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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

June 7, 2017

MEMORANDUM

TO: The Commission

FROM: Lisa J. Stevenson *LJS*
Acting General Counsel

Lorenzo Holloway *LH*
Assistant General Counsel
Compliance Advice

Joshua Blume *JB*
Attorney

SUBJECT: Debt Settlement Plan #17-03
Gary Johnson 2012, Inc. (C00495622)

Gary Johnson 2012, Inc. (“Committee”), the principal campaign committee of Gary Johnson, a candidate for President during the 2012 election, seeks the Commission’s approval of its debt settlement plan (“DSP”). The Committee owes nine creditors a total of \$1,538,118.73. The Committee proposes to settle this debt for \$750,000.00. *See* Attachment 1. The Office of the General Counsel has reviewed the plan, and we recommend that the Commission not approve the DSP because the debts would be settled through the use of an asset that has not been independently appraised and there is a question of whether the settlement with one creditor represents a *bona fide* arm’s length transaction.¹

¹ Much of this debt was also reflected on the Candidate’s Statement of Net Outstanding Campaign Obligations (“NOCO Statement”), which the Candidate submitted in conjunction with his request and receipt of Federal matching funds pursuant to the Presidential Primary Matching Payment Account Act, 26 U.S.C. §§ 9031 et seq. (“Matching Payment Act”). Subsequent settlement of such debt may result in an additional repayment obligation to the Commission. 11 C.F.R. § 9038.2(b)(1)(v), (f). A question raised by the DSP, therefore, is whether the Commission would have the ability to levy an additional repayment obligation when the time period within which to assess repayment obligations under the Matching Payment Act generally has expired. 26 U.S.C. § 9038(c) (notification must occur within three years of date of ineligibility). Because we are recommending that the

I. THE COMMISSION SHOULD NOT APPROVE THE DEBT SETTLEMENT PLAN BECAUSE IT LACKS AN INDEPENDENT APPRAISAL OF THE ASSET TO BE USED IN THE PLAN AND THERE IS A QUESTION AS TO WHETHER THE SETTLEMENT WITH ONE CREDITOR IS A *BONA FIDE* ARM'S LENGTH TRANSACTION

The Committee's plan is summarized in the following chart, which identifies the nine creditors, itemizes the amounts owed, the amounts proposed to be paid, the amounts proposed to be forgiven and the percentage of the amounts proposed to be forgiven:

Creditor	Amount Owed	Amount to be Paid	Amount to be Forgiven	Percentage to be Forgiven
Bellatrix, PC	\$151,000.00	\$0	\$151,000.00	100%
Broghamer Consulting LLC	\$3,750.00	\$0	\$3,750.00	100%
Daines Goodwin & Co. CPAs, PC	\$33,201.63	\$0	\$33,201.63	100%
DB Capitol Strategies, PLLC	\$150,000.00	\$150,000.00	\$0	0%
Law Office of Douglas C. Herbert	\$26,789.62	\$0	\$26,789.62	100%
EH Squared	\$9,404.41	\$0	\$9,404.41	100%
Hackstaff Law Group, LLC	\$3,166.00	\$0	\$3,166.00	100%
Political Advisors	\$831,087.02	\$600,000.00	\$231,087.02	28%
Political Advisors (Ron Nielson)	\$300,000.00	\$0	\$300,000.00	100%
ThoughtLab	\$29,720.00	\$0	\$29,720.00	100%
Totals	\$1,538,118.68 ²	\$750,000.00	\$788,118.68	51%

The Committee proposes to pay two of its creditors, DB Capitol Strategies, PLLC, and Political Advisors, the sum of \$750,000. The payments would not be made in cash because the Committee reports having no remaining cash on hand. Instead, the Committee intends to use an e-mail list that it values at \$150,000, and proposes to offer one non-exclusive transferable license to that list data to DB Capitol Strategies in full satisfaction of its \$150,000 indebtedness to that

Commission not approve the DSP for an unrelated reason, we do not consider it necessary to resolve this question at this time.

