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Subject to the Nondisclosure Provisions of H. Res. 895 of the 110<sup>th</sup> Congress as Amended

OFFICE OF CONGRESSIONAL ETHICS  
UNITED STATES HOUSE OF REPRESENTATIVES

REPORT

Review No. 13-1274

The Board of the Office of Congressional Ethics (“the Board”), by a vote of no less than four members, on May 31, 2013, adopted the following report and ordered it to be transmitted to the Committee on Ethics of the United States House of Representatives.

SUBJECT: Representative Michele Bachmann

**NATURE OF THE ALLEGED VIOLATIONS:** In July 2010, Representative Michele Bachmann established a leadership PAC and hired political consultant Guy Short to manage the PAC. In June 2011, Representative Bachmann launched a presidential campaign and retained Mr. Short, through his consulting firm, to work on that campaign. During the course of the presidential campaign, Mr. Short was compensated by both Representative Bachmann’s leadership PAC and her presidential campaign. Funds from the leadership PAC may have been used to subsidize her presidential campaign.

After Representative Bachmann launched her presidential campaign, Iowa State Senator Kent Sorenson was named as her campaign’s Iowa State Chairman. Mr. Short and other consultants to Representative Bachmann’s presidential campaign may have arranged to compensate Senator Sorenson for his service to her campaign by directing payments to Senator Sorenson through Mr. Short’s consulting firm.

During Representative Bachmann’s presidential campaign, she engaged in a series of promotional activities for her book *Core of Conviction*, including a multi-stop book tour organized and paid for by the book’s publisher. Representative Bachmann may have used funds from her presidential campaign to promote her book, and may have used book promotional activities paid for by the publisher to promote her presidential campaign.

If Representative Michele Bachmann authorized, permitted, or failed to prevent, by not taking reasonable steps to ensure that her leadership PAC operated in compliance with federal campaign finance laws, the use of funds from her leadership PAC to compensate a campaign consultant for work he performed for her presidential campaign, then she may have violated federal campaign finance laws and House rules.

If Representative Bachmann failed to disclose accurately payments to an Iowa State Senator for his services on behalf of her presidential campaign, instead only disclosing payments to a campaign consultant who then conveyed the payments to the State Senator, then she may have violated federal campaign finance laws and House rules.

If Representative Bachmann used campaign resources to promote the sale of her book *Core of Conviction*, then she may have violated federal campaign finance laws and House rules.

If Representative Bachmann accepted an improper in-kind contribution to her presidential campaign from the publisher of her book by using promotional book activities paid for by the

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publisher to promote her presidential campaign, then she may have violated federal campaign finance laws and House rules.

RECOMMENDATIONS: The Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by using funds from her leadership PAC to support her presidential campaign, as there is substantial reason to believe that Representative Bachmann authorized, permitted, or failed to prevent, by not taking reasonable steps to ensure that her leadership PAC operated in compliance with federal campaign finance laws, the use of leadership PAC funds to compensate a campaign consultant for work he performed for her presidential campaign, resulting in a contribution from the leadership PAC to the presidential campaign in excess of the legal limit.

The Board recommends that the Committee on Ethics dismiss the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by failing to disclose accurately payments to an Iowa State Senator for service as the Iowa state chairman of her presidential campaign, instead only disclosing payments to a campaign consultant who then conveyed the payments to the State Senator, as there is not substantial reason to believe that Representative Bachmann knew that the Federal Election Commission (“FEC”) disclosure reports filed by her presidential campaign were false. Because the evidence before the Board suggests that the FEC disclosure reports filed by the presidential campaign may not have accurately identified the Iowa State Senator as the true recipient of payments made by the presidential campaign, the Board voted to refer the information obtained during the course of its review of this allegation to the FEC.

The Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by using campaign resources to promote the sale of her book *Core of Conviction*, as there is substantial reason to believe that Representative Bachmann used resources from her presidential campaign to promote her book.

The Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by accepting an improper in-kind contribution to her presidential campaign from the publisher of her book, as there is substantial reason to believe that she used promotional book activities paid for by the publisher to promote her presidential campaign.

VOTES IN THE AFFIRMATIVE: 6

VOTES IN THE NEGATIVE: 0

ABSTENTIONS: 0

MEMBER OF THE BOARD OR STAFF DESIGNATED TO PRESENT THIS REPORT TO THE COMMITTEE ON ETHICS: Omar S. Ashmawy, Staff Director & Chief Counsel.

