

COPY

SENSITIVE



RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
2013 AUG 23 AM 10:07

August 15, 2013

Office of General Counsel
Federal Election Commission
999 E Street NW
Washington, DC 20463

MUR #

6749

Dear Sirs:

RE: Complaint against Trust Women PAC, FEC #C00466011

After reviewing the registration, reports, and business documents of the Trust Women PAC, FEC #C00466011, I have become increasingly concerned about the legality of the activities of this committee. Upon information and belief, I am submitting the following complaint against Trust Women PAC for violations of the Federal Election Campaign Laws and Commission Regulations.

Complaint Narrative

I will limit my complaint to violations evident in committee reports submitted to the FEC since July 1, 2011 to the present. All reports referenced in this letter are attached, along with documentary evidence of violations.

Violations include, but are not limited to:

1. Failure to report contributions to Federal Candidates/Committees and Other Political Committees in a proper manner
2. Failure to classify disbursements in a proper manner
3. Failure to file a single acceptable report since July 2011
4. Consistent error in calculation and reporting of cash at hand and disbursements
5. Engaging in political advocacy within the state of Kansas without registering with the state in accordance with KS Statute
6. Submission of reports through a non-authorized treasurer
7. Use of PAC funds and resources to operate a for-profit business
8. Disbursement of funds to non-existent entities sharing the Trust Women PAC address

14044354482

1. Failure to report contributions to Federal Candidates/Committees and Other Political Committees in a proper manner

You will note that in the 2012 Year-End Report, Trust Women PAC gave a total of \$11,000 to candidate committees and/or PAC's (document 3, pages 31-32, 34). However, on the Detailed Summary Page (ibid, page 4, line 23), Trust Women PAC lists a grand total of \$0.00 of contributions to Federal Candidates/Committees and Other Political Committees.

This same error occurs in the 30-Day Post-General 2012 Report as well. (See document 4a, pages 4, 25-27.)

In the new and amended reports for October Quarterly 2012, the treasurer registers two \$1,000 contributions to federal PAC's: "Kelda for Congress" and "Friends of Laura Ruderman." (See documents 6a, pages 30-31; and 6b, pages 31-32.) However, on page 4 of both reports, the total amount of contributions to Federal Candidates/Committees and Other Political Committees appears as \$0.00.

2. Failure to classify disbursements in a proper manner

According to the July and April Quarterly 2013 Reports, the 2012 Year-End Report and the Post-General 2012 Report, every disbursement during these periods was a 2012 Primary Disbursement. (See documents 1-3, 4a.)

However, since every expense occurred after the August 2012 primary, reason alone dictates that this classification is impossible, besides the fact that the listed "Purpose of Disbursement" directly contradicts this classification in many cases. See point 7 for several examples of these improperly classified disbursements.

3. Failure to file a single acceptable report since July 2011

Since July 2011, Trust Women PAC has failed to file a single report that has met the acceptance and approval standards of the Federal Election Commission.

The commission cited Trust Women PAC for various deficiencies in the Year-End 2011 and October Quarterly 2011 Reports. The PAC never submitted amended reports which were due for submission on January 25, 2012 and April 25, 2012, respectively. (See documents 9b and 10b.)

The October, July, and April Quarterly 2012 reports were all cited for deficiencies (documents 6c, 7d, 8d). Amber Lockner submitted amended reports in March 2013 (documents 6a, 7a, 8a). On July 3, 2013, the FEC rejected the amended July and April reports due to lack of an authorized signature (documents 7b and 8b).

The FEC rejected the 30-Day Post-General 2012 Report for failing to meet the electronic filing requirements. (See document 4b.)

A non-authorized individual also submitted the July and April Quarterly 2013 Reports, and the Year-End 2012 Report (documents 1-3.) Therefore, these reports will not meet the filing requirements of the Federal Election Commission.

4. Consistent error in calculation and reporting of cash at hand and disbursements

The Trust Women PAC reports show gross and consistent error in PAC bookkeeping. The summary page of each report gives conflicting numbers for cash at hand and disbursements in every filing since July 2011, with the exception of April Quarterly 2013 (document 2).

For example, the July Quarterly 2013 Report lists a final cash-on-hand balance as \$3,445.00 on line 8, page 2, Column A. However, the cash on hand is given as \$3968.00 in Column B. (See document 1, page 2.)

The Year-End 2012 Report lists a total of \$3466.19 in closing cash on hand for this period on line 8, page 2, Column A. However, the report lists \$25,066.68 in cash on hand in Column B. This is a discrepancy of nearly \$22,000! (See document 3, page 2.)

