



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 28, 2022

BY ELECTRONIC MAIL

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RE: MUR 8094
Brady PAC
and Jeanne Connelly
in her official capacity as treasurer

Dear Messrs. Reiff and Mitrani:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting that Brady PAC and Jeanne Connelly in her official capacity as treasurer (the "Committee"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On December 13, 2022, the Commission found reason to believe that the Committee violated 52 U.S.C. § 30104(b)(8) and 11 C.F.R. § 104.3(d) by failing to report a debt. 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 your client 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 your client violated the law.

Accordingly, enclosed is a conciliation agreement that the Commission has approved in settlement of this matter.

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Letter to Neil Reiff and David Mitrani
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If you are interested in engaging in pre-probable cause conciliation, please contact Dominique Dillenseger, the attorney assigned to this matter, at (202) 694-1604 or ddillenseger@fec.gov, 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/em/respondent_guide.pdf. This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless your client notifies the Commission in writing that it wishes the matter to be made public.

We look forward to your response.

On behalf of the Commission,



Allen Dickerson
Chairman

Enclosures
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

Respondent: Brady PAC and Jeanne Connolly
in her official capacity as treasurer

MUR 8094

I. INTRODUCTION

The Reports Analysis Division (“RAD”) referred Brady PAC and Jeanne Connolly in her official capacity as treasurer (the “Committee”) to the Office of General Counsel (“OGC”) for failing to disclose a \$637,615.00 debt on its 2020 30-Day Post-General Report.¹ The Committee acknowledges that it failed to report the debt but contends that the omission was inadvertent, resulting from staff transition and miscommunication.² The Committee also notes that the debt is related to a dispute with a vendor and indicates it expects the amount of the debt to decrease as a result of ongoing negotiations.³ In a recent disclosure report, the Committee disclosed a settlement of the debt for a reduced amount.⁴

Based on the available information, the Commission finds reason to believe that the Committee violated 52 U.S.C. § 30104(b)(8) and 11 C.F.R. § 104.3(d) by failing to report a debt.

II. FACTUAL BACKGROUND

Brady PAC is a multicandidate hybrid political committee that registered with the Commission on March 23, 2018.⁵ In the most recent reporting period, the Committee disclosed \$61,565.72 in receipts, \$53,603.89 in disbursements, \$177,717.14 cash on hand, and

¹ RAD Referral 22L-14 (Brady PAC) (May 5, 2022) (“Referral”).

² Resp. at 1 (May 18, 2022).

³ *Id.* at 2.

⁴ Brady PAC, 2022 August Monthly Report, Form 99 Miscellaneous Electronic Submission at 798-799 (Aug. 19, 2022); Amended 2022 August Monthly Report (same) (Sept. 20, 2022).

⁵ Brady PAC, Statement of Organization (March 23, 2018). The Committee has subsequently filed multiple amended Statements of Organization on September 24, 2018; April 19, 2019; July 31, 2019; August 19, 2020; October 2, 2020; December 7, 2020; September 15, 2021; and January 28, 2022.

1 178,076.68.in total debts owed by the Committee, including a \$151,000 balance on the debt at
2 issue.⁶

3 On December 1, 2020, the Committee filed its original 2020 30-Day Post-General
4 Report, which did not disclose any debt incurred between October 15, 2020, through
5 November 23, 2020.⁷ The Committee subsequently amended its Report three times: (1) the first
6 amended report, dated February 8, 2021, disclosed no debts;⁸ (2) the second amended report,
7 dated September 1, 2021, disclosed \$637,615.00 as a newly incurred debt for the reporting
8 period;⁹ and (3) the third amended report, dated October 18, 2021, disclosed no change in total
9 debt from the previous amendment, but clarified the status of the new debt as disputed.¹⁰ On the
10 Amended 2020 Year-End Report, the Committee disclosed a payment of \$167,615 toward the
11 debt, reducing it to \$470,000.¹¹ The nature of the debt (purpose) was described as “disputed.”¹²

12 On January 12, 2022, RAD sent the Committee a Request for Additional Information
13 (“RFAI”) requesting clarification regarding the increased debt disclosed on the Amended 2020
14 30-Day Post-General Report, dated October 18, 2021, that had not been disclosed on the original
15 report.¹³ On February 4, 2022, the Committee filed a Form 99 Miscellaneous Electronic
16 Submission acknowledging the omission and stating that it was “due to an inadvertent and
17 internal miscommunication between the committee staff and the compliance firm that prepares

⁶ Brady PAC, 2022 12-Day Pre-General Report at 2, 241-242 (Oct. 27, 2022).

