

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 7343
 Highway 31 and Edward Still in his official)
 capacity as treasurer)
 SMP and Rebecca Lambe)
 in her official capacity as treasurer)

SECOND GENERAL COUNSEL'S REPORT

I. ACTIONS RECOMMENDED:

14 We recommend that the Commission: (1) enter into pre-probable cause conciliation with
15 Highway 31 and Edward Still in his official capacity as treasurer (“Highway 31”); (2) take no
16 further action and close the file as to SMP and Rebecca Lambe in her official capacity as
17 treasurer; (3) approve the attached conciliation agreement; and (4) approve the appropriate
18 letters.

II. BACKGROUND

20 On November 6, 2017, Highway 31 registered with the Commission as an independent
21 expenditure-only political committee and sought to terminate about two and a half months later
22 on January 19, 2018.¹ In the 74 days between those events, Highway 31 made independent
23 expenditures (“IEs”) totaling over \$4 million in connection with the December 12, 2017,
24 Alabama Special General Election for Senate between Doug Jones and Roy Moore.² Under the
25 Commission’s reporting schedules for the Alabama Senate special election, Highway 31 filed
26 three disclosures: (1) a Pre-General Report covering activity for November 6-22, 2017, (2) a

¹ See Highway 31 Statement of Organization (Nov. 6, 2017); Highway 31 Termination Report (Jan. 19, 2018).

² See 24/48 Hour Reports of Independent Expenditures filed November 10, 2017 through December 12, 2017 (showing thirteen 24- or 48-hour reports of IEs, all either supporting Jones or opposing Moore, totaling \$4,232,566).

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1 Year-End Report covering activity from November 23 through December 31, 2017, and (3) a

2 Post Special Report covering all special election activity on January 1, 2018.³

3 The Pre-General Report covering activity from November 6-22, 2017, was due on

4 November 30, 2017, and the other two reports were due after the election, on January 21, 2018.⁴

5 Highway 31's Pre-General Report disclosed no receipts, disbursements, or cash-on-hand, but

6 disclosed debts and obligations to vendors totaling \$1,154,844.⁵

7 The complaint alleged that because Highway 31 was a newly formed committee with no

8 cash on hand, either Highway 31's vendors made contributions to Highway 31 in the form of

9 extensions of credit that were not consistent with their typical business practice, or Highway 31's

10 largest later-disclosed contributor, SMP and Rebecca Lambe in her official capacity as treasurer

11 ("SMP"), made contributions by guaranteeing Highway 31's debts to the vendors.⁶

12 On July 25, 2019, the Commission found reason to believe that Highway 31 violated

13 52 U.S.C. §30104(b)(3)(A) of the Federal Election Campaign Act of 1971, as amended (the

14 "Act") by failing to report contributions received from its vendors in the form of extensions of

15 credit. In finding reason to believe as to Highway 31, the Commission noted that although the

16 time between the extensions of credit and Highway 31's payments of those obligations was

³ Highway 31 filed its Statement of Organization after the date of the Special Primary Election, so it was not responsible for any filing obligations with respect to that election. *See Filing Dates for the Alabama Senate Special Elections*, 82 Fed. Reg. 24,124, 24,124 (May 25, 2017) (noting special primary election date of August 15, 2017, and explaining the separation of 2017 and 2018 special election activity between the Year-End and Post Special Election reports, respectively, because of the calendar-year aggregation rules)

⁴ *Id.*

⁵ *See* Highway 31 Pre-Special Election Report (Nov. 30, 2017).

⁶ Highway 31 Factual and Legal Analysis at 1.

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1 short, Highway 31's failure to timely report contributions was not a trivial or technical violation.⁷
 2 Instead, the Commission concluded that when Highway 31 registered with the Commission,
 3 made over \$4 million in IEs before a high-profile special election, did not report a single
 4 contribution until after that election, and reported those contributions on the same day it asked
 5 the Commission to terminate, it deprived the public of critical information about Highway 31's
 6 funding when interest in the election was high and was of most use to voters in assessing
 7 Highway 31's independent expenditures.⁸ In addition, the Commission found no reason to
 8 believe that Highway 31's vendors violated the Act.⁹

9 The Office of General Counsel conducted an investigation to determine: (1) whether
 10 Highway 31 should have reported the extensions of credit provided by its vendors as
 11 contributions, as well as debts; and (2) whether its vendors extended credit to Highway 31 as a
 12 result of a guarantee provided by SMP. The investigation revealed that the extensions of credit
 13 to Highway 31 provided by its two largest commercial vendors were not in the normal and
 14 ordinary course of business because the vendors did not follow established procedures and past
 15 practice in approving the extension of credit,¹⁰ thus, they should have been reported as
 16 contributions in Highway 31's disclosures to the Commission. Additionally, the investigation
 17 found no evidence that SMP provided a guarantee to the vendors for services provided to
 18 Highway 31.

