U.S.C.  
20    § 434(i)(8)(B). Although associated with a particular candidate, a leadership PAC is not legally  
21    affiliated with the candidate’s principal campaign committee and is treated as a non-connected  
22    committee. *See* 11 C.F.R. § 100.5(g)(4); *Final Rules and Explanation and Justification on*  
23    *Leadership PACs*, 68 Fed. Reg. 67013 (Dec. 1, 2003).

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1           A leadership PAC can qualify as a multicandidate committee. A multicandidate  
2 committee is a political committee that (1) has been registered with the Commission for at least  
3 six months; (2) has received contributions from more than 50 persons; and (3) has made  
4 contributions to at least five federal candidates. 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3).  
5 A committee shall certify to the Commission that it has satisfied the criteria for becoming a  
6 multicandidate committee by filing an FEC Form 1M (Notification of Multicandidate Status)  
7 with the Commission within 10 days of the date that the committee meets these criteria.  
8 11 C.F.R. § 102.2(a)(3).

9           Once qualified as such, a multicandidate committee may give a candidate up to \$5,000  
10 per election and can receive up to \$5,000 per calendar year from a contributor. 11 C.F.R.  
11 §§ 110.1(d) and 110.2(b). A multicandidate committee that makes a contribution is required to  
12 notify the recipient in writing of its status as a multicandidate committee. 11 C.F.R.  
13 § 110.2(a)(2).

14           The complaint alleges that Transfund claimed multicandidate committee status in July  
15 2008 without having fully qualified, thus making some of the PAC's contributions excessive.  
16 Specifically, the complaint questions whether the PAC received more than 50 contributions by  
17 July 1, 2008, as stated on Transfund's Form 1M. Complaint at 1. The complaint states that a  
18 review of the committee's disclosure reports indicates that the PAC did not receive contributions  
19 from 51 persons during the 2008 election cycle, but rather only received contributions from 47  
20 donors by June 30, 2008. *Id.* In addition, the complaint alleges that two persons disclosed on  
21 the PAC's reports contributed six times and were counted as six persons toward the 51  
22 contributor requirement. *Id.*

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1           Based on a review of relevant materials, it appears that Transfund met the requirements  
2 for multicandidate committee status. 2 U.S.C. § 441a(a)(4). Because it filed its first Statement  
3 of Organization with the Commission on December 19, 2006, Transfund had been registered  
4 with the Commission for more than six months at the time it sought multicandidate committee  
5 status. 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3). Further, according to its FEC disclosure  
6 reports, by the Fall of 2007 it had already made contributions to more than 5 federal candidates.  
7 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3); *see* Transfund's 2007 Mid-Year and Year End  
8 Reports and FEC Form 1M dated July 14, 2008.

9           Based on the available information, it appears that Transfund had 51 contributors at the  
10 time period at issue. Contrary to the complaint's allegations, contributors do not appear to have  
11 been counted more than once toward the multicandidate committee status contributor  
12 requirement. Transfund's disclosure reports showed that it had received 49 itemized  
13 contributions by August 1, 2008. *See* 2006 Year End Report, 2007 Mid-Year Report, 2007 Year  
14 End Report, 2008 April Quarterly Report, 2008 July Quarterly Report, and 2008 October  
15 Quarterly Report. However, Transfund clarified in its response to the complaint that it received  
16 two contributions on January 26, 2007, and May 23, 2008, in the amounts of \$100 and \$5,  
17 respectively, which were not required to be itemized in its disclosure reports but would count  
18 toward its contributor requirement for multicandidate committee status.<sup>1</sup> 2 U.S.C. § 434(b)(3);  
19 Transfund Response at 2. This clarification is consistent with information on the PAC's  
20 Detailed Summary Pages of its disclosure reports. Its 2007 Mid-Year Report, filed with the  
21 Commission on July 31, 2007, disclosed \$100 in unitemized receipts on page 3 of the Detailed

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<sup>1</sup> As part of its response, Transfund produced a list of all 51 contributions, setting forth the contributors' names, dates and amounts. Transfund Response at Exhibit A.

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1 Summary Pages. Additionally, Transfund's 2008 July Quarterly Report, filed with the  
2 Commission on July 14, 2008, reflects \$5 in unitemized receipts on page 3 of the Detailed  
3 Summary Pages.

