

# STATE OF TENNESSEE



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November 4, 2021

Members of the Registry of Election Finance  
404 James Robertson Parkway, Suite 104  
Nashville, TN 37243-1360

Registry Members,

Enclosed are the limited agreed upon procedures for the board requested audit of various aspects of the complaint file against Faith Family Freedom Fund (a Multi-Candidate Campaign Committee commonly called a PAC) in Registry case number 20-07. This audit was conducted pursuant to the requirements of T.C.A. § 2-10-207(1).

The procedures were developed to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Law and Campaign Contribution Limits Law. The candidate is responsible for complying with campaign finance laws and the accuracy of campaign financial disclosures. The sufficiency of these procedures is solely the responsibility of the Bureau of Ethics and Campaign Finance's audit group. Consequently, we make no representation regarding the sufficiency of the agreed upon procedures described in the report for any purpose other than aiding the Registry.

This limited report is intended for the information and use of the Members of the Tennessee Registry of Election Finance as outlined and is not intended to be and should not be used by anyone other than the Registry without understanding the limited objectives, purposes, and underlying assumptions. This report is a public record.

Sincerely,

Jay Moeck, CPA, CFE  
Director of Audit

## **AUDIT OBJECTIVES**

The objectives of the audit were to determine Faith Family Freedom Fund PAC's (hereinafter "PAC") compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limit laws and regulations; accuracy and completeness of the disclosures; and to recommend appropriate actions to correct any deficiencies. This audit was limited to the areas noted in the allegations of the complaint file and assigned Case Number 20-07 by the Registry of Election Finance.

## **AUDIT AUTHORITY**

Tennessee Code Annotated (T.C.A.) §§ 2-10-206, 2-10-207, 2-10-212 and 2-10-213 authorize the Registry of Election Finance (hereinafter "Registry") to conduct investigations and audits of campaign activities and the related disclosures made on campaign financial disclosure statements filed with the Registry. This audit was initiated on a vote by the Members of the Registry (hereinafter "Members") at their April 14, 2021 meeting. The Members voted to limit the scope of the audit to cover only the activates outlined in the complaint.

## **AUDIT PURPOSE**

The Registry's audits provide a tool to the Registry to evaluate a PAC's compliance with certain provisions of campaign finance disclosure laws and regulations, compliance with certain provisions of campaign contribution limit laws and regulations, and accuracy and completeness of the campaign disclosures. In addition, the audits assist the Registry with the enforcement of campaign finance limit laws and campaign finance disclosure laws. Finally, the audit reports are intended to assist the PAC and the State of Tennessee with promoting governmental accountability and integrity.

## **AUDIT SCOPE**

As noted in the audit authority, the scope of the audit was limited per the Registry Members' vote to include only activity included in the complaint assigned Case No. 20-07. The complaint consists of four parts, which are outlined in the complaint summary provided to the Members and prepared by the Bureau of Ethics and Campaign Finance Executive Director. The four parts the complaint are summarized as follows:

- (1) Faith Family Freedom Fund 's campaign financial disclosure statements reveal only one contribution to the PAC, from Brandon Crawford of Raleigh, North Carolina, in the amount of \$7,500. The statements provide no further information about Brandon Crawford.
- (2) Faith Family Freedom Fund 's campaign financial disclosure statements indicate that the PAC sent out multiple mailers over the course of several months, in the primary race for House District 92, which the complaint values at least at \$18,000 and which the complaint states are not listed on Faith Family Freedom Fund 's campaign finance disclosure statements. The complaint also asserts Faith Family Freedom Fund failed to list all its expenditures for ads placed on Facebook.

- (3) The complaint alleges Faith Family Freedom Fund PAC coordinated its efforts and expenditures in the race for District 92 with candidate Todd Warner, but Faith Family Freedom Fund's disclosure statements fail to evidence such coordination (presumably by showing in-kind contributions to the Todd Warner campaign). The complaint provides as evidence of coordination that Mr. Warner and Faith Family Freedom Fund were both using the same postal permit, permit number 383. The second page of the complaint provides more information on the ownership and use of postal permit 383.
- (4) The complaint alleges the Facebook post and mail pieces regarding candidate Tillis stated, "Tillis had personally received \$250,000 in special interest money with no citation or sources to back up these claims which are all false."

