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BY HAND

Mr. Jeff S. Jordan
Assistant General Counsel
Office of Complaints Examination and Legal Administration
Federal Election Commission
999 E Street NW
Washington, DC 20463

Re: MUR 6823—Response of Harry M. Walker

Dear Mr. Jordan:

This office represents Harry M. Walker in the above-captioned Matter Under Review. This letter and accompanying materials respond to the complaint by Tea Party Patriots Citizens Fund and its treasurer, Jenny Beth Martin (together "Tea Party Patriots"), to the Federal Election Commission ("FEC" or "Commission") dated May 15, 2014, and supplemented on May 27, 2014.

The complaint alleges that Mr. Walker's employer, co-respondent Trustmark National Bank ("Trustmark"), violated the Federal Election Campaign Act of 1971, as amended ("FECA"), by making a political contribution to Mississippi Conservatives in the form of a secured loan. The complaint suggests that Mr. Walker is also liable for having authorized the loan. Finally, the complaint appears to charge Mr. Walker and Trustmark with violations of reporting requirements that FECA imposed on Mississippi Conservatives in connection with the loan.

For the reasons detailed below and in Trustmark's separate response (enclosed and incorporated by reference in full), Tea Party Patriots' complaint is groundless. From start to finish, the claimed political contribution was a routine commercial loan, issued at a normal interest rate, subject to normal terms, and backed by a perfected security interest in a certificate-of-deposit account. Both the bank and Mr. Walker fully complied with federal campaign finance law when processing and making the loan, and Tea Party Patriots' complaint against Mr. Walker on these grounds should be dismissed.

The alleged reporting violations are similarly without foundation. Foremost, FECA imposes no reporting duties on banks or their employees. While Commission regulations contemplate that *political committees* will secure and file with the FEC a certification from a lender bank, the regulations do not impose any corresponding

obligation or liability on the bank or the bank employee who happens to sign the political committee's certification. In any event, all this is largely beside the point; the claimed errors on Mississippi Conservatives' report were either inconsequential (and since corrected) or not errors at all. Accordingly, the Commission should also find no reason to believe that Mr. Walker violated the reporting provisions of FECA and should dismiss this complaint against him in its entirety.

FACTS

Mr. Walker lives in Jackson, Mississippi, and began working at Trustmark in 1972. Since September 2011, he has served as the regional president for central Mississippi, overseeing fifty-three bank offices and more than 400 employees. Walker Aff. ¶¶ 1-2. In January 2014, Mr. Walker received a request that Trustmark provide a loan of approximately $250,000 to Mississippi Conservatives, a federal independent-expenditure-only political committee. Walker Aff. ¶ 7. The loan was to be secured by a certificate-of-deposit account (or "CD account") already maintained at Trustmark with an approximate value of $250,543.74. Walker Aff. ¶ 7.

After receiving the loan request, Mr. Walker asked T. Jeremy Bond, a vice president and branch manager at Trustmark's Jackson office, to prepare the loan paperwork and take care of its execution and processing. Walker Aff. ¶ 7; Bond Aff. ¶ 4. As detailed in Mr. Bond's affidavit, the ensuing loan process was routine: A representative of Mississippi Conservatives signed a promissory note that stated the amount of the loan, the maturity date, and a standard interest rate of 2.65% per annum. Bond Aff. ¶¶ 6, 7. The note also acknowledged that the loan was secured by the balance in the CD account. Ex. B to Trustmark Response. Separately, the holder of that account executed an "Assignment of Deposit Account," "assign[ing] and grant[ing] to [Trustmark] a security interest" in the account. Ex. D to Trustmark Response. And, as a matter of Mississippi law, that security interest perfected automatically. Like every other state in the Union, Mississippi provides that "[a] security interest in a deposit account may be perfected only by control . . . ," and "[a] secured party has control of a deposit account if . . . [t]he secured party is the bank with which the deposit account is maintained." Miss. Code Ann. §§ 75-9-104, -312, -314; *see generally* UCC Local Code Variations § 9-104.

Nearly three months later, in mid-April, a representative of Mississippi Conservatives asked Mr. Walker to sign the committee's Schedule C-1 of FEC

Form 3X. Walker Aff. ¶ 10. The form had been pre-populated, and Mr. Walker focused on those entries on the form that were most relevant—the amount and interest rate of the loan the bank issued. Walker Aff. ¶ 12. Mr. Walker is not versed in the reporting requirements that the FEC imposes on political committees. Walker Aff. ¶ 14. He did not notice that Mississippi Conservatives had mistakenly indicated: (1) Trustmark's loan was unsecured, and (2) the loan collateral—the pledged CD account—was unperfected. Walker Aff. ¶¶ 13-14.

Nonetheless, when asked about the political committee's disclosure filings by a reporter, he accurately "confirm[ed] that there was collateral." Walker Aff. ¶ 15 (quoting Ben Jacobs, *Bank Didn't Give Unsecured Loan To Super PAC*, The Daily Beast (May 13, 2014)). Otherwise, at no point between January 2014, when he received the loan request, and April 2014, when he signed the Schedule C-1, did Mr. Walker consider or discuss Mississippi Conservatives' FEC disclosure obligations vis-à-vis Trustmark's loan. Walker Aff. ¶ 16.

Based on publicly available information, it appears that Mississippi Conservatives has since corrected the disclosure oversight in its report; on April 30, the committee submitted the promissory note to the Commission in a Miscellaneous Filing, and on May 17, it amended its Schedule C-1 to reflect that the Trustmark loan was backed by a perfected security interest in the CD account. *See* Exs. B & D to Compl.

THE COMPLAINT

On May 27, 2014, Mr. Walker received notice that Tea Party Patriots had named him in a complaint to the FEC. According to Tea Party Patriots—one of Mississippi Conservatives' rival political committees—Mr. Walker had "conspired" with his employer, Trustmark, and with Mississippi Conservatives and its treasurer to "deliberately, knowingly and willfully violate" FECA. Compl. 3. He and the other respondents allegedly "flaunt[ed]" the Act by "hatching and implementing [an] unlawful scheme in obvious knowing and willful violation of federal law." Compl. 7; Supp. Compl. 5.

Read generously, Tea Party Patriots' objections boil down to two issues. First, the group claims that Trustmark's loan to Mississippi Conservatives was not a bona fide commercial transaction but an impermissible contribution from a national bank, exposing Trustmark and any consenting officer to FECA liability. Compl. 4-7; Supp. Compl. 4-5.

Second, Tea Party Patriots complains that Mississippi Conservatives' FEC reports contained inaccuracies. According to the complaint, the committee's Schedule C-1 should have denoted the owner of the collateralized CD account as a "guarantor" of the loan. Supp. Compl. 5-7. The supplemental complaint also takes issue with the now-corrected ministerial error suggesting that the loan was unsecured. Supp. Compl. 8.

THE ACT, IMPLEMENTING REGULATIONS, AND COMMISSION PRECEDENT

A. Under FECA, political committees can legally obtain bona fide bank loans.

FECA bars national banks from making "a contribution or expenditure in connection with any election to any political office." 2 U.S.C. § 441b(a). The Act also imposes derivative liability on a bank's officers and directors who "consent to any contribution or expenditure by the . . . bank." *Id.*

While bank contributions are prohibited, bank loans are not. FECA exempts from the definition of "contribution" those bank loans "made in accordance with applicable law and in the ordinary course of business." *Id.* § 431(8)(B)(vii). A loan is "deemed to be made in the ordinary course of business" if it meets four criteria: (1) it bears the usual and customary interest rate of the lending institution for the category of loan; (2) it is made on a "basis that assures repayment"; (3) it is evidenced by a written instrument; and (4) it is subject to a due date or amortization schedule. 11 C.F.R. § 100.82(a)(1)-(4); 2 U.S.C. § 431(8)(B)(vii)(II).

By regulation, the Commission has offered examples of ways in which a lending institution can "assure[] repayment" for FECA purposes. A loan is made on a basis that assures repayment if, for example, it is backed by sufficient collateral, the bank has a perfected security interest in that collateral, and the collateral's fair market value is at least that of the loan amount and any senior liens. 11 C.F.R. § 100.82(e)(1)(i). Alternatively, banks can assure repayment if the borrower pledges future contributions to the bank. *Id.* § 100.82(e)(2). And loans that do not fit neatly within these exemplar categories are considered on a case-by-case basis, taking account of "the totality of the circumstances." *Id.* § 100.82(e)(3). At base, the inquiry is whether the loan is a bona fide business transaction. *See* FEC Adv. Op. No. 1994-26 (Sept. 26, 1994) (determining whether terms of a loan "appear to be out of the ordinary or unduly favorable to [the borrowing committee]").

B. FECA and Commission rules impose added reporting requirements on political committees that take out loans.

Though FECA prohibits banks from issuing loans out of the ordinary course of business, the Act places no affirmative reporting duties on banks that lend funds to political committees. Like any commercial transaction subject to the Act, a loan prompts reporting requirements on the borrower committee. But—again, like any other transaction—the responsibility for complying with these requirements is the committee's alone. A committee's bank loans are reported under Section 434, which charges "[e]ach *treasurer* of a *political committee*" with exclusive responsibility to accurately and completely disclose the required information. 2 U.S.C. § 434(a)(1) (emphasis added). As enacted by Congress, a borrower committee must disclose "the identification of each . . . person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and the date and amount or value of such loan." *Id.* § 434(b)(3)(E).

The Commission's implementing regulation explains that "when a *political committee* obtains a loan from . . . a lending institution . . . , *it* shall disclose" certain information. 11 C.F.R. § 104.3(d)(1) (emphasis added). The bulk of these disclosure requirements aim to ensure that the loan is, in fact, a legitimate business transaction between the committee and bank. 56 Fed. Reg. 67122 (Dec. 27, 1991). For example, the "*political committee* . . . shall disclose . . . information on the schedule C-1," including the date and amount of the loan, the interest rate and repayment schedule, the types and value of traditional collateral or other sources of repayment that secure the loan, and whether the security interest is perfected. *See* 11 C.F.R. § 104.3(d)(1)(i)-(iv) (emphasis added).

To comply with its reporting duties, the borrower committee is also obliged to obtain from its lending institution a certification "that the *borrower's* responses to paragraphs (d)(1)(i)-(iv) . . . are accurate to the best of the lending institution's knowledge." *Id.* § 104.3(d)(1)(v) (emphasis added). At the same time, nothing in the regulations puts any legal onus on the institution itself to issue such a certification. Nor do the regulations intimate that signing on behalf of the institution may expose a bank's employee to liability for the committee's reporting errors. To the contrary—and in keeping with FECA more broadly—the Commission has made clear that the duty to file full and accurate reports rests exclusively with the borrower political committee. *See id.* § 100.82(b). Thus, when it promulgated the certification rule in 1991, the Commission dismissed "concern[s]

that lenders will be held responsible if they sign supplemental forms" by noting that lenders' responsibilities under FECA would remain constant "regardless of which party is required to sign the supplemental forms." 56 Fed. Reg. 67122.