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OFFICE OF CONGRESSIONAL ETHICS  
UNITED STATES HOUSE OF REPRESENTATIVES

**FINDINGS OF FACT AND CITATIONS TO LAW**

Review No. 13-1274

On May 31, 2013, the Board of the Office of Congressional Ethics (hereafter “the Board”) adopted the following findings of fact and accompanying citations to laws, regulations, rules, and standards of conduct (*in italics*).

The Board notes that these findings do not constitute a determination of whether or not a violation actually occurred.

**I. INTRODUCTION**

1. In July 2010, Representative Michele Bachmann established a leadership PAC and hired political consultant Guy Short to manage the PAC. After Representative Bachmann launched her campaign for president in June 2011, her presidential campaign hired Mr. Short to provide fundraising and political advice.
2. During the course of the presidential campaign, Mr. Short was compensated by both Representative Bachmann’s leadership PAC and her presidential campaign. Funds from the leadership PAC may have been used to subsidize her presidential campaign.
3. After Representative Bachmann launched her presidential campaign, Iowa State Senator Kent Sorenson was named as her campaign’s Iowa State Chairman. Mr. Short and other consultants to Representative Bachmann’s presidential campaign may have arranged to compensate Senator Sorenson for his service to her campaign by directing payments to Senator Sorenson through Mr. Short’s consulting firm, thereby avoiding the need to disclose the payments to Senator Sorenson on Federal Election Commission (“FEC”) reports.
4. During Representative Bachmann’s presidential campaign, she engaged in a series of promotional activities for her book *Core of Conviction*, including a multi-stop book tour organized and paid for by the book’s publisher.
5. Representative Bachmann may have used resources from her presidential campaign to promote her book, and may have used promotional book activities paid for by the publisher to promote her presidential campaign.

**A. Summary of Allegations**

6. Representative Michele Bachmann may have violated federal campaign finance laws and House rules by authorizing, permitting, or failing to prevent, by not taking reasonable steps to ensure that her leadership PAC operated in compliance with federal campaign finance laws, the use of funds from her leadership PAC to compensate a

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- campaign consultant for work he performed for her presidential campaign, resulting in a contribution from the leadership PAC to the presidential campaign in excess of the legal limit.
7. Representative Bachmann may have violated federal campaign finance laws and House rules by failing to disclose accurately payments to an Iowa State Senator for his services on behalf of her presidential campaign, when presidential campaign funds were paid to the State Senator through a campaign consultant.
  8. Representative Bachmann may have violated federal campaign finance laws and House rules by using campaign resources to promote the sale of her book, *Core of Conviction*.
  9. Representative Bachmann may have violated federal campaign finance laws and House rules by accepting an improper in-kind contribution to her presidential campaign from the publisher of her book, when she used promotional book activities paid for by the book publisher to promote her presidential campaign.
  10. The Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by using funds from her leadership PAC to support her presidential campaign, as there is substantial reason to believe that Representative Bachmann authorized, permitted, or failed to prevent, by not taking reasonable steps to ensure that her leadership PAC operated in compliance with federal campaign finance laws, the use of leadership PAC funds to compensate a campaign consultant for work he performed for her presidential campaign, resulting in a contribution from the leadership PAC to the presidential campaign in excess of the legal limit.
  11. The Board recommends that the Committee on Ethics dismiss the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by failing to disclose accurately payments to an Iowa State Senator for service as the Iowa state chairman of her presidential campaign, instead only disclosing payments to a campaign consultant who then conveyed the payments to the State Senator, as there is not substantial reason to believe that Representative Bachmann knew that the Federal Election Commission (“FEC”) disclosure reports filed by her presidential campaign were false. Because the evidence before the Board suggests that the FEC disclosure reports filed by the presidential campaign may not have accurately identified the Iowa State Senator as the true recipient of payments made by the presidential campaign, the Board voted to refer the information obtained during the course of its review of this allegation to the FEC.
  12. The Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by using campaign resources to promote the sale of her book, as there is substantial reason to believe that Representative Bachmann used resources from her presidential campaign to promote her book.
  13. The Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House

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rules by accepting an improper in-kind contribution to her presidential campaign from the publisher of her book, as there is substantial reason to believe that Representative Bachmann used promotional activities paid for by the book publisher to promote her presidential campaign.

### **B. Jurisdictional Statement**

14. The allegations that were the subject of this review concern Representative Michele Bachmann, a Member of the United States House of Representatives from the 6th District of Minnesota. The Resolution the United States House of Representatives adopted creating the Office of Congressional Ethics (hereafter "OCE") directs that, "[n]o review shall be undertaken... by the board of any alleged violation that occurred before the date of adoption of this resolution."<sup>1</sup> The House adopted this Resolution on March 11, 2008. Because the conduct under review occurred after March 11, 2008, review by the Board is in accordance with the Resolution.