## **FINDING**

### **1. Faith Family Freedom Fund PAC failed to provide any response to the Registry audit notices.**

After several notifications, Faith Family Freedom Fund PAC failed to comply with and/or participate in the audit process. Faith Family Freedom Fund PAC's failure to comply represents a limitation on the Registry audit staff's ability to complete audit procedures for the purpose listed above.

At the start of the audit, the Registry notified the PAC by letter that certain PAC activities were being audited by the Registry. The notification letter, along with the list of documents requested, was sent by certified mail, return receipt requested and via email to Sydney Friedopfer at [faithfamilyfreedomtn@gmail.com](mailto:faithfamilyfreedomtn@gmail.com) on May 10, 2021. The letter and email requested the PACs response by May 21, 2021. No response was received, and the certified letter was returned unclaimed. Several additional attempts were made to contact the PAC at the provided physical address, emails, and phone numbers provided. There was no response to any attempts made.

As there was no response by the PAC, the audit staff conducted a review of the PAC disclosures. This review indicated that the PAC was closed by the Registry. PACs are listed as "closed" in the online campaign finance system based on the last day of the reporting period for the last report they filed. In this case, the date is January 15, 2021, the last day of the 2020 Fourth Quarter. The last report filed was an amended 2020 Fourth Quarter report, which was filed on March 1, 2021. The 2020 Fourth Quarter report shows the PACs available funds, loans outstanding and obligations at zero (\$0).

The review of the PAC's reports covering the period of January 9, 2020 (the day the PAC was created) to January 15, 2021 showed the PAC only had one itemized contributor, who contributed \$7,500 on July 9, 2020. (\$345 of the contribution was returned on 1/25/2021.) The PAC also reported a \$100 unitemized contribution, in which the contributor is not required to be identified. Expenses were also limited per the PAC disclosures, which show only six expenditures were reported. The expenditures included a \$7,000 expense to PostNet for advertising on July 14, 2020, a \$200 expense to Facebook for advertising on October 20, 2020, bank fees of \$55 (reported in three unitemized entries of \$20, \$14, \$21), and the \$345 return of contribution noted above.

As the PAC did not respond to the requests for data from the Registry, the Registry staff also decided to contact the one contributor, as it appeared likely that the major contributor who made the contribution just prior to the PAC's one major disbursement to PostNet for \$7,000, may have information related to the PAC's activities. As such the Registry also attempted to contact the contributor by the reported data provided by the PAC. Again, the certified notice was returned unclaimed.

No additional procedures were able to be performed with the Registry staff to locate the PAC, its treasurer, or contributor. As of September 3, 2021, Faith Family Freedom Fund PAC has failed to provide any response or documentation as requested in the notifications. As a result, Faith Family Freedom Fund PAC failed to comply with the audit investigation, and we could not perform the audit procedures.

## **NOTATIONS ON ALLEGATIONS**

*The following information is being provided by the Registry Audit Director, based on his experience as the auditor of the Registry. It is solely based on that experience, the disclosures made by Faith Family Freedom Fund PAC, the information in the complaint filed for Case No. 20-07, and the information provided in the Todd Warner audit report. As noted in the preceding paragraph, this information was **unaudited** and is solely for the benefit of the Members of the Registry of Election Finance in determining the need to take further action on Case No. 20-07.*

### **Allegation #1**

Faith Family Freedom Fund 's campaign financial disclosure statements reveal only one contribution to the PAC, from Brandon Crawford of Raleigh, North Carolina, in the amount of \$7,500. The statements provide no further information about Brandon Crawford.

