

STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION
MUR: No. 14-020 ESTHER LUMM
STATEMENT OF REASONS BY EXECUTIVE DIRECTOR

On behalf of the Citizens Clean Elections Commission (“Commission”), the Executive Director hereby provides the Statement of Reasons showing there is reason to believe that violations of the Citizens Clean elections Act and/or the Commission rules (collectively, the “Act”) may have occurred.

I. Procedural Background

On September 11, 2014, Kevin Payne (“Complainant”) filed a complaint (“Complaint”) against Esther Lumm (“Respondent”), a participating candidate for Representative in legislative district 21, alleging the Respondent violated Arizona’s campaign finance laws by using primary election funding for general election expenditures (**Exhibit A**). On September 24, 2014, Respondent, through her attorney, James Barton, submitted a Response to the Complaint (**Exhibit B**). Respondent filed a supplemental response on October 2 (**Exhibit C**).

II. Alleged Violations

A. Using primary election funds for general election expenditures

Participating candidates may use primary election funds only for goods and services directed to the primary election, as specified in A.A.C. R2-20-106(G). A.R.S. §16-953(A) requires all candidates, at the end of the primary election period, to return “all monies in the candidate’s campaign account above an amount sufficient to pay any unpaid bills for expenditures made during the primary election period and for goods or services directed to the primary election.”

Section 16-953(A) and A.A.C. R2-20-106(G) are consonant with the structure of the Clean Elections Act (“Act”). Under the Act, candidates voluntarily agree to expenditure limitations set forth in the Act. *See* A.R.S. § 16-941. The Act, by its terms, apportions funding

between the primary and general elections. *See* A.R.S. § 16-951. Thus A.R.S. § 16-953(A) serves to backstop the limitations on general election expenditures, to which participating candidates agree, by ensuring that primary funds are not used to supplement general election grants resulting in expenditures beyond the limitations set forth in the Act and agreed to by participating candidates.

Complainant alleges Respondent violated A.R.S. §16-953(A) and A.A.C. R2-20-106(G) by purchasing “signs, rebar, t-shirts, hats, visors and palm cards” on August 22, 2014 without distributing or installing the items during the primary election period. Complainant believes it is “highly doubtful” that the signs could have been produced and installed by the August 26, 2014, the primary election date. Complainant believes Respondent used primary election funding for the production of campaign signs during the primary election period and could not have installed the signs until the general election period, making the purchase signs and the rebar general election expenditures.

Respondent argues that 150 campaign signs paid with primary funds and 140 of the signs were displayed by August 26, 2014. In her Response, Respondent provides the Declaration of Rick Rivera, the owner of J&R Graphics and Printing (“J&R”). In his declaration, Mr. Rivera states J&R printed 150 signs for Respondent between August 22, 2014 and August 24, 2014. He also states that as of August 26, 2014, 140 of the signs had been installed. Due to an “unanticipated and uncommon delay” 10 of the signs were not installed until after the primary election. However, Mr. River states that J&R is normally able to print and install 150 signs within a four day time-frame and it is not uncommon occurrence. Mr. Rivera states that Respondent was not aware of the installation delay for 10 of the signs. Mr. Rivera declares under the penalty of perjury that all signs purchased by Respondent were paid for on August 22, 2014 and 140 of the signs were installed prior to the primary election.

On August 22, 2014, Respondent paid J&R \$5,220 for the production and installation of 150 primary election signs. The signs were produced prior to the primary election and 140 of the signs were installed prior to the primary election. Therefore, the expenditure did not violate A.R.S. §16-953(A) and A.A.C. R2-20-106(G).

B. Making expenditures in excess of the cash on hand

Participating candidates are prohibited from incurring debt or making expenditures beyond the cash on hand. A.A.C. R2-20-104(D)(6) “A contract, promise or agreement to make an expenditure resulting an extension of credit...” is an expenditure. A.R.S. § 16-901(8).

Complainant alleges Respondent violated A.A.C. R2-20-104 by making expenditures to Debbie Lopez Consulting for \$3,000 and Maritza Lopez for \$2,000 on August 25, 2014, one day before the primary election. Complainant argues that anything purchased through a consultant prior to August 19, 2014, when Respondent qualified for primary election funding, would be a violation.