4 Finally, it appears that Transfund properly filed its Form 1M with the Commission after,  
5 not before, meeting the contributor requirement for multicandidate committee status. Although  
6 Transfund's disclosure reports indicate that it received a contribution from its fifty-first  
7 contributor on August 1, 2008--instead of July 1, 2008--Transfund explains that it had  
8 incorrectly reported the date of receipt of contributions from contributors 50 and 51. Transfund  
9 Response at 2. According to Transfund, those contributions should have been reported as having  
10 been received on July 1, 2008. The PAC provided copies of the relevant checks in support of its  
11 claim. See Transfund Response at Exhibit B. The checks from Matthew Moroun and Nora  
12 Moroun were dated June 30, 2008, but handwritten notations next to the copies of each check  
13 indicate that they were received on July 1. *Id.* In its response, the PAC acknowledges that the  
14 August 1, 2008, date show on its disclosure report was a reporting error and states that it would  
15 amend the relevant report to correct this error. *Id.* at 2. As of the writing of this analysis, the  
16 PAC has not yet amended its 2008 October Quarterly Report to reflect the correct date of the  
17 contributions from Matthew and Nora Moroun.<sup>2</sup>

18 Based on the information discussed above, Transfund appears to have qualified as a  
19 multicandidate committee by being registered with the Commission for over six months, having

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<sup>2</sup> A review of Transfund's disclosure reports also revealed the receipt of two contributions from "NGP Software," the PAC's compliance software provider. However, based on identical disbursements the PAC made to NGP Software on the same dates, the report of receipts from NGP Software appears to have been an error.

1 contributed to at least five federal candidates, and having received contributions from over 50  
2 persons. 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3).

3 Although it appears that Transfund properly qualified for multicandidate status,  
4 Transfund's disclosure reports created doubts about the date on which Transfund achieved this  
5 status, whether it timely filed its Form 1M declaring its qualification, and whether it properly  
6 notified its contribution recipients of its multicandidate status. Nevertheless, even taken  
7 together, these irregularities do not warrant proceeding further because the apparent deficiencies  
8 involve small amounts or short time periods, and the major allegation in this matter of whether  
9 Transfund achieved multicandidate status lacks support.

10 Specifically, Transfund's failure to accurately disclose the date of receipt of its 51<sup>st</sup>  
11 contribution in its reports to the Commission resulted in questions over whether the PAC had  
12 met the requirements for multicandidate committee status by July 14, 2008, the date that it filed  
13 its Form 1M. Because Transfund's disclosure reports did not reflect 51 itemized contributions  
14 by July 1, 2008, the Reports Analysis Division sent the PAC Requests for Additional  
15 Information ("RFAs") dated August 8, 2008, and October 31, 2008, inquiring whether  
16 Transfund met the requirements for certification as a multicandidate committee and whether it  
17 had made excessive contributions. Transfund never responded, either orally or in writing, to the  
18 RFAs.

19 Further, because Transfund appears to have qualified as a multicandidate committee on  
20 July 1, 2008, it was required to file Form 1M with the Commission within ten days. Transfund  
21 filed its Form 1M with the Commission on July 14, 2008, thirteen days after qualification for  
22 multicandidate status. After qualifying as a multicandidate committee, Transfund was also  
23 required to notify contribution recipients in writing of its status as a multicandidate committee.

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1 11 C.F.R. § 110.2(a)(2). Other than a statement that Transfund did not provide such notification  
2 along with its contributions to the Seals Committee, the Commission has no information whether  
3 Transfund notified contribution recipients of its status as a multicandidate committee.  
4 Nonetheless, none of the minor deficiencies noted warrants proceeding further.

5 **B. Alleged Excessive Contributions by Transfund**

6 Based on its allegation that Transfund did not properly qualify as a multicandidate  
7 committee, the complaint concludes that the PAC's contributions to the Seals Committee and the  
8 Kilpatrick Committee were limited to the amounts set for persons other than multicandidate  
9 committees (e.g., \$2,300 in 2008). 2 U.S.C. § 441a(a)(1)(A). The contributions at issue are as  
10 follows:

DATE	COMMITTEE	AMOUNT	ELECTION
7/16/2008	Kilpatrick for United States Congress	\$5,000	Primary
7/16/2008	Kilpatrick for United States Congress	\$5,000	General
9/30/2008	Dan Seals for Congress	\$2,000	General
10/31/2008	Dan Seals for Congress	\$1,000	General

11  
12 Because it properly qualified as a multicandidate committee, Transfund was permitted to make  
13 contributions to candidates of up to \$5,000 per election. 2 U.S.C. § 441a(a)(2)(A); 11 C.F.R.  
14 § 110.2(b). Therefore, its contributions to the Kilpatrick Committee of \$5,000 for the primary  
15 election and \$5,000 for the general election, as well as its contributions to the Seals Committee  
16 totaling \$3,000 for the general election, did not exceed the contribution limits of the Act. As  
17 such, the Seals Committee was not required to refund Transfund's contribution. *Supra* at 2.  
18 Therefore, the Commission finds no reason to believe that Transfund PAC and Rod B. Kassir, in  
19 his official capacity as treasurer, violated 2 U.S.C. § 441a(a)(2)(A) or that Kilpatrick for United

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1 States Congress and Carl Stafford, in his official capacity as treasurer, violated 2 U.S.C.  
2 § 441a(f).