T.C.A. § 2-10-107(2)(A)(i) states, in pertinent part, the following:

“A statement setting forth, under contributions, a list of all the contributions received, including the full name, complete address, occupation, and employer of each person who contributed a total amount of more than one hundred dollars (\$100)”.

As noted, the PAC reported one itemized contribution. The disclosure on the 2020 Pre-Primary report by the PAC was as follows:

- Brandon Crawford / P.O. BOX 133593 RALEIGH, NC 27513 / RESTAURATEUR / SELF-EMPLOYED contributed \$7,500 on July 9, 2020.

The disclosure has all the elements required by the statute. Those being: naming the contributor; providing a complete address; providing occupation and employer; the amount contributed; and, the date the contribution was received. The disclosure is also reported in the proper period based on the date of the contribution being July 9, 2020 as the date is during the 2020 Pre-Primary reporting period.

Although, the Audit Director cannot confirm the source of the contribution or the validity of the address, there is nothing on the face of the disclosure that is improper or missing per the statute. The allegation also gives no supporting evidence to prove that the disclosure is improper.

### **Allegation #2**

Faith Family Freedom Fund 's campaign financial disclosure statements indicate that the PAC sent out multiple mailers over the course of several months, in the primary race for House District 92, which the complaint values at least at \$18,000 and which the complaint states are not listed on Faith Family Freedom Fund 's campaign finance disclosure statements. The complaint also asserts Faith Family Freedom Fund failed to list all its expenditures for ads placed on Facebook.

T.C.A. §§ 2-10-105 and 2-10-107 require a Multicandidate Campaign Committee to disclose all expense incurred for campaign activities. As noted above, the PAC disclosed limited activity in

regard to the PAC funds received. Only two of those reported activities appear to relate to advertising. The activities were a \$7,000 expense to PostNet for advertising on July 14, 2020, and a \$200 expense to Facebook for advertising on October 20, 2020.

The allegation indicates these disclosures are insufficient and alleges that multiple mailers were mailed over the course of several months relating to the primary race for House District 92 and which the complaint values at least at \$18,000. The complaint also alleges that the PAC failed to disclose all of its expenditures paid to Facebook. However, the complaint only provided evidence of one mailer. The complaint did provide copies of records from Facebook's transparency page indicating that the group Faith Family Freedom Fund incurred expenses totaling \$649 from May 2018 to July 17, 2020 on ads about social issues, election and politics. The complaint also provided one ad that appears to be from Facebook posted July 8 from the group, but the details of the posting on the top of the ad are marked out and the portion with the estimated cost is not provided. The complaint also provides a second ad from Facebook that appears to be from May 2020, which is outside the period of the transparency page provided, but is for a Charlie Baum ad, indicating it related to Faith Family Freedom Fund. Finally, the complaint gives no details or evidence relied upon in determining its cost estimate of \$18,000.

The Audit Director cannot confirm that the expenses reported included all of the expenses incurred, nor that all expenses incurred by the PAC related to Tennessee campaign advertising were disclosed. Likewise, the Audit Director cannot confirm the appropriateness of the disclosure(s) for the name of the vendor, or if additional details of sub-vendor use need to be disclosed.

However, the Audit Director noted that the purchase from PostNet for \$7,000 is common for the issuance of a mailer advertising (see Todd Warner Audit report related to Dixieland Strategies). The amount spent does appear to be sufficient to cover the cost of a mailer or two depending on the work requested to be performed by PostNet. The number of possible mailers the \$7,000 would pay for is highly variable dependent on multiple factors, including but not limited to how photo ready the ad was when provided to PostNet, the size of the ad, and the distribution list for the ad etc. As only one ad was provided, it would appear possible the PostNet disbursement was sufficient to cover the ad.

As for the Facebook ads, it appears the Charlie Baum ad was reported; a \$200 expense to Facebook for advertising on October 20, 2020 was disclosed and the disclosure indicated it was an independent expense for Charlie Baum. As to whether that was the proper date for the reporting, again, this cannot be determined due to the lack of records provided. The other Facebook ad, which appears to be from the PAC, relates to Rick Tillis. The \$7,000 expense to PostNet for advertising on July 14, 2020 was noted as opposition independent advertising related to Rick Tillis. While the Audit Director cannot make a determination regarding whether this single disclosure related to both the mailer and the Facebook ads, it may be possible, if this business provides such services.