### **C. Procedural History**

15. The OCE received a written request for a preliminary review in this matter signed by at least two members of the Board on January 25, 2013. The preliminary review commenced on January 26, 2013.<sup>2</sup> The preliminary review was scheduled to end on February 24, 2013.
16. At least three members of the Board voted to initiate a second-phase review in this matter on February 22, 2013. The second-phase review commenced on February 25, 2013.<sup>3</sup> The second-phase review was scheduled to end on April 10, 2013.
17. The Board voted to extend the second-phase review by an additional period of fourteen days on March 22, 2013. The additional period ended on April 24, 2013.
18. The Board voted to refer the matter to the Committee on Ethics for further review and dismissal and adopted these findings on May 31, 2013.
19. The Board voted to refer the information obtained during the course of its review relating to payments from the Bachmann for President Committee to Senator Kent Sorenson to the Federal Election Commission on May 31, 2013.
20. The report and its findings in this matter were transmitted to the Committee on Ethics on June 13, 2013.

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<sup>1</sup> H. Res 895, 110th Cong. §1(e) (2008) (as amended).

<sup>2</sup> A preliminary review is "requested" in writing by members of the Board of the OCE. The request for a preliminary review is "received" by the OCE on a date certain. According to the Resolution, the timeframe for conducting a preliminary review is thirty days from the date of receipt of the Board's request.

<sup>3</sup> According to the Resolution, the Board must vote on whether to conduct a second-phase review in a matter before the expiration of the thirty-day preliminary review. If the Board votes for a second-phase, the second-phase begins when the preliminary review ends. The second-phase review does not begin on the date of the Board vote.

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**D. Summary of Investigative Activity**

21. The OCE requested testimonial and, in some cases, documentary information from the following sources:
  - (1) Representative Bachmann;
  - (2) Bachmann for President (“BFP”) Committee;
  - (3) Bachmann for Congress (“BFC”) Committee;
  - (4) Many Individual Conservatives Helping Elect Leaders Everywhere PAC (“MICHELE PAC”);
  - (5) Guy Short, Director of MICHELE PAC, BFC Consultant, and former BFP National Political Director;
  - (6) Kent Sorenson, Iowa State Senator and former BFP Iowa State Chairman;
  - (7) Keith Nahigian, former BFP National Campaign Manager;
  - (8) Brett O’Donnell, former BFP Senior Policy Advisor;
  - (9) James Pollack, former BFP National Finance Chairman;
  - (10) David Polyansky, former BFP Deputy Campaign Manager;
  - (11) Former BFP Senior Advisor for Coalitions;
  - (12) Former BFP Iowa Campaign Manager;
  - (13) Former BFP Iowa Deputy Campaign Manager;
  - (14) Former BFP Evangelical Organizer;
  - (15) Former BFP Home School Coalition Director;
  - (16) Former Chief of Staff to Representative Bachmann; and
  - (17) Director of Publicity, Sentinel Publishing.
22. Kent Sorenson did not respond to a Request for Information sent by the OCE, nor did he or his attorney respond to numerous attempts to contact them. Mr. Sorenson was determined to be a non-cooperating witness.
23. Guy Short did not provide any documents to the OCE in response to two Requests for Information, and declined to be interviewed by the OCE. Mr. Short was determined to be a non-cooperating witness.
24. The following individuals or entities did not provide a Request for Information Certification, as required under OCE Rule 4(A)(2), when responding to Requests for Information, and were therefore determined to be non-cooperating witnesses:



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- (1) Representative Bachmann;
- (2) Bachmann for President;
- (3) Bachmann for Congress;
- (4) MICHELE PAC;
- (5) Keith Nahigian, former BFP National Campaign Manager;
- (6) Brett O'Donnell, former BFP Senior Policy Advisor;
- (7) James Pollack, former BFP National Finance Chairman; and
- (8) David Polyansky, former BFP Deputy Campaign Manager.

**II. REPRESENTATIVE BACHMANN MAY HAVE VIOLATED FEDERAL CAMPAIGN FINANCE LAWS AND HOUSE RULES BY AUTHORIZING, PERMITTING, OR FAILING TO PREVENT THE USE OF LEADERSHIP PAC FUNDS TO SUPPORT HER PRESIDENTIAL CAMPAIGN.**

**A. Laws, Regulations, Rules, and Standards of Conduct**

25. Federal Election Campaign Act

*“No multicandidate political committee shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$5,000.” 2 U.S.C. § 441a(a)(2).*

*“The limitations on contributions to a candidate . . . shall apply separately with respect to each election, except that in all elections held in any calendar year for the office of President of the United States (except a general election for such office) shall be considered to be one election.” 2 U.S.C. § 441a(a)(6).*