DISCUSSION

I. Harry Walker did not violate FECA by consenting to Trustmark's fully secured loan to Mississippi Conservatives.

The majority of Tea Party Patriots' complaint takes aim at Trustmark's loan to Mississippi Conservatives. Mr. Walker's alleged liability on that front appears to be derivative. Because the loan was supposedly an illegal contribution by Trustmark, Mr. Walker is accused of violating the provision of the Act that makes it unlawful for "any officer or any director of . . . any national bank . . . to consent to a[] contribution . . . by the . . . national bank." 2 U.S.C. § 441b(a). For the reasons laid out in Trustmark's response, the loan fully satisfied the requirements of federal campaign finance law, and Mr. Walker specifically incorporates pages 5-9 of Trustmark's submission here by reference. Because, as explained in that response, the loan was not an impermissible contribution, there can be no liability for Trustmark or Mr. Walker for making and authorizing a proper commercial loan.

II. Signing Schedule C-1 on behalf of Trustmark did not expose Harry Walker to liability under FECA.

Tea Party Patriots also seeks to hold Mr. Walker liable under FECA for filing errors allegedly made by Mississippi Conservatives after it borrowed money from Trustmark. This attenuated theory of liability has no basis in FECA or any other law. To state the obvious, individual bank employees are not liable under FECA for the filing irregularities of committees that borrow money from banking institutions. First, Trustmark itself is not subject to affirmative reporting duties under FECA and nor, by extension, is its employee Mr. Walker. Second, imputing liability to Mr. Walker personally—a sort of reverse vicarious liability—breaks faith with basic principles of agency and would raise grave due process concerns.

A. FECA imposes reporting obligations on political committees and treasurers alone.

Because banks themselves are not subject to affirmative reporting duties under FECA, no such duty can be charged to employees acting on a bank's behalf. As a general rule, FECA imposes reporting requirements on political committees and other actors, not the commercial vendors with whom they chance to do business. When an independent-expenditure committee takes out an ad in Jackson's *Clarion-Ledger*, for example, the newspaper does not file a report with the Commission. The committee is responsible for reporting these transactions; it is the committee, through its treasurer, that must "file reports of receipts and disbursements" under FECA. 2 U.S.C. § 434(a)(1).

Nothing changes when a committee takes out a loan from a bank. Like other transactions, bank loans are reported under Section 434, *id.* § 434(b)(3)(E), which charges "[e]ach treasurer of a political committee" with exclusive responsibility for disclosing the required information, *id.* § 434(a)(1). As far as Tea Party Patriots' complaints about reporting go, that should be the end of the matter for Trustmark and Mr. Walker. The duty to file complete and accurate reports starts and finishes with the regulated political committee and its treasurer. Indeed, in this case, Mississippi Conservatives affirmatively acknowledges that it is the party responsible for filing its own FEC reports, including the Schedule C-1 at issue here. *See* Mississippi Conservatives Response 14, 22.

Tea Party Patriots nonetheless claims that a bank and its employees assume full liability under FECA's reporting statute by agreeing to sign a certification for a borrower committee. But this extension of federal power finds support in neither FECA nor the Commission's implementing regulations. FECA itself gives no hint that banks—much less bank employees—may be subject to reporting duties and liabilities. Again, and consistent with its disclosure regime more generally, the Act contemplates that political committees alone will "report . . . the identification of each . . . person who makes a loan to the reporting committee." 2 U.S.C. § 434(b)(3)(E).

Commission regulations confirm that the responsibility for reporting bank loans is with the borrowing committee. "[L]oans shall be reported *by the political committee*." 11 C.F.R. § 100.82(b) (emphasis added). They are disclosed in accordance with Section 104.1, under which "[e]ach treasurer of a *political committee* required to register . . . shall report . . . ." *Id.* § 104.1(a) (emphasis

added). When reporting bank loans under this provision, the "*political committee* . . . shall disclose . . . on the schedule C-1" the date and amount of the loan, the interest rate and repayment schedule, and the types and value of collateral backing the loan. *Id.* § 104.3(d)(1) (emphasis added); *see also* FEC, Instructions for FEC Form 3X and Related Schedules 16 (rev. Apr. 2006) ("A political committee that obtains a loan or line of credit from a bank or other lending institution must file Schedule C-1.").[1]

Nor does the bank-certification line on Schedule C-1 have the significance Tea Party Patriots ascribes to it. True enough, a political committee's filing will not be complete if its lender bank has not signed the Schedule C-1. But Commission regulations place no legal duty on the bank itself (much less on its individual employees) to ensure that its borrowers comply with campaign finance obligations. Trustmark and Mr. Walker could have refused outright to sign Mississippi Conservatives' certification without violating FECA or its implementing regulations.[2] Federal campaign finance law simply creates no legal duty for banks and bank employees to bless their borrowers' FEC reports, and inaccuracies in a borrower's disclosures cannot be imputed to its lending institutions. *Cf. Mogall v. United States*, 333 U.S. 424, 425 (1948) (per curiam) (an employer could not be charged with failing to report information about his employee to the draft board because "the Selective Service Regulations imposed no legal obligation upon petitioner, as an employer of a registrant under the Selective Training and Service Act, to make . . . reports to the local board").

In fact, the Commission has said as much. In promulgating the certification-filing requirement, the Commission dispelled any "concern[s] that lenders will be held responsible if they sign the supplemental forms," indicating that the rule created no new ground for bank liability under FECA. *See* 56 Fed. Reg. 67122 (Dec. 27, 1991). Lending institutions had preexisting "obligations and responsibilities under the FECA"—that is, to avoid making prohibited contributions—and the Commission made clear that a bank's duties under the Act would be the same "regardless of which party is required to sign the supplemental forms." *Id.*

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[1] http://www.fec.gov/pdf/forms/fecfrm3xi.pdf.

[2] If a bank were to unjustifiably refuse to certify a committee's report, the committee would presumably have recourse against the bank directly by way of express contractual terms or implied covenants. That remedy is between the committee and its bank, not the FEC and the bank, which, as discussed above, has no FECA-mandated reporting obligations for the Commission to enforce.

B. Corporate employees who sign instruments on behalf of their employers do not bind themselves personally.

Even accepting Tea Party Patriots' atextual premise that banks may be liable for the accuracy and completeness of FEC reports, extending that liability to individual bank employees is a bridge too far. There is no basis in either FECA or Commission regulations to impute personal liability to bank employees who sign documents on behalf of their employers. In fact, neither the campaign finance statutes nor the regulations so much as mention individual signing agents other than political-committee treasurers; FECA does not contemplate bank certifications at all, and the regulations speak exclusively of "[a] certification from the lending institution." 11 C.F.R. § 104.3(d)(1)(v). On top of that, Schedule C-1 itself highlights that bank agents sign not on their own behalf, but as the "authorized representative" of their employer. *See* Schedule C-1.

Absent a specific regulatory duty placed on bank agents personally, any obligation Trustmark might have to ensure the accuracy of Schedule C-1s—and it has none—cannot be charged to Mr. Walker. "It is a general principle of corporate law that the officers and employees of a corporate entity are its agents." *Klayman v. Judicial Watch, Inc.*, 628 F. Supp. 2d 112, 129 (D.D.C. 2009) (citation omitted). And as a matter of hornbook agency law, corporate liability does not filter to agents when they sign instruments on behalf of their corporate principal. Quite the opposite; "[a] corporate officer who signs on behalf of the corporation is not liable unless he signs *as an individual* (in addition to signing as the corporate representative)." *Bonnant v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 467 F. App'x 4 (2d Cir. 2012) (emphasis in original); *cf.* Restatement (Second) of Agency § 320 (1958) ("Unless otherwise agreed, a person making or purporting to make a contract with another as agent for a disclosed principal does not become a party to the contract."). The Commission, for its part, has also recognized this principle, noting "the reality that individuals in our complex society frequently act on behalf of other parties—a reality that often makes it unfair to credit or blame the actor, individually, for such acts." 70 Fed. Reg. 3, 4 (Jan. 3, 2005) (citation omitted).

Thus, when FECA departs from these tenets of agency law and imposes personal liability on individuals, the Act and Commission regulations make clear that only one natural person, the committee treasurer, may be personally liable for a committee's reporting errors. *See* 2 U.S.C. § 434(a); 11 C.F.R. § 104.14. As the Commission has put it, "[l]iability for recordkeeping and reporting violations of the Act lies with 'the committee's treasurer, who is legally responsible for any

violations of the Act.'" FEC Br., *FEC v. Toledano*, No. 01-56762, 2002 WL 32100194, at *7 (9th Cir. filed Mar. 14, 2002) (citation omitted); 70 Fed. Reg. 3 (Jan. 2, 2005). Beyond the laws on the books, the Commission publicizes that "[a] committee's treasurer is personally responsible for carrying out [reporting] duties ... and should understand these responsibilities (as well as his or her personal liability for fulfilling them) before taking them on." FEC, *Nonconnected Committees* 4 (May 2008); *see also* FEC Record: Outreach, *Treasurer's Liability* (Aug. 11, 2011)[3]; FEC, *Committee Treasurers*, YouTube (Apr. 14, 2014).[4] And even when committees make errors, personal liability for their treasurers is far from the norm. "[W]hen the Commission investigates alleged violations of the Federal Election Campaign Act . . . involving a political committee, the treasurer will typically be subject to Commission action only in his or her official capacity." 70 Fed. Reg. 3; *see also Combat Veterans for Congress PAC v. FEC*, 983 F. Supp. 2d 1, 13 (D.D.C. 2013) (noting that "liability for committees and treasurers in their official capacity is the rule"); *FEC v. Cal. Democratic Party*, 13 F. Supp. 2d 1031, 1037 (E.D. Cal. 1998) (dismissing claims against treasurer in his personal capacity absent allegations that he violated "any personal obligation").

Given the range of safeguards in place to alert committee treasurers of their exposure, it is inconceivable that FECA wordlessly decrees even stricter personal reporting liability for agents of third parties like Mr. Walker. There is certainly no textual basis for expanding the law in this way; again, neither statute nor regulation even references bank agents in connection with political committee reports. Nor has Tea Party Patriots pointed to a single instance where a bank employee has been investigated—let alone penalized—for errors in a borrower committee's FEC filings, and we have found none.

In short, holding bank employees liable by dint of signing on their employers' behalf is both unsupported and unprecedented. All the more troubling, Tea Party Patriots' novel theory presents serious due process concerns. "A fundamental principle in our legal system is that laws which regulate persons or entities must give fair notice of conduct that is forbidden or required." *FCC v. Fox Television Stations, Inc.*, 132 S. Ct. 2307, 2317 (2012). "The constitutional requirement that defendants be given fair notice of conduct that can subject them to punishment is deeply rooted in our legal system and applies to any defendant—criminal or civil—

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[3] http://www.fec.gov/pages/fecrecord/september2011/treasurerliability.shtml.