### **Allegation #3**

The complaint alleges Faith Family Freedom Fund PAC coordinated its efforts and expenditures in the race for District 92 with candidate Todd Warner, but Faith Family Freedom Fund's disclosure statements fail to evidence such coordination

(presumably by showing in-kind contributions to the Todd Warner campaign). The complaint provides as evidence of coordination that Mr. Warner and Faith Family Freedom Fund were both using the same postal permit, permit number 383. The second page of the complaint provides more information on the ownership and use of postal permit 383.

Due to the interest in the Postal Code Permit inference, the Registry Audit Director did a search of the internet of the provided address for Dixieland Strategies of 3331 RAINBOW DRIVE SUITE E 528, RAINBOW CITY, AL 35906. The address comes back to be the address of a business called PostNet. PostNet is a printing, shipping, and design services company. The business is similar to Kinkos or FedEx office. Also included in their services are post office box type services. It is a common practice for these type businesses to provide a place for mail to be delivered for a client, but the client will provide a physical type of address for deliveries. Based on the search and the auditors experience on the common business practices, it seems likely SUITE E 528 is one of those type boxes.

Also based on the auditor's experiences with individuals and/or groups who create entities (or just a name) to provide consulting, media related services, or other campaign services, usually, these type entities will not prepare and provide all the services themselves, but will use sub-vendors. These sub-vendors will process certain activities, such as mailing or bulk printing. The entities usually prepare the proof and other graphic designs, then use a business, like PostNet, to do the bulk printing and mailing. If such a company is used as a sub-vendor for such services, the Postal Code Permit will belong to the sub-vendor (PostNet) and not the professional services provider (Dixieland Strategies).

Similar, Faith Family Freedom Fund PAC only reported one advertising expense on their disclosures, which was reported on the 2020 Pre-Primary for \$7,000 on July 14, 2020. The expense was reported as paid to the vendor "PostNet". (This PostNet is in Knoxville instead Alabama.) The audit did not confirm who owns postal code permit number 383 (which is noted as being from Chattanooga and used by various individuals and entities in the allegations), nor did the audit determine how many or what postal code permits are used by PostNet. However, based on the disclosures made and the location of Dixieland Strategies' postal address, it does appear likely the permit code relates to PostNet. As such, the use of the same postal permit code does not appear to be sufficient evidence that coordinated activities occurred that would require additional reporting by the campaign or PAC."

#### **Allegation #4**

The complaint alleges the Facebook post and mail pieces regarding candidate Tillis stated, "Tillis had personally received \$250,000 in special interest money with no citation or sources to back up these claims which are all false."

Current campaign finance statutes in the State of Tennessee have no restriction on information provided in an advertisement. In the Audit Director's opinion, the validity regarding a statement in a political is outside the jurisdiction of the Members of the Registry of Election Finance and the scope of any audit report prepared by the Registry Audit Staff. Claims concerning truth in

advertising in political ads and any non-compliance with State or Federal statute would need to be made to the entity that would have such jurisdiction over these issues.

### **RECOMMENDATION TO REGISTRY**

We recommend the Registry review the report being presented and determine whether subsequent actions should be taken. Additionally, we recommend the Registry post the report to the Registry's website. The report and related findings will assist current and future PACs in understanding the audit process, the purposes of Registry rules, and types of procedures needed to comply with campaign finance laws.

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## **RESOLUTIONS**

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### **REGISTRY OF ELECTION FINANCE ACTIONS**

The Members will review the board requested audit of Faith Family Freedom Funds Multicandidate Campaign Committee during the November 4, 2021 regular meeting. Approval and any subsequent action taken by the Members will be documented in the meetings minutes.