26. House Rules

*House Rule 23, clause 1 states that “[a] Member . . . of the House shall conduct himself at all times in a manner that shall reflect creditably on the House.”*

27. House Ethics Manual

*The House Ethics Manual states that “[w]hile FECA and other statutes on campaign activity are not rules of the House, Members and employees must also bear in mind that the House Rules require that they conduct themselves ‘at all times in a matter that shall reflect creditably on the House’ (House Rule 23, clause 1). In addition, the Code of Ethics of Government Service, which applies to House Members and staff, provides in ¶ 2 that government officials should ‘[u]phold the Constitution, laws and legal regulations of the United States and of all governments therein and never be a party to*

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*their evasion.’ Accordingly, in violating FECA or another provision of statutory law, a Member or employee may also violate these provisions of the House rules and standards of conduct...*

*“Moreover, under these rules, a Member or employee must take reasonable steps to ensure that any outside organization over which he or she exercises control – including the individual’s own authorized campaign committee or, for example, a ‘leadership PAC’ – operates in compliance with applicable law.”<sup>4</sup>*

**B. Representative Bachmann Retained or Employed Guy Short in Various Capacities in Her Congressional Office and Political Committees**

28. Representative Bachmann has employed or retained Guy Short in various capacities in her congressional office, congressional campaign, leadership PAC, and presidential campaign since June 2010.<sup>5</sup>
29. Representative Bachmann could not recall when she first met Mr. Short, but she recalled that he had served as the chief of staff for another Member of Congress before working for her.<sup>6</sup> She said that Mr. Short had good references and a good reputation among other Members.<sup>7</sup>
30. Mr. Short was employed by Representative Bachmann’s congressional office for approximately one month in June 2010.<sup>8</sup> He was hired by Representative Bachmann to conduct a review of the office’s operations.<sup>9</sup> He was paid \$5,000 for this service.<sup>10</sup>
31. Mr. Short established C&M Strategies, Inc., a fundraising and political consulting firm, on or around June 3, 2010.<sup>11</sup>
32. After Mr. Short completed his review of her congressional office in June 2010, Representative Bachmann hired Mr. Short, through his firm C&M Strategies, to work for her congressional campaign committee, Bachmann for Congress (“BFC”).<sup>12</sup> She did not recall whether there was a formal agreement between Mr. Short and BFC.<sup>13</sup>
33. As a consultant to BFC, Mr. Short provided fundraising and general political advice.<sup>14</sup> Representative Bachmann recalled that Mr. Short told her that his retainer fee would be \$7,500 per month; she believes that is what BFC paid him.<sup>15</sup>

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<sup>4</sup> House Ethics Manual (2008) at 122.

<sup>5</sup> Memorandum of Interview of Rep. Michele Bachmann, Apr. 24, 2013 (hereafter “Rep. Bachmann MOI”) (Exhibit 1 at 13-1274\_0002-0004).

<sup>6</sup> *Id.* at 13-1274\_0003.

<sup>7</sup> *Id.*

<sup>8</sup> H.R. Doc. No. 111-135 at 286 (2010).

<sup>9</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0003).

<sup>10</sup> H.R. Doc. No. 111-135 at 286 (2010).

<sup>11</sup> C&M Strategies Articles of Incorporation, filed June 3, 2010 (Exhibit 2 at 13-1274\_0011)

<sup>12</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0003).

<sup>13</sup> *Id.* at 13-1274\_0004.

<sup>14</sup> *Id.* at 13-1274\_0003.

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34. BFC's FEC disclosure reports indicate that C&M Strategies was first paid by BFC on July 20, 2010.<sup>16</sup>
35. Representative Bachmann did not remember when her leadership PAC, MICHELE PAC, was created, only that it was created after she was first elected to Congress.<sup>17</sup> FEC filings indicate that MICHELE PAC was established on July 28, 2010.<sup>18</sup>
36. When asked why she created a leadership PAC, Representative Bachmann said that Mr. Short told her it would be something good for her to do and that it would be helpful in getting like-minded individuals elected.<sup>19</sup>
37. According to Representative Bachmann, Mr. Short was responsible for the creation of the PAC and has been in charge of its operations since its establishment.<sup>20</sup> She did not recall whether there was a formal agreement between MICHELE PAC and Mr. Short.<sup>21</sup> She said that she only remembered "Guy saying he'd set everything up and take care of it. So I said go for it."<sup>22</sup> She told the OCE that she has "trusted him to run it."<sup>23</sup>
38. With respect to the activities of MICHELE PAC, Representative Bachmann's only involvement is approving the text of fundraising solicitation letters for the PAC and approving candidate contributions made by the PAC.<sup>24</sup>
39. According to Representative Bachmann, Mr. Short is responsible for the hiring and firing of PAC employees or consultants.<sup>25</sup> When asked who approves disbursements other than candidate contributions made by the PAC, Representative Bachmann said, "I assume Guy."<sup>26</sup>
40. When asked who supervises Mr. Short's work for MICHELE PAC, Representative Bachmann said that Mr. Short supervises his own work.<sup>27</sup>
41. Representative Bachmann said that no one negotiated with Mr. Short regarding his compensation from MICHELE PAC, and that any decisions regarding Mr. Short's compensation from the PAC would have been left to him.<sup>28</sup> She told the OCE that she

