



FEDERAL ELECTION COMMISSION
Washington, DC 20463

June 23, 2022

By Email and First Class Mail
kenna@wucpas.com

Lonnie Treadaway, Treasurer
Flinn for Congress f/k/a Friends of George Flinn
1661 Aaron Brenner Drive, Suite 300
Memphis, TN 38120

Re: MUR 7429

Dear Mr. Treadaway:

On July 20, 2018, the Federal Election Commission (the "Commission") notified Friends of George Flinn and Sondra Annette Grills in her official capacity as treasurer of a complaint alleging that the Committee violated the Federal Election Campaign Act of 1971, as amended (the "Act"), and provided it with a copy of the complaint.

After reviewing the allegations contained in the complaint, the Committee's response, and publicly available information, the Commission on May 26, 2022, found reason to believe that Flinn for Congress f/k/a Friends of George Flinn and Lonnie Treadaway in his official capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i), provisions of the Act and Commission regulations. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is enclosed for your information.

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Pre-probable cause conciliation is not mandated by the Act or the Commission's regulations, but is a voluntary step in the enforcement process that the Commission is offering to you as a way to resolve this matter at an early stage and without the need for briefing the issue of whether or not the Commission should find probable cause to believe that you violated the law. Enclosed is a conciliation agreement for your consideration.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

MUR 7429 (Flinn for Congress f/k/a Friends of George Flinn)
Lonnie Treadaway, Treasurer
Page 2

If you are interested in engaging in pre-probable cause conciliation, please contact Christine C. Gallagher, the attorney assigned to this matter, at (202) 694-1505 or (800) 424-9530, within seven days of receipt of this letter. During conciliation, you may submit any factual or legal materials that you believe are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within sixty days. *See* 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Conversely, if you are not interested in pre-probable cause conciliation, the Commission may conduct formal discovery in this matter or proceed to the next step in the enforcement process. Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

Pre-probable cause conciliation, extensions of time, and other enforcement procedures and options are discussed more comprehensively in the Commission's "Guidebook for Complainants and Respondents on the FEC Enforcement Process," which is available on the Commission's website at <http://www.fec.gov/respondent.guide.pdf>.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed Statement of Designation of Counsel form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

Please be advised that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.¹

This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be

¹ The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

MUR 7429 (Flinn for Congress f/k/a Friends of George Flinn)

Lonnie Treadaway, Treasurer

Page 3

made public. For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act.

We look forward to your response.

On behalf of the Commission,

A handwritten signature in blue ink, appearing to read "Allen Dickerson", with a large, stylized loop at the end.

Allen Dickerson
Chairman

Enclosures

Factual and Legal Analysis

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Flinn for Congress f/k/a Friends of George Flinn **MUR 7429**
 Lonnie Treadaway in his official capacity as treasurer

I. INTRODUCTION

This matter was generated by a complaint filed with the Federal Election Commission pursuant to 52 U.S.C. § 30109(a)(1) alleging that Flinn for Congress f/k/a Friends of George Flinn and Lonnie Treadaway in his official capacity as treasurer (the “Committee”) disclosed inadequate or incomplete purposes of \$974,350 in disbursements to vendors for “campaign management” and “accounting” in its 2018 April Quarterly Report in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”).¹ The Committee denies the allegation.

Based on the allegations of the complaint, the response, and the available information, the Commission finds reason to believe that Flinn for Congress f/k/a Friends of George Flinn and Lonnie Treadaway in his official capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A) and 11 C.F.R. § 104.3(b)(4)(i) by failing to properly report the purpose of certain disbursements.

II. FACTUAL AND LEGAL ANALYSIS

A. Factual Background

George Flinn was a 2018 Republican primary candidate in Tennessee’s 8th Congressional District.² The Committee’s 2018 April Quarterly Report discloses four disbursements: three to Caissa Public Strategy, LLC (“Caissa”) in the amounts of \$197,350 and \$654,000 for “campaign

¹ Compl. at 1 (July 9, 2018). Since the filing of the Complaint, the name of the Committee changed from “Friends of George Flinn” to “Flinn for Congress.” Flinn for Congress, Amended Statement of Organization at 1 (Apr. 27, 2022). The Committee’s current treasurer is Lonnie Treadaway. Flinn for Congress, Amended Statement of Organization at 1 (June 7, 2022). At the time of the events in this matter, Sondra Annette Grills was the Committee’s treasurer. Friends of George Flinn, Amended Statement of Organization at 1 (Feb. 2, 2018).