² There is a slight discrepancy of five cents between the sum of the individual amounts owed as calculated in this chart and the total amount owed as reported by the Committee in Part I of the DSP (\$1,538,118.68 versus \$1,538,118.73). Because the magnitude of the discrepancy is very small, and because we are recommending that the Commission not approve the DSP for the reasons stated in this memorandum in any event, we do not consider it necessary at this time to attempt to reconcile these amounts.

creditor. The Committee would similarly offer Political Advisors four non-exclusive transferable licenses to the e-mail list data, the collective value of which the Committee assesses as \$600,000 (\$150,000 x 4) to satisfy most of its approximately \$831,000 indebtedness to that creditor.

Because the Committee is offering an asset, as opposed to cash, to settle its debts, the Commission must be able to ascertain the value of the asset as part of its review of the terms of the DSP. Neither the Federal Election Campaign Act ("FECA") nor the Commission's regulations prohibit the Committee from using an asset to settle debt. However, the Commission's purpose in reviewing a committee's DSP is to ascertain whether any of the proposed terms would entail the making of excessive or prohibited contributions according to the terms of the FECA. *See Debts Owed by Candidates and Political Committees*, 55 Fed. Reg. 26378 (June 27, 1990). The Commission, therefore, must be able to examine the value of the asset to ensure that the settlement does not result in an excessive or prohibited contribution to the Committee. *Id.*

The Commission has reviewed proposed sales of political committee assets in a number of previous advisory opinions. The Commission has concluded that if the asset has been developed by the committee primarily for its own use in the course of its normal operations³ and has an independent and ascertainable market value, then the committee's sale of it will not entail a contribution by the purchaser so long as the asset is sold for its usual and normal charge. *See Advisory Opinions* 1981-53 (Frazier), 1989-04 (Wilson), 2002-14 (Libertarian National Committee). In the latter advisory opinion, the Commission articulated criteria that would guide its evaluation of the proposed lease of a mailing list to others. The list must: 1) have an ascertainable fair market value; 2) be leased at the usual and normal charge in a bona fide arm's length transaction, and 3) be used in a commercially reasonable manner consistent with such an arms-length agreement. *Advisory Opinion* 2002-14 (Libertarian National Committee).

In a letter to this Office, the Committee's representative, DB Capitol Strategies (which is notably one of the creditors at issue here), indicates that that firm routinely advises other organizations about the valuation of intangible assets, including e-mail lists, and that it bases this advice partly upon confidential conversations with vendors and individuals in the industry regarding the market for lists and the factors that can affect the value of a list. *See Attachment 2*. It notes that because e-mail lists are not liquid assets, their valuation can be difficult because they have no intrinsic value; rather, their value consists solely in their potential to generate future income. *Id.* Finally, the letter states that the Committee considered the following factors in drawing a conclusion about the list's value: the size of the list; the availability of similar lists; the uniqueness of the specific population the list comprises; the age of the list; and the likelihood of future demand for the list. A valuation of \$.50 per name on the list was arrived at through consideration of these factors, yielding a total value of \$150,000. *Id.* In conversations with this Office, the Committee's representative stated that it would be reluctant to share with us the

³ We do not know at present whether the e-mail list was developed primarily for the Committee's use in the course of its normal operations. In light of the other factors warranting disapproval of the DSP discussed in this memorandum, however, we do not believe it is necessary for us to acquire this information at this time.

precise details of its evaluative methodology because to do so would entail revealing confidential or privileged information.

In this case, we believe that we lack sufficient information about the first two of the three aforementioned criteria that would enable us to assess the commercial reasonableness of the proposed transactions.⁴ First, while the Commission has concluded that mailing lists, including e-mail lists, do possess an ascertainable market value, the Commission has indicated that such value should be capable of objective verification. Advisory Opinion 1989-04 (Wilson) (noting that “independent evaluation” would satisfy requirement of objective verification). *See also* Matter Under Review (“MUR”) 5396 (Bauer for President 2000, Inc.), Factual and Legal Analysis (“F&LA”), at 6 (Dec. 10, 2003) (committee did not provide documentation about, among other things, how mailing lists were valued or about accepted industry standards); Memorandum from James A. Kahl to Commission, Preliminary Report of the Audit Division on Kerry-Edwards 2004, Inc. and the Kerry-Edwards 2004, Inc. General Election Legal and Accounting Compliance Fund (LRA 658) (Memorandum #1 – Findings 2 and 3), at 5 (May 26, 2006) (committee failed to document valuation for mailing list).