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<sup>15</sup> *Id.* at 13-1274\_0004.

<sup>16</sup> Bachmann for Congress, Amended Pre-Primary 2010 FEC Report of Receipts and Disbursements, filed May 18, 2011 (Exhibit 3 at 13-1274\_0019-0023).

<sup>17</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0002).

<sup>18</sup> MICHELE PAC, FEC Statement of Organization, filed July 28, 2010 (Exhibit 4 at 13-1274\_0025).

<sup>19</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0002).

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 13-1274\_0003.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 13-1274\_0002.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* at 13-1274\_0003.

<sup>28</sup> *Id.*

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“assumes” that Mr. Short is currently making \$5,000 per month for his work on the PAC, but she was not sure of that amount.<sup>29</sup>

42. Representative Bachmann’s Former Chief of Staff told the OCE that Mr. Short was responsible for approving the payment of invoices submitted to MICHELE PAC, including invoices submitted by Mr. Short’s own firm.<sup>30</sup>
43. Representative Bachmann said that prior to launching her presidential campaign, she had infrequent contact with Mr. Short unless there was an on-going campaign.<sup>31</sup> When there was an on-going campaign, she would have more frequent conversations with him, primarily by telephone.<sup>32</sup>

**C. In or Around June 2011, Representative Bachmann May Have Authorized, Permitted, or Failed to Prevent the Use of MICHELE PAC Funds to Compensate a Consultant for Work on Her Presidential Campaign**

44. Representative Bachmann’s Former Chief of Staff began working on a potential presidential campaign by Representative Bachmann in early 2011.<sup>33</sup> He was retained part-time by MICHELE PAC from approximately April to June 2011, as he worked to lay the groundwork for a potential presidential campaign.<sup>34</sup>
45. In June 2011, the Former Chief of Staff left Representative Bachmann’s congressional office and moved to Iowa to work full-time for her presidential campaign.<sup>35</sup> At that time, control of the presidential campaign shifted to Ed Rollins, who had been hired as the National Campaign Manager.<sup>36</sup>
46. On June 13, 2011, Representative Bachmann filed a Statement of Organization with the FEC launching her presidential campaign, Bachmann for President.<sup>37</sup>
47. Also in June 2011, BFP entered into a Fundraising Consulting Contract with Mr. Short’s firm, C&M Strategies, for the provision of political and fundraising management services, for the period from June 13 to December 31, 2011.<sup>38</sup> Pursuant to the contract, C&M Strategies was to be paid a retainer of \$22,500 per month.<sup>39</sup>

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<sup>29</sup> *Id.*

<sup>30</sup> Memorandum of Interview of Rep. Bachmann’s Former Chief of Staff, Mar. 28, 2013 (hereafter “Former Chief of Staff MOI”) (Exhibit 5 at 13-1274\_0032).

<sup>31</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0004).

<sup>32</sup> *Id.*

<sup>33</sup> Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0030).

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 13-1274\_0031.

<sup>36</sup> *Id.*

<sup>37</sup> Bachmann for President, FEC Statement of Organization, filed June 13, 2011 (Exhibit 6 at 13-1274\_0037).

<sup>38</sup> Fundraising Consulting Agreement between Bachmann for President and C&M Strategies, June 13, 2011 (hereafter “Fundraising Consulting Agreement”) (Exhibit 7 at 13-1274\_0042-0051).

<sup>39</sup> *Id.* at 13-1274\_0043.