3 **C. Alleged Earmarked and Excessive Contribution by Blackwell**

4 The complaint also alleges that an individual named Arthur Blackwell made an excessive  
5 contribution Kilpatrick's campaign. The complainant cites the Commission's regulations on  
6 earmarked contributions (11 C.F.R. § 110.6) and contributions by individuals to committees  
7 supporting the same candidate (11 C.F.R. § 110.1(h)), cites three contributions made by  
8 Blackwell (a \$5,000 contribution to Transfund PAC, the leadership PAC of Representative  
9 Carolyn Kilpatrick, and \$500 and \$1,000 contributions to the Kilpatrick Committee), and asserts  
10 that Blackwell exceeded the individual contribution limit by \$1,500.

11 An earmarked contribution counts against the contributor's contribution limit for the  
12 recipient candidate. 11 C.F.R. § 110.6(a). Thus, if Blackwell's contribution was earmarked, it  
13 would be subject to Blackwell's individual's contribution limit of \$2,300 per election to a  
14 candidate committee during the 2008 election cycle, and it would not count against his limit for  
15 contributing to Transfund. 2 U.S.C. § 441a(a)(1)(A) and 441a(a)(8). However, if Blackwell's  
16 contribution was not earmarked, then he was permitted to contribute \$5,000 per calendar year to  
17 Transfund, an unauthorized committee, as long as he did not possess actual knowledge that his  
18 contribution would be used for Kilpatrick's campaign and he did not retain control of the funds.  
19 *See* 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(h)(1)-(3). As discussed below, there is no  
20 available information to support the complainant's allegations that Blackwell's contribution to  
21 Transfund was either earmarked, or excessive.

22 A contribution is earmarked when there is "a designation, instruction, or encumbrance,  
23 whether direct or indirect, express or implied, oral or written, which results in all or any part of a

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1 contribution or expenditure being made to, or expended on behalf of, a clearly identified  
2 candidate or a candidate's authorized committee." 11 C.F.R. § 110.6(b). In the past, the  
3 Commission has determined that contributions were earmarked where there was clear  
4 documentary evidence demonstrating a designation or instruction by the donor. *See* MURs  
5 4831/ 5274 (Nixon) (finding contributions were earmarked where checks contained express  
6 designations on memo lines); *see also*, MUR 5732 (Matt Brown for U.S. Senate), MUR 5520  
7 (Republican Party of Louisiana/Tauzin), MUR 5445 (Davis), and MUR 4643 (Democratic Party  
8 of New Mexico) (rejecting earmarking allegations where there was no evidence of a clear  
9 designation, instruction, or encumbrance by the donor). The Commission has rejected  
10 earmarking claims even where the timing of the contributions at issue appeared to be a  
11 significant factor, but the contributions lacked a clear designation or instruction. *See* MUR 5445  
12 (Davis) and MUR 4643 (Democratic Party of New Mexico).

13 Additionally, the Commission's regulations permit an individual to contribute to a  
14 candidate or his or her authorized committee with respect to a particular election and also  
15 contribute to a political committee, which has supported, or anticipates supporting, the same  
16 candidate in the same election without aggregation, as long as (1) the political committee is not  
17 the candidate's principal campaign committee, or other authorized committee or single candidate  
18 committee; (2) the contributor does not give with the knowledge that a substantial portion will be  
19 contributed to, or expended on behalf of, that candidate for the same election; and (3) the  
20 contributor does not retain control over the funds. *See* 11 C.F.R. § 110.1(h)(1)-(3). *See also*  
21 *Explanation and Justification of 11 C.F.R. § 110.1(h)*, 52 Fed. Reg. 44,130 (January 9, 1987).

22 In order for a contribution to an unauthorized committee to be aggregated with an  
23 individual's contribution limits for a particular candidate, the Commission has required that the

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1 contributor have “actual knowledge” of the committee’s plans to use his or her contribution to  
2 contribute to or expend funds on behalf of the candidate to meet the requirements of section  
3 110.1(h)(2). *See* MURs 5732 (Matt Brown for U.S. Senate), 5678 (Liffrig for Senate), 5445  
4 (Davis), and 5019 (Keystone Federal PAC) (although contributors were likely aware that the  
5 PAC would contemporaneously contribute to the candidates’ committees there was no evidence  
6 that the contributors actually knew that a portion of their contributions would be given to  
7 specific candidates). *See also* MUR 5881 (Citizens Club for Growth) (rejecting claim that  
8 contributors had actual knowledge based on text of solicitations).