Respondent argues the expenditures to Debbie Lopez and Maritza Lopez on August 25, 2014 were “voluntarily done in recognition of the time they volunteered on behalf of the campaign.” Respondent states the committee did not incur campaign debt prior to qualifying for funding on August 19, 2014 and the expenditures were made voluntarily without obligation. Additionally, Respondent argues that the payments were not a gift to the two volunteers. *See* A.A.C. R2-20-702(C)(3) (defining prohibited personal use of campaign funds to include gifts).

III. Analysis

A. Using primary election funds for general election expenditures

The facts outlined above demonstrate that there is no reason to believe Respondent violated A.R.S. §16-953(A) and A.A.C. R2-20-106(G) with respect to the signs. I recommend the Commission find no reason to believe a violation occurred.

B. Making expenditures in excess of the cash on hand

The payment to the volunteers, however, does create an issue under the Clean Elections Act and Rules. A person may provide services without compensation to a campaign as a volunteer without making a contribution. *See* A.R.S. § 16-901(5)(b)(i). However, an agreement to postpone payment is a contribution because it is a “loan [or] advance.” Conversely, payment to a “volunteer” for services rendered after the fact does constitute a gift because there is donative intent and delivery and no evidence it was revocable. *In re Marriage of Thorn*, ___ Ariz. ___, ¶ 14 (App. 2014), *available at* http://scholar.google.com/scholar_case?case=177525120236521483&q=marriage+of+thorn&hl=en&as_sdt=4,3. Further, here, there is no consideration for the gift. The Federal Election Commission addressed a similar situation in Advisory Opinion 2004-27, 2004 WL 2085518. There a campaign sought to pay two former employees who had served for a time as volunteers after the fact but “in recognition of the fact that but for their volunteering services, they would have received these funds as compensation. *Id.* at 1. The Commission rejected this proposition. *Id.* Under federal law, if the volunteers were in fact owed compensation by the campaign then the campaign owed a debt and obligation that would have to have been reported. *Id.* at 2. Thus, “[b]y initially treating these two persons’ services as volunteer services . . . the Committee never treated the amounts in question as an authorized expenditure.” *Id.* Similarly, under the Clean Elections Act and Rules, expenditures are to be reported as of the time of the expenditure, including an extension of credit. A.A.C. R2-20-109(B), (C). Participating candidates are also prohibited from making expenditures in excess of cash on hand. A.A.C. R2-20-104(D)(6). By treating these two people as “volunteers” rather than employees or service providers, the Respondent’s campaign avoided having to either report their expenditure and there is no dispute that there was not cash on hand prior to the issuance of Clean Funding to pay the “volunteers.” But it cannot now deem them employees and service

providers for the primary election. F.E.C. AO 2004-27, 2004 WL at 2085518 at *2.

Accordingly, rather than providing the gift to the volunteers, the money should have been returned to the Clean Elections Fund. A.R.S. § 16-953. Thus, I recommend the Commission find reason to believe a violation may have occurred with respect to the payments to the two volunteers.

IV. Investigation After Reason to Believe Finding

If the Commission determines by an affirmative vote of at least three (3) of its members that it has reason to believe a respondent has violated a statute or rule over which the Commission has jurisdiction, the Commission shall notify such respondent of the Commission's finding setting forth: (i) the sections of the statute or rule alleged to have been violated; (ii) the alleged factual basis supporting the finding; and (iii) an order requiring compliance within fourteen (14) days. During that period, the Respondent may provide any explanation to the Commission, comply with the order, or enter into a public administrative settlement with the Commission. A.R.S. § 16-957(A) & A.A.C. R2-20-208(A).

After the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission shall conduct an investigation. A.A.C. R2-20-209(A). The Commission may authorize the Executive Director to subpoena all of the Respondent's records documenting disbursements, debts, or obligations to the present, and may authorize an audit.

Upon expiration of the fourteen (14) days, if the Commission finds that the alleged violator remains out of compliance, the Commission shall make a public finding to that effect and issue an order assessing a civil penalty in accordance with A.R.S. § 16-942, unless the Commission publishes findings of fact and conclusions of law expressing good cause for reducing or excusing the penalty. A.R.S. § 16-957(B).

The Commission may order the repayment of funds expended in violation of A.A.C. R2-20-702. A.A.C. R2-20-704(B).

After fourteen (14) days and upon completion of the investigation, the Executive Director will recommend whether the Commission should find probable cause to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred. A.A.C. R2-20-214(A). Upon a finding of probable cause that the alleged violator remains out of compliance, by an affirmative vote of at least three (3) of its members, the Commission may issue of an order and assess civil penalties pursuant to A.R.S. § 16-957(B). A.A.C. R2-20-217.