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48. Representative Bachmann said that she did not know if Mr. Short continued to work for BFC after his firm was retained by BFP.<sup>40</sup> She said that she believed he continued to work for MICHELE PAC.<sup>41</sup>
49. The consulting contract included a provision pursuant to which the consultant, C&M Strategies, represented to BFP that “it is knowledgeable of the compliance and legal obligations of the BFP . . . and agrees to comply with the provisions of the [Federal Election Campaign Act and FEC regulations] in all aspects applicable to the performance of the Fundraising Services under this Contract . . . .”<sup>42</sup>
50. David Polyansky, the BFP Deputy Campaign Manager at the time, was responsible for negotiating the consulting contract with C&M Strategies.<sup>43</sup>
51. Mr. Polyansky told the OCE that there had been an “ongoing dialogue” with Mr. Short over the amount of his compensation from BFP.<sup>44</sup> Mr. Polyansky insisted that Mr. Short’s compensation not exceed \$12,000 to \$15,000 per month, but Mr. Short proposed a monthly retainer fee greater than this.<sup>45</sup>
52. According to Representative Bachmann’s Former Chief of Staff, when Mr. Short was negotiating his consulting agreement with BFP, he wanted to be paid \$20,000 per month, but senior BFP officials would not agree to pay Mr. Short that amount.<sup>46</sup>
53. The Former Chief of Staff told the OCE that he believes Mr. Short went to Representative Bachmann to discuss his compensation from BFP when he could not reach an agreement with senior BFP officials.<sup>47</sup>
54. The Former Chief of Staff believes that Mr. Short and Representative Bachmann agreed to an arrangement whereby Mr. Short would be paid a total of \$20,000 per month for his work on the presidential campaign, with \$15,000 per month paid from BFP and \$5,000 per month paid from MICHELE PAC.<sup>48</sup>
55. The Former Chief of Staff believes Representative Bachmann approved this compensation arrangement because Representative Bachmann was the only person who could have approved such an arrangement, as neither he nor Mr. Polyansky approved

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<sup>40</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0004).

<sup>41</sup> *Id.*

<sup>42</sup> Fundraising Consulting Agreement (Exhibit 7 at 13-1274\_0042).

<sup>43</sup> Memorandum of Interview of David Polyansky, BFP Deputy Campaign Manager, Mar. 20, 2013 (hereafter “BFP Deputy Campaign Manager MOI”) (Exhibit 8 at 13-1274\_0054-0055).

<sup>44</sup> Declaration of David Polyansky, BFP Deputy Campaign Manager, Apr. 22, 2013 (hereafter “BFP Deputy Campaign Manager Declaration”) (Exhibit 9 at 13-1274\_0058).

<sup>45</sup> *Id.*

<sup>46</sup> Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0033).

<sup>47</sup> *Id.*

<sup>48</sup> *Id.*

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- it.<sup>49</sup> The Former Chief of Staff did not discuss this arrangement with either Mr. Short or Representative Bachmann.<sup>50</sup>
56. Representative Bachmann told the OCE that she never had any conversations with Mr. Short about his compensation from BFP, nor has she discussed Mr. Short's compensation from BFP with anyone else.<sup>51</sup>
57. Representative Bachmann further stated that she never had any conversation with Mr. Short about his compensation from MICHELE PAC.<sup>52</sup> Rather, she "just trusted him."<sup>53</sup>
58. Asked if Mr. Short's compensation arrangements with MICHELE PAC changed when he was retained by BFP, Representative Bachmann said that she did not know and that she did not such decisions.<sup>54</sup> When asked who would have made that decision, she said that she assumed it would be Mr. Short.<sup>55</sup>
59. According to the Mr. Polyansky, Mr. Short ultimately agreed to accept compensation of \$15,000 per month from the presidential campaign.<sup>56</sup>
60. The difference between the \$22,500 per month retainer payment provided for in the contract between BFP and C&M Strategies and the \$15,000 per month compensation agreed to by Mr. Short (in the amount of \$7,500) was intended to be paid to BFP Iowa State Chairman Kent Sorenson, as discussed below in Section III.<sup>57</sup>
61. Mr. Polyansky said that Mr. Short subsequently told him that he was receiving or continuing to receive compensation from MICHELE PAC, which Mr. Polyansky estimated to be \$5,000 per month, for work that Mr. Short told him he would perform or continue to perform for the PAC.<sup>58</sup>
62. Based on the invoices submitted to MICHELE PAC, it appears that C&M Strategies had been paid a retainer of \$4,500 per month until the firm was retained by BFP, when the retainer amount increased to \$5,000 per month.<sup>59</sup>
63. Mr. Polyansky stated that he recalled a conversation or conversations with BFP legal counsel, in which counsel stated that Mr. Short could work for both MICHELE PAC and the BFP campaign.<sup>60</sup>

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<sup>49</sup> *Id.* See also BFP Deputy Campaign Manager Declaration (Exhibit 9 at 13-1274\_0058) ("I seem to recall having told Mr. Short that any payment he received from the PAC was between him and the PAC....").