[4] https://www.youtube.com/watch?v=3WgZzNbfALQ&feature=youtu.be.

faced with punishment at the hands of the state, an agency, or a jury." Theodore J. Boutrous, Jr. & Blaine H. Evanson, *The Enduring and Universal Principal of "Fair Notice"*, 86 S. Cal. L. Rev. 193, 204 (2013). In simplest terms, "regulated parties should know what is required of them so they may act accordingly." *Fox Television Stations, Inc.*, 132 S. Ct. at 2317.

To interpret FECA to expose Mr. Walker to liability for a political committee's alleged reporting violations would present just such a due process problem. Tea Party Patriots invites an interpretation of the Act and regulations that would "impose potentially massive liability on [Mr. Walker] for conduct that occurred well before that interpretation was announced." *Christopher v. SmithKline Beecham Corp.*, 132 S. Ct. 2156, 2167 (2012). "The statute and regulations certainly do not provide [him] clear notice" of any potential for liability under FECA's reporting laws, *id.*, and the resulting unfair surprise is self-evident:

> It is one thing to expect regulated parties to conform their conduct to an agency's interpretations once the agency announces them; it is quite another to require regulated parties to divine the agency's interpretations in advance or else be held liable when the agency announces its interpretations for the first time in an enforcement proceeding and demands deference.

Id. at 2168. These principles follow from basic notions of fairness, and they have special purchase here. Mr. Walker could have read FECA from end to end and then combed through Title 11 of the Code of Federal Regulations, all without finding a hint that the law displaces fundamental rules of agency when it comes to signing Schedule C-1s. Particularly in light of these due process considerations, FECA and its accompanying regulations cannot reasonably be read to assign personal liability to bank agents in this situation.

III. The claimed errors in Mississippi Conservatives' report are either ministerial and inconsequential or not errors at all.

In any event, questions about who should bear liability for FEC reports are largely beside the point in this matter. The principal reporting violation in Tea Party Patriots' complaint—that Mississippi Conservatives should have designated the owner of its collateral as a "guarantor"—is simply wrong on the law. Trustmark Response 13. The security for the loan was not based on a guarantee, so there was no guarantor to be designated on Schedules C and C-1. The remaining faults

involve inconsequential errors, which Mississippi Conservatives first began to fix weeks before the complaint was made and fully rectified within two days of the original complaint's filing.[5]

Because the original Schedule contained errors, Tea Party Patriots complains that Trustmark and Mr. Walker somehow "conspir[ed] to file false FEC reports." Supp. Compl. 9. But this overstates the case. In truth, the schedule contained two mischecked boxes—since corrected—indicating that Trustmark's loan was not secured or backed by a pledge of future contributions. In other words, the original schedule wrongly indicated that the loan had been made outside the ordinary course of business. *See supra* 3. This oversight hardly amounted to a material falsehood. Far from masking an illegal bank contribution, the error accomplished the precise opposite: It yielded a false positive by flagging a legitimate bank loan as improper. This error did not frustrate the purpose of Schedule C-1—to ensure that loans are properly made—and thus was of no legal consequence. Mr. Walker did not "deliberately, knowingly, and willfully" sanction these oversights, Supp. Compl. 9, or any other disclosures by Mississippi Conservatives raised in the complaint, Walker Aff. ¶ 16.

Tea Party Patriots' real quarrel appears to be with Mississippi Conservatives for refusing to disclose the owner of the collateral securing its loan. According to the complaint, the owner qualified as a "guarantor" under Commission regulations and, in turn, should have been disclosed on the committee's Schedule C. Putting aside that Tea Party Patriots misapprehends the nature of guaranty relationships and that there was not one here, *see* Trustmark Response 13, neither Trustmark nor Mr. Walker are properly the target of this grievance. Any possible duty to disclose the owner of the CD account as an in-kind contributor or in some other way rests squarely with Mississippi Conservatives, not with the bank and bank employees with whom the committee happened to do business.

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[5] Tea Party Patriots flags in passing that Mr. Walker made a contribution to Citizens for Cochran in his personal capacity. The complaint advises that this contribution "should be noted," Compl. 6, but does not explain why Mr. Walker's exercise of his First Amendment right to contribute to Citizens for Cochran bears on the legality of a commercial loan that his employer made to Mississippi Conservatives. We too could discern no relevant connection.

Reading between the lines, Tea Party Patriots' objective appears to be to implicate Mr. Walker in a speculative "conspiracy" with Mississippi Conservatives to avoid disclosing the CD account holder. Again, though, at no relevant time did Mr. Walker consider or discuss the FEC disclosure implications of the loan transaction. Walker Aff. ¶ 16.

CONCLUSION

Presumably in aid of its mission to "restore personal freedom [and] economic freedom . . . to America," Compl. 1, Tea Party Patriots has harnessed the power of the federal government to press charges against Harry M. Walker, the regional president of a mid-sized bank in Jackson, Mississippi. As far as Mr. Walker is concerned, complainants seek, in the most literal sense, to make a federal case out of a scrivener's error. The Commission should find no reason to believe that Mr. Walker violated FECA and should dismiss the complaint against him.

Sincerely,

Caleb P. Burns
Samuel B. Gedge

Enclosure

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July 14, 2014

VIA HAND DELIVERY

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Re: MUR No. 6823 (Response of Trustmark National Bank to the Complaint of Tea Party Patriots Citizens Fund and Ms. Jenny Beth Martin)

Dear Mr. Jordan:

We write on behalf of our client, Trustmark National Bank ("Trustmark"), in response to a complaint filed by the Tea Party Patriots Citizens Fund ("TPPCF") on May 15, 2014 and supplemented on May 19, 2014. The complaint, as supplemented, alleges that Trustmark made an impermissible contribution to Mississippi Conservatives, an independent expenditure-only committee, in violation of section 441b of the Federal Election Campaign Act of 1971 ("FECA"). It also appears to allege that Trustmark filed inaccurate forms with the Commission in violation of an unspecified provision of FECA.

Both of these allegations are false. *First*, the loan Trustmark provided to Mississippi Conservatives was not a "contribution." It was made in the ordinary course of business, at the market rate and terms, and a certificate of deposit assigned to the bank as collateral provided the bank with full assurance of repayment. Because the loan was secured by a certificate of deposit account held at Trustmark and the value of the certificate of deposit account exceeded the principal of the loan, the bank had absolute assurance that the loan would be repaid in full. *Second*, FECA imposes reporting obligations on political committees, not national banks. The complaint's repeated assertions that the bank filed inaccurate FEC reports are therefore demonstrably false. Although the inadvertent and *de minimis* errors in the Schedule C-1 to the April 2014 quarterly FEC report, which was prepared and filed by Mississippi Conservatives, could not in any case provide a basis for finding that Trustmark violated FECA, they were

promptly corrected and the amended report accurately described the loan Trustmark provided the committee. Accordingly, the Commission should find that there is no reason to believe that Trustmark violated FECA and should dismiss the complaint with no further action.

FACTUAL BACKGROUND

Trustmark National Bank is a nationally-chartered bank headquartered in Jackson, Mississippi. In September 2013, an individual (referred to below as the "CD Account Holder") opened a $250,000 certificate of deposit account at Trustmark.[1] Aff. of T. Jeremy Bond at ¶ 3, Ex. A. Several months later, in January 2014, the CD Account Holder asked the bank to provide a loan of approximately $250,000 to Mississippi Conservatives, a federal independent expenditure-only political committee, and pledged the entire certificate of deposit account as collateral. At the time, with accumulated interest, the certificate of deposit account had a value of approximately $250,543.74 and thus was more than adequate collateral to secure the loan amount. Aff. of Harry Walker at ¶ 7.

Following the request, Trustmark prepared the standard paperwork for a loan secured by third-party collateral. *See* Aff. of Harry Walker at ¶ 8; Aff. of T. Jeremy Bond at ¶¶ 4-11. The loan paperwork included a Promissory Note, which stated that the principal for the loan was $250,150 (the $250,000 loan amount and the $150 processing fee), that the loan date was January 29, 2014, and that the loan maturity date was June 3, 2014. The Promissory Note further provided:

> **PROMISE TO PAY:** Mississippi Conservatives ("Borrower") promises to pay to Trustmark National Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Fifty Thousand One Hundred Fifty & 00/100 Dollars ($250,150.00), together with interest on the unpaid principal balance from January 29, 2014, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 2.650% per annum based on a year of 360 days, until paid in full.

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[1] We have redacted the depositor's identity from the enclosed supporting loan documentation for two reasons. First, the depositor's identity is entirely irrelevant to the legal issues raised in the complaint. Second, and more fundamentally, with certain exceptions not applicable here, Mississippi law prohibits a bank from disclosing "the name of any depositor" to "anyone." Miss. Code Ann. § 81-5-55. In addition, for privacy reasons, we have redacted all but the last four digits of the CD account number.

Aff. of T. Jeremy Bond at ¶ 6, Ex. B.[2] In the Promissory Note, Mississippi Conservatives further "acknowledge[d] [that the] Note is secured by the following collateral described in the security instrument listed herein: certificates of deposit described in an Assignment of Deposit Account dated January 29, 2014." Aff. of T. Jeremy Bond at ¶ 7, Ex. B.

The Assignment of Deposit Account, in turn, provided:

> **ASSIGNMENT.** For valuable consideration, Grantor [the CD Account Holder referenced above] assigns and grants to Lender [Trustmark National Bank] a security interest in the Collateral, including without limitation the deposit accounts described below, to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.
>
> **COLLATERAL DESCRIPTION.** The word "Collateral" means the following described deposit account ("Account"):
>
> > CD Account Number [...]7901 with Lender with an approximate balance of $250,543.74
>
> together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

Aff. of T. Jeremy Bond at ¶ 8, Ex. D. These agreements provided that if Mississippi Conservatives failed to repay the loan, Trustmark could "take directly all funds" in the CD account (which exceeded the amount of the loan) and apply them against Mississippi Conservatives' indebtedness. Aff. of T. Jeremy Bond at ¶ 8, Ex. D. Because the loan was secured by third party collateral assigned to the bank, rather than an endorsement or guarantee, no guarantors or endorsers were listed in the loan paperwork. *See* Aff. of T. Jeremy Bond at ¶ 14; Aff. of Harry Walker at ¶ 8.

[2] The 2.65 percent interest rate for the loan reflected in the Promissory Note was computed using a slightly different formula than the formula used to calculate the annual percentage rate ("APR"). For purposes of promissory notes, Trustmark computes the interest rate by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. The APR for the loan, which uses a different formula, was 2.86 percent. *See* Aff. of T. Jeremy Bond at ¶ 7, Ex. C.