² Flinn lost the primary election on August 2, 2018.

1 management,” and \$12,000 for “campaign management expenses;”³ and one to Watkins
2 Uiberall, PLLC (“Watkins”) in the amount of \$3,000 for “accounting.”⁴ Based on this
3 information, the Complaint alleges that the Committee was “effectively hiding the nature of its
4 true expenses.”⁵

5 In response, the Committee denies that it was attempting to hide expenses.⁶ The
6 Committee asserts that it hired one vendor, Caissa, as a “full-service communications firm” to
7 “manage all aspects of running the campaign,” including “determin[ing] the target audience,
8 messaging, marketing elements, and timeline.”⁷ The Committee further asserts that it hired
9 another vendor, Watkins, to do the accounting work.⁸ According to the Committee, its \$12,000
10 payment to Caissa was for “poll workers,” and it provides a copy of the check drawn on the
11 Committee’s bank account dated February 22, 2018, payable to “Renasant Bank” in that amount
12 with the notation “cash” written in the bottom left hand corner; on the same date, the Committee
13 disclosed a \$12,000 disbursement to Caissa for “campaign management expenses.”⁹ In addition,
14 the Committee provides a copy of an invoice from Watkins in the amount of \$3,000 for “2018

³ The Complaint incorrectly alleges that the \$12,000 disbursement was disclosed as \$120,000 in the Committee’s report. *See* Compl. at 1; Resp. at 1 (Aug. 7, 2018); Friends of George Flinn, Amended 2018 April Quarterly Report at 7 (July 3, 2018).

⁴ Friends of George Flinn, Amended 2018 April Quarterly Report at 8 (July 3, 2018).

⁵ Compl. at 1.

⁶ Resp. at 1.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at Attach. 1; Friends of George Flinn, Amended 2018 April Quarterly Report at 7 (July 3, 2018).

MUR 7429 (Flinn for Congress f/k/a Friends of George Flinn)

Factual and Legal Analysis

Page 3 of 8

January and February Accounting Fees,” and the check payment.¹⁰ Last, the Committee provides copies of two invoices from Caissa, for “Campaign Marketing and Outreach” for the months of January and February 2018 in the amounts of \$197,350 and \$654,000, respectively, along with copies of the check payments.¹¹ None of the invoices provide further details of the services provided.

The Committee’s disclosure reports from the 2018 election cycle in their entirety show that it disclosed approximately \$3,000,000 in disbursements to Caissa for “campaign management” or “campaign management expenses,” and \$10,500 in disbursements to Watkins for “accounting.” The Committee disclosed no disbursements to any other person. The chart below itemizes the Committee’s disbursements as set forth in its reports filed with the Commission.¹²

Report and Date of Disbursement	Payee	Disbursement Description	Amount
Amend. 2018 Apr Qtr Feb. 1, 2018	Caissa Public Strategies	Campaign Management	\$197,350
Amend. 2018 Apr Qtr Feb. 21, 2018	Caissa Public Strategies	Campaign Management	\$654,000
Amend. 2018 Apr Qtr Feb. 22, 2018	Caissa Public Strategies	Campaign Management Expenses	\$12,000
Amend. 2018 Apr Qtr March 15, 2018	Watkins Uiberall	Accounting	\$3,000

¹⁰ *Id.* at Attach. 2-3.

¹¹ *Id.* at Attach. 4-7.