9       There is no information to demonstrate that Blackwell’s contribution of January 26,  
10 2007, to Transfund was earmarked for the Kilpatrick Committee or that Blackwell actually knew  
11 his contribution would be used for a candidate. There is no allegation or available information  
12 indicating that Blackwell may have designated his contribution to be used exclusively for the  
13 benefit of the Kilpatrick Committee. 11 C.F.R. § 110.6(b). Similarly, there is no information  
14 indicating that Blackwell had actual knowledge that his contribution to Transfund would be used  
15 for the benefit of the Kilpatrick campaign or that Blackwell retained control over his contribution  
16 to Transfund in any way. 11 C.F.R. § 110.1(h)(2)-(3).

17       Based on his past contributions, Blackwell appears to be a long-time supporter of  
18 Kilpatrick with contributions going as far back as 1997, but there is no history of any excessive  
19 contributions. FEC records show that during the 2008 election cycle, Blackwell contributed a  
20 total of \$1,500 to the Kilpatrick Committee (\$500 on November 2, 2007, and \$1,000 on June 30,  
21 2008). Although Blackwell might reasonably infer that some portion of his contribution to  
22 Kilpatrick’s leadership PAC might be used to support Kilpatrick, such an inference alone does  
23 not suggest that Blackwell had “actual knowledge” that Transfund would use his contribution to

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1 support Kilpatrick. *See, e.g.*, MUR 5968 (John Shadegg's Friends) and MUR 5732 (Matt Brown  
2 for U.S. Senate) (stating that although donors solicited by a candidate to contribute to state  
3 parties might reasonably infer that their contributions would be used to benefit that candidate,  
4 such information was insufficient for finding reason to believe that 11 C.F.R. § 110.1(h) had  
5 been violated).

6 Finally, there are no additional factors that point to the possibility that Blackwell  
7 intended his contribution to be used for the Kilpatrick Committee. Since its organization in  
8 2006, Transfund has contributed to thirty federal candidates other than Kilpatrick. In fact,  
9 Transfund did not make a contribution to the Kilpatrick Committee until July 16, 2008, over one  
10 year after the date of Blackwell's January 26, 2007 contribution. These factors do not indicate  
11 Blackwell retained any control of his contribution to Transfund, or that Blackwell had any  
12 knowledge of whether it would be used for the benefit of Kilpatrick.

13 In sum, based on the available information, it does not appear that Arthur Blackwell  
14 made an earmarked contribution as defined in 11 C.F.R. § 110.6(b) or made his contribution to  
15 Transfund with the requisite knowledge or control, as set forth in section 110.1(h)(2)-(3), to  
16 trigger a violation of 2 U.S.C. § 441a(a). Accordingly, the Commission finds no reason to  
17 believe that that Kilpatrick for United States Congress and Carl Stafford, in his official capacity  
18 as treasurer, knowingly received an excessive contribution in violation of 2 U.S.C. § 441a(f).

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS: Dan Seals for Congress MUR: 6221**  
**and Harry Pascal, in his**  
**official capacity as treasurer**

**I. INTRODUCTION**

This matter was generated by a complaint filed with the Federal Election Commission by William James Scoggin, *see* 2 U.S.C. § 437g(a)(1), alleging that Transfund PAC (“Transfund” or “PAC”), Representative Carolyn Kilpatrick’s leadership PAC, improperly filed a “Notification of Multicandidate Status” (FEC Form 1M) with the Federal Election Commission (“Commission” or “FEC”) without meeting the qualification requirements for a multicandidate committee. The complaint alleges that because Transfund did not qualify as a multicandidate committee and thereby gain eligibility for a higher limit on its contributions, Transfund made an excessive contribution when it contributed \$2,000 on September 30, 2008, and \$1,000 on October 31, 2008, to Dan Seals for Congress (“Seals Committee”). Complaint at 1-2.

Transfund explains that the PAC achieved multicandidate status on July 1, 2008, after having been in existence for at least six months, contributing to more than five federal candidates, and receiving contributions from fifty-one contributors, pursuant to 2 U.S.C. § 441a(a)(4) and 11 C.F.R. § 100.5(e)(3). As such, the PAC’s contributions to the Seals Committee did not exceed the limits for multicandidate committees. The Seals Committee responds that until receipt of the complaint, it was not aware that Transfund may not have qualified for multicandidate committee status. Seals Committee Response at 1-2. Upon receipt of Transfund’s contribution, the committee’s treasurer verified the legitimacy of the PAC by reviewing Transfund’s Form 1M on the FEC’s website. *Id.* at 1. However, upon receipt of the

1 complaint, the Seals Committee refunded Transfund's allegedly excessive contribution totaling  
2 \$700, apparently out of an abundance of caution. *Id.* at 1-2 and Exhibit D.