A Trustmark representative met with the Executive Director of Mississippi Conservatives at a bank branch to close on the loan on January 29, 2014. Aff. of T. Jeremy Bond at ¶ 10. As is customary in similar commercial loans, all of the necessary documentation to support the loan, including the signed Assignment of Deposit, was executed and collected by Trustmark within a week of the loan's closing. Aff. of T. Jeremy Bond at ¶¶ 11-12. Because the loan was secured by a certificate of deposit account held at Trustmark National Bank and because the value of the certificate of deposit account exceeded the principal of the loan, the bank had absolute assurance that the loan would be repaid in full. The bank would either be repaid by the borrower, or if the borrower defaulted, the bank would take for its own use the certificate of deposit account that was already in the bank's possession.

After the bank closed on the loan and distributed the funds to Mississippi Conservatives, Mississippi Conservatives sent a pre-populated "Schedule C-1" to Harry Walker, Trustmark's Regional President for Central Mississippi. Aff. of Harry Walker at ¶¶ 10-11. Mississippi Conservatives requested that Mr. Walker sign the pre-populated form, which Mississippi Conservatives would attach, as a schedule, to its April 2014 Quarterly FEC Form 3X report. Because Mr. Walker was not familiar with FEC reporting requirements, he assumed that the form had been accurately completed by Mississippi Conservatives and did not notice that Line D of the form had been completed as follows:

D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
☒ No ☐ Yes If yes, specify:

What is the value of this collateral?
0.00

Does the lender have a perfected security interest in it? ☒ No ☐ Yes

Had Mr. Walker noticed the error, he would have told Mississippi Conservatives that it should clarify that a certificate of deposit had been pledged as collateral for the loan, that the value of the collateral exceeded $250,000, and that Trustmark had a perfected security interest in the collateral. Aff. of Harry Walker at ¶ 14. Mississippi Conservatives filed its April 2014 Quarterly FEC Form 3X, including an electronic version of the Schedule C-1 signed by Mr. Walker, on April 15, 2014. *See* Ex. C to Supp. Compl.

Within weeks, Mississippi Conservatives took two steps to correct the error on the public record. First, it filed a Miscellaneous Report with the FEC on April 30, 2014. *See* Ex. B to Supp. Compl. Although that report mistakenly neglected to amend the Schedule C-1, it attached the Promissory Note (among other documents) that clarified that the loan had been secured by a certificate of deposit account that had been assigned to Trustmark. Second, on May 17, 2014,

Mississippi Conservatives filed an amended April 2014 Quarterly FEC Form 3X, which included a corrected Schedule C-1. *See* Ex. D to Supp. Compl. The corrected Schedule C-1 accurately noted that the Trustmark loan had been secured by a certificate of deposit pledged as collateral and that the bank had a perfected security interest in the collateral.[3]

ARGUMENT

I. Because It Was Fully Collateralized, the Loan to Mississippi Conservatives Was Made on a Basis that Assured Repayment.

The loan Trustmark made to Mississippi Conservatives was among the safest loans a bank could make: It was secured by a Trustmark National Bank certificate of deposit that was assigned to the bank and worth more than the full amount of the loan. Because the bank was fully assured that it would be made whole, the loan fell squarely within the definition of a permissible national bank loan set forth in FECA and its implementing regulations.

Although FECA prohibits national banks, like Trustmark, from making "a contribution or expenditure in connection with any election to any political office," this prohibition does not apply where, as here, an otherwise lawful national bank loan is made "in the ordinary course of business." *See* 2 U.S.C. § 441b. Pursuant to Commission regulations, a loan "will be deemed to be made in the ordinary course of business if it: (1) bears the usual and customary interest rate of the lending institution for the category of loan involved; (2) is made on a basis that assures repayment; (3) is evidenced by a written instrument; and (4) is subject to a due date or amortization schedule." 11 C.F.R. § 100.82(a). The loan at issue here squarely satisfies each of these four criteria.

The loan was evidenced by written agreements (including the Promissory Note filed with the Commission on April 30, 2014), had a due date of June 3, 2014, and bears the usual and customary APR of 2.86 percent. The complaint does not assert otherwise. Nor could it. Rather, the complaint's entire argument that the loan was an impermissible national bank "contribution" hinges on the unfounded assertion that the loan was not made on a basis that assures repayment. This argument, however, rests on fundamental misunderstandings of the facts and core concepts

[3] On the amended report, Mississippi Conservatives slightly under-reported the "value of this collateral" as "$250,000." As reflected in the Assignment of Deposit, the value of the collateral at the time of closing was approximately $250,543.74. Aff. of Jeremy Bond at ¶ 8, Ex. D.

of federal and Mississippi banking law. Indeed, complainants entirely ignore one of the Commission's tests for determining when a loan is made "on a basis that assures repayment."

A. Because the Bank was Certain to be Repaid, the Loan Was Permissible Under 11 C.F.R. § 100.82(e)(3).

The complaint, as supplemented, makes the blanket assertion that a loan is made "on a basis that assures repayment" only in two circumstances: if the bank filed a UCC-1 form with state regulators evidencing the bank's interest in the note (which is itself an inaccurate summary of 11 C.F.R. § 100.82(e)(1), as further discussed below) or the recipient committee pledged future contributions to the bank (*see* 11 C.F.R. § 100.82(e)(2)). Supp. Compl. at 4. Not so. The complaint entirely ignores a third provision in the regulations: that a loan is made on a basis that assures repayment if "the totality of the circumstances" demonstrate that repayment is assured. *Id.* § 100.82(e)(3). This catch-all provision means that "other approaches...which are not specified in the rules, will also be found to have met this standard in specific cases." *See* Loans From Lending Institutions to Candidates and Political Committees, 56 Fed. Reg. 67,118, 67,121 (Dec. 27, 1991) (codifying predecessor provision at 11 C.F.R. § 100.7(b)(11)(i)). "The Commission has typically found no violation where, under the totality of the circumstances test, there was sufficient evidence demonstrating that the bank intended assurance of repayment in making the loan." MUR 5496 (Second General Counsel's Report) at 7.

The "totality of the circumstances" here provide not only "sufficient evidence" that the bank "intended" to be repaid; they irrefutably demonstrate that Trustmark National Bank was certain to be repaid for its loan. The complaint cites no facts raising any doubt that Trustmark would be repaid. If Mississippi Conservatives defaulted on the loan, the Assignment of Deposit expressly provided that Trustmark could immediately "take directly all funds" in the CD Account. Aff. of T. Jeremy Bond at ¶ 8, Ex. D. Because Trustmark controlled the CD Account and because the balance in the CD Account exceeded the amount of the loan, it was certain that Trustmark would be repaid in the event of default.

As the Commission has recognized, the intent of the loan requirements was to preclude ostensible bank loans from becoming "a vehicle for banks to make prohibited contributions." Loans From Lending Institutions to Candidates and Political Committees, 54 Fed. Reg. 31,286-01 (July 27, 1989) (citing S. Rep. No. 229, 92d Cong., 1st Sess. 121 (1971)). In this case, far from being a "vehicle" for Trustmark to make a prohibited contribution to the Committee, the loan was an assured profit-making transaction for Trustmark.

B. Trustmark Had a Perfected Security Interest in Collateral Having a Fair Market Value In Excess of the Loan Amount.

The Commission's regulation in 11 C.F.R. § 100.82(e)(1) provides further support for the conclusion that Trustmark's loan to Mississippi Conservatives was made on a basis that assures repayment under the totality of the circumstances test. The provision states that a loan can be made on a basis that assures repayment if:

> The lending institution making the loan has perfected a security interest in collateral owned by the candidate or political committee receiving the loan, the fair market value of the collateral is equal to or greater than the loan amount and any senior liens as determined on the date of the loan, and the candidate or political committee provides documentation to show that the lending institution has a perfected security interest in the collateral.

Id. § 100.82(e)(1). The provision specifically lists "certificates of deposit" as a type of permissible collateral. *Id.*

As a technical matter, this provision applies only when the collateral is "owned by the candidate or political committee receiving the loan." Although the Commission has never explained why this provision is limited in this manner, the limitation likely stems from the regulation's pre-*Citizens United* timing. At the time the regulation was promulgated in 1991, individuals (other than candidates or political committees) could not make contributions in excess of certain limits to *any* federal political committee. *See, e.g., SpeechNow.org v. Fed. Election Comm'n*, 599 F.3d 686, 696 (D.C. Cir. 2010). The reference in Section 100.82(e)(1) to collateral "owned by the candidate or political committee receiving the loan" presumably recognized that pledges of collateral from those other than candidates and the recipient committee could not be used to circumvent the then-existing individual contribution limits. Later, the Supreme Court's decision in *Citizens United v. Fed. Election Comm'n*, 558 U.S. 310 (2010), the D.C. Circuit's decision in *SpeechNow.org*, and the Commission's Advisory Opinions 2010-09 (Club for Growth) and 2010-11 (Commonsense Ten) permitted individuals to make unlimited contributions to independent expenditure-only committees. Had the regulation in 100.82(e)(1) been promulgated or updated after these decisions, the Commission would have had no need to limit this provision to collateral "owned by the candidate or political committee receiving the loan" in cases where the collateral is provided to an independent expenditure-only committee.

But more to the point, the Commission's language in section 100.82(e)(1) further highlights why the totality of the circumstances show that Trustmark had an assurance of repayment here. If the bank's perfected security interest in collateral valued in excess of the loan amount is, by regulation, a sufficient basis to assure repayment where the collateral is provided by a candidate or political committee, it necessarily follows that the bank should have sufficient assurance of repayment where it has a perfected security interest in collateral provided by a third party. In other words, it does not matter to the bank *who* is providing the collateral; all that matters is that the bank has a perfected security interest in the collateral sufficient to provide assurance of repayment.

The complaint and its supplement make the conclusory assertion that Trustmark did not "perfect[] a security interest in the collateral" because it did not file a UCC-1 form with state regulators. Supp. Compl. at 4-5. A UCC-1 form is a state regulatory filing through which a creditor gives public notice that it has an interest in the property of the debtor. But 11 C.F.R. § 100.82(e)(1) does not require, or even mention, the UCC-1. And the complaint points to no federal or state law providing that a security interest can only be perfected by filing a UCC-1.

Nor could it. Mississippi law expressly provides that a bank need *not* file a UCC-1 in order to perfect a security interest in collateral.[4] Under Mississippi law, a security interest in a deposit account provided as collateral for a loan may be perfected by "control" of the collateral. *See* Miss. Code Ann. § 75-9-314 ("A security interest in ... deposit accounts ... may be perfected by control of the collateral under ... Section 75-9-104 ...."). And control is established if, as here, the "secured party is the bank with which the deposit account is maintained." *Id.* § 75-9-104(a)(1). Because Trustmark National Bank, the "secured party," is the "bank with which the" certificate of deposit account "is maintained," it maintained "control" of the deposit account and therefore had a perfected security interest in the collateral. *See* Aff. of T. Jeremy Bond at ¶¶ 3, 13. The complaint's assertion that Trustmark did not have a perfected security interest in the

[4] The FECA and Commission regulations do not define "perfected [] security interest." However, the "Commission has previously relied on state law to supply the meaning of terms not explicitly defined in FECA or Commission regulations." Advisory Opinion, 2013-06 (Democratic Senatorial Campaign Committee) at 3. This is particularly true for instances involving banking questions. *See* Advisory Opinion, 1995-07 (Key Bank of Alaska) at 2 (noting that "the Commission has long held that state law governs whether an alleged debt in fact exists, what the amount of a debt is, and which persons or entities are responsible for paying a debt.").

certificate of deposit account collateral is therefore flatly contradicted by both the facts and applicable law.