⁷ *Id.* at 11.

⁸ *Id.*

⁹ See Certification (July 30, 2019).

¹⁰ See 11 C.F.R. § 116.3(c). The information provided by Highway 31 and its vendors did not address the usual and normal practice in the industry and instead focused on vendors' customary business practices.

1 **III. SUMMARY OF THE INVESTIGATION**

2 During the investigation, Highway 31 submitted invoices and sworn affidavits describing
3 the circumstances surrounding the extensions of credit that Highway 31 received during the
4 December 2017 Alabama special general election for the open U.S. Senate seat. Highway 31
5 also submitted documents from vendors Bully Pulpit Interactive ("Bully Pulpit"), Waterfront
6 Strategies ("Waterfront"), and Putnam Partners LLC ("Putnam LLC"), which extended Highway
7 31 credit in the amounts of \$800,693, \$309,690, and \$29,717, respectively. Vendors NUTT
8 Labs, ZURR, and Denise Nelson Voiceovers extended credit to Highway 31 in much smaller
9 amounts, \$5,870, \$5,400, and \$3,475, respectively.¹¹ Highway 31 asserted there were no written
10 contracts or communications discussing the specific terms and conditions for extensions of credit
11 to Highway 31.¹²

12 As described below, Highway 31's two largest vendors, Bully Pulpit and Waterfront, did
13 not provide information sufficient to establish that they made extensions of credit to Highway 31
14 in the ordinary course of their business and on terms and conditions substantially similar to
15 nonpolitical clients. Instead, Highway 31 and its vendors stated that the vendors extended credit
16 to the newly established committee because of their prior interactions with the principals of
17 Highway 31, and not because SMP or any other entity provided a guaranty for the extensions of
18 credit. This office requested evidence, such as invoices, written agreements, correspondence, or
19 other documents to corroborate Highway 31's representations. In response, Respondents

¹¹ See First Gen. Counsel's Rpt. at 4. Because the amounts in violation regarding NUTT Labs, ZURR, and Denise Nelson Voiceovers were comparatively small, and these vendors were not represented by counsel and were difficult to contact, this office focused the investigation on Highway 31's interactions with Bully Pulpit, Waterfront, and Putnam, LLC.

¹² Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (June 25, 2020, 10:04 AM EST); Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (Jan. 27, 2021, 10:36 AM EST).

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1 provided affidavits from Highway 31 and its largest vendors, as outlined below, and invoices
 2 from all of its vendors.¹³

3 Karen Hancox, Chief Operating Officer of SMP and a principal at Highway 31, states in
 4 her affidavit that in 2017, she was an agent of both SMP and Highway 31,¹⁴ and that during the
 5 special election “[n]either SMP nor any other entity” guaranteed Highway 31’s vendors that they
 6 would be paid “or otherwise promised to fund” Highway 31’s public communications.¹⁵

7 Hancock further attests that during that time, she “had only one conversation with a vendor
 8 regarding the extension of credit to [Highway 31], in which I assured Brad Perseke at Waterfront
 9 Strategies that [Highway 31] would pay for Waterfront’s services; we did not discuss any other
 10 entities covering these expenses.¹⁶ She states that Highway 31 did not have reason to believe
 11 that any of its vendors made extensions of credit outside of the ordinary course of business, and
 12 that they believed that the vendors extended credit to Highway 31 due to the personal
 13 involvement of herself and John B. Poersch, who had preexisting relationships with the
 14 vendors.¹⁷ Hancock avers that Highway 31 was confident it would raise sufficient funds to cover
 15 the costs of its public communications, and paid its vendors rapidly when they extended credit,
 16 typically within a few days and no more than a few weeks after invoices were issued.¹⁸

¹³ See, Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (Jan. 27, 2021, 9:19 AM EST); Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (Mar. 5, 2020, 4:48 PM EST).

¹⁴ Affidavit of Karen Hancox (“Hancox Aff.”) at ¶ 1.

¹⁵ *Id.* at ¶ 4.

¹⁶ *Id.* at ¶ 5.

¹⁷ *Id.* at ¶ 2.