3 As discussed in further detail below, Transfund properly qualified as a multicandidate  
4 committee. Thus, the PAC's contributions to the Seals Committee were not excessive.  
5 Accordingly, the Commission finds no reason to believe that Dan Seals for Congress and Harry  
6 Pascal, in his official capacity as treasurer, violated 2 U.S.C. § 441a(f).

7 **II. FACTUAL AND LEGAL ANALYSIS**

8 The Federal Election Campaign Act of 1971, as amended ("the Act") provides that no  
9 person shall make contributions to any candidate and his or her authorized political committee  
10 with respect to any election for federal office which, in the aggregate, exceed \$2,300 for the  
11 2008 election cycle, or to any other political committee in any calendar year which, in aggregate,  
12 exceed \$5,000. 2 U.S.C. § 441a(a)(1)(A) and (C); 11 C.F.R. § 110.1(b) and (d); *Price Index*  
13 *Increases for Expenditure and Contribution Limitations*, 72 Fed. Reg. 5294, 5295 (Feb. 5, 2007).  
14 Additionally, multicandidate committees are prohibited from making contributions in excess of  
15 \$5,000 to any candidate and his or her authorized committee with respect to any election for  
16 federal office. 2 U.S.C. § 441a(a)(2)(A); 11 C.F.R. § 110.2(b). Candidates and their committees  
17 are prohibited from knowingly accepting any contributions in excess of the Act's limitations.  
18 2 U.S.C. § 441a(f); 11 C.F.R. § 110.9(a).

19 **A. Transfund's Multicandidate Committee Status**

20 Transfund, the leadership PAC for Representative Carolyn Kilpatrick, has been registered  
21 with the Commission since December 16, 2006. *See* Statement of Organization. The Act  
22 defines a "leadership PAC" as a political committee that is directly or indirectly established,  
23 financed, maintained, or controlled by a candidate for Federal office or an individual holding

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1 Federal office, but which is not an authorized committee of the candidate or individual and  
2 which is not affiliated with an authorized committee of the candidate or individual. 2 U.S.C.  
3 § 434(i)(8)(B). Although associated with a particular candidate, a leadership PAC is not legally  
4 affiliated with the candidate's principal campaign committee and is treated as a non-connected  
5 committee. See 11 C.F.R. § 100.5(g)(4); *Final Rules and Explanation and Justification on*  
6 *Leadership PACs*, 68 Fed. Reg. 67013 (Dec. 1, 2003).

7 A leadership PAC can qualify as a multicandidate committee. A multicandidate  
8 committee is a political committee that (1) has been registered with the Commission for at least  
9 six months; (2) has received contributions from more than 50 persons; and (3) has made  
10 contributions to at least five federal candidates. 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3).  
11 A committee shall certify to the Commission that it has satisfied the criteria for becoming a  
12 multicandidate committee by filing an FEC Form 1M (Notification of Multicandidate Status)  
13 with the Commission within 10 days of the date that the committee meets these criteria.  
14 11 C.F.R. § 102.2(a)(3).

15 Once qualified as such, a multicandidate committee may give a candidate up to \$5,000  
16 per election and can receive up to \$5,000 per calendar year from a contributor. 11 C.F.R.  
17 §§ 110.1(d) and 110.2(b). A multicandidate committee that makes a contribution is required to  
18 notify the recipient in writing of its status as a multicandidate committee. 11 C.F.R.  
19 § 110.2(a)(2).

20 The complaint alleges that Transfund claimed multicandidate committee status in July  
21 2008 without having fully qualified, thus making some of the PAC's contributions excessive.  
22 Specifically, the complaint questions whether the PAC received more than 50 contributions by  
23 July 1, 2008, as stated on Transfund's Form 1M. Complaint at 1. The complaint states that a

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1 review of the committee's disclosure reports indicates that the PAC did not receive contributions  
2 from 51 persons during the 2008 election cycle, but rather only received contributions from 47  
3 donors by June 30, 2008. *Id.* In addition, the complaint alleges that two persons disclosed on  
4 the PAC's reports contributed six times and were counted as six persons toward the 51  
5 contributor requirement. *Id.*

6 Based on a review of relevant materials, it appears that Transfund met the requirements  
7 for multicandidate committee status. 2 U.S.C. § 441a(a)(4). Because it filed its first Statement  
8 of Organization with the Commission on December 19, 2006, Transfund had been registered  
9 with the Commission for more than six months at the time it sought multicandidate committee  
10 status. 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3). Further, according to its FEC disclosure  
11 reports, by the Fall of 2007 it had already made contributions to more than 5 federal candidates.  
12 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3); *see* Transfund's 2007 Mid-Year and Year End  
13 Reports and FEC Form 1M dated July 14, 2008.