II. National Banks Have a First Amendment Right to Contribute to Independent Expenditure-Only Committees.

Even if the fully secured loan were a "contribution" to Mississippi Conservatives—which it was not—the Commission still could not constitutionally prohibit Trustmark from contributing to an independent expenditure-only committee such as Mississippi Conservatives. Such a prohibition could not be squared with the Supreme Court's directive "that the Government may not suppress political speech on the basis of the speaker's corporate identity." *Citizens United*, 558 U.S. at 365. Nor can the prohibition stand on the basis of preventing *quid pro quo* corruption or the appearance thereof, the sole rationale that can allow the government to limit independent political speech. *See McCutcheon v. Fed. Election Comm'n*, 134 S. Ct. 1434, 1450, 188 L. Ed. 2d 468 (2014) ("This Court has identified only one legitimate governmental interest for restricting campaign finances: preventing corruption or the appearance of corruption"). This instruction applies not only to direct independent expenditures, but to contributions to independent expenditure-only committees as well. *See SpeechNow.org*, 599 F. 3d 686.

Citizens United struck down the prohibition on corporate independent expenditures found in section 441b of FECA. *See Citizens United*, 558 U.S. at 372 (invalidating "2 U.S.C. § 441b's restrictions on corporate independent expenditures"). It is the same section–and subsection for that matter–that purports to restrict banks' abilities to make independent expenditures. But the logic of *Citizens United* and its progeny in permitting corporate contributions to independent expenditure-only committees applies equally to contributions from entities with non-corporate legal structures. *Citizens United*, 558 U.S. at 314 ("[T]his Court now concludes that independent expenditures, *including* those made by corporations, do not give rise to corruption or the appearance of corruption.") (emphasis added).

Indeed, the Supreme Court has expressly stated that banks do not lose their First Amendment rights because they are banks, *see, e.g., First Nat'l Bank of Boston v. Bellotti*, 435 U.S. 765, 795 (1978), and there is no reason why banks should have reduced First Amendment rights compared to corporations. It is well established that the government may not impose "restrictions distinguishing among different speakers, allowing speech by some but not others." *Citizens United*, 558 U.S. at 340 (citing *Bellotti*, 435 U.S. at 784).

III. FECA and its Regulations Impose No Reporting Requirements on Trustmark.

The complaint and its supplement repeatedly allege that Trustmark violated an unidentified provision of FECA by failing to file accurate reports with the Commission. Wrong again. FECA imposes no affirmative reporting requirements on banks that loan funds to political committees. Rather, FECA's reporting requirements run to the political committee that receives the loan. *See* 11 C.F.R. § 104.1 ("Each treasurer of a *political committee* required to register under 11 CFR part 102 shall report in accordance with 11 CFR part 104.") (emphasis added). Even the regulation setting forth the reporting requirements for bank loans, which are incorporated into Schedule C-1 of the FEC Form 3X, imposes no affirmative reporting obligations on the banks themselves. *See* 11 C.F.R. § 104.3(d)(1) (the "*political committee* ... shall disclose ... the following information on schedule C-1") (emphasis added). In its rush to label Trustmark's conduct as "astonishing" and "appalling," *see* Supp. Compl. at 5, 7, the complaint ignores the absence of any statutory or regulatory provision requiring Trustmark to make FEC filings.

For the same reasons, the complaint's allegation that Trustmark improperly failed to disclose the identity of the source of the collateral is unfounded. *See* Supp. Compl. at 1 ("Respondents are deliberately *refusing* to disclose information required by law"); *id.* at 5 ("Respondents are hiding the identity of the source of the collateral."). To be sure, Trustmark's Regional President did sign the first Schedule C-1 to the FEC Form 3X filed by Mississippi Conservatives, but that schedule (the only schedule the bank signed) does not ask the bank to identify the owner of pledged collateral. *See* Ex. D to Supp. Compl.[5] Given the absence of any place on the form for the bank to identify the source of collateral, the complaint's assertion that Trustmark participated in a "scheme to avoid disclosure of the identity of the owner of the cash collateral" is baseless. *See* Supp. Compl. at 9.

Moreover, the key bank officials who oversaw the issuance of the loan attest, in the attached affidavits, that, during the relevant period, they never gave any consideration to disclosure or non-disclosure of the identity of the CD Account Holder, and that they are aware of no communications prior to the filing of the relevant report between Trustmark, Mississippi Conservatives, and the CD Account Holder regarding whether the CD Account Holder's identity

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[5] The Supplemental Complaint's cover sheet to Exhibit D states incorrectly that this report was filed on May 1, 2014. It was filed on May 17, 2014.

would be disclosed by Trustmark. *See* Aff. of Harry Walker at ¶ 16; Aff. of T. Jeremy Bond at ¶ 15.

IV. The Amended Schedule C-1 Is Accurate.

Even if Trustmark could somehow be subject to liability under FECA for inaccuracies in the Schedule C-1—and the complaint has pointed to no provision of FECA that would impose such liability on the bank—the amended Schedule C-1, filed on May 17, 2014, was accurate. Of the more than two dozen items on the Schedule C-1, the complaint alleges that two were inaccurate on the amended Schedule C-1: (i) the response to item C which asks "Are other parties secondarily liable for the debt incurred?" and (ii) the response to the question in item D which asks "Does the lender have a perfected security interest in [the collateral]?" The amended Schedule C-1 responds "No" to the first question and "Yes" to the second. Both responses were correct.

A. The Amended Schedule C-1 Accurately Stated That There Were No Guarantors or Endorsers.

The Schedule C-1 accurately reported, on item C, that no other parties were secondarily liable for the debt incurred. In asking whether other parties are secondarily liable, item C is asking whether there is a "guarantor" or "endorser" for the loan. *See* Ex. D to Supp. Compl. (clarifying that item C is requesting information about "endorsers" or "guarantors"); *see also* Instructions for FEC Form 3X at p. 16, Schedule C-1, item C ("Check yes if the loan or line of credit was endorsed or guaranteed by secondary parties."). In this case, there was no "guarantor" or "endorser."

In Mississippi, an "indorsement" means "a signature ... made on an instrument for the purpose of (i) negotiating the instrument, (ii) restricting payment of the instrument, or (iii) incurring indorser's liability on the instrument." Miss. Code Ann. § 75-3-204(a). "Indorser's liability," under Mississippi law, contemplates liability incurred in the event the instrument that is indorsed is, upon presentment for payment, dishonored. *See id.* (definition of "indorsement"); UCC § 3-204 (same); Miss Code. Ann. § 75-3-415 (liability of indorsers); UCC § 3-415 (same). In this case, the CD Account Holder did not sign or otherwise indorse the Promissory Note, the

applicable "instrument" here. Accordingly, the CD Account Holder was not an endorser. *See also id.* § 75-3-204(b) ("'Indorser' means a person who makes an indorsement.").[6]

The CD Account Holder also was not a "guarantor." The complaint wrongly assumes that any pledge of collateral is a "guaranty." *See* Supp. Compl. at 6 ("A certificate of deposit pledged against a loan serves as a 'guaranty' in the event the loan is not repaid. Knowing that the certificate of deposit is a 'guaranty' does not require a law degree or banking experience."). But the complaint's conflation of pledged collateral with a guaranty is contradicted by FEC regulations. Those regulations expressly distinguish between pledges of collateral and guaranties. *See* 11 C.F.R. § 100.82(e)(1)(i) and (e)(1)(ii) (distinguishing between loans secured by collateral in section (e)(1)(i) and "amounts guaranteed by secondary sources of repayment" in section (e)(1)(ii)).

Moreover, the Commission's distinction between pledges of collateral and guaranties is consistent with the distinction set forth in Mississippi law and recognized in generally accepted banking practice. In Mississippi, to be a "guarantor," the person must have signed a "contract of guaranty" that indicates "an intention to answer for the principal debt or obligation of another person." *Hernando Bank v. Bryant Elec. Co.*, 357 F. Supp. 575, 588 (N.D. Miss. 1973). These "contracts of guaranty" are usually reflected in an independent agreement signed by the lending institution, the borrower, and the guarantor. They are typically included as addenda to loan documents and referenced in the relevant promissory note. *See* Miss. Code Ann. § 15-3-1 ("An action shall not be brought whereby to charge a defendant ... upon any promise to answer for the debt or default or miscarriage of another person ... unless [the applicable agreement] shall be in writing"). In the absence of a clear contractual undertaking to take on the liability of a guarantor, there is no guaranty. *See* 38 Am. Jur. 2d Guaranty § 5.

Under a guaranty, in the event of default, a lender would be entitled to proceed against the guarantor directly. *See* 38 Am. Jur. 2d Guaranty § 88. In such a situation, the guarantor must either face a collections lawsuit or decide to make a payment on the debt. When collateral is

[6] The term "indorser" is synonymous with "endorser." *See* INDORSER, Black's Law Dictionary (9th ed. 2009) ("A person who transfers a negotiable instrument by indorsement; specif., one who signs a negotiable instrument other than as maker, drawer, or acceptor. — Also spelled *endorser*.").

pledged, by contrast, there is no threat of a collections lawsuit against the pledgor, since the pledgor did not assume personal liability to perform the underlying debtor's obligation. Instead, the bank is entitled to simply take the collateral, which has already been assigned to it, and to realize upon the collateral in order to satisfy the obligations of the debtor on its defaulted debt.

Here, the CD Account Holder did not sign a guaranty or otherwise evidence an intent to guaranty the obligations of Mississippi Conservatives. There was no guaranty agreement and no guaranty is referenced in the Promissory Note or other loan documents. Instead, the Assignment of Deposit Account pledged the CD to the bank in support of Mississippi Conservative's obligation. *See* Aff. of Jeremy Bond at ¶ 7, Ex. D. The CD Account Holder took on no obligation to answer personally for Mississippi Conservative's obligations. Thus, Trustmark could not proceed directly against the CD Account Holder, and instead could seize and realize upon the CD. In other words, in the event of default, Trustmark could simply "take" the assigned collateral without asking the CD Account Holder to make payments or resorting to litigation in the event of a refusal to pay. *See* Aff. of T. Jeremy Bond at ¶ 8, Ex. D.[7] Accordingly, the relationship between Trustmark and the CD Holder cannot be construed as a guarantor/guarantee relationship. The Schedule C-1 therefore properly reported that no parties were secondarily liable for the debt.