Second, the entity that apparently provided the Committee with advice about the value of the list, DB Capitol Strategies, is also a creditor that will receive a license to the list data in satisfaction of the debt it is owed under the DSP. At the same time, DB Capitol Strategies is the Committee’s representative in the debt settlement process. That DB Capitol Strategies simultaneously appears to occupy these three roles raises a substantial question concerning whether its proposed transaction with the Committee would be a *bona fide* arms-length transaction. *See* MUR 5396, F&LA, at 2 (fact that mailing list exchange was between candidate’s presidential campaign and his leadership PAC showed transaction not an arms-length one); MUR 5181 (Spirit of America PAC), General Counsel’s Brief, at 25 (Apr. 23, 2003) (mailing list exchange not arms-length transaction because candidate exercised control and maintained a principal role for parties on both sides of the transaction).

Because of these uncertainties, we recommend that the Commission decline to approve the DSP in this form, and that it condition any further review of the DSP that it undertakes upon the Committee’s agreement to provide an independent appraisal of the value of the list. *See* MUR 6937 (NextGen Climate Action Committee/Eraley for Iowa), F&LA, at 6-7 (Apr. 19, 2016) (relying upon independent appraisal and detailed methodology in concluding that no contribution resulted from committee’s sale of e-mail list).

II. RECOMMENDATIONS

1. Decline to approve the debt settlement plan filed by Gary Johnson 2012, Inc. at this time;
2. Condition further review upon the Committee providing an independent appraisal of the value of the e-mail list used to settle debt owed to certain creditors;
3. Approve the appropriate letter; and
4. Close the file with respect to this DSP.

⁴ Regarding the third criterion, the Committee has indicated that the licenses would give the creditors the ability to sell the list data.

Attachment 1:
Revised Debt Settlement Plan of Gary Johnson 2012 filed on February 21, 2017 and
accompanying documents forwarded from RAD.

Attachment 2:
Letter from Dan Backer, Esq. re: Gary Johnson 2012, Inc. Debt Settlement Plan, dated
March 9, 2017.

DEBT SETTLEMENT PLAN

RECEIVED
FEC MAIL CENTER
2017 FEB 21 AM 7:23

NAME OF COMMITTEE Gary Johnson 2012, Inc		
ADDRESS 203 South Union Street, Suite 300		
CITY, STATE AND ZIP CODE Alexandria, VA 22314	FEC I.D. NUMBER. C00495622	

PART I — COMMITTEE SUMMARY INFORMATION

1. CASH ON HAND AS OF <u>2/14/17</u>	\$0.00	6. TOTAL AMOUNT OF DEBTS OWED BY THE COMMITTEE	\$1,538,118.73
2. TOTAL ASSETS TO BE LIQUIDATED	\$750,000.00*	7. TOTAL NUMBER OF CREDITORS OWED	9
3. TOTAL (ADD 1 AND 2)	\$750,000.00	8. NUMBER OF CREDITORS IN PART II OF THIS PLAN	9
4. YEAR TO DATE RECEIPTS	\$0.00	9. TOTAL AMOUNT OF DEBTS OWED TO THE CREDITORS IN PART II OF THIS PLAN	\$1,538,118.73
5. YEAR TO DATE DISBURSEMENTS	\$276.28	10. TOTAL AMOUNT TO BE PAID TO CREDITORS IN PART II OF THIS PLAN	\$750,000.00

11. IS THE COMMITTEE TERMINATING ITS ACTIVITIES?

YES NO IF YES, WHEN DOES THE COMMITTEE EXPECT TO FILE A TERMINATION REPORT? IF NO, COMMITTEE IS NOT ELIGIBLE TO FILE A DEBT SETTLEMENT PLAN (SEE INSTRUCTIONS).