14 Based on the available information, it appears that Transfund had 51 contributors at the  
15 time period at issue. Contrary to the complaint's allegations, contributors do not appear to have  
16 been counted more than once toward the multicandidate committee status contributor  
17 requirement. Transfund's disclosure reports showed that it had received 49 itemized  
18 contributions by August 1, 2008. *See* 2006 Year End Report, 2007 Mid-Year Report, 2007 Year  
19 End Report, 2008 April Quarterly Report, 2008 July Quarterly Report, and 2008 October  
20 Quarterly Report. However, Transfund has clarified that it received two contributions on  
21 January 26, 2007, and May 23, 2008, in the amounts of \$100 and \$5, respectively, which were  
22 not required to be itemized in its disclosure reports but would count toward its contributor  
23 requirement for multicandidate committee status. 2 U.S.C. § 434(b)(3). This clarification is

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1 consistent with information on the PAC's Detailed Summary Pages of its disclosure reports. Its  
2 2007 Mid-Year Report, filed with the Commission on July 31, 2007, disclosed \$100 in  
3 unitemized receipts on page 3 of the Detailed Summary Pages. Additionally, Transfund's 2008  
4 July Quarterly Report, filed with the Commission on July 14, 2008, reflects \$5 in unitemized  
5 receipts on page 3 of the Detailed Summary Pages.

6 Finally, it appears that Transfund properly filed its Form 1M with the Commission after,  
7 not before, meeting the contributor requirement for multicandidate committee status. Although  
8 Transfund's disclosure reports indicate that it received a contribution from its fifty-first  
9 contributor on August 1, 2008--instead of July 1, 2008--Transfund explains that it had  
10 incorrectly reported the date of receipt of contributions from contributors 50 and 51. According  
11 to Transfund, those contributions should have been reported as having been received on July 1,  
12 2008. Copies of the relevant checks support this claim. The checks from Matthew Moroun and  
13 Nora Moroun were dated June 30, 2008, but handwritten notations next to the copies of each  
14 check indicate that they were received on July 1. As of the writing of this analysis, the PAC has  
15 not yet amended its 2008 October Quarterly Report to reflect the correct date of the contributions  
16 from Matthew and Nora Moroun.<sup>1</sup>

17 Based on the information discussed above, Transfund appears to have qualified as a  
18 multicandidate committee by being registered with the Commission for over six months, having  
19 contributed to at least five federal candidates, and having received contributions from over 50  
20 persons. 2 U.S.C. § 441a(a)(4); 11 C.F.R. § 100.5(e)(3).

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<sup>1</sup> A review of Transfund's disclosure reports also revealed the receipt of two contributions from "NGP Software," the PAC's compliance software provider. However, based on identical disbursements the PAC made to NGP Software on the same dates, the report of receipts from NGP Software appears to have been an error.

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1           **B. Alleged Excessive Contributions by Transfund**

2           Based on its allegation that Transfund did not properly qualify as a multicandidate  
3 committee, the complaint concludes that the PAC's contributions to the Seals Committee were  
4 limited to the amounts set for persons other than multicandidate committees (e.g., \$2,300 in  
5 2008). 2 U.S.C. § 441a(a)(1)(A). The contributions at issue are as follows:

DATE	COMMITTEE	AMOUNT	ELECTION
9/30/2008	Dan Seals for Congress	\$2,000	General
10/31/2008	Dan Seals for Congress	\$1,000	General

6  
7           Because it properly qualified as a multicandidate committee, Transfund was permitted to make  
8 contributions to candidates of up to \$5,000 per election. 2 U.S.C. § 441a(a)(2)(A); 11 C.F.R.  
9 § 110.2(b). Therefore, its contributions to the Seals Committee totaling \$3,000 for the general  
10 election, did not exceed the contribution limits of the Act. As such, the Seals Committee was not  
11 required to refund Transfund's contribution. *Supra* at 2. Accordingly, the Commission finds no  
12 reason to believe that Dan Seals for Congress and Harry Pascal, in his official capacity as  
13 treasurer, violated 2 U.S.C. § 441a(f).

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Arthur Blackwell MUR: 6221

**I. INTRODUCTION**

This matter was generated by a complaint filed with the Federal Election Commission by William James Scoggin, *see* 2 U.S.C. § 437g(a)(1), alleging that an individual named Arthur Blackwell made an excessive contribution to Kilpatrick for United States Congress (“Kilpatrick Committee”). Complaint at 2. The complainant cites the Commission’s regulations on earmarked contributions (11 C.F.R. § 110.6) and contributions by individuals to committees supporting the same candidate (11 C.F.R. § 110.1(h)), cites three contributions made by Blackwell (\$5000 to Transfund PAC, the leadership PAC of Representative Carolyn Kilpatrick, and \$500 and \$1000 to the Kilpatrick Committee), and asserts that Blackwell exceeded the individual contribution limit by \$1500.