¹⁸ *Id.* at ¶ 3.

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1 Andrew Bleeker, President of Bully Pulpit, attests in his affidavit that Bully Pulpit
 2 produced and placed digital advertisements for Highway 31 in 2017, they did not have a written
 3 contract, and Bully Pulpit invoiced Highway 31 for the work it performed.¹⁹ Bleeker states that
 4 Highway 31 generally paid its debts to Bully Pulpit within a few weeks and before Bully Pulpit
 5 had to pay many of its sub-vendors or credit card charges associated with the work.²⁰ While
 6 Bleeker asserts that Bully Pulpit's work for Highway 31 was "similar to extensions of credit
 7 made to nonpolitical clients in the past" and was made "in the ordinary course of [Bully Pulpit's]
 8 business,"²¹ he did not provide the names or specific examples of other similarly situated clients.
 9 Instead, Bleeker asserted that Bully Pulpit regularly extends credit to large clients that are
 10 familiar to the agency, and in circumstances where a client's advertisements are being created
 11 and launched on an accelerated timeline, which is what he asserts occurred in Highway 31's
 12 case.²²

13 William Brocato, Chief Financial Officer of Waterfront, submitted an affidavit stating
 14 that Waterfront provided media services to Highway 31 in 2017 and that it did not have a written
 15 contract with Highway 31 for those services.²³ Brocato states that Highway 31 was invoiced
 16 soon after services were completed and Waterfront was paid within two days.²⁴ Brocato states
 17 that Waterfront's extension of credit to Highway 31 was made "in the ordinary course of

¹⁹ Affidavit of Andrew Bleeker, ("Bleeker Aff.") at ¶¶ 1-2.

²⁰ *Id.* at ¶ 3.

²¹ *Id.* at ¶ 5.

²² *Id.* at ¶ 4.

²³ Affidavit of William Brocato ("Brocato Aff.") at ¶¶ 1-2.

²⁴ *Id.* at ¶ 2.

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1 Waterfront's business and is similar to extensions of credit made to other clients in the past,"²⁵
 2 although he does not provide the names or specific examples of other similarly situated clients.
 3 Brocato stated that Waterfront's "standard practice is to require payment in advance before
 4 placing media buys on behalf of a client,"²⁶ although it did place media buys on behalf of
 5 Highway 31 in advance of the receiving payment.²⁷ Brocato explains this apparent discrepancy
 6 by asserting that Waterfront will occasionally place media buys before receiving payment "when
 7 the firm is confident that payment will be made.²⁸

8 Finally, Mark Putnam, the founding partner of Putnam LLC, submitted an affidavit
 9 describing the circumstances surrounding the extension of credit to Highway 31.²⁹ Putnam
 10 asserts that Putnam LLC did not have a written contract with Highway 31, Putnam LLC invoiced
 11 Highway 31 for the work performed, and Highway 31 paid Putnam LLC within one week of the
 12 extension of credit.³⁰ Putnam stated that when there is no video shoot required to create an
 13 advertisement (or when an advertisement will be created using existing footage from an earlier
 14 video shoot that has already been paid for), Putnam LLC's "standard practice is to invoice clients
 15 once the production of an advertisement is complete."³¹ Putnam states that in over 80 percent of
 16 the cases, Putnam LLC bills the client after the work is complete, which is what he asserts

25 *Id.* at ¶ 6. Waterfront serves political clients and does not have any nonpolitical clients. *Id.*

26 *Id.* at ¶ 4.

27 *Id.* at ¶ 4.

28 *Id.* at ¶ 4.

29 Affidavit of Mark Putnam ("Putnam Aff.") at ¶¶ 1-2.

30 *Id.*

31 *Id.* at ¶ 4.

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1 happened with Highway 31.³² Putnam states that the work for Highway 31 did not include a
 2 video shoot, instead, the television advertisements it produced relied on stock photos, stock
 3 video, and news video content available online, so Putnam LLC invoiced Highway 31 after the
 4 advertisements were produced, in accordance with the firm's standard practice.³³

5 Highway 31 also provided general information about purported comparable extensions of
 6 credit made by Putnam LLC, but did not provide similar information for Bully Pulpit and
 7 Waterfront, despite requests for such information during the investigation.³⁴ Highway 31 and its
 8 vendors provided no committee names or information to show that those committees for whom it
 9 provided the general information were in comparable financial situations, needed credit
 10 extensions of comparable amounts, or were newly formed, as in the case of Highway 31.