⁷ Brady PAC, 2020 30-Day Post-General Report at 2 (Summary Page) (Dec. 1, 2020).

⁸ Brady PAC, Amended 2020 30-Day Post-General Report at 2 (Summary Page) (Feb. 8, 2021).

⁹ Brady PAC, Amended 2020 30-Day Post-General Report at 7483 (Sept. 1, 2021).

¹⁰ Brady PAC, Amended 2020 30-Day Post-General Report at 7483 (Oct. 18, 2021).

¹¹ Amended 2020 Year-End Report at 2, 3139 (Oct. 18, 2021).

¹² *Id.* at 3139.

¹³ Brady PAC, RFAI at 1 (Jan. 12, 2022).

1 the report,” adding that the debt reported to the vendor (Mothership Strategies) was incurred on
2 November 1, 2020, in the amount of \$637,615.00, and that \$470,000 remained in dispute.¹⁴ The
3 Committee continued to report the \$470,000 as a disputed debt in subsequent reports.¹⁵ On the
4 2022 August Monthly Report, the Committee disclosed a credit of \$277,000 to the \$470,000
5 debt, and a closing balance of \$193,000.¹⁶ The Report included a miscellaneous text stating:
6 “This adjustment reflects a legal settlement of a disputed debt between the committee and the
7 vendor.”¹⁷

8 In response to the Referral, the Committee acknowledges its failure to properly report the
9 debt to the vendor and contends that the omission was inadvertent and due to an oversight due to
10 staff transition at the time, a miscommunication between the Committee staff and the compliance
11 firm retained by the Committee to prepare reports, and the disputed nature of a large portion of
12 the debt disclosed to the vendor.¹⁸ It further contends that the omission was discovered during
13 an internal review of the dispute between the Committee and the vendor, that they are engaged in

¹⁴ Referral at 2 (quoting Brady PAC, Form 99 Miscellaneous Electronic Submission (Feb. 4, 2022)).

¹⁵ Starting with the Amended 2020 Year-End Report (Amendment 3) through the 2022 July Monthly Report, the Committee reported the \$470,000 debt on the Schedule D, Debts and Obligations Mothership Strategies as “Donor Acquisition Advertising – disputed”: Brady PAC, Amended 2020 Year-End Report at 3139 (Oct. 18, 2021); Brady PAC, Amended 2021 April Quarterly Report at 2208 (Oct. 18, 2021); Brady PAC, Amended 2021 Pre-Special Report at 1313 (Oct. 18, 2021); Brady PAC, Amended 2021 July Quarterly Report at 1683 (Oct. 18, 2021); Brady PAC, 2021 Year-End Report at 7194 (Jan. 28, 2022); Brady PAC, 2022 February Monthly Report at 151 (Feb. 18, 2022); Brady PAC, 2022 March Monthly Report at 262 (Mar. 18, 2022); Brady PAC, 2022 April Monthly Report at 386 (Apr. 19, 2022); Brady PAC, 2022 May Monthly Report at 523 (May 20, 2022); Brady PAC, 2022 June Monthly Report at 760 (Jun. 17, 2022); and Brady PAC, 2022 July Monthly Report at 151 (Jul. 20, 2022).

¹⁶ Brady PAC, 2022 August Monthly Report at 798 (Aug. 19, 2022); Brady PAC, Form 99 Miscellaneous Electronic Submission at 799 (Feb. 4, 2022). The 2022 August Monthly Report and subsequent reports (Amended 2022 August Monthly Report, 2022 September Monthly Report, and 2022 October Monthly Report) reflect payments to the adjusted amount (\$193,000) but continue to describe the debt as “Donor Acquisition Advertising – disputed.”

