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Jim Tracy State Senate Committee
Adam Coggin, Treasurer

MUR 6788

Jim Tracy for Congress
W. Shane Reeves, Treasurer

Respondents

Response to Complaint and Motion to Dismiss

The Complaint alleges that State Senate Committee has violated the Federal Election Campaign Act of 1971, as amended ("FECA") by making expenditures in support of the Congressional Committee without registering or reporting contributions or expenditures with the Federal Election Committee ("FEC").

The State Senate Committee's expenditures in question do not violate FECA. They were proper, reasonable, and consistent with the purpose and activities of Senator Tracy's state senate campaign. They were clearly not made for the purpose of Senator Trfacy's campaign for U.S. Congress. This was the finding of the Tennessee Registry of Election Finance (the "Registry"). At its January 8, 2014 meeting, the Registry found that these expenditures did not constitute legal violations.

In addition, the Complaint does not constitute a valid complaint because it does not allege any specific violation of FECA.

Attached to this Response is Mr. Coggin's sworn affidavit affirming the factual statements of this Response (Attachment A, the "Affidavit").

Facts

Tennessee State Senator Jim Tracy was a candidate for re-election to the Tennessee State Senate in 2012. The boundaries of his seat changed for the 2012 election. Senator Tracy ran an active campaign. He won the general election on November 6, 2012.

Senator Tracy later decided to become a candidate for U.S. Congress from Tennessee. Jim Tracy for Congress (FEC ID #HOTN06240) was registered with the FEC on January 10, 2013.

1. Barrett Johns Strategies Fundraising Retainer

During the 2012 state senate campaign, the State Senate Committee retained Rachel John of Barrett Johns Strategies, LLC ("Barrett Johns Strategies") as a consultant to assist in organizing events and fundraising for the state senate re-election campaign. Barrett Johns Strategies was paid a \$4,000 monthly retainer for the duration of the 2012 State Senate campaign (August-December). Affidavit ¶3. The total amount due (\$20,000) to Barrett Johns Strategies was invoiced to the State Senate Committee in December (see Attachment B) and was paid on December 7, 2012.

2. Legislative Issues Survey

In mid-December 2012, the State Senate Committee mailed a legislative issues survey exclusively to Senator Tracy's state senate constituents. Affidavit ¶4. A copy of the survey is attached as Attachment C.

Both before and after the campaign, the State Senate Committee worked with Majority Strategies, a campaign print and mail provider. The printing and mailing costs of the legislative issues survey totaled \$10,000. Majority Strategies' invoice for the printing and mailing is included under Attachment C.

3. Christmas Family Breakfast and Christmas Card

Senator Tracy annually holds an event for the constituents of his State Senate District. The State Senate Committee pays for the event. Attendance at the event is free for constituents. In 2010, the State Senate Committee held a fish fry. In 2011, the State Senate Committee held a tailgate at a Middle Tennessee State University Football game.

The State Senate Committee held a Christmas Family Breakfast on December 22, 2012. The Christmas Family Breakfast functioned in the same fashion as the 2010 fish fry and the 2011 tailgate, as an event held for the benefit of Senator Tracy's State Senate constituents. The breakfast was free to the public. Attendees were asked to bring a toy for the local Toys for Tots Program.

The State Senate Committee only advertised the Christmas Family Breakfast in the counties in Senator Tracy's State Senate District. The invitation for the event was only mailed to households in Senator Tracy's State Senate District. Affidavit ¶5. A copy of the invitation is attached as Attachment D.

An article about the breakfast event was published by the local paper (The Daily News Journal) on December 23, 2012. The article states that Senator Tracy made no mention of running for U.S. Congress at the event nor did he engage in any campaigning. The article, "Tracy brings breakfast, crowd brings gifts" is attached under Attachment E.

The State Senate Committee hired Barrett Johns Strategies to organize and staff the Christmas Family Breakfast for \$15,000. Affidavit ¶6. There were two invoices; these are attached under Attachment F.

The State Senate Committee paid Majority Strategies for the printing and mailing of the Christmas Family Breakfast invitations to Senator Tracy's state senate constituents. The costs of printing and mailing the invitations totaled \$14,378.22 and this amount was paid by the State Senate Committee. The invoice is attached with the invitation under Attachment D.