11 All three vendors state that they extended credit to Highway 31 based on preexisting
 12 relationships with Highway 31 representatives, John B. Poersch and Karen Hancox, which gave
 13 the vendors confidence that Highway 31 could raise sufficient funds to cover the cost of the
 14 services.³⁵ The vendors provided no other comparable examples of clients for whom they had

³² *Id.*

³³ *Id.* at ¶¶ 3-5.

³⁴ Highway 31 told this Office “[Putnam LLC’s] standard business practice is to have invoices be due upon receipt and not to require prepayment of expenses. Highway 31 was treated no differently, and paid relatively rapidly compared to other clients; the payment was made seven days after receipt of the invoice.” Highway 31 then provided what it described as samples of other amounts and invoices paid by other Putnam clients in the recent past, which include: Invoice for \$8,347.25 on 10/16/20, paid in full on 10/19/20; Invoice for \$14,424.47 on 10/13/20, paid in full on 10/16/20; Invoice & 6731 for \$21,802.50 on 9/27/20, paid in full on 9/29/20; Invoice and 6730 for \$27,609.12 on 9/18/20, paid in full on 9/22/20; Invoice for \$11,162.62 on 10/26/20 paid in full on 11/23/20. *See Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (Jan. 27, 2021, 9:19 AM EST).*

³⁵ Bleeker contends that he was comfortable extending credit to Highway 31 because Bully Pulpit was familiar with the individuals who operated Highway 31. Bleeker Aff. ¶ 6. Brocato states that Waterfront advanced funds in this instance because, given Waterfront’s preexisting relationships with Highway 31’s principals, John B. Poersch and Karen Hancox, it was confident that Highway 31 would raise funds sufficient to pay the invoices. Brocato Aff. ¶¶ 5-6. Putnam LLC states that it did not doubt Highway 31’s ability to pay the invoices because the

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1 made extensions of credit based on prior relationships with their principals. The vendors also
 2 assert that no entity or third party guaranteed that it would pay Highway 31's debts.³⁶

3 **IV. LEGAL ANALYSIS**

4 The Act requires each treasurer of a political committee to file reports of receipts and
 5 disbursements with the Commission.³⁷ For any political committee other than an authorized
 6 committee, such reports must include the total amount of contributions received, as well as the
 7 identification of each person who made a contribution in excess of \$200 during the reporting
 8 period, together with the date and amount of such contribution.³⁸

9 A "contribution" includes "any gift [or] advance . . . of money or anything of value made
 10 by any person for the purpose of influencing any election for Federal office."³⁹ The extension of
 11 credit to a political committee by a commercial vendor is a contribution, "unless the credit is
 12 extended in the ordinary course of the person's business and the terms are substantially similar to
 13 extensions of credit to nonpolitical debtors that are of similar risk and size of obligation."⁴⁰
 14 Commission regulations state that, in determining whether credit was extended in a commercial
 15 vendor's ordinary course of business, the Commission will consider whether: (1) the

firm had worked with Highway 31 representatives, John B. Poersch and Karen Hancox, in other contexts and was confident that they could raise sufficient funds to cover the cost of the firm's services. Putnam Aff. ¶ 6.

³⁶ Bleeker states that no entity other than Highway 31 guaranteed Bully Pulpit that it would be paid for the work done for Highway 31. Bleeker Aff. ¶ 7. Brocato also asserts that Waterfront did not receive any guarantee of payment from any entity other than Highway 31, including SMP. Brocato Aff. ¶ 6. Putnam states that no entity guaranteed that it would pay Highway 31's debts to Putnam LLC, nor was any such guarantee asked for by Putnam. Putnam Aff. ¶ 6.

³⁷ 52 U.S.C. § 30104(a)(1).

³⁸ 52 U.S.C. §§ 30104(b)(2)(A), (b)(3)(A)-(B).

³⁹ 52 U.S.C. § 30101(8)(A)(i).

⁴⁰ Highway 31 Factual & Legal Analysis at 11 (July 25, 2019).