<sup>50</sup> Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0033).

<sup>51</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0004).

<sup>52</sup> *Id.* at 13-1274\_0005.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> BFP Deputy Campaign Manager Declaration (Exhibit 9 at 13-1274\_0058).

<sup>57</sup> *Id.* at 13-1274\_0059.

<sup>58</sup> *Id.* at 13-1274\_0058.

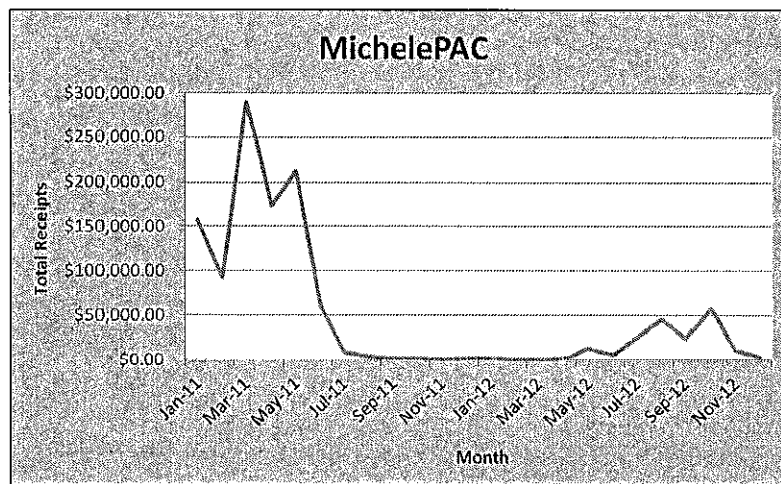
<sup>59</sup> See C&M Strategies Invoices to MICHELE PAC, January-December 2011 (Exhibit 10 at 13-1274\_0062-0082).

<sup>60</sup> BFP Deputy Campaign Manager Declaration (Exhibit 9 at 13-1274\_0059).

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64. Mr. Polyansky monitored disbursements made by the presidential campaign during the course of his employment with BFP; however, he told the OCE that he had limited oversight of disbursements related to Mr. Short because of Mr. Short's close relationship with Representative Bachmann.<sup>61</sup>
65. The OCE was unable to determine what services Mr. Short may have provided to MICHELE PAC during the period from June to December 2011 to justify his \$5,000 monthly retainer payment, as Mr. Short declined to provide any documents in response to two Requests for Information, and declined to be interviewed by the OCE.
66. As illustrated below, a review of contributions received by MICHELE PAC indicates little activity during the period from July 2011 to January 2012.<sup>62</sup>



67. After the consulting agreement between BFP and C&M Strategies became effective on June 13, 2011, C&M Strategies began regularly invoicing BFP for "Political and Fundraising Consulting."<sup>63</sup>
68. The initial C&M Strategies invoice to BFP was in the amount of \$11,250, for the period from June 15 to June 30, 2011.<sup>64</sup> Thereafter, C&M Strategies sent BFP invoices in the amount of \$22,500 for the months of July, August, September, and October 2011.<sup>65</sup> No invoices appear to have been submitted for November and December 2011.
69. Also around the time that the consulting agreement between BFP and C&M Strategies became effective on June 13, 2011, C&M Strategies began invoicing MICHELE PAC for "Management Consulting."<sup>66</sup> C&M Strategies sent MICHELE PAC an invoice in

<sup>61</sup> BFP Deputy Campaign Manager MOI (Exhibit 8 at 13-1274\_0055).

<sup>62</sup> MICHELE PAC, FEC Reports of Receipts and Disbursements, January 2011-December 2012 (Exhibit 11 at 13-1274\_0084-0107).

<sup>63</sup> C&M Strategies Invoices to Bachmann for President, June-October 2011 (Exhibit 12 at 13-1274\_0109-0113).

<sup>64</sup> *Id.* at 13-1274\_0109.

<sup>65</sup> *Id.* at 13-1274\_0110-0113. In the month of August 2011, C&M Strategies invoiced BFP for an additional \$3,330 for "Iowa Consulting (Additional approved by David)."

<sup>66</sup> C&M Strategies Invoices to MICHELE PAC, June 2011-January 2012 (Exhibit 10 at 13-1274\_0074-0082).