The Committee expects to file a termination report as soon as this Debt Settlement Plan is approved by the Commission.

12. IF THIS IS AN AUTHORIZED COMMITTEE, DOES THE CANDIDATE HAVE OTHER AUTHORIZED COMMITTEES?

YES NO IF YES, LIST BELOW.

Gary Johnson 2016, FEC ID C00605568

13. DOES THE COMMITTEE HAVE SUFFICIENT FUNDS TO PAY THE TOTAL AMOUNT INDICATED IN THIS PLAN?

YES NO IF NO, WHAT STEPS WILL BE TAKEN TO OBTAIN THE FUNDS?

14. HAS THE COMMITTEE FILED PREVIOUS DEBT SETTLEMENT PLANS?

YES NO

15. AFTER DISPOSING OF ALL THE COMMITTEE'S DEBTS AND OBLIGATIONS, WILL THERE BE ANY RESIDUAL FUNDS?

YES NO IF YES, HOW WILL THE FUNDS BE DISBURSED?

I certify, to the best of my knowledge, that the information contained in this Debt Settlement Plan is true, correct and complete.

SIGNATURE OF
TREASURER OF
COMMITTEE

Albert Woodman

DATE
2/14/17

FEC FORM 8
(Revised 1/2001)

NON-CONFIDENTIAL

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE GARY JOHNSON 2012, INC	FEC I.D. NUMBER C00495622	PAGE 3	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
Bellatrix, PC 9475 Chesapeake Drive, Ste B San Diego, CA 92123	10/25/14	\$151,000.00	\$0.00

TYPE OF CREDITOR:

- INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoice for monthly retainers for legal services and campaign wind down costs. Worked performed by partner, owner of law firm.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the committee for the amount due, and made repeated follow-up calls inquiring about payment.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

Alina Dean

DATE

8/19/2015

2017-02-21 09:41:07

FAX NO. 8013658335

P. 02

DEBT SETTLEMENT PLAN

PART B

NAME OF COMMITTEE GARY JOHNSON 2012, INC	REG ID NUMBER C00495622	PAGE 4	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR Broghamer Consulting LLC 502 Monroe St Newport, KY 41071	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
	4/3/13	\$3750.00	\$0.00

TYPE OF CREDITOR:

- INCORPORATED COMMERCIAL VENDOR
 UNINCORPORATED COMMERCIAL VENDOR
 CANDIDATE
 COMMITTEE EMPLOYEE
 OTHER INDIVIDUAL

A. TERMS OF THE ORIGINAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoice for consulting services related to FSC audit. This outstanding balance is an amount due for the personal services of a principal of the LLC.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the committee for the amount due, and made repeated inquiries about payment.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

- YES
 NO
 IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

- YES
 NO
 IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

DATE **8/18/2015**

FP148821.FOP

ATTACHMENT 1

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NON-POLITICAL DEBT SETTLEMENT

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE Gary Johnson 2012, Inc	FEC I.D. NUMBER C00495622	PAGE 5	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
Daines Goodwin & Co CPAs PC 280 East 400 West, Suite 220 Salt Lake City, UT 84101	4/30/12 - 3/15/15	\$33,201.63	\$0.00

TYPE OF CREDITOR:

INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoices for accounting and compliance services.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The Committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor regularly invoiced the Committee for services rendered, and made repeated follow-up inquiries regarding payment.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

[Handwritten Signature]

DATE

11/16/16

2017-02-21 09:00:14 1929

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE Gary Johnson 2012, Inc	FEC I.D. NUMBER C00495622	PAGE 6	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
DB Capitol Strategies, PLLC 203 South Union Street, Suite 300 Alexandria, VA 22314	3/12/15 - 9/30/15	\$150,000.00	\$150,000.00

TYPE OF CREDITOR:

INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Ongoing services contract for legal compliance and representation in agency proceedings in FEC audit. Single copy of Committee list data offered in exchange for all services provided so far, and remaining compliance and audit work.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The Committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events, and explored using intangible committee assets to pay debts when fundraising efforts were unsuccessful.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the Committee for services rendered, and discussed possible alternate payment options when standard payment became unlikely.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