1 commercial vendor followed its established procedures and its past practice in approving the
 2 extension of credit; (2) the commercial vendor received prompt payment in full for prior
 3 extensions of credit to the same committee; and (3) the extension of credit conformed to the
 4 usual and normal practice in that vendor's trade or industry.⁴¹ The Commission has explained
 5 that “[t]hese factors are intended to provide guidance . . . The factors need not be accorded equal
 6 weight and in some cases a single factor may not be dispositive.”⁴²

7 **A. The Extensions of Credit to Highway 31's two Largest Vendors Should have
 8 been Reported as Contributions.**

9
 10 The Commission found reason to believe that Highway 31 and Edward Still, in his
 11 official capacity as treasurer failed to report contributions in the form of extensions of credit
 12 from its vendors, in violation of 52 U.S.C. § 30104(b)(3)(A).⁴³

13 The evidence developed during the investigation indicates that Highway 31's two most
 14 significant vendors did not follow established procedures and past practices in extending credit
 15 to Highway 31, nor that the extensions of credit conformed to the usual and normal practice in its
 16 trade or industry.⁴⁴ At the time Highway 31's vendors extended it credit, Highway 31 was a
 17 brand-new committee with no apparent money or assets. It had no payment history with the
 18 credit-extending vendors, or any others. Yet, Highway 31's three largest creditors, Bully Pulpit,

⁴¹ 11 C.F.R. § 116.3(c).

⁴² Debts Owed by Candidates and Political Committees, 55 Fed. Reg. 26,378, 26,381 (June 27, 1990); *see also* Advisory Op. 1991-20 (Call Interactive) at 4.

⁴³ *See* Certification.

⁴⁴ *See* 11 C.F.R. § 116.3.

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1 Waterfront Strategies, and Putnam LLC performed over \$1,140,000 worth of work on credit
 2 before Highway 31 had received a single dollar in contributions.⁴⁵

3 According to Highway 31 and those vendors, there were no written policies explaining
 4 the terms and conditions for the extensions of credit to Highway 31.⁴⁶ There is no evidence that
 5 specific terms of payment were discussed or documented prior to or during the extensions of
 6 credit, despite the large sums at issue for some of the vendors.⁴⁷ The only explanation provided
 7 for such large extensions of credit by Bully Pulpit and Waterfront Strategies is that the vendors
 8 knew the principals of Highway 31, Hancox and Poersch, and trusted they could raise the
 9 necessary funds.⁴⁸ Such explanations do not establish that Bully Pulpit and Waterfront Strategies
 10 extended credit in the ordinary course of business to other nonpolitical customers, or that such
 11 extensions were the normal and usual practice of the industry for similarly situated nonpolitical
 12 committees, as required by the Act. In prior matters where the Commission concluded that
 13 extensions of credit were not contributions, the record has included more detailed information
 14 and supporting documentation as to the terms of credit extended to the committee compared to
 15 other clients or a more detailed explanation as to the practices in the industry.⁴⁹ In fact,

⁴⁵ 2017 Pre-Special Election Report at 6-11 (Nov. 30, 2017),
<https://docquery.fec.gov/pdf/779/201711309087675779/201711309087675779.pdf>.

⁴⁶ See Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (Jan. 27, 2021, 9:19 AM EST); Email from Ezra Reese, Esq. to Camilla Jackson Jones, Attorney, FEC (Mar. 5, 2020, 4:48 PM EST). See also, Bleeker Aff. at ¶ 2; Brocato Aff. at ¶ 2; Putnam Aff. at ¶ 3.

⁴⁷ See Hancox Aff. at ¶ 5 (attesting that Hancox had only one discussion with one vendor regarding extensions of credit of credit to Highway 31; Hancox merely assured Waterfront Strategies that Highway 31 would pay for Waterfront's services).

⁴⁸ Bleeker Aff. at ¶ 6; Brocato Aff. at ¶ 6; Hancox Aff. at ¶ 2.

⁴⁹ See, e.g., MUR 6101 (Heller *et al.*) Second GCR at 5-9 (Commission took no further action after investigation established that the vendor had extended credit in the ordinary course of business and on similar terms to other clients on a record that included vendor's witness interview, prior history of payment by the respondent committee, and information on comparable extensions of credit to the vendor's other clients); MUR 6141 (Friends

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1 Waterfront Strategies acknowledges that its standard practice required payment in advance,
 2 despite not requiring advance payment from Highway 31.⁵⁰ Similarly, Bully Pulpit indicates it
 3 sometimes extends credit to clients “that are familiar to the agency,” but does not explain in
 4 detail what “familiar to the agency” means and Highway 31 did not exist just a few weeks before
 5 Bully Pulpit extended it over \$800,000 in credit for media services.⁵¹ Both Bully Pulpit and
 6 Waterfront’s principals attested that the extensions of credit were in the ordinary course of
 7 business and similar to other extensions, but their statements were conclusory and unsupported
 8 by evidence.