The October 2012 Report gives a beginning balance of \$2,160.98 (document 6a, page 2, line 6b). However, the final balance in the July 2012 Report is recorded as a minimum of \$12,811.40 (document 7c, page 2, line 8). According to these documents, in a one day period, at least \$10,650 went missing from the Trust Women PAC.

The July 2012 Report shows an opening balance of \$5,219.99 (document 7c, page 2, line 6b). Nevertheless, the ending balance in the April 2012 Report appears as \$18,396.00 (document 8c, page 2, line 8). Once again, according to these PAC reports, a minimum of \$13,000 disappeared from one day to the next.

This phenomenon repeats itself throughout the PAC filings. Just as serious, however, are the errors in reporting of disbursements.

For the past two years, there has been a consistent pattern of discrepancies involving missing, non-itemized disbursements. These disbursements account for hundreds, or even thousands, of dollars per report.

The April 2013 Report puts the total number of disbursements at \$13,575.92 for the reporting period on line 7, page 2. However, on page 27, Schedule B, of the same report, there were only \$11,336.54 in itemized disbursements. This represents over \$2,200 in missing funds. (See document 2, pages 2 and 27.)

The July 2013 Report lists the total disbursements at \$5,488.73 for the reporting period on line 7, page 2. On page 23 of Schedule B, the total for the period is given as \$3637.06. Once again, this represents over \$1,800 in non-accountable disbursements. (See document 1, pages 2 and 23.)

Even in the best report, these "invisible" disbursements account for over \$775.00. The April 2012 Report gives \$5,716.16 in total disbursements on page 2, and \$4,940.76 in total disbursements on page 18. (See document 8c.)

In the same April 2012 Report, the treasurer indicated that \$18,892.17 had been received for that period on line 6(c) of page 2 (document 8c). However, in the amended April 2012 report filed by Amber Lockner, that number increased to \$19,042.17 (document 8a, page 2, line 6c).

Additionally, in the amended April 2012 Report, the cash on hand at the beginning of the year/period dropped to just \$1,709.17 (document 8a, page 2, lines 6a-b). The original April 2012 Report showed an opening balance of over \$5,200.00 (document 8c, page 2, lines 6a-b).

This discrepancy represents a mysterious drop of over \$3,500.00. Furthermore, neither report reflects the cash on hand reported on December 31, 2011. (See document 9a, page 2.)

It is interesting to note that the majority of contributions are also non-itemized. Due to discrepancies in new and amended reports, it is impossible to know the exact amount of non-itemized contributions over the past two years. However, a quick review of the PAC's filings since July 2011 will prove that at least \$72,000.00 of contributions were non-itemized.

Within the past two years, discrepancies in cash on hand, receipts, and disbursements amount to \$37,118.13 of missing money.

Where has all the money gone? Where did all the non-itemized receipts come from? Why are there thousands of dollars in disbursements that no one can track? Why do amended reports reflect such great discrepancies in cash on hand? Is this a matter of incompetent accounting or unlawful activity?

5. Engaging in political advocacy within the state of Kansas without registering with the state in accordance with KS Statute

The Kansas Campaign Finance Act (K.S.A. 25-4145) requires any political committee to register with the state within 10 days of establishment, if that committee plans to receive or make expenditures for any candidate for state office (document 11).

In the Year-End 2012 Report, Trust Women PAC lists a \$250 contribution to the Kansas Senate campaign, "Snow for Senate," (document 3, page 32) as well as several thousand dollars in expenditures to Wichita businesses for mailings and GOTV calls (ibid, pages 15, 28-30, 34).

However, the Trust Women PAC does not appear in the list of registered Political Action Committees with the Kansas Ethics Commission for the 2012 Election Cycle (document 12).

6. Submission of reports through a non-authorized treasurer

On November 5, 2012 and November 27, 2012, Ms. Julie Burkhart and Ms. Amber Lockner, respectively, tried to file Amended Statements of Organization to the FEC to indicate a staff position change in the office of the Treasurer. (See documents 5a and c.)

However, the commission rejected both filings due to the fact that Ms. Burkhart and Ms. Lockner did not submit the statements electronically, as required. (See documents 5b and d.)

Notwithstanding, Ms. Amber Lockner has continued to file reports with the FEC for the Trust Women PAC since November 2012, although she is not the treasurer of record, and the amended statement was never approved. (See point 3.)