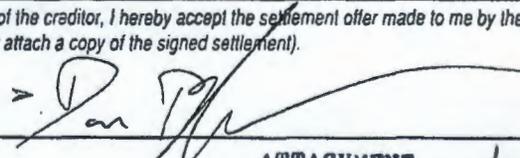
YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF
CREDITOR OR
REPRESENTATIVE



DATE

10/26/15

2017-02-21 09:10:10

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE GARY JOHNSON 2012, INC	FEC I.D. NUMBER C00495622	PAGE 7	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
Law Office of Douglas C. Herbert 1730 Rhode Island Avenue N.W Ste 608 Washington, D.C. 20036	5/31/12-7/1/12	\$26,789.62	\$0.00

TYPE OF CREDITOR:

INCORPORATED COMMERCIAL VENDOR
 UNINCORPORATED COMMERCIAL VENDOR
 CANDIDATE
 COMMITTEE EMPLOYEE
 OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoices for legal services. Of the total amount of \$33,789.62 invoiced by the creditor, \$7,000 was paid. This outstanding balance is an amount due for the personal services of the principal of the firm.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the committee for the amount due, and sent additional invoices and statements requesting payment.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

Douglas C. Herbert

DATE
8/21/2015

NON-POLITICAL DEBT SETTLEMENT

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE GARY JOHNSON 2012, INC	FEC I.D. NUMBER C00495622	PAGE 8	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
EH Squared 3481 East Kentucky Ave Denver, CO 80209	11/26/12	\$9404.41	\$0.00

TYPE OF CREDITOR:

INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoice for fundraising services. This is an amount due for the personal services of a principal of the firm.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the committee for the amount due, and made follow-up inquiries about payment through 2012.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

only client ever entered into debt settlement with.

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

Elizabeth Hawthorn

DATE
12/8/15

2017-02-11 09:04:10 AM

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE GARY JOHNSON 2012, INC	FEC I.D. NUMBER C00495622	PAGE 9	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
Hackstaff Law Group LLC 1601 Blake St. Ste 310 Denver, CO 80202	6/30/11	\$3166.00	\$0.00

TYPE OF CREDITOR:

- INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoice for legal services. Of the total amount of \$13,666 invoiced by the creditor, \$10,500 was paid. This outstanding balance is an amount due for the personal services of a member of the LLC.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the committee for the amount due, and made repeated inquiries about payment.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS, AGAINST NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

Man Nicolai

DATE

8/18/15

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE Gary Johnson 2012, Inc	FEC I.D. NUMBER C00495622	PAGE 10	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
Political Advisors 731 East South Temple Salt Lake City, UT 84102	9/1/11 - 6/12/14	\$831,087.02	\$600,000.00

TYPE OF CREDITOR:

- INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Comprehensive national presidential campaign management services. Services continued despite past-due invoices as in normal course of business, with such amounts being paid off as additional Committee funds were raised. Four non-exclusive, transferable licenses to Committee list data offered in satisfaction of remaining past due amounts.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The Committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events, and explored using intangible committee assets to pay debts when fundraising efforts were unsuccessful.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor regularly invoiced the Committee for services rendered, and discussed possible alternate payment options when standard payment became unlikely.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

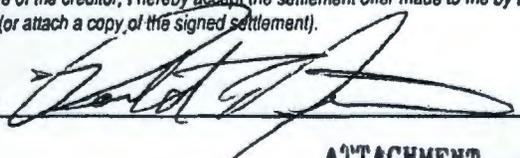
- YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF
CREDITOR OR
REPRESENTATIVE



DATE

10/27/2015

2014-10-27 10:21:03 AM

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE Gary Johnson 2012, Inc	FEC I.D. NUMBER C00495622	PAGE 11	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
Political Advisors 731 East South Temple Salt Lake City, UT 84102	5/4/12	\$300,000.00	\$0.00

TYPE OF CREDITOR:

INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Personal consulting services of Ron Nielson, performed as part of his campaign management services for the Committee. Waived as volunteer services pursuant to 11 C.F.R. 100.54, 100.74.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The Committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor invoiced the Committee for services rendered, but is waiving the full amount as volunteer services.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE

DATE

12/8/15

2017-02-21 09:00:10 AM

DEBT SETTLEMENT PLAN

PART II

NAME OF COMMITTEE Gary Johnson 2012, Inc	FEC I.D. NUMBER C00495622	PAGE 12	OF 13
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CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)

FULL NAME AND MAILING ADDRESS OF CREDITOR	DATE INCURRED	AMOUNT OWED TO CREDITOR	AMOUNT OFFERED IN SETTLEMENT
ThoughtLab 56 East Broadway, Suite 200 Salt Lake City, UT 84111	5/01/11 - 11/01/11	\$29,720.00	\$0.00

TYPE OF CREDITOR:

- INCORPORATED COMMERCIAL VENDOR UNINCORPORATED COMMERCIAL VENDOR CANDIDATE COMMITTEE EMPLOYEE OTHER INDIVIDUAL

A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT

Outstanding balance on invoices for website development and maintenance.

B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT

The Committee made continued efforts to raise the necessary funds through its website and mailing lists, and at events.

C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT

The creditor regularly invoiced the Committee for services rendered, and made repeated follow-up inquiries regarding payment.

CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)

D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS?

- YES NO IF NO, PLEASE EXPLAIN

As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).

SIGNATURE OF CREDITOR OR REPRESENTATIVE



DATE

3/21/16

DEBT SETTLEMENT PLAN

PART III

NAME OF COMMITTEE Gary Johnson 2012, Inc	FEC I.D. NUMBER C00495622	PAGE 13	OF 13
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LIST REMAINING DEBTS

A. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR	AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL		
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO		
B. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR	AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL		
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO		
C. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR	AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL		
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO		
D. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR	AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL		
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO		
E. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR	AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL		
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO		

DOES THE COMMITTEE HAVE SUFFICIENT FUNDS TO PAY THE REMAINING AMOUNTS TO BE PAID OR OFFERED?

YES NO IF NO, WHAT STEPS WILL BE TAKEN TO OBTAIN THE FUNDS?

2017-01-21 10:00 AM

Federal Election Commission
Attn: Joshua Blume
999 E Street NW
Washington, DC 20463

March 9, 2017

Re: Gary Johnson 2012, Inc. Debt Settlement Plan

Dear Mr. Blume:

Pursuant to our conversation on March 6, 2017, I write to provide certain supplemental information regarding the most recent amendment to Gary Johnson 2012, Inc.'s ("GJ2012") debt settlement plan ("DSP").

First, with respect to the value of the email list, our firm routinely advises political committees and other non-profit organizations on the valuation of intangible assets, including email lists. Valuation can be difficult due to the fact that email lists are not liquid assets – a list has no intrinsic value. Instead, its value comes solely from its potential to generate income in the future, which further requires both the knowledge and means to utilize the list profitably, significantly restricting the population of potential buyers.

Our advice on valuation is based in part on confidential conversations with vendors and individuals in the industry regarding the current market for lists of a given nature, and the factors which can affect list value. In this case, some of the factors considered when evaluating GJ2012's email list include: the size of the list, the availability of similar lists, the uniqueness of the specific population the list comprises, the age of the list, and the likelihood of future demand for the list. It was determined that \$0.50 per name was a reasonable price within the various ranges we reviewed, and thus a valuation of \$150,000 is appropriate.

Second, with respect to the debt listed in Part II to DB Capitol Strategies, PLLC, the debt amount given is for services rendered up through the date of the initial filing, and services rendered thereafter necessary to the resolution of the audit and debt settlement plan, and through to termination of the committee. This includes work currently being performed. A copy of the email list was offered as payment in full for these services, though separate billing arrangements may be made for other services or for expenses, as they arise.

Please let me know if you have any additional questions about the amended DSP.

Sincerely,
/s/
Dan Backer
(202) 210-5431 Direct
dan@political.law