9 In contrast, Putnam LLC is the only vendor that provided evidence that billing a client
 10 after work was completed was the standard practice in most instances where the work performed
 11 requires no new videotaping or editing, as was the case with Highway 31.⁵² Putnam LLC
 12 provided a list of instances where it had extended credit to other clients that was comparable to
 13 the credit extended to Highway 31. Thus, Putnam LLC provides the only explanation of its
 14 invoicing practices that might demonstrate that the extension of credit to Highway 31 was made
 15 in the ordinary course of its business.

of Dave Reichert) Factual & Legal Analysis at 8-14 (Aug. 26, 2009) (finding no RTB that the credit extension was outside the vendor’s ordinary course of business on a record including vendor’s sworn declaration providing a detailed explanation of its business practices, publicly available information (including a Federal Communication Commission opinion letter) about industry standards, and the respondent committee’s history of prompt payments to the vendor in earlier election cycles); MUR 5939 (Moveon.org *et al.*) (finding no RTB that *New York Times* extended credit outside of ordinary business practices on record that included the terms of the transaction in question as well as the paper’s usual terms and practices).

⁵⁰ Brocato Aff. at ¶ 4.

⁵¹ Bleeker Aff. at ¶4.

⁵² Putnam Aff. at ¶ 4.

1 Accordingly, the investigation has determined that Highway 31, did not provide
2 sufficient information to demonstrate that the extensions of credit by its largest vendors, with the
3 exception of Putnam LLC, were made in the ordinary course of the vendors' business or on
4 terms similar to those that the vendors would make to nonpolitical customers that are of similar
5 risk and size of obligation. Thus, the extensions of credit to Bully Pulpit and Waterfront
6 Strategies were contributions, and Highway 31 should have reported them as such on the only
7 pre-election report it filed.

8 **B. SMP did not Guarantee Payment for Services Provided by Vendors.**

9 The investigation found that neither SMP nor any other third party guaranteed payment to
10 Highway 31's vendors. Sworn affidavits submitted by Hancox, Chief Operating Officer of SMP
11 as well as a principal at Highway 31, and vendors expressly deny that SMP provided any
12 guarantee of payment to vendors for services rendered to Highway 31.⁵³ The available
13 information does not contradict these assertions.

14 As mentioned above, Highway 31 and its vendors contended that the extensions of credit
15 were also based on the vendors' confidence that the principals of Highway 31, Hancox and
16 Poersch, could raise funds to pay for the vendors' services.⁵⁴ Furthermore, a review of Highway
17 31's disclosure reports indicates that it received funds from sources other than SMP that were
18 sufficient to pay for its vendors' invoices. For example, the receipts from the League of
19 Conservation Voters (\$250,000) and from Priorities USA Action (\$910,000), a total of
20 \$1,160,000, were sufficient to pay the \$1,154,845 in extensions of credit from Highway 31's

⁵³ Hancox Aff. at ¶ 4; Bleeker Aff. at ¶ 7; Brocato Aff. at ¶ 6; Putnam Aff. at ¶ 6.

⁵⁴ Hancox Aff. at ¶¶ 2-3; Bleeker Aff. at ¶ 6; Brocato Aff. at ¶ 6; Putnam Aff. at ¶ 6.

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1 vendors.⁵⁵

2 Because the information indicates that Highway 31 extended credit based on the vendors'

3 confidence that Highway 31 principals, Hancox and Poersch, could raise the funds to pay their

4 invoices, and because Highway 31 did raise sufficient funds to pay the invoices without relying

5 on contributions from SMP, the information supports the contention that SMP did not provide a

6 guarantee to the vendors that SMP would pay for services rendered to Highway 31. Accordingly,

7 we recommend that the Commission take no further action as to SMP and Rebecca Lambe in her

8 official capacity as treasurer and close the file as to SMP.

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⁵⁵ 2017 Year End Report at 7, 9-10 (Jan. 19, 2018),
<https://docquery.fec.gov/pdf/548/201801199090457548/201801199090457548.pdf>.

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1 VI. RECOMMENDATIONS

1. Enter into pre-probable cause conciliation with Highway 31 and Edward Still in his official capacity as treasurer;
2. Take no further action as to SMP and Rebecca Lambe in her official capacity as treasurer;
3. Close the file as to SMP and Rebecca Lambe in her official capacity as treasurer;
4. Approve the attached conciliation agreement; and
5. Approve the appropriate letters.

Lisa J. Stevenson
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05.24.21
Date

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