Dated this 9th day of October, 2014.

By: 
Thomas M. Collins, Executive Director

EXHIBIT A

To: Arizona Clean Elections Commission
C/o Sara A. Larsen
Campaign Finance Manager
Citizens Clean Elections Commission
1616 W. Adams St., Suite 110
Phoenix, Arizona 85007

From:
Kevin Phillip Payne
LD21 Constituent and LD21 Republican Party Chairman
8609 W Lawrence Ln Peoria AZ 85345
ld21chairman@gmail.com
623-229-1439

Re: Complaint against LD21 House Candidate Esther Duran Lumm

Date: 9-5-14

1. Per Sara Larsen, Campaign Finance Manager with Clean Elections: "Participating candidates can only direct primary election funding towards primary election expenditures."
2. Esther Duran Lumm qualified for Clean Elections Primary funding on Tuesday 8/19/14 and received the funds on 8/22/14 just days before the Tuesday 8/26/14 primary election.
3. Esther Duran Lumm's Secretary of State Campaign Finance Report filed 8/29/14 claims she spent \$7,940.07 on signs, rebar, t-shirts, hats, visors and palm cards on 8/22/14; and \$3,000 on consulting and design on 8/25/14 along with additional \$2,000 Primary Election Political Consulting on 8/25/14, one day before the August 26th primary election.
4. From the Finance Report Lumm filed claims that signs and rebar were purchased on Friday 8/22/14. From experience, signs generally take a few business days to have printed and then are installed sometime after that. I, along with others in LD21 saw no Lumm campaign signs installed prior to the August 26 primary election. I can provide a list of politically involved individuals who live in LD21 who would have noticed "new" political signs popping up. Ordering signs on August 22, a Friday, and then having them printed and installed by Tuesday, August 26 is highly doubtful.
5. I also have a concern with \$5,000 being paid to two political consultants the day prior to the election that I would like Clean Elections to investigate. Anything that was purchased through a consultant prior to the approval of Lumm's funding would not be legal. According to the Clean Elections Rules Manual R2-20-104. Certification as a Participating Candidate on page 29 D. 6. states:

14 SEP 11 AM 9:10 CCEC

EXHIBIT B

September 24, 2014

VIA HAND DELIVERY AND VIA ELECTRONIC MAIL

Thomas Collins, Executive Director
CITIZENS CLEAN
ELECTIONS COMMISSION
1616 West Adams, Ste. #110
Phoenix, AZ 85007

RE: SEPTEMBER 11, 2014, KEVIN PAYNE COMPLAINT, MUR14-020

Executive Director Collins:

I am counsel in this matter for Elect Esther Lumm Committee No. 201400461 (the "Committee"). This letter is in response to the complaint filed by Kevin Payne, LD21 Republican Party Chairman, on September 11, 2014.

The complaint alleges that campaign signs for the Committee went up on or after August 27, 2014 based on the complainant's assertion that he saw "no" Committee signs prior to the election. In fact, the signs were ordered, delivered, and installed to influence the primary election. The signs were paid for with primary election funds. Complainant also alleges "concern" with how two campaign consultants were paid. In fact, Debbie and Maritza Lopez were properly paid for their time. This letter will respond to the complaint paragraph by paragraph.

1. Ms. Lumm only directed Primary Election funding toward Primary Election expenditures. No Primary Election funding went toward General Election or other expenditures.
2. Ms. Lumm was approved for Clean Elections funding on August 19, 2014 and received the Clean Elections check on August 21, 2014. She deposited the check the same day and noted no holds on the check in her account after depositing it. [Lumm Decl ¶¶ 3-4]. See *Exhibit 1*.