B. The Amended Schedule C-1 Accurately Stated That The Bank Held A Perfected Security Interest In the Collateral.

The complaint also asserts that the amended Schedule C-1 was incorrect where it stated that Trustmark had a perfected security interest in the collateral. Supp. Compl. at 8. As described above in section II.B, however, Trustmark had control of the assigned collateral and, as a result, under settled law, held a perfected security interest in it.

[7] The Assignment of Deposit Account also provided that Trustmark had a right "to charge or setoff all sums owing on the Indebtedness against" any other accounts held by the CD Account Holder at Trustmark. *See* Aff. of T. Jeremy Bond at ¶ 8, Ex. D. As with the pledge of the CD, this setoff provision permitted Trustmark to take assets of the CD Account Holder without asking the CD Account Holder to make payments or resorting to litigation in the event of a refusal to pay (as would have been the case if the CD Account Holder had agreed to become personally liable).

C. The Inadvertent Errors in the Unamended Schedule C-1 Were *De Minimis* and Promptly Corrected.

As noted above, FECA imposes reporting obligations on political committees, not on banks that provide loans to those committees. But even if FECA imposed reporting obligations on Trustmark, Trustmark should face no liability for the inadvertent and *de minimis* errors reflected in the Schedule C-1 to the FEC Form 3X that Mississippi Conservatives filed on April 15, 2014.

When Mississippi Conservatives presented Trustmark Regional President Harry Walker with the pre-populated Schedule C-1 to Mississippi Conservatives' April Quarterly Form 3X, Mr. Walker assumed that the political committee, which presumably was versed in the FEC regulations, had properly completed the Schedule. Aff. of Harry Walker at ¶¶ 10-14. He did not notice that item D of the schedule stated that no collateral had been pledged for the loan and that the bank did not have a perfected security interest in the collateral. Had he noticed the error, he would have asked Mississippi Conservatives to correct it before signing the schedule. Aff. of Harry Walker at ¶ 14.

In any event, given that the original April 15 Schedule C-1 actually reported a problem that did not exist, any mistake in the filing was immaterial. Any error was further minimized by April 30, when Mississippi Conservatives filed a copy of the promissory note with the Commission. That note showed that the loan was secured by a certificate of deposit. *See* Ex. B to Suppl. Comp. To the extent any error still existed after April 30, it was cured entirely when Mississippi Conservatives filed the amended April Quarterly Report on May 17, 2014. That amended report contained the Schedule C-1 correctly listing the collateral pledged for the loan. *See* Ex. D to Suppl. Compl. Even if there were a short-lived and inadvertent reporting error, it was of no consequence and, therefore, does not justify committing additional Commission resources against Trustmark in this matter. *See Heckler v. Chaney*, 470 U.S. 821, 831 (1985) (in deciding whether or not to initiate an enforcement action, "the agency must not only assess whether a violation has occurred, but whether agency resources are best spent on this violation or another, whether the agency is likely to succeed if it acts, whether the particular enforcement action requested best fits the agency's overall policies, and, indeed, whether the agency has enough resources to undertake the action at all").

CONCLUSION

Trustmark did not violate any provision of FECA or the Commission's regulations. It made a loan, fully secured by a certificate of deposit that it had in its possession, at a market

interest rate, with terms that favored the bank. Trustmark had no risk of losing money on the deal. The loan therefore was not a contribution. Moreover, Trustmark had no obligation to file reports with the FEC itself, but in any event, the amended Schedule C-1 that Mississippi Conservatives filed accurately reported that the loan was secured by collateral and that no guarantors or endorsers were secondarily liable. Accordingly, and for the additional reasons set forth above, the complaint against Trustmark should be dismissed in its entirety with no further action against Trustmark.

Respectfully Submitted,

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Counsel for Trustmark National Bank

BEFORE THE FEDERAL ELECTION COMMISSION

State of Mississippi)
)
County of Hinds)

Matter Under Review 6823

AFFIDAVIT OF HARRY M. WALKER

HARRY M. WALKER, first being duly sworn, deposes and says:

1. I am Harry M. Walker, Regional President of Central Mississippi for Trustmark National Bank ("Trustmark"). I have served in this position since September 2011.

2. I am one of nine regional presidents of Trustmark. As Regional President of Central Mississippi, I oversee fifty-three bank locations and 424 employees. Among other duties, my position requires ensuring that commercial lending policies and procedures are adhered to with an emphasis on pricing and structuring loans.

3. From time to time, I have been involved in processing loans to political candidates and organizations. For both commercial reasons and those associated with what I understand are the requirements of federal campaign finance law, Trustmark requires security for these loans.

4. On May 27, 2014, I received notification of a complaint filed against Trustmark, me in my capacity as Trustmark Regional President of Central Mississippi, a political committee called Mississippi Conservatives, and the political committee's Treasurer, Brian Perry. I have read the complaint and am familiar with its contents.

5. My understanding is the complaint alleges that Trustmark made an unsecured loan to Mississippi Conservatives and Mississippi Conservatives filed erroneous paperwork with the Federal Election Commission regarding the loan.

6. I have personal knowledge of the following facts surrounding Trustmark's loan to Mississippi Conservatives.

7. In January 2014, I received a request that Trustmark provide a loan of approximately $250,000 to Mississippi Conservatives. The loan would be secured by a certificate of deposit held at Trustmark with a value of approximately $250,543.74.

8. Following receipt of the loan request, I asked T. Jeremy Bond, a Vice President and Branch Manager at the Jackson Main Office, to prepare the loan paperwork and to handle the loan's execution and processing. Because the loan was to be fully secured by a certificate of deposit that exceeded the principal of the loan, there were to be

no endorsers or guarantors for the loan. The certificate of deposit provided full assurance that the loan would be repaid.

9. At all relevant times the certificate of deposit that was pledged as collateral for the loan to Mississippi Conservatives was maintained at Trustmark.

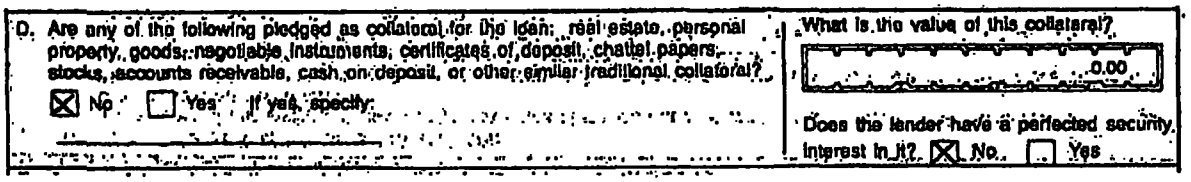
10. On or about April 15, 2014, a representative of Mississippi Conservatives arrived at my office and asked that I sign a document that appears to be the Schedule C-1 of FEC Form 3X included as Exhibit B in the supplement to the complaint.

11. The representative of Mississippi Conservatives presented the Schedule C-1 to me with information pre-populated for my review and signature.

12. Before signing the bottom of the Schedule C-1, I paid particularly close attention to what Mississippi Conservatives disclosed on the Schedule C-1 as the amount of the loan and the interest rate to ensure they were accurate.

13. I did not focus on the information that followed in entries A through E of the Schedule C-1. Upon a quick glance, this appeared to be information that Mississippi Conservatives was required to report regarding the security for the loan. I was confident that the loan was secured, signed the Schedule C-1, and handed it back to the Mississippi Conservatives representative who was waiting for me at my office.

14. Because I am not familiar with the disclosure obligations that federal campaign finance law imposes on Mississippi Conservatives, I assumed it had accurately completed the Schedule C-1. I did not notice that entry D to the Schedule C-1 provided as follows:


D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
☒ No ☐ Yes If yes, specify:
What is the value of this collateral?
0.00
Does the lender have a perfected security interest in it? ☒ No ☐ Yes

Had I noticed this error, I would have indicated to Mississippi Conservatives that it should clarify that a certificate of deposit had been pledged as collateral for the loan, that the value of the collateral exceeded $250,000, and that Trustmark had a perfected security interest in the collateral.

15. In fact, when asked by a reporter about this disclosure, my response was accurately reported as "confirm[ing] that there was collateral" and "scoff[ing] at the notion that any political loan would be unsecured." Ben Jacobs, *Bank Didn't Give Unsecured Loan To Super PAC*, The Daily Beast (May 13, 2014) http://www.thedailybeast.com/articles/2014/05/13/bank-didn-t-give-unsecured-loan-to-super-pac.html.

16. At no point between January when I received the request for the loan through April when I signed the Schedule C-1 did I consider whether Mississippi

Conservatives would be required to disclose to the Federal Election Commission the identity of the person who pledged the certificate of deposit to secure the loan. Furthermore, I am aware of no communications during that time period between Trustmark, Mississippi Conservatives, and the owner of the certificate of deposit regarding any such disclosures.

17. Finally, it is my understanding that Mississippi Conservatives has filed multiple versions of the Schedule C-1 with the Federal Election Commission, all of which purport to include an electronic version of my signature. I was never consulted by Mississippi Conservatives prior to its making these additional Schedule C-1 filings.

The above information is true and correct to the best of my knowledge, information, and belief.

Harry M. Walker

Hinds County, Mississippi

Subscribed to and sworn before me this 11 day of July, 2014

Notary Public

My Commission Expires:

STATE OF MISSISSIPPI
KAREN BETH HAYS
NOTARY PUBLIC
ID No. 18986
MY COMMISSION EXPIRES
JULY 2, 2016
MADISON COUNTY

BEFORE THE FEDERAL ELECTION COMMISSION

State of Mississippi)
)
County of Hinds)

Matter Under Review 6823

AFFIDAVIT OF T. JEREMY BOND

T. JEREMY BOND, first being duly sworn, deposes and says:

1. I have personal knowledge of all information contained in this Affidavit.

2. From 2012 until June 2, 2014, I was a Vice President and Branch Manager at the Jackson Main Office of Trustmark National Bank. On June 2, 2014, I became a Vice President in the Corporate Treasury Department of Trustmark National Bank and I currently serve in that capacity.

3. In September 2013, I signed a book entry reflecting a non-negotiable "Certificate of Deposit Receipt" for an account number whose last four digits were 5816. The amount of the certificate of deposit reflected in the book entry was $250,000. A true and correct copy of the book entry is attached as Exhibit A.

4. In January 2014, Harry Walker, Trustmark Bank's Regional President for Central Mississippi requested that I prepare the paperwork for a loan to Mississippi Conservatives that would be secured by the certificate of deposit account referenced above. Mr. Walker provided me with the basic terms of the loan, including the interest rate, amount of the loan, and maturity date.

5. On or about January 29, 2014, I prepared the "CDP Loan Documentation Request Form" for Trustmark's loan document processing specialists. The terms of the request form noted that the interest rate would be fixed at 2.65 percent, that the amount requested was $250,000, that the loan processing fee is $150.00, and that the loan would be secured by "Third Party Owned" collateral. Prior to my sending the CDP Loan Documentation Request Form to Trustmark's loan document processing specialists and pursuant to Trustmark policy for loans of this amount, Mr. Walker provided me with his approval for proceeding with the loan.