¹² *See* Friends of George Flinn, Amended 2018 April Quarterly Report at 7, 8 (July 3, 2018); Friends of George Flinn, Amended 2018 July Quarterly Report 7-9 (Sept. 14, 2018); Friends of George Flinn, Amended 2018 12 Day Pre-Primary Report at 6 (Sept. 14, 2018); Friends of George Flinn, Termination Report at 6 (Sept. 14, 2018). CELA sent a letter to the Committee denying its request for termination pending the outcome of this matter. *See* Letter from Kathryn Ross, CELA, to Sondra Annette Grills, Treasurer, Friends of George Flinn (Nov. 15, 2018).

MUR 7429 (Flinn for Congress f/k/a Friends of George Flinn)

Factual and Legal Analysis

Page 4 of 8

Amend. 2018 July Qtr May 2, 2018	Caissa Public Strategies	Campaign Management	\$147,762
Amend. 2018 July Qtr May 24, 2018	Watkins Uiberall	Accounting	\$3,000
Amend. 2018 July Qtr May 24, 2018	Watkins Uiberall	Accounting	\$1,500
Amend. 2018 July Qtr June 9, 2018	Watkins Uiberall	Accounting	\$1,500
Amend. 2018 July Qtr June 5, 2018	Caissa Public Strategies	Campaign Management	\$442,488
Amend. 2018 July Qtr June 12, 2018	Caissa Public Strategies	Campaign Management	\$199,702
Amend. 2018 July Qtr June 22, 2018	Caissa Public Strategies	Campaign Management	\$30,846
Amend. 2018 12 Day Pre-Primary July 3, 2018	Caissa Public Strategies	Campaign Management	\$1,000,000
Termination July 19, 2018	Caissa Public Strategies	Campaign Management	\$390,000
Termination Aug. 8, 2018	Watkins Uiberall	Accounting	\$1,500

1 According to news reports, beginning in June 2018, the Committee spent millions of
2 dollars airing television commercials on broadcast and cable stations in West Tennessee.¹³ The
3 Committee's Facebook and Twitter pages indicate that, between January 19 and July 29, 2018, it

¹³ Michael Collins and Daniel Connolly, *President Donald Trump Backs US Rep. David Kustoff in Republican Primary for Congress*, MEMPHIS COMMERCIAL APPEAL (July 27, 2018), <https://www.commercialappeal.com/story/news/politics/2018/07/27/trump-endorses-tennessee-congressman-david-kustoff-re-election/852253002/> ("Flinn has already spent \$2.7 million of his own money on the race, with much of that going toward TV ads that attack Kustoff's conservative credentials."); *Flinn Launches New TV Ad Focused on Kustoff Voting With Pelosi 227 Times*, THE TENNESSEE STAR (June 13, 2018), <http://tennesseestar.com/2018/06/13/flinn-launches-new-tv-ad-focused-on-kustoff-voting-with-nancy-pelosi-227-times/>; Daniel Connolly, *Flinn's Willingness to Spend His Own Millions Makes for Competitive Race vs. Kustoff in District 8*, MEMPHIS COMMERCIAL APPEAL (July 24, 2018), <https://www.commercialappeal.com/story/news/2018/07/24/district-8-congress-tn-tennessee-politics-david-kustoff-george-flinn/769863002/>; *Dr. George Flinn Will Challenge Congressman David Kustoff for Congressional Rematch*, VOLUNTEER STATE REPORT (Jan. 2018), <http://ecmsuite.fec.gov/ecmprd/lisapi.dll/fetch/2000/23676/367992/367912/4830676/4831406/5085888/Flinn-challenge-kustoff-congress-%281%29.pdf?nodeid=5086522&vernum=-2>; *US Congressional Candidate Dr. George Flinn Makes Stop in West Tennessee*, WBBJ 7 Eyewitness News Staff (July 26, 2018), <https://www.wbbjtv.com/2018/07/26/u-s-congressional-candidate-dr-george-flinn-makes-stop-in-west-tennessee/>.

aired fifteen television advertisements and produced campaign signs in connection with Flinn’s campaign for Congress.¹⁴ The Committee’s 2018 disclosure reports do not disclose any disbursements for advertising.