3. The value of signs, rebar, t-shirts, hats, visors, and palm cards reported by Ms. Lumm's Campaign to the Arizona Secretary of State are accurate and not in dispute. Nor is the value reported to the Arizona Secretary of State for political consulting inaccurate or in dispute.
4. The signs were ordered and paid for with Primary Election Funds with the sole intent of influencing the Primary Election. 150 signs and sign installations were ordered from J&R Printing and Graphics on August 21, 2014. The 150 signs and sign installations were paid for fully on August 22, 2014 with the expectation and understanding that all signs would be up on or before August 26, 2014. The approximate value of the signs, materials and installations equals \$5,220, or \$34.80 per sign. [Lumm Decl. ¶¶ 5-8,10,11; Rivera Decl. ¶¶ 4, 8-9]. *See Exhibit 2.*

J&R printed 150 signs between August 22, 2014 and August 24, 2014. J&R installed 140 signs between August 24, and August 26, 2014. There was an unexpected and unanticipated delay in installing 10 signs due to backlog at J&R. This delay was neither approved by or agreed to by Ms. Lumm. J&R did not communicate to Ms. Lumm about the delay of the installation of 10 signs until after the Primary Election. [Rivera Decl. ¶¶ 6-8; Lumm Decl. 8-9].

93%, or 140 of the signs were installed on time, only 7% or 10 of the signs, were installed after the Primary Election due an unforeseeable and unapproved delay. The fact that the cost of all signs and sign installations were paid in full during the Primary Election period, using Primary Elections funds, with an agreement to have all signs up on or before the Primary Election, shows clear and sole intent to influence the Primary Election. Given this clear intent, the Commission should find no reason to fine Ms. Lumm for a delay she neither ordered, approved of, or had knowledge of at the time it occurred. If the Commission disagrees, then the most reasonable alternative would to require the Committee to return an equal to the amount of the 10 signs posted after the Primary Election from General Election funding back to the Clean Elections Fund. Each sign and installation was valued at \$34.80. \$34.80 times 10 equals \$348.00. Should the Commission choose to penalize this delay, \$348.00 would be fair and reasonable under the circumstances. The Committee maintains, however, that no penalty is the appropriate answer given the intent shown above.

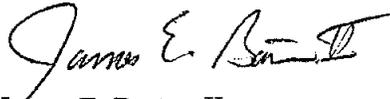
5. The Committee properly and lawfully paid two volunteer political consultants for their time. Debbie Lopez and Maritza Lopez were paid a total of \$5,000 on August 25, 2014. This payment was voluntarily done in recognition of the time they volunteered on behalf of the campaign. The Committee did not incur any

campaign debt prior to receipt of Clean Elections funding to either volunteer. No contract, commitment, obligation, or agreement for payment to either Debbie Lopez or Maritza Lopez ever existed prior to receipt of Clean Elections funding or after the receipt of such funding. Payments made after receipt of Clean Elections funding were voluntary and made without any legal obligation.[Lumm Decl. ¶¶12-14].

The Commission should find no reason to believe that there has been a violation of the Citizens Clean Elections Commission's Act or rules.

If you have any questions, please do not hesitate to contact me.

Sincerely,

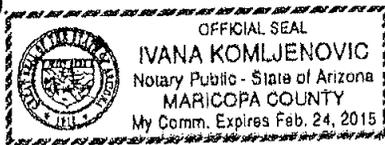

James E. Barton II

State of Arizona

County Maricopa

Subscribed and sworn (or affirmed) before me this 24th day of SEPTEMBER 2014.

(Seal)




Notary Public

DECLARATION OF ESTHER LUMM

Esther Lumm declares the following:

1. I am Esther Lumm, and I am a candidate for the Arizona Legislature in LD21.
2. I have personal knowledge of all facts contained in this declaration.
3. I was approved for my Clean Elections funds on August 19, 2014.
4. I received my Clean Elections check on August 21, 2014. I deposited the check the same day, August 21, 2014 into my bank account. There was no hold on the deposited check.
5. My campaign ordered 150 street signs and 150 installations of those signs from J&R Printing and Graphics on August 21, 2014 with the understanding that all 150 signs were to be printed, and installed before the August 26, 2014 Primary Election.
6. My campaign paid for all 150 signs, rebar, grommets, and installation in full on August 22, 2014. The total was approximately \$5,220. This comes out to approximately \$34.80 per sign.
7. I know these signs were up in LD21 before the day of the Primary Election because I saw approximately 10-12 of them driving down W. Olive Avenue while in my district on Monday August 25, 2014. Others who drove in my district on August 25, 2014, also told me they had seen my signs on Grand Avenue.
8. I was under the belief that all 150 of my signs had been installed by the day of the Primary Election. I was not aware of any signs left over until after the Primary Election. When I ordered the signs and installation I was assured that all 150 of them would be up before the Primary Election. I expected all of the signs to be up before the Primary Election.
9. After August 26, 2014, I was made aware that 10 signs remained. I was unaware of the reason for any delay in the placement of these signs. I neither approved nor agreed to such a delay. I had paid in full for all 150 signs on August 22, 2014.
10. Prior to receiving my Clean Elections funding, I did not incur any campaign debt to J&R Printing and Graphics.