In addition to the Christmas Family Breakfast, the State Senate Committee also traditionally sends an annual Christmas Card to households located in Senator Tracy's state senate district. Affidavit ¶7. The State Senate Committee commissioned Majority Strategies to print and mail its 2012 Christmas card. The costs of printing and mailing the Christmas Card totaled \$20,388.03 and was paid by the State Senate Committee. A copy of the Christmas Card and the associated invoice is attached as Attachment G.

4. Summary

The Complaint references the following payments made by the State Senate Committee:

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
November 20, 2012	Majority Strategies	\$14,378.22	Printing and Mailing Christmas Family Breakfast Invitations
November 30, 2012	Majority Strategies	\$20,388.03	Printing and Mailing Christmas Cards
November 2012 and December 2012	Barrett Johns Strategies	\$15,000	Organizing Christmas Family Breakfast
December 3, 2012	Majority Strategies	\$10,000	Legislative survey
December 7, 2012	Barrett Johns Strategies	\$20,000	Monthly Retainer for Fundraising and Consulting Services

Allegations Contained in the Complaint and Respondent's Responses

The Complaint alleges a violation of FECA related to the State Senate Committee's disbursements to Barrett Johns Strategies and Majority Strategies reported on the State Senate Committee's 4th Quarter 2012 Campaign Finance Report. The Complaint is not specific about any alleged violation.

The State Senate Committee did not violate the FECA in making any of the referenced expenditures or in making any payment to Barrett Johns Strategies or Majority Strategies.

To meet the definition of an expenditure, a payment must be made for the purpose of influencing an election for Federal Office. 2 U.S.C. § 431(9); 11 C.F.R. § 100.111(a).

None of the expenditures referenced in the Complaint were made for the purpose of influencing Senator Tracy's campaign for U.S. Congress. Instead, each expenditure was usual, ordinary, and reasonable and made for the purpose of Senator Tracy's 2012 election and on-going representation of his Tennessee state senate district.

1. Barrett Johns Strategies Fundraising Retainer was not an Expenditure under FECA.

The amounts paid to Barrett Johns Strategies for fundraising services does not meet the definition of expenditure for FECA purposes. Barrett Johns Strategies received payment on a \$4,000 monthly retainer. This was paid for the months August through December of 2012. Senator Tracy's federal congressional campaign was announced and registered in January 2013. Given that the State Senate Committee conducted a State Senate campaign during this time and raised \$335,117.05, this \$20,000 payment is reasonable and usual for the type, kind of work, and duration of the work performed by Barrett Johns Strategies. In addition, it is established practice in the industry to retain a fundraiser year-round after the immediate election has been concluded.

2. The Printing and Mailing of the Legislative Survey was not an Expenditure under FECA.

Majority Strategies was paid \$10,000 to send a legislative survey to Senator Tracy's constituents within his state senate district. It did not mention any future election and was clearly made in the context of communication between Senator Tracy and his constituents. This type of communication is routinely made by campaigns in order to communicate with voters and constituents. Given that this communication was (i) only sent to Senator Tracy's state senate constituents (as opposed to the voters for the U.S. Congressional seat), (ii) focused on state issues, and (iii) was made before Senator Tracy announced his campaign for U.S. Congress, the Legislative Survey was not made for the purpose of influencing Senator Tracy's federal election.

3. Disbursements for Senator Tracy's Christmas Family Breakfast Event and his Christmas Card Were not an Expenditure under FECA.

The State Senate Campaign held a Christmas Family Breakfast and paid for Barrett Johns Strategies to organize and staff the Breakfast and Majority Strategies to print and mail invitations.

Here too, the event and related communications were clearly for the purpose of Senator Tracy's on-going representation of his state senate constituency. The invitations were only sent to the Senator Tracy's state senate constituents. According to the Daily News Journal, Senator Tracy did not speak of or mention a possible campaign for U.S. Congress (the event occurred before he announced his campaign for Congress). The State Senate Campaign organized the event in the same manner it had organized prior constituent events.