6. Based on the information I provided in the CDP Loan Documentation Request, the CDP department prepared and sent me, for execution, a "Promissory Note." The Promissory Note stated that the principal for the loan was $250,150 (the $250,000 loan amount and the $150 processing fee), that the loan date was January 29, 2014, and that the loan maturity date was June 3, 2014. A true and correct copy of the executed Promissory Note is attached as Exhibit B.

7. The 2.65 percent interest rate for the loan reflected in the Promissory Note was computed using a slightly different formula than the formula used to calculate the annual percentage rate ("APR"). For purposes of Promissory Notes, Trustmark computes the interest

rate by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. The APR for the loan, which uses a different formula, was 2.86 percent. The 2.86 percent APR is reflected in the Board Data Sheet I initialed at closing. A true and correct copy of the Boarding Data Sheet is attached as Exhibit C.

8. Based on the information I provided in the CDP Loan Documentation Request, the CDP department prepared and sent me, for execution, an "Assignment of Deposit Account" form. The Assignment of Deposit Account form noted that the principal for the loan was $250,150 (the $250,000 loan amount and the $150 processing fee), that the loan date was January 29, 2014, and that the loan maturity date was June 3, 2014. A true and correct copy of the executed Assignment of Deposit Account is attached as Exhibit D.

9. The CDP department also prepared and sent me a "Corporate Resolution to Borrow/Grant Collateral" to be signed by Mississippi Conservatives which authorized Brian Perry, the Executive Director of Mississippi Conservatives, to borrow money and execute notes, among other things, on behalf of Mississippi Conservatives. A true and correct copy of the Corporate Resolution to Borrow is attached as Exhibit E.

10. On January 29, 2014, I met with Brian Perry, the Executive Director of Mississippi Conservatives, at a Trustmark branch to sign the loan paperwork and close on the loan.

11. By February 5, 2014, I had received all the executed paperwork for the loan, including the signed Assignment of Deposit Account from the CD Holder.

12. In my experience, it is not unusual for the bank to close on a loan without the complete set of signed loan documentation when, as here, there is an existing banking relationship with the individual whose signature is requested, where the individual has committed to sign the paperwork, and where there is no reason to believe that the paperwork would not be signed.

13. At all relevant times, the certificate of deposit account that was pledged as collateral for the loan to Mississippi Conservatives was maintained at Trustmark.

14. I did not identify any "guarantors" or "endorses" on the loan application or loan paperwork I prepared. The certificate of deposit provided full assurance that the loan would be repaid.

15. At no time did I consider whether Mississippi Conservatives would be required to disclose to the Federal Election Commission the identity of the person who pledged the certificate of deposit to secure the loan. Furthermore, I am aware of no communications between Trustmark, Mississippi Conservatives, and the owner of the certificate of deposit regarding any such disclosures.

1604402588

The above information is true and correct to the best of my knowledge, information, and belief.

T. Jeremy Bond

Hinds County, Mississippi

Subscribed to and sworn before me this 14 day of July, 2014

Notary Public

My Commission Expires: __________

STATE OF MISSISSIPPI
TINA GINN
NOTARY PUBLIC
ID NO. 15788
My Comm. Expires
DECEMBER 4, 2014
RANKIN COUNTY

EXHIBIT A

Trustmark
National Bank

Book Entry
CERTIFICATE OF DEPOSIT RECEIPT
(NON-NEGOTIABLE)

Bank	Branch	FSR/Officer	Today's Date
010 - Jackson	00001 - Jackson Main	117	09/03/2013

Account #	Deposit ID#
[redacted]5816	1177901

DEPOSIT OWNER(S) AND ADDRESS

[redacted]

[redacted]

SUM OF: TWO HUNDRED FIFTY THOUSAND DOLLARS AND 00 CENTS DOLLARS $ 250,000.00

Issue Date	Term	Maturity Date	Interest Rate
09/03/2013	9 Months	06/03/2014	0.650 %

Interest will be:
- [X] Compounded
- [ ] Paid by Check
- [ ] Transferred to Trustmark Account # _____
- [ ] Transferred to External Account # _____
- Routing Transit # _____

Interest will be paid: [X] Monthly [ ] Quarterly [ ] Semi-Annually [ ] Annually [ ] At Maturity

[X] Automatically Renewable [ ] Non-Renewable

Additions permitted for AddVantage Accounts in a minimum amount of $ 50.00.

T Jeremy Bond
Authorized Bank Signature

TERMS AND CONDITIONS

DEFINITIONS: "We" and "us" and "Bank" means Trustmark. "You" and "your" means the depositor(s). "Receipt" means any Book Entry Certificate of Deposit Receipt. The Receipt (and the account it represents) is not negotiable and may not be transferred or assigned without our prior written consent. "Account" means the account maintained by you at Trustmark represented by the Receipt.

By signing the Signature Card and/or making a deposit to the Account, you agree to the terms contained in the Signature Card, the terms of the Deposit Account Agreement and the terms contained in this Receipt. The Signature Card and the Deposit Account Agreement are hereby incorporated by reference and made a part of this Receipt.

JOINT DEPOSITORS FOR MS AND TN ACCOUNTS: When two or more persons are named as depositors on the Account, such Account shall be payable as joint tenants with the right of survivorship and is payable to any or the survivor or survivors of them and payment may be made upon presentation of acceptable identification according to bank policy by any of them during the lifetime of all, or any survivor or survivors after the death of one or more of them. When the conjunction "and" appears between names, the Account shall be payable only to all depositors named herein. When the conjunction "or" appears between names, the Account shall be payable to any depositor named herein.

OTHER APPLICABLE TERMS AND CONDITIONS FOR TX AND FL ACCOUNTS: The Terms and Conditions of your Account (hereinafter referred to as "rules and regulations governing our accounts") also govern your account except that when the conjunction "and" appears between names, the Account shall be payable only to all depositors named herein. When the conjunction "or" appears between names, the Account shall be payable to any depositor named herein.

PENALTY FOR EARLY WITHDRAWAL: There is a penalty for withdrawals before the maturity date. The appropriate penalty below will be charged to your Account.

DEATH OR MENTAL INCOMPETENCY: If any owner of a time deposit dies or is declared to be mentally incompetent by a court, a proper request for early withdrawal with be granted and no penalty will be applied as a result of such withdrawal.

EARLY WITHDRAWAL PENALTY STRUCTURE FOR ADDVANTAGE ACCOUNT:

Withdrawal Timeframe	Remaining Term	Penalty on Funds Withdrawn	Death or Mental Incompetency
Withdrawal within first six (6) days after the initial deposit or within first six (6) days after a subsequent deposit:	1 day to 90 days	1 months' interest (30 days)	If any owner of a time deposit dies or is declared to be mentally incompetent by a court, a proper request will be granted and no penalty will be applied as a result of such withdrawal.
	91 days to 364 days	3 months' interest (90 days)	
Closing withdrawal made after first six days of most recent deposit:	NO PENALTY	NO PENALTY	

EARLY WITHDRAWAL PENALTY STRUCTURE FOR ALL OTHER ACCOUNTS:

Remaining Term	Penalty on Funds Withdrawn
1 day to 90 days	1 months' interest (30 days)
91 days to 364 days	3 months' interest (90 days)
365 days or more	6 months' interest (180 days)

SEP 2013

THIS IS NOT A CERTIFICATE OR A PASSBOOK. This deposit is represented by an entry on the books of Trustmark. No certificate or passbook has been or will be issued.

Atlas 05/10

1644025950

EXHIBIT B

16044402592

9010

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$250,150.00	01-29-2014	06-03-2014	28743474.69647			1174	[illegible]

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*****" has been omitted due to text length limitations.

Borrower: Mississippi Conservatives
P.O. Box 2096
Jackson, MS 39225

Lender: Trustmark National Bank
Jackson Main Office
248 E. Capitol Street, P O Box 291
Jackson, MS 39205

Principal Amount: $250,150.00 **Date of Note: January 29, 2014**

PROMISE TO PAY. Mississippi Conservatives ("Borrower") promises to pay to Trustmark National Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Fifty Thousand One Hundred Fifty & 00/100 Dollars ($250,150.00), together with interest on the unpaid principal balance from January 29, 2014, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 2.650% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in one principal payment of $250,150.00 plus interest on June 3, 2014. This payment due on June 3, 2014, will be for all principal and all accrued interest not yet paid. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Trustmark National Bank, Attn: Loan Operations, P. O. Box 1182 Jackson, MS 39205.

LATE CHARGE. If a payment is 16 days or more late, Borrower will be charged 4.000% of the unpaid portion of the regularly scheduled payment or $5.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Mississippi without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Mississippi.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein: certificates of deposit described in an Assignment of Deposit Account dated January 29, 2014.

FINANCIAL STATEMENTS. The Borrower and/or Grantor agree to provide financial information as lender may require from time to time.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Trustmark National Bank Attn: Credit Operations P. O. Box 291 Jackson, MS 39205.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

MISSISSIPPI CONSERVATIVES

By: [signature]
Brian N. Perry, Executive Director of Mississippi Conservatives

ATTEST:

____
Secretary or Assistant Secretary

(Corporate Seal)

1604402501

EXHIBIT C

0400

BOARDING DATA SHEET

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
6250,150.00	01-29-2014	06-03-2014	28743474-68647			117	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*****" has been omitted due to text length limitations.