¹⁷ Brady PAC, 2022 August Monthly Report, Form 99 Miscellaneous Electronic Submission at 798-799 (Aug. 19, 2022); Amended 2022 August Monthly Report (same) (Sept. 20, 2022).

¹⁸ Resp. at 1.

1 negotiations to resolve the debt and that any potential violation amount “should be reduced to
2 reflect the final debt, once the amount is determines.”¹⁹ Finally, the Committee asserts that
3 given its “impressive compliance record” and the significant resources it devoted to review and
4 improve its internal processes, as well as the disputed nature of the debt, the Commission should
5 take no action or refer this matter to Alternative Dispute Resolution Office.²⁰

6 **III. LEGAL ANALYSIS**

7 Under the Act and Commission regulations, political committees must disclose the
8 amount and nature of outstanding debts and obligations until those debts are extinguished.²¹
9 Debts of \$500 or less must be reported no later than 60 days after the obligation is incurred,
10 while debts of more than \$500 must be reported as of the date the obligation is incurred.²² If the
11 exact amount of a debt or obligation is not known, the report shall state that the amount reported
12 is an estimate.²³ Once the exact amount is determined, a political committee must either:
13 (1) amend the report(s) containing the estimate; or (2) indicate the correct amount on the report
14 for the reporting period in which such amount is determined.²⁴

15 Where there is a “disputed debt,” the political committee must report the disputed debt if
16 the creditor has provided “something of value” to the political committee.²⁵ Until the dispute is

¹⁹ *Id.* at 2.

²⁰ *Id.*

²¹ 52 U.S.C. § 30104(b)(8); 11 C.F.R. §§ 104.3(d), 104.11(a).

²² 11 C.F.R. § 104.11(b).

²³ *Id.*

²⁴ *Id.*

²⁵ 11 C.F.R. § 116.10(a). A “disputed debt” is “an actual or potential debt or obligation owed by a political committee, including an obligation arising from a written contract, promise or agreement to make an expenditure, where there is a bona fide disagreement between the creditor and the political committee as to the existence or amount of the obligation owed by the political committee.” *Id.* § 116.1(d).

1 resolved, the political committee must disclose any amounts paid to the creditor, any amount the
2 political committee admits it owes, and the amount the creditor claims is owed.²⁶

3 The Committee acknowledges incurring a debt, related to “something of value” provided
4 by the vendor to the Committee, in the amount of \$637,615.00 on November 1, 2020, with
5 \$470,000 as disputed.²⁷ The Committee was required to but did not disclose the debt on its
6 original 2020 30-Day Post-General Report that it filed on December 1, 2020.²⁸ The debt was not
7 disclosed until nearly a year later, on the Amended 2020 30-Day Post-General Report, filed on
8 September 1, 2021.²⁹ Further, because the debt was in dispute, the Committee was required to
9 disclose any amounts paid to the creditor, any amount the Committee admits it owes, and the
10 amount the creditor claims is owed until the dispute is resolved.³⁰ The Committee did not fully
11 disclose the nature of the debt as disputed until February 4, 2022.³¹ Accordingly, the
12 Commission finds reason to believe that Brady PAC violated 52 U.S.C. § 30104(b)(8) and
13 11 C.F.R. § 104.3(d) by failing to report a debt.

²⁶ *Id.* § 116.10(a).

²⁷ Brady PAC, Form 99 Miscellaneous Electronic Submission (Feb. 4, 2022).

²⁸ Brady PAC, 2022 October Monthly Report at 2 (Summary Page) (Oct. 20, 2022).

²⁹ Brady PAC, Amended 2020 30-Day Post-General Report at 7483 (Sept. 1, 2021).

³⁰ 11 C.F.R. § 116.10(a).

³¹ Brady PAC, Form 99 Miscellaneous Electronic Submission (Feb. 4, 2022).