In addition, the expense incurred in printing and mailing an annual Christmas card clearly cannot be construed as an expenditure for a federal campaign that had not yet been announced. It is ordinary and usual for state legislators to use campaign funds to send Christmas cards to constituents. The cards were sent only to Senator Tracy's state senate constituents and did not contain any mention a prospective campaign for U.S. Congress.

4. Identical Complaint Filed with and Dismissed by the Tennessee Registry of Election Finances

Complainant filed a virtually identical complaint with the Tennessee Registry of Election Finance ("Registry"). At its January 8, 2014 meeting, the Registry unanimously dismissed the Complaint. The meeting minutes of the Registry's January 8, 2014 meeting are attached as Attachment H. Although the Registry's dismissal is not binding on the FEC, the dismissal provides a significant indication that the State Senate Committee committed no violation of law, either state or federal.

5. Lack of Specificity

Because of this lack of specificity, the Complaint does not constitute a valid complaint. A valid complaint must contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Federal Election Commission has jurisdiction. 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4(d). The Complaint fails this test and it is unclear as to what violation of a statute or regulation the complainant is asserting. Vague innuendo should not establish an investigation. The Respondents, therefore, reserve the right to amend this Response. Its filing of this Response does not waive any other defense.

Conclusion

The allegations of the Complaint do not constitute a valid complaint under FECA.

The allegations of the Complaint are without merit. The State Senate Committee committed no violation of FECA. Expenses paid to organize and publicize the Christmas Breakfast were not made for federal election purposes, and therefore did not cause a violation of FECA. All amounts paid to Majority Services and Barrett Johns Strategies by the State Senate Committee were for the legitimate purposes of a state senate campaign or on-going representation of constituents of a state senate district.

UNION-WINDY-OUT

Accordingly, there is and was no violation of FECA. Respondents respectfully request that the FEC find no reason to believe that a violation has occurred as to the Complaint, that the Complaint be dismissed and that the MUR be closed.

Respectfully Submitted,



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Jim Tracy for Congress
W. Shane Reeves, Treasurer

Attachment C:
Legislative Issues Survey

UNION-NJ442001

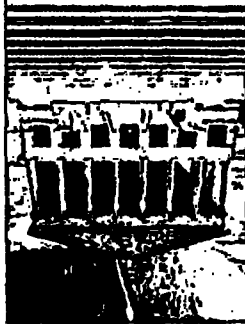
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JIM TRACY

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Questions or Concerns?
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SHILBYVILLE
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Shelbyville, TN 37160
NASHVILLE
2 Lafayette Park
Nashville, TN 37243
615-741-1066

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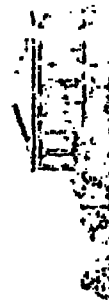
JIM TRACY

LET ME HEAR FROM YOU

FRIENDS AND NEIGHBORS.

God bless you and this great Nation.

John



Your Trusted Voice in the Tennessee State Senate

REPRESENTING YOU.

Attachment D:

Christmas Family Breakfast Invitation

CONFIDENTIAL

CONFIDENTIAL

STATE SENATOR
JIM TRACY'S

CHRISTMAS BREAKFAST



Breakfast Begins at
9AM through 11AM

And Will Take Place at
The Doubletree Hotel Murfreesboro
1850 Old Fort Parkway
Murfreesboro, TN 37129

Please RSVP to Stephanie at:
tracyfortn@gmail.com
or
(615) 556-7192

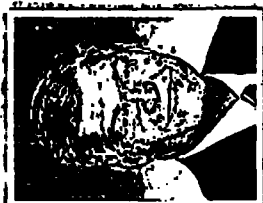


110344M1101010

PLEASE JOIN

STAFF SENATOR JIM TRACY

for a Christmas Breakfast ...