11. We had no contract, commitment, obligation or agreement for payment for any of J&R's services until after I received my Clean Elections funding.

12. My campaign paid two of my political consultants under fair market value for their services. I made these payments of \$2,000 to Maritza Lopez and \$3,000 to Debbie Lopez (total of \$5,000) voluntarily without any obligation to do so. These payments were made on August 25, 2014.

13. Prior to receiving my Clean Elections funding, I did not incur any campaign debt to either Debbie or Maritza Lopez, the consultants who helped run my campaign.

14. We had no contract, commitment, obligation or agreement for payment for any of their services which Debbie or Martiza Lopez rendered. I paid them voluntarily for their services after I received Clean Elections funding.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 24th day of September, 2014, at Tempe, Arizona.

A handwritten signature in cursive script that reads "Esther Lumm". The signature is written in black ink and is positioned above a horizontal line.

Esther Lumm

DECLARATION OF RICK RIVERA

Rick Rivera declares the following:

1. I am Rick Rivera, and I am over 18 years of age, and of sound mind.
2. I have personal knowledge of all facts contained in this declaration.
3. I am the owner of J&R Graphics and Printing, located at 638 W. Indian School Rd. Phoenix, AZ 85013 in Maricopa County.
4. On August 21, 2014, Esther Lumm's Campaign ordered 150 signs from my printing shop. The campaign also ordered 150 sign installations from my shop. Per our agreement, all signs were to be printed and installed by the date of the Primary Election, August 26, 2014.
5. My shop printed all 150 signs between August 22, and August 24, 2014.
6. The 150 signs my company installed were installed by myself and one assistant. We installed 140 of the signs between evening of August 24 through the day of August 26, 2014. 10 signs remained as of August 26, 2014 and they were installed in early September. This means we installed 93% of the signs on time, and only 7% with an unanticipated and uncommon delay.
7. The reason that 10 signs remained after the Primary Election is because of backlog. This delay was neither ordered nor approved by Ms. Lumm. She was unaware of the delay or the cause for it. I did not communicate to her about the delay of installation of the 10 remaining signs until after the Primary Election.
8. Ms. Lumm's campaign paid for all 150 the signs in full on August 22, 2014. She had expected all 150 signs to be installed on or before the Primary Election, August 26, 2014 per our agreement. My company is normally able to print, and install 150 signs in this time-frame. It is not unusual for us to do so.

9. The cost of the signs including rebar, grommets, and installation equaled approximately \$5,220.00. Thus the cost of each sign, including rebar, grommets and installation equaled approximately \$34.80. Therefore, the cost of 10 signs would be approximately \$348.00.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 24 day of September, 2014, at Phoenix, Arizona.

A handwritten signature in cursive script, appearing to read "Rick Rivera", written over a horizontal line.

Rick Rivera

EXHIBIT 1



Exceptional Service
Incredible Value

16215 N. 28th Ave.
Phoenix, AZ 85053



Account Detail
TO BUSINESS CHECKING

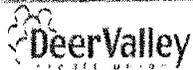
***** MULTIPLE TRANSACTION TR#349 *****
Account # Amount Balance Available
*****637S12 15258.00 16888.06 16888.06

Checks In: Off-Us 15258.00

IN	CASH	OUT
	1	
	5	
	10	
	20	
	50	
	100	
	TOTALS	

ESTHER DURAN LUMM REPRESENTATIVE FOR LD21
15433 W SHANGRI LA RD
SURPRISE AZ 85379

Vch44(1) 21 AUG 14 16:22 Br 5 Op 213 Cynthia Net Amt 15258.00



Member Since: 12/15/14
 Inactive: No

ESTHER DURAN LUMM
REPRESENTATIVE FOR LD21
15433 W SHANGRI LA RD
 ***** ** *****



Member No. 9

Statement Period:

Tran E	# - Means Effective Dated	Periodic Late	Debits
Date F		Finance Payment	
F	Description	Charge	Charge

S1 - SHARE SAVINGS
 AUG15 Previous Balance
 AUG23 Closing Date...New Balance

S12 - BUSINESS CHECKING

AUG20	SHARE DRAFT NO. 1012	2300.00
AUG21	DEPOSIT TR#349 - Check Deposit	
AUG22	SHARE DRAFT NO. 1011	1610.00

-----SUMMARY-----

Previous Balance as of 15 AUG 14.....	3930.06
Total of 2 Share Drafts for	3910.00 -
Total of 1 Deposit for	15258.00 +
Ending Balance as of 23 AUG 14.....	15278.06

ALL ACCOUNTS, EXCEPT SHARE DRAFT ACCOUNTS, ARE NOT TRANSFERABLE AS
DEFINED IN REGULATION D.