7. Use of PAC funds and resources to operate a for-profit business

Most concerning, however, is the use of PAC funds and resources to operate a non-related, for-profit business enterprise.

In November 2012, the executive director of Trust Women PAC, Ms. Julie Burkhart, filed incorporation paperwork for South Wind Women's Center, LLC (also known as SWWC), which opened for services as a women's medical clinic in Wichita, KS in the Spring of 2013. (See document 13.)

Rather than use private or invested funds to start the business, Ms. Burkhart used PAC monies to finance clinic equipment, materials, and website hosting.

In fact, the Trust Women PAC website, www.trustwomenpac.org, has a "Clinic Progress" tab, which contains "Julie's Blog." The website has a feature article which refers to "our clinic," and contains a picture of Ms. Burkhart inside the SWWC. The homepage also includes a slide with same article and photograph. (See document 14.)

Examples of PAC monies used to finance the Center include:

- a) On March 18, 2013, the committee spent \$837.92 to purchase a washer and dryer from Sears, ostensibly as a disbursement for the Primary 2012 election cycle. However, it is highly unlikely that this equipment would be used to launder materials from an election cycle that ended 7 months previous. Rather, the timing of this purchase correlates exactly with the purchase of other materials and equipment for the grand opening of South Wind Women's Center a few weeks later. (See document 2, page 18, entry A.)
- b) On March 13, 2013, the committee spent \$342.80 to purchase "robes for clinic" from Cotton Age. Again, this is listed as a Primary 2012 disbursement. However, the "clinic" in reference is none other than South Wind Women's Center, and has no connection to any legitimate campaign expense or activity. (See document 2, page 13, entry A.)
- c) On March 12, 2013, the committee spent \$208 in two disbursements to Fat Cow in exchange for website hosting. (See document 2, pages 13-14, entries C and A, respectively.)

However, Trust Women PAC website (www.trustwomenpac.org) is hosted by Momentum Marketing and Design. According to registration documents, it is South Wind Women's Center (www.southwindwomenscenter.org) that claims Fat Cow as its website hosting agent, and Trust Women is the registrant. (See documents 15a and b.)

Once again, this is a clear example of PAC funds being used to operate and provide internet marketing for a business.

- d) On April 26, 2013, a friend of mine placed a call to South Wind Women's Center to schedule an abortion. Ms. Kattie Knutter answered the phone, and spent approximately twenty minutes talking to and counseling my friend. I was present at the time my friend placed the call.

After scheduling my friend's procedure, Ms. Knutter sent her a 24-hour consent form by email, as required by Kansas law. A copy of her email and the consent form are attached (document 16).

However, you will note that Ms. Knutter sent these documents from Trust Women PAC email address. Ms. Knutter appears in the 2012 Year-End Report as a paid PAC employee (document 3, pages 24-25), and as a paid intern in the October Quarterly 2012 Reports (document 6a, pages 32-33; 6b, pages 31-32).

140413141487

This is another example of the Trust Women PAC using paid employees to staff the business and using PAC email addresses to send out business paraphernalia.

South Wind Women's Center, LLC offers medical services, and receives payment in exchange for these services. Payment is accepted in the "form of cash, ACH check payment, credit or debit cards, insurance coverage, or Medicare and Medicaid where applicable." (See document 17.) There is no record in any filing by Trust Women PAC with the FEC of any monies received from SWWC.

It is absurd to think that such a business, which bills for its services and receives 100% of the profits, would be unable to pay its own employees, buy its own equipment, or host its own website. From the above-listed references, it would seem that South Wind Women's Center is nearly exclusively reliant on Trust Women PAC to fund its operations.

Trust Women PAC is disbursing funds for the function of SWWC without reimbursement, and SWWC is receiving all the profits.

This bizarre business arrangement raises number of questions. Where is all the money going? Why is Trust Women PAC so involved in the operations of this center? Could it be that the PAC director and employees are simply pocketing the invisible flow of cash from this business? Is South Wind Women's Center nothing more than a money laundering scheme for PAC employees to embezzle funds, without suspicion of malfeasance?

These questions have tremendous legal import, and can only be answered by proper inquiry and investigation.

It is entirely contrary to the whole spirit of the Campaign Finance Act for a political committee to be using PAC funds, resources and personnel to operate any kind of for-profit business enterprise. Allowing such a precedent to continue could result in PAC's operating grocery stores, fast food chains, hospitals, casinos, etc., with little or no oversight.

Such a development would pervert the intended purpose of the political committee, disenfranchise political donors, and destroy the legitimacy of the American political process.