Borrower: Mississippi Conservatives
P.O. Box 2096
Jackson, MS 39225

Lender: Trustmark National Bank
Jackson Main Office
248 E. Capitol Street, P O Box 291
Jackson, MS 39205

CUSTOMER DATA SUMMARY

Mississippi Conservatives — 46-4502937 — Corporation — Borrower — Cust #: [redacted]
Street Address: 1125 Poplar Blvd — Jackson — MS 39202 — County: Hinds — Phone: [redacted]
Mailing Address: P.O. Box 2096 — Jackson — MS 39225 — County: Hinds — NAICS: 813940
Primary Phone: [redacted] — Ext: — Instructions:

Resolution: New Resolution

Officer of Mississippi Conservatives: — Title: Executive Director

Brian N. Perry — [redacted] — Individual — Officer — Cust #:
Street Address: 1125 Poplar Blvd — Jackson — MS 39202 — County: Hinds — Phone: (601) 594-7685
Primary Phone: (601) 594-7685 — Ext: — Instructions:

TRANSACTION SUMMARY

Transaction No.: 133978
Product Category: 6
Loan Policy: Commercial

Product Description: MS Possessory
Purpose: Loan is not for Personal, Family, Household Purposes or Personal Investment Purposes.
Specific Loan Purpose: Advertising Expenses

CLASSIFICATION DATA

Application No: 210688490
Application Date:
Loan No: 28743474-68647
Loan Date: 01-29-2014
Officer: 117 Bond, Thomas J
Processor No: C67 Processor, CDP
Collateral Code:
Charge Code:
Call Code:
Underwriter Loc: N
CB Credit Score:
Automatic Payments Account:

Branch: 10 Jackson Main Office
Dept:
Division:
Region:
Loan Type:
Loan Class: New Loan
Purpose Code:
Class Code:
Appraisal Date:
UnderwriterCode:
BankruptcyScore:

Employee Loan: No
Restricted Access: No
Reg O Loan: No
Comments:

Portfolio Code:
Host System:
Cost Center: 0022
FI Credit Score:
Risk Rating: 1

COLLATERAL SUMMARY

Type	SubType	Description	State	Value	Purchase Money	Collateral Code
Possessory	Deposit Account	CD Account Number [redacted]5016-1177901 with Lender with an approximate balance of $250,543.74	MS	$250,643.74	N	

Owner(s):

[redacted]

Ext: Instructions:

[redacted]

[redacted]

Loan No: 28743474-69647

BOARDING DATA SHEET
(Continued)

PAYMENT DATA

SINGLE PAY LOAN
(Fixed Rate)

	Financed	In Cash
AMOUNT REQUESTED:	$250,000.00	
PREPAID FINANCE CHARGES:		
Loan Processing Fee	150.00	
SECURITY INTEREST CHARGES:	0.00	
NOTE AMOUNT:	$250,150.00	$0.00

DISBURSEMENTS:
Account: 1002397636 $250,000.00

PAYMENT CALCULATION:

No. of Pmts	Amount	Due
	Interest	Interest Payment is due 06-03-2014
1	$252,451.73	Single Payment is due 06-03-2014

Disbursement Date: 01-29-2014
Due Date: 06-03-2014

INTEREST RATE SELECTION:

Interest Method: 365/360

Interest Rate: 2.650

APR	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
2.864%	$2,451.73	$250,000.00	$252,451.73

OFFICER COMMENTS

Primary Source of Repayment:
Secondary Source of Repayment:

	Grade	Date	Officer Number
Customer(s):			NH
Guarator(s):			Is transaction $2,000.00 or Less? N
Collateral:			Loan Processing Fee charged? Y/N
Credit File:			Transaction APR is ______ %

Officer Comments: IPS Offset #________ Branch # 001

1604402596

EXHIBIT D

9130

ASSIGNMENT OF DEPOSIT ACCOUNT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$250,150.00	01-29-2014	06-03-2014	28743474-69647			117	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: Mississippi Conservatives
P.O. Box 2096
Jackson, MS 39225

Lender: Trustmark National Bank
Jackson Main Office
248 E. Capitol Street, P O Box 291
Jackson, MS 39205

Grantor: [redacted]

THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated January 29, 2014, is made and executed among [redacted] ("Grantor"); Mississippi Conservatives ("Borrower"); and Trustmark National Bank ("Lender").

ASSIGNMENT. For valuable consideration, Grantor assigns and grants to Lender a security interest in the Collateral, including without limitation the deposit accounts described below, to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" means the following described deposit account ("Account"):

CD Account Number [redacted]5816-1177901 with Lender with an approximate balance of $250,643.74

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

BORROWER'S WAIVERS AND RESPONSIBILITIES. Except as otherwise required under this Agreement or by applicable law, (A) Borrower agrees that Lender need not tell Borrower about any action or inaction Lender takes in connection with this Agreement; (B) Borrower assumes the responsibility for being and keeping informed about the Collateral; and (C) Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Collateral or any delay by Lender in realizing upon the Collateral; and Borrower agrees to remain liable under the Note no matter what action Lender takes or fails to take under this Agreement.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (A) this Agreement is executed at Borrower's request and not at the request of Lender; (B) Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral to Lender; (C) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (D) Lender has made no representation to Grantor about Borrower or Borrower's creditworthiness.

GRANTOR'S WAIVERS. Grantor waives all requirements of presentment, protest, demand, and notice of dishonor or non-payment to Borrower or Grantor, or any other party to the Indebtedness or the Collateral. Lender may do any of the following with respect to any obligation of any Borrower, without first obtaining the consent of Grantor: (A) grant any extension of time for any payment, (B) grant any renewal, (C) permit any modification of payment terms or other terms, or (D) exchange or release any Collateral or other security. No such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Grant Security Interest. Grantor has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lender.

No Prior Assignment. Grantor has not previously granted a security interest in the Collateral to any other creditor.

No Further Transfer. Grantor shall not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly do everything required of Grantor under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

Proceeds. Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are

received by Grantor shall be held by Grantor in trust for Lender and immediately shall be delivered by Grantor to Lender to be held as part of the Collateral.

Validity; Binding Effect. This Agreement is binding upon Grantor and Grantor's successors and assigns and is legally enforceable in accordance with its terms.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. Grantor will promptly notify Lender of any change to Grantor's name or the name of any individual Grantor, any individual who is a partner for a Grantor, and any individual who is a trustee or settlor or trustor for a Grantor under this Agreement. Grantor will also promptly notify Lender of any change to the name that appears on the most recently issued, unexpired driver's license or state-issued identification card, any expiration of the most recently issued driver's license or state-issued identification card for Grantor or any individual for whom Grantor is required to provide notice regarding name changes.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. While this Agreement is in effect, Lender may retain the rights to possession of the Collateral, together with any and all evidence of the Collateral, such as certificates or passbooks. This Agreement will remain in effect until (a) there no longer is any Indebtedness owing to Lender; (b) all other obligations secured by this Agreement have been fulfilled; and (c) Grantor, in writing, has requested from Lender a release of this Agreement.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of any certificate or passbook for the Collateral but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility (A) for the collection or protection of any income on the Collateral; (B) for the preservation of rights against issuers of the Collateral or against third persons; (C) for ascertaining any maturities, conversions, exchanges, offers, tenders, or similar matters relating to the Collateral; nor (D) for informing the Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default in Favor of Third Parties. Borrower or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or Grantor's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Borrower or Grantor or the dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, or at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

Accelerate Indebtedness. Lender may declare all Indebtedness of Borrower to Lender immediately due and payable, without notice of any

kind to Borrower or Grantor.

Application of Account Proceeds. Lender may take directly all funds in the Account and apply them to the Indebtedness. If the Account is subject to an early withdrawal penalty, that penalty shall be deducted from the Account before its application to the Indebtedness, whether the Account is with Lender or some other institution. Any excess funds remaining after application of the Account proceeds to the Indebtedness will be paid to Borrower or Grantor as the interests of Borrower or Grantor may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Account to the Indebtedness. Lender also shall have all the rights of a secured party under the Mississippi Uniform Commercial Code, even if the Account is not otherwise subject to such Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.

Transfer Title. Lender may effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Lender shall have and may exercise any or all of the rights and remedies of a secured creditor under the provisions of the Mississippi Uniform Commercial Code, at law, in equity, or otherwise.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Cumulative Remedies. All of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

FUTURE ADVANCES. Specifically, without limitation, this Security Instrument secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Borrower and/or Grantor, together with all interest thereon.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Mississippi without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Mississippi.

Joint and Several Liability. All obligations of Borrower and Grantor under this Agreement shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible,

the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Account. The word "Account" means the deposit account described in the "Collateral Description" section.

Agreement. The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.

Borrower. The word "Borrower" means Mississippi Conservatives and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means [redacted]

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means Trustmark National Bank, its successors and assigns.

Note. The word "Note" means the Note dated January 29, 2014 and executed by Mississippi Conservatives in the principal amount of $250,150.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

BORROWER AND GRANTOR HAVE READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS ASSIGNMENT OF DEPOSIT ACCOUNT AND AGREE TO ITS TERMS. THIS AGREEMENT IS DATED JANUARY 29, 2014.

[redacted]

MISSISSIPPI CONSERVATIVES

By: _____
Brian N. Perry, Executive Director of Mississippi Conservatives

1007044001

LENDER:

TRUSTMARK NATIONAL BANK

X _____
Authorized Signer

16044402603

EXHIBIT E

9250

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal	Loan Date	Maturity	Loan No		Account	Officer	Initials
$250,000.00	01-29-2014	06-03-2014	28/43674-600-17			117	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Corporation: Mississippi Conservatives
P.O. Box 2096
Jackson, MS 39225

Lender: Trustmark National Bank
Jackson Main Office
248 E. Capitol Street, P O Box 291
Jackson, MS 39205

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is Mississippi Conservatives ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Mississippi. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 1125 Poplar Blvd, Jackson, MS 39202. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on 01/28/14, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of Mississippi Conservatives:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Brian N. Perry	Executive Director	Y	X

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: None.

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL
(Continued)

Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated January 29, 2014.

CERTIFIED TO AND ATTESTED BY:

X _____
Brian N. Perry, Executive Director of Mississippi Conservatives

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

MINUTES OF SPECIAL ACTIONS TAKEN BY
WRITTEN CONSENT OF THE BOARD OF DIRECTORS
OF MISSISSIPPI CONSERVATIVES
IN LIEU OF A SPECIAL MEETING THEREOF

Effective as of January 28, 2014

These Consent Minutes describe certain special actions taken by the Board of Directors of Mississippi Conservatives, a Mississippi nonprofit corporation, in lieu of a special meeting thereof and pursuant to Section 79-11-257 of the Mississippi Nonprofit Corporation Act, which provides that any action required or permitted to be taken at a board of directors' meeting of a Mississippi nonprofit corporation may be taken without a meeting if the action is taken by all members of the board and is evidenced by one or more written consents describing the action taken which are signed by each director and included in the minutes or filed with the corporate records reflecting the action taken, with such consent to have the effect of a meeting vote. Such consent herein and hereto is evidenced by the signature of the sole Director of the Corporation affixed hereto.

Borrowing:

> RESOLVED: That the officers of the Corporation are, and each of them is, hereby authorized and directed, for and on behalf of the Corporation, to borrow up to $250,000.00 from Trustmark National Bank, upon such terms and conditions as the officer deems appropriate, to execute a promissory note evidencing such loan, and to execute any and all such other documents as may be necessary to consummate such loan transaction.

Filing of Consent Minutes:

> RESOLVED: That the Secretary of the Corporation is hereby directed to make the original of these Consent Minutes part of the original Minutes of the Corporation to be filed in the appropriate records of the Corporation.

THE UNDERSIGNED DIRECTOR, BEING THE ENTIRE MEMBERSHIP OF THE BOARD OF DIRECTORS OF MISSISSIPPI CONSERVATIVES, DOES HEREBY EXPRESSLY CONSENT TO THE FOREGOING RESOLUTIONS AS BEING THE SPECIAL ACTIONS OF THE BOARD OF DIRECTORS OF SUCH CORPORATION, IN ACCORDANCE WITH SECTION 79-11-257 OF THE MISSISSIPPI NONPROFIT CORPORATION ACT AND IN LIEU OF A SPECIAL MEETING THEREOF, TO BE EFFECTIVE AS OF JANUARY 28, 2014.

BRIAN PERRY
Sole Director

ButlerSnow 19258726v1