B. Legal Analysis

The Act and Commission’s regulations require that authorized candidate committees disclose the total amount of all disbursements, and disbursements in certain categories, including “expenditures made to meet candidate or committee operating expenses.”¹⁵ Authorized Committees are further required to identify the name and address of each person to whom an expenditure is made aggregating in excess of \$200 during the election cycle to meet an operating expense, together with the date, amount, and purpose of such operating expenditure.¹⁶ The Commission’s regulations define “purpose” as a “brief statement or description of why the disbursement was made.”¹⁷ The regulations list examples of adequate descriptions of the “purpose” of operating expenses, including “dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursement, and catering costs.”¹⁸ However, examples of inadequate descriptions for the reporting of a disbursement include,

¹⁴ See @GeorgeFlinn, FACEBOOK, www.facebook.com/georgeflinn; @GeorgeFlinn, TWITTER, www.twitter.com/GeorgeFlinn.

¹⁵ 52 U.S.C. § 30104(b)(4)(A); 11 C.F.R. § 104.3(b)(2)(i).

¹⁶ 52 U.S.C. § 30104(b)(5)(A), (6)(A); 11 C.F.R. §§ 104.3(b)(4)(i), 104.9(a).

¹⁷ 11 C.F.R. §§ 104.3(b)(3)(i)(A), (b)(4)(i)(A), 104.9(a).

¹⁸ 11 C.F.R. §§ 104.3(b)(3)(i)(B), 104.3(b)(4)(i)(A); *see also* FEC, Purposes of Disbursement (last updated Aug. 21, 2018) (“FEC, Purposes of Disbursement”), <https://www.fec.gov/help-candidates-and-committees/purposes-disbursement>.

1 “advance, election day expenses, other expenses, expenses, expense reimbursement,
 2 miscellaneous, outside services, get-out-the-vote, and voter registration.”¹⁹

3 In addition to both non-exhaustive lists, the Commission has provided guidance that “the
 4 ‘purpose of disbursement’ entry, when considered along with the identity of the disbursement
 5 recipient, must be sufficiently specific to make the purpose of the disbursement clear.”²⁰ The
 6 Commission has determined that the description of purpose should be sufficient to allow “a
 7 person not associated with the committee [to] easily discern why the disbursement was made
 8 when reading the name of the recipient and the purpose.”²¹

9 Here, the Committee’s description “accounting” is sufficiently specific to describe its
 10 disbursements for the services rendered by Watkins to the Committee.²² However, the
 11 Committee’s description of the purpose for \$3 million in disbursements to Caissa Public
 12 Strategies during the 2018 cycle for “campaign management,” is not sufficiently specific to
 13 make the purpose of the disbursement clear when considered in conjunction with the payee’s
 14 identity.²³ For example, the Committee’s \$12,000 payment to Renasant Bank for poll workers,²⁴

¹⁹ 11 C.F.R. §§ 104.3(b)(3)(i)(B), 104.3(b)(4)(i)(A) (emphasis in the original); *see also* FEC, Purposes of Disbursement.

²⁰ *See* Statement of Policy: “Purpose of Disbursement” Entries for Filings with the Commission, 72 Fed. Reg. 887 (Jan. 9, 2007) (“Purpose Statement of Policy”) (citing 11 C.F.R. §§ 104.3(b)(3)(i)(B), (4)(i)(A)).

²¹ Purpose Statement of Policy, 72 Fed. Reg. at 888; *see also* FEC Campaign Guide for Congressional Candidates at 103 (June 2014) (the description of purpose must be sufficiently specific such that it makes clear the reason for the disbursement when considered in conjunction with the payee’s identity).

²² *See* FEC, Purposes of Disbursement (the Commission’s website includes “Accounting/Accounting Services” as a sufficient description of purpose).

²³ *See* Purpose Statement of Policy, 72 Fed. Reg. at 888.