As discussed in further detail below, there is no information to support the allegation that Blackwell made an excessive contribution to the Kilpatrick Committee. Accordingly, the Commission finds no reason to believe that Blackwell violated 2 U.S.C. § 441a(a).

**II. FACTUAL AND LEGAL ANALYSIS**

The Federal Election Campaign Act of 1971, as amended (“the Act”) provides that no person shall make contributions to any candidate and his or her authorized political committee with respect to any election for federal office which, in the aggregate, exceed \$2,300 for the 2008 election cycle, or to any other political committee in any calendar year which, in aggregate, exceed \$5,000. 2 U.S.C. § 441a(a)(1)(A) and (C); 11 C.F.R. § 110.1(b) and (d); *Price Index*

1 *Increases for Expenditure and Contribution Limitations*, 72 Fed. Reg. 5294, 5295 (Feb. 5, 2007).  
2 Candidates and their committees are prohibited from knowingly accepting any contributions in  
3 excess of the Act's limitations. 2 U.S.C. § 441a(f); 11 C.F.R. § 110.9(a).

4 Transfund, the leadership PAC for Representative Carolyn Kilpatrick, has been registered  
5 with the Commission since December 16, 2006. *See* Statement of Organization. The Act  
6 defines a "leadership PAC" as a political committee that is directly or indirectly established,  
7 financed, maintained, or controlled by a candidate for Federal office or an individual holding  
8 Federal office, but which is not an authorized committee of the candidate or individual and  
9 which is not affiliated with an authorized committee of the candidate or individual. 2 U.S.C.  
10 § 434(i)(8)(B). Although associated with a particular candidate, a leadership PAC is not legally  
11 affiliated with the candidate's principal campaign committee and is treated as a non-connected  
12 committee. *See* 11 C.F.R. § 100.5(g)(4); *Final Rules and Explanation and Justification on*  
13 *Leadership PACs*, 68 Fed. Reg. 67013 (Dec. 1, 2003).

14 The complaint alleges, in part, that Arthur Blackwell made an excessive contribution to  
15 Kilpatrick's campaign. Specifically, the complaint cites three contributions made by  
16 Blackwell—\$5,000 to Transfund PAC on January 26, 2007; \$500 to the Kilpatrick Committee  
17 on November 2, 2007; and \$1,000 to the Kilpatrick Committee on June 30, 2008—and asserts  
18 that Blackwell exceeded the individual contribution limit by \$1,500. Complaint at 2. The  
19 complainant's theory appears to be that the contribution to Transfund PAC was earmarked for  
20 Kilpatrick's campaign, 11 C.F.R. § 110.6, or in the alternative, that Blackwell retained control  
21 over the contribution to Transfund PAC with the knowledge that a substantial portion of his

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1 contribution would be contributed to or expended on behalf of Kilpatrick's campaign, 11 C.F.R.  
2 § 110.1(h)(2)-(3).<sup>1</sup>

3 An earmarked contribution counts against the contributor's contribution limit for the  
4 recipient candidate. 11 C.F.R. § 110.6(a). Thus, if Blackwell's contribution was earmarked, it  
5 would be subject to Blackwell's individual contribution limit of \$2,300 per election to a  
6 candidate committee during the 2008 election cycle, and it would not count against his limit for  
7 contributing to Transfund. 2 U.S.C. § 441a(a)(1)(A) and 441a(a)(8). However, if Blackwell's  
8 contribution was not earmarked, then he was permitted to contribute \$5,000 per calendar year to  
9 Transfund, an unauthorized committee, as long as he did not possess actual knowledge that his  
10 contribution would be used for Kilpatrick's campaign and he did not retain control of the funds.  
11 *See* 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(h)(1)-(3). As discussed below, there is no  
12 available information to support the complainant's allegations that Blackwell's contribution to  
13 Transfund was either earmarked, or excessive.

14 A contribution is earmarked when there is "a designation, instruction, or encumbrance,  
15 whether direct or indirect, express or implied, oral or written, which results in all or any part of a  
16 contribution or expenditure being made to, or expended on behalf of, a clearly identified  
17 candidate or a candidate's authorized committee." 11 C.F.R. § 110.6(b). In the past, the  
18 Commission has determined that contributions were earmarked where there was clear  
19 documentary evidence demonstrating a designation or instruction by the donor. *See* MURs  
20 4831/ 5274 (Nixon) (finding contributions were earmarked where checks contained express  
21 designations on memo lines); *see also*, MUR 5732 (Matt Brown for U.S. Senate), MUR 5520

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<sup>1</sup> The complaint characterizes all three contributions made by Blackwell as "individual contributions to a single candidate." Complaint at 2.