8. Disbursement of funds to non-existent entities sharing the Trust Women PAC address

Of further concern is the fact that Trust Women PAC has made repeated, large disbursements to non-existent entities located in the same office as the committee.

For example, in the 2012 Year-End Report, the first itemized disbursement shows \$2,000 going to American Action League for the purpose of "GOTV calls" (document 3, page 15, entry A). However, according to the KS Secretary of State Business Filing Center, American Action League is not a registered business entity in Kansas (document 18).

Strangely enough, the address given for American Action League—200 W Douglas Ave, Ste 600, Wichita, KS 67202—also happens to be the exact same address that appears on a Trust Women PAC press release from May 2, 2012 (document 19).

A second payment of \$700 was made to the Trust Women Foundation, Inc. on October 23, 2012 for "Utilities Reimbursement" (document 3, page 34, entry A). Once again, the address is the same as that of the the Trust Women PAC office and the supposed American Action League.

However, in this case, the organization, Trust Women Foundation, Inc., is incorporated in Kansas, but at a different location and under a different director (document 20). On March 1, 2013, the director of Trust Women Foundation, Inc. issued a "cease and desist" notice to Julie Burkhart for her use of the name, "Trust Women Foundation, Inc.", without the authorization from the corporation or its officials (document 21).

Nearly two months after claiming to make a \$700 disbursement to Trust Women Foundation, Inc., Trust Women PAC director Julie Burkhart filed incorporation paperwork for the Trust Women (and change the world) Foundation, Inc. on December 12, 2012, with an office location of 200 W Douglas Ave, Suite 600, Wichita, KS 67202 (document 22a). Less than six months later on May 30, 2013, Ms. Burkhart dissolved the non-profit corporation (document 22b).

Furthermore, the 2012 Year-End Report shows that Trust Women PAC made a \$9,750 payment to a second, separate "Trust Women PAC (Non-Federal)" for "GOTV calls" (document 3, page 34, entry B). Even this disbursement, however, raises concerns.

First of all, as mentioned earlier in point 5, Trust Women PAC was not registered with the state of Kansas (document 12). The committee does not exist as a non-federal PAC.

Secondly, the address given for "Trust Women PAC (Non-Federal)" appears on the Federal Election Commission website as the official address of record for the federal Trust Women PAC (document 23).

Thirdly, if the Trust Women PAC was responsible for making GOTV calls from their own office, wouldn't the expense break down into more specific itemized expenditures, such as telephone service, equipment, and staff time? Why does the disbursement appear as one giant sum to a non-existent entity at the PAC address?

Summary

The Trust Women PAC has a history of error and non-compliance with FEC rules. Within the past two years, the Federal Election Commission has issued twelve RFAI's or paper amendments to the Trust Women PAC in regards to errors, inconsistencies, and failure to file. (See documents 4b and d; 5b and d; 6c; 7b, d and e; 8b and d; 9b; and 10b).

On December 11, 2012, Trust Women PAC paid a \$550 fine to the FEC (document 3, page 21, entry C). More recently, on June 7, 2013, the FEC found that Trust Women PAC violated United States Code and assessed a civil monetary penalty of \$3,712 (document 4c).

Since July 1, 2011, over 24.7% of contributed funds—a total of \$37,118.13—has simply disappeared without trace from PAC coffers.

In addition, the doubtful character of their current operations gives rise to the possibility of criminal enterprise.

Prayer

In light of the serious nature of these violations, I hereby request that the Federal Election Commission review, investigate, and take appropriate legal action in response to this complaint and the allegations herein.

Furthermore, should the FEC discover evidence of criminal activity on the part of Trust Women PAC, its officers, employees or representatives, which involves financial fraud, extortion or other felony, I request that the FEC report these findings to the appropriate federal agency, and that all such crimes be prosecuted to the fullest extent of the law.

I hereby declare under penalty of perjury under the laws of the United States of America that the foregoing complaint is true and correct.

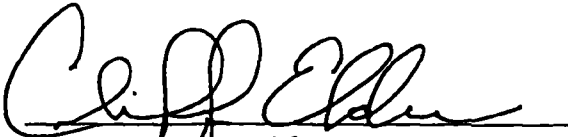
Dated: August 15, 2013


Cheryl Sullenger, Complainant

State of Kansas }
County of Sedgwick }

Subscribed and sworn before me on this

15 day of August, 2013 by Cheryl Sullenger.



Notary Public in and for
The State of Kansas
County of Sedgwick

My commission Expires:



11-4-13

11-04-2013 11:04:13