²⁴ *See* Resp. at 1 & Attach. 1.

which the Committee disclosed on its reports filed with the Commission as a disbursement to Caissa for “campaign management expenses,” suggests that the purpose of the disbursement was poll work rather than campaign management. Further, given the information that the Committee aired several television advertisements and produced campaign signs, the disbursements for advertising also appear to have been inadequately or incorrectly described as “campaign management.”²⁵ A person reading the Committee’s disclosure reports would not have discerned that the Committee was disbursing funds for advertising by reading the name of the recipient (*i.e.*, Caissa) together with the reported purpose (*i.e.*, campaign management or campaign management expense).²⁶

Further, review of Flinn’s Committee’s disclosure reports in past election cycles in connection with his prior candidacies shows that these past reports disclosed more specific purposes of the Committee’s disbursements to Caissa. During the 2016 election cycle, there are four disbursements to Caissa for “public policy advising” or “public policy & political services” in the total amount of \$163,841, and one disbursement in the amount of \$850,000 for “advertising.”²⁷ In addition, Flinn’s campaign committees during the 2012 and 2014 election

²⁵ See First Gen. Counsel’s Rpt. at n.5, Factual & Legal Analysis at 2-3, MUR 6204/AR 08-02 (Dallas County Republican Party) (finding reason to believe that committee violated, *inter alia*, 52 U.S.C. § 30104(b)(5) (formerly 2 U.S.C. § 434(b)(5)) where committee disclosed an inadequate or incorrect purpose for 50 disbursements totaling \$215,261 and sometimes reported generic purposes such as “professional fees” and “fundraising consultant”); Certification at ¶¶ 3, 7, MUR 6134 (Cranley for Congress) (Nov. 19, 2008) (approving the Report of the Audit Division dated April 23, 2008, as the Factual & Legal Analysis) (sample review projected \$1.4 million in disclosed disbursements lacked required information including, but not limited to, missing or inadequate purposes); Conciliation Agreement at ¶ IV.9, MUR 5635 (Conservative Leadership Political Action Committee, *et al.*); Final Audit Report at 23, Conservative Leadership Political Action Committee (Nov. 29, 2004) (committee failed to disclose a complete or adequate purpose for disbursements totaling \$595,715).

²⁶ See Purpose Statement of Policy, 72 Fed. Reg. at 888.

²⁷ See Friends of George Flinn, 2016 July Quarterly Report at 6 (July 15, 2016); Flinn for Senate, 2015 October Quarterly Report at 1 (Dec. 2, 2015), Flinn for Senate, 2015 Year-End Report at 1 (Jan. 28, 2016), Flinn for Senate, 2016 Termination Report at 1 (March 30, 2016). See also FEC, Purposes of Disbursement.

MUR 7429 (Flinn for Congress f/k/a Friends of George Flinn)

Factual and Legal Analysis

Page 8 of 8

1 cycles disclosed disbursements to Caissa for “direct mail – Joe Carr piece,” “direct mail –
2 comparison,” “robo call to 700,000 voters,” “direct mail – healthcare,” “direct mail,”
3 “telephone,” “parking,” “advertising” and “signs.”²⁸ This more complete disclosure of
4 disbursements to Caissa for advertising is absent from the Committee’s disclosure of
5 disbursements to Caissa during the 2018 election cycle.

6 Therefore, there is reason to believe Flinn for Congress f/k/a Friends of George Flinn and
7 Lonnie Treadaway in his official capacity as treasurer violated 52 U.S.C. § 30104(b)(5)(A)
8 and 11 C.F. R. § 104.3(b)(4)(i) by failing to properly disclose the purpose of certain disbursements.

²⁸ Flinn for Congress, 2012 Second Amended July Quarterly Report at 15-18, 22, 23 (July 17, 2012), Flinn for Congress, 2012 October Quarterly Report at 13, 15-16 (Oct. 15, 2012), Flinn for Congress, 2012 Amended 12 Day Pre-General Report at 9 (Nov. 6, 2012), Flinn for Congress, 2012 30-Day Post-General Report at 13-15 (Dec. 6, 2012); Flinn for Senate, 2014 October Quarterly Report at 2, 6, 8 (Oct. 14, 2014), Flinn for Senate, 2014 Amended 12-Day Pre-Primary Report at 1 (Dec. 2, 2014).