DECEMBER 22ND

From 9 AM - 11 AM

Paid for by Jim Tracy for State Senate
P.O. Box 332166
Murfreesboro, TN 37133



The Daily News Journal, "Tracy brings breakfast, crowd brings gifts"

The Daily News Journal, "Tracy brings breakfast, crowd brings gifts"

E-1

http://www.dnj.com/article/20121223/NEWS05/312230038/Tracy-brings-breakfast-crowd-brings-gifts?nclink_check=1

December 23, 2012

Tracy brings breakfast, crowd brings gifts | The Daily News Journal | [dnj.com](http://www.dnj.com)

MURFREESBORO — Even though Vincent Smith has known state Sen. Jim Tracy and his family for years, he still drove into the city from Bell Buckle to visit with the senator at a pancake breakfast Saturday.

Tracy and his family hosted a community Christmas breakfast at the Doubletree Hotel, drawing more than 800 residents from the 14th District and a large donation of toys for Toys for Tots.

“We didn’t come so much for the breakfast as we did to see Jim and drop off some toys,” Smith said. “We support him in everything he does, especially community outreach. He’s really good about that and staying in touch with the people.”

Invitations for the breakfast were sent to the district’s residents shortly after Thanksgiving. During the morning, local elected officials, such as Sheriff Robert Arnold, County Commissioners Will Jordan and Doug Shafer, along with state legislators Rep. Mike Sparks, Rep. Pat Marsh and Sen. Bill Ketron, talked with others residing in the district.

“This is just about thanking the folks who have supported me and my family over the last eight years,” said Tracy, a Shelbyville Republican who represents about half of Rutherford County as part of his Senate district. “We do something like this every year, sometimes it’s an MTSU tailgate or some other gathering.

“It’s really humbling to me that all these people came out, especially the Saturday before Christmas, when they could be spending time with their families,” he added.

State Rep. Joe Carr announced this past week the formation of an exploratory committee to determine the viability of a successful run to replace U.S. Rep. Scott DeJarlais in the 2014 Republican Primary for the 4th District. But Tracy, who has been rumored to also be considering such a run, gave no indication to that effect Saturday.

"We'll let you you know," he said simply.

Jeanita and Don Strang of Lascassas said they were surprised by the turnout.

"I can't believe there are so many people here. You're bound to run into someone you know," Jeanita Strang said. "We see Sen. Tracy here and there, but whenever we see him usually at Donut Country, he always makes time to talk."

Jeff Ready, commandant of Marine Corps League Detachment 1128 in Tullahoma, smiled as he looked at the four large boxes of toys breakfast attendees brought for Toys for Tots. He said he first became familiar with Tracy when parade organizers in Shelbyville were looking for a military group to march.

"Long ago when the reservists were overseas, they asked out detachment to help. We've been supporters of his ever since. You have to be in contact with folks in high office; you never know when you may need something," Ready said. "Anytime he needs someone in uniform, we'll be there for him."

Attachment G:

Christmas Card

11/20/2011 11:00:00 AM

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THE TRACY FAMILY

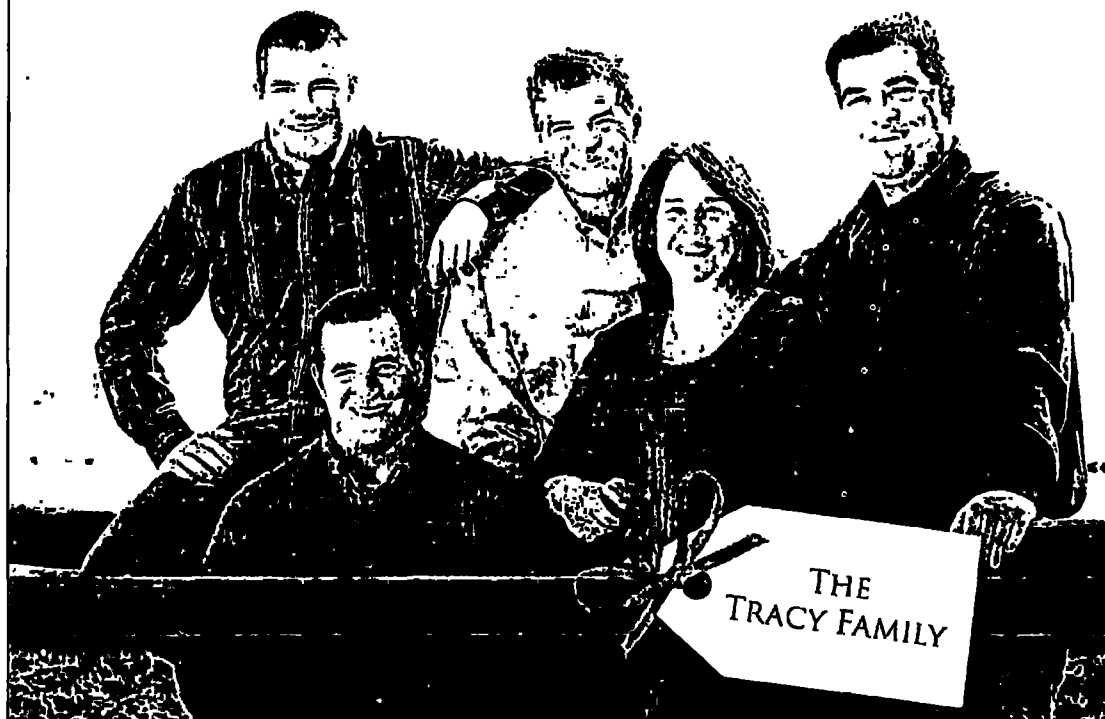
Happy Holidays

From our family to yours ...

Every good gift and every perfect gift is from above, coming down from the Father of lights with whom there is no variation or shadow due to change.

James 1:17

*Our warmest wishes for a
Merry Christmas
and a
Happy New Year*



Attachment H:

Tennessee Registry of Election Finance January 8, 2014 Meeting Minutes

4817-4463-5418.5

REGISTRY OF ELECTION FINANCE

The Registry of Election Finance met Wednesday, January 8, 2014, at Suite 104 of Parkway Towers, 404 James Robertson Parkway, Nashville, Tennessee.

Presiding over the meeting was Secretary Patricia Heim. Attending the meeting were board members Norma Lester, Darlene McNeece and Justin Pitt.

Election of Officers

A motion was made by McNeece, seconded by Pitt, to name Patricia Heim as chairperson. A motion was made by McNeece, seconded by Pitt, to name Norma Lester as secretary for 2014 by acclamation.

Approval of Meeting Minutes

On motion by McNeece, seconded by Pitt, the board voted unanimously to approve the minutes from the November 13, 2013 regular board meeting with the addition of the reconsideration vote in the matter of Ryan Haring Case No. 13-19.

Requests for Reconsideration

02-40 Berlin Boyd, for failure to file a 2002 pre-primary campaign financial disclosure report. Class two (2), maximum ten thousand (\$10,000) civil penalty. Mr. Boyd has had previous matters before the board.

The Registry has received no response to the show cause notice and the report still has not been filed.

The board voted at its October 9, 2002 meeting to assess Mr. Boyd a \$10,000 civil penalty. Mr. Boyd requested a reconsideration of the \$10,000 civil penalty assessment.

Mr. Boyd filed the required report (filed on April 4, 2003) and submitted a statement for the board's consideration.

A motion was made by Heim, seconded by Lester, to reconsider the \$10,000 civil penalty assessment. The motion to reconsider failed the board 1 to 3 with Heim, McNeece and Pitt voting "no."

02-48 Berlin Boyd, for failure to file a 2002 post-primary campaign financial disclosure report. Class two (2), no report filed, maximum ten thousand (\$10,000) civil penalty. Mr. Boyd has had previous matters before the board.

The board voted at its December 11, 2002 meeting to assess Mr. Boyd a \$10,000 civil penalty. Mr. Boyd requested a reconsideration of the \$10,000 civil penalty assessment.

Mr. Boyd filed the required report (filed on April 4, 2003) and submitted a statement for the board's consideration.

A motion was made by Heim, seconded by Lester, to reconsider the \$10,000 civil penalty assessment. The motion to reconsider failed the board 1 to 3 with Heim, McNeece and Pitt voting "no."

Show Cause Hearing

C13-08 Richard Huffman, for possible violation of T.C.A. §2-10-108(d) regarding the filing of a sworn complaint. Class two (2), maximum ten thousand (\$10,000) civil penalty.