1 (Republican Party of Louisiana/Tauzin), MUR 5445 (Davis), and MUR 4643 (Democratic Party  
2 of New Mexico) (rejecting earmarking allegations where there was no evidence of a clear  
3 designation, instruction, or encumbrance by the donor). The Commission has rejected  
4 earmarking claims even where the timing of the contributions at issue appeared to be a  
5 significant factor, but the contributions lacked a clear designation or instruction. *See* MUR 5445  
6 (Davis) and MUR 4643 (Democratic Party of New Mexico).

7 Additionally, the Commission's regulations permit an individual to contribute to a  
8 candidate or his or her authorized committee with respect to a particular election and also  
9 contribute to a political committee, which has supported, or anticipates supporting, the same  
10 candidate in the same election without aggregation, as long as (1) the political committee is not  
11 the candidate's principal campaign committee, or other authorized committee or single candidate  
12 committee; (2) the contributor does not give with the knowledge that a substantial portion will be  
13 contributed to, or expended on behalf of, that candidate for the same election; and (3) the  
14 contributor does not retain control over the funds. *See* 11 C.F.R. § 110.1(h)(1)-(3). *See also*  
15 *Explanation and Justification of 11 C.F.R. § 110.1(h)*, 52 Fed. Reg. 44,130 (January 9, 1987).

16 In order for a contribution to an unauthorized committee to be aggregated with an  
17 individual's contribution limits for a particular candidate, the Commission has required that the  
18 contributor have "actual knowledge" of the committee's plans to use his or her contribution to  
19 contribute to or expend funds on behalf of the candidate to meet the requirements of section  
20 110.1(h)(2). *See* MURs 5732 (Matt Brown for U.S. Senate), 5678 (Liffbrig for Senate), 5445  
21 (Davis), and 5019 (Keystone Federal PAC) (although contributors were likely aware that the  
22 PAC would contemporaneously contribute to the candidates' committees there was no evidence  
23 that the contributors actually knew that a portion of their contributions would be given to

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1 specific candidates). *See also* MUR 5881 (Citizens Club for Growth) (rejecting claim that  
2 contributors had actual knowledge based on text of solicitations).

3       There is no information to demonstrate that Blackwell's contribution of January 26,  
4 2007, to Transfund was earmarked for the Kilpatrick Committee or that Blackwell actually knew  
5 his contribution would be used for a candidate. There is no allegation or available information  
6 indicating that Blackwell may have designated his contribution to be used exclusively for the  
7 benefit of the Kilpatrick Committee. 11 C.F.R. § 110.6(b). Similarly, there is no information  
8 indicating that Blackwell had actual knowledge that his contribution to Transfund would be used  
9 for the benefit of the Kilpatrick campaign or that Blackwell retained control over his contribution  
10 to Transfund in any way. 11 C.F.R. § 110.1(h)(2)-(3).

11       Based on his past contributions, Blackwell appears to be a long-time supporter of  
12 Kilpatrick with contributions going as far back as 1997, but there is no history of any excessive  
13 contributions. FEC records show that during the 2008 election cycle, Blackwell contributed a  
14 total of \$1,500 to the Kilpatrick Committee (\$500 on November 2, 2007, and \$1,000 on June 30,  
15 2008). Although Blackwell might reasonably infer that some portion of his contribution to  
16 Kilpatrick's leadership PAC might be used to support Kilpatrick, such an inference alone does  
17 not suggest that Blackwell had "actual knowledge" that Transfund would use his contribution to  
18 support Kilpatrick. *See, e.g.*, MUR 5968 (John Shadegg's Friends) and MUR 5732 (Matt Brown  
19 for U.S. Senate) (stating that although donors solicited by a candidate to contribute to state  
20 parties might reasonably infer that their contributions would be used to benefit that candidate,  
21 such information was insufficient for finding reason to believe that 11 C.F.R. § 110.1(h) had  
22 been violated).

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1           Finally, there are no additional factors that point to the possibility that Blackwell  
2 intended his contribution to be used for the Kilpatrick Committee. Since its organization in  
3 2006, Transfund has contributed to thirty federal candidates other than Kilpatrick. In fact,  
4 Transfund did not make a contribution to the Kilpatrick Committee until July 16, 2008, over one  
5 year after the date of Blackwell's January 26, 2007 contribution. These factors do not indicate  
6 Blackwell retained any control of his contribution to Transfund, or that he had any knowledge of  
7 whether it would be used for the benefit of Kilpatrick.

8           In sum, based on the available information, it does not appear that Arthur Blackwell  
9 made an earmarked contribution as defined in 11 C.F.R. § 110.6(b) or made his contribution to  
10 Transfund with the requisite knowledge and control, as set forth in section 110.1(h)(2)-(3), to  
11 trigger a violation of 2 U.S.C. § 441a(a). Accordingly, the Commission finds no reason to  
12 believe that Arthur Blackwell violated 2 U.S.C. § 441a(a).

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