EXHIBIT 2

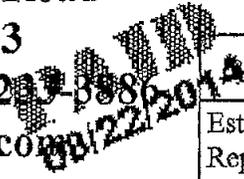
J&R Graphics and Printing

638 W. Indian School Road
 Phoenix, AZ 85013
 (O)602-233-3336 (F)602-233-8888
 jandrunionprinting.com

Entered

Invoice

Date	Invoice #
8/22/2014	09-7505



Billed To
 Esther Duran Lumm for
 Representative LD 21

P.O. No.	Customer Contact	Customer Phone #	Terms	Due Date	Rep
07163	Debbie Lopez	602.443.1853	Due on receipt	8/22/2014	MS

Qty	Description	Amount
150	Street signs: 1 color, 2 sided on 4 mil coroplast.	2,610.00
300	Rebar	795.00
900	Grommets: (6) per sign	315.00
300	Yard signs: 18 x 24, 1 color, 2 sided on 4 mil	1,134.30
300	Metal H stands	255.00
150	Installation charge	1,500.00
50	Gildan 50/50 Navy Blue shirts: 1 color imprint, 1 sided	431.25
	(45) Price for small - xlarge @\$8.50 each	
	(5) Price for 2xlarge @\$9.75 each	
1	Set up / Screen charge	15.00
12	Royal Blue Caps #9610, 1 color imprint @\$7.75 each	93.00
12	Royal Blue Visor #BX006, 1 color imprint @\$7.75 each	93.00
1	Set up charge	15.00
1,000	Palm cards: 4-1/4 x 5-1/2,	75.00

BALANCE DUE UPON DELIVERY
 *This invoice shall be treated as an agreement of sale. This parties agrees to be bound by laws of the State of Arizona. This buyer herein agrees to pay sellers reasonable attorney's fees if this agreement is referred to an attorney for necessary enforcement proceedings, IN ACCORDANCE WITH MANIFOLD TRADE CUSTOMS, ALL QUANTITIES ARE SUBJECT TO 10% OVER/UNDER RUN TO AVOID PAPER WASTE. 1 31/2 Per Month Service Charge Will Be Assessed On Any Balance 30 Days Past Due (21% Year)

Subtotal	\$7,331.55
Sales Tax (8.3%)	\$608.52
Payments/Credits	-\$7,940.07
Balance Due	\$0.00

RECEIVED BY: _____

1014

91-72803221

ESTHER DURAN LUMM
REPRESENTATIVE FOR LD21
15433 W SHANGRI LA RD
SURPRISE, AZ 85379

Date 8/22/14

Pay to the Order of Dr R Shupless & Associates \$ 17,940.07

Donor Christmas Home Hummer Fund
Dollars 17,940 and 07/100 cents

Deer Valley
18215 N 28th Avenue
Phoenix, AZ 85033
P.O. Box 975-7500 • 602-579-8051
www.dvcc.com

For Conferences with students (Patrick Kline, Steven)

⑆322172807⑆1014⑆753637⑆200⑆

MEMO COPY

EXHIBIT C

Sara Larsen

From: Jim Barton <james@thetorresfirm.com>
Sent: Thursday, October 02, 2014 5:34 PM
To: Thomas Collins; Sara Larsen
Cc: Saman Golestan
Subject: Supplement to Response on Lumm

Tom and Sara,

This email memorializes my response to your questions about payment made to individuals on the Lumm campaign. There were individuals who had intended to volunteer their services to the campaign. The campaign did not commit to pay them. Then at the end of the campaign, the committee changed its mind and paid the individuals fair market value for their services.

This was not a "gift" because it was in exchange for the fair market value of their services. It was not a debt before the committee's change of heart because the individuals were willing to offer their services as volunteers, which is allowed by the Act.

Thank you for the offer to clarify our response.

Yours,
Jim