The board voted at its November 13, 2013 meeting to issue Mr. Huffman a show cause notice.

Mr. Huffman submitted a sworn statement for the board's consideration.

On motion by Pitt, seconded by Lester, the board voted unanimously to assess Mr. Huffman a \$100 civil penalty.

Cases Subject to Approval of Civil Penalty Order

13-70 Tommie Brown, for failure to file a 2013 mid-year supplemental campaign financial disclosure report. Class two (2), no report filed, maximum ten thousand (\$10,000) civil penalty. Ms. Brown has had previous matters before the board.

The board voted at its October 9, 2013 meeting to issue Ms. Brown a show cause notice.

The board voted at its November 13, 2013 meeting to delay any further action in this matter until the next regularly scheduled meeting.

Director Rawlins informed the board that Ms. Brown closed out her campaign account on her 4th quarter report and therefore does not owe a mid-year supplemental report.

On motion by Pitt, seconded by McNeece, the board voted unanimously to take no further action in this matter.

13-73 Bobby Scott, for failure to file a 2013 mid-year supplemental campaign financial disclosure report. Class two (2), no report filed, maximum ten thousand (\$10,000) civil penalty. Mr. Scott has had previous matters before the board.

The board voted at its October 9, 2013 meeting to issue Mr. Scott a show cause notice.

Director Rawlins informed the board that there has been no response to the show cause notice and that the report still has not been filed.

On motion by Pitt, seconded by McNeece, the board voted unanimously to assess Mr. Scott a \$10,000 civil penalty.

13-75 James Tapp, for failure to file a 2013 mid-year supplemental campaign financial disclosure report. Class two (2), no report filed, maximum ten thousand (\$10,000) civil penalty. Mr. Tapp has had no previous matters before the board.

Director Rawlins informed the board that Registry staff spoke with Mr. Tapp's family and that they were informed that Mr. Tapp now resides in the nursing home and that his campaign bank account has been closed.

On motion by Lester, seconded by Pitt, the board voted unanimously to take no further action in this matter.

13-76 American Party, for failure to file a 2013 mid-year supplemental campaign financial disclosure report. Class two (2), no report filed, maximum ten thousand (\$10,000) civil penalty. The organization has had a previous matter before the board.

The board voted at its October 9, 2013 meeting to issue the organization a show cause notice.

Director Rawlins informed the board that there has been no response to the show cause notice and that the report still has not been filed.

On motion by Pitt, seconded by McNeece, the board voted unanimously to assess the organization a \$10,000 civil penalty.

13-82 Joe Towns, Jr., for failure to timely file a 2013 mid-year supplemental campaign financial disclosure report. Class two (2), 58 days late, maximum ten thousand (\$10,000) civil penalty. Rep. Towns has had previous matters before the board.

The board voted at its November 13, 2013 meeting to issue Rep. Towns a show cause notice.

Rep. Towns filed the required report and submitted a statement for the board's consideration.

A motion was made by McNeece to assess Rep. Towns a \$5,000 civil penalty. McNeece then amended the motion to assess Rep. Towns a \$2,000 civil penalty. The amended motion by McNeece, seconded by Lester, to assess Rep. Towns a \$2,000 civil penalty assessment passed the board unanimously.

Sworn Complaint

Jim Tracy

Director Rawlins provided the board with a sworn complaint filed with the Registry from James R. Moore against Jim Tracy.

Rachel Barrett, representative for Sen. Tracy, personally appeared before the board.

On motion by Pitt, seconded by Lester, the board voted unanimously dismiss the complaint.

Cases Considered for Issuance of Show Cause Notice

Clifford Lewis, for failure to timely file a 2013 pre-primary campaign financial disclosure report. Class one (1), 25 days late, maximum six hundred twenty-five (\$625) civil penalty. Mr. Lewis has had no previous matters before the board.

On motion by McNeece, seconded by Pitt, the board voted unanimously to issue a show cause notice.

Other Business

Without objection, the board voted unanimously to schedule the next Registry meeting for March 12, 2014.

On motion by Lester, seconded by McNeece, the board voted unanimously to adjourn the meeting until the next regularly scheduled meeting.