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the amount of \$2,500 for the period from June 15 to June 30, 2011.<sup>67</sup> Thereafter, C&M Strategies sent MICHELE PAC invoices in the amount of \$5,000 for the months of July, August, September, October, November, and December 2011.<sup>68</sup>

70. The amounts invoiced by C&M Strategies and paid by BFP and MICHELE PAC include the following:

<i>Date</i>	<i>Invoiced to BFP<sup>69</sup></i>	<i>Paid by BFP<sup>70</sup></i>	<i>Invoiced to MICHELE PAC<sup>71</sup></i>	<i>Paid by MICHELE PAC<sup>72</sup></i>
June 2011	\$11,250	---	\$2,250/\$3,500/ \$2,500	\$5,750
July 2011	\$22,500	\$33,750 <sup>73</sup>	\$5,000	\$2,500
August 2011	\$22,500/\$3,330 <sup>74</sup>	---	\$5,000	\$5,000
September 2011	\$22,500	\$25,830	\$5,000	\$5,000
October 2011	\$22,500	\$22,500	\$5,000	\$5,000
November 2011	---	\$22,500	\$5,000	\$5,000/\$5,000
December 2011	---	---	\$20,000/\$5,000/ \$15,000	\$20,000
January 2012	---	---	---	\$20,000

<sup>67</sup> *Id.* at 13-1274\_0076.

<sup>68</sup> *Id.* at 13-1274\_0074, 0077-0079, 0081-0082. It appears that there may be clerical errors in some of the invoices; specifically, there are some discrepancies among the billing date, the billing cycle and date that services were provided in several of the invoices.

<sup>69</sup> C&M Strategies Invoices to Bachmann for President, June-October 2011 (Exhibit 12 at 13-1274\_0109-0113).

<sup>70</sup> Bachman for President, Amended October 2011 Quarterly FEC Report of Receipts and Disbursements, filed Oct. 1, 2012; Year-End 2012 FEC Report of Receipts and Disbursements, filed Jan. 31, 2012 (Exhibit 13 at 13-1274\_0115-0116).

<sup>71</sup> C&M Strategies Invoices to MICHELE PAC, June-December 2011 (Exhibit 10 at 13-1274\_0074-0082).

<sup>72</sup> MICHELE PAC, FEC Reports of Receipts and Disbursements, June 2011-January 2012 (Exhibit 14 at 13-1274\_0118-0125).

<sup>73</sup> It appears that payments made by the Bachmann political committees often lagged a month behind the invoices for which they were intended. For months in which more than one invoice was submitted or more than one payment was made, the amounts are listed separately in the above charts.

<sup>74</sup> As noted above, the \$3,330 was for "Iowa Consulting (Additional approved by David)." See C&M Strategies Invoice to Bachmann for President, August 2011 (Exhibit 12 at 13-1274\_0111).



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71. The amounts invoiced by C&M Strategies and paid by MICHELE PAC from January to June 2011, include the following:

<i>Date</i>	<i>Amount Invoiced to MICHELE PAC<sup>75</sup></i>	<i>Amount Paid by MICHELE PAC<sup>76</sup></i>
January 2011	\$4,500 <sup>77</sup>	---
February 2011	\$9,000 <sup>78</sup>	\$7,685
March 2011	\$1,627.40 <sup>79</sup>	---
April 2011	\$4,500/\$4,675	\$15,127
May 2011	---	\$24,000
June 2011	\$2,250/\$3,500/\$2,500	\$5,750

**D. In December 2011, Representative Bachmann May Have Authorized, Permitted, or Failed to Prevent the Use of MICHELE PAC Funds to Compensate a Consultant for Work on Her Presidential Campaign at a Time When the Presidential Campaign Was Short on Funds**

72. By October 2011, Representative Bachmann's presidential campaign was running short of funds.<sup>80</sup> Keith Nahigian, who had taken over as the BFP National Campaign Manager in September 2011, told the OCE that, in September 2011, he had asked presidential campaign staff members and vendors if they could make any sacrifices in compensation, in order to trim the campaign's budget.<sup>81</sup>
73. Mr. Short, who became BFP National Political Director in October 2011, told several colleagues that he was working as a volunteer during December 2011.<sup>82</sup>

<sup>75</sup> C&M Strategies Invoices to MICHELE PAC, January-June 2011 (Exhibit 10 at 13-1274\_0067-0076)

<sup>76</sup> MICHELE PAC, FEC Reports of Receipts and Disbursements, January-June 2011 (Exhibit 15 at 13-1274\_0127-0137).

<sup>77</sup> In January and February 2011, C&M Strategies invoiced MICHELE PAC a total of \$26,095 for "CPAC Organization." See C&M Strategies Invoices to MICHELE PAC, January-February 2011 (Exhibit 10 at 13-1274\_0062-0065). These amounts are not included above.

<sup>78</sup> The billing cycle for this amount is identified as "Feb-March." See C&M Strategies Invoice to MICHELE PAC, Feb-March 2011 (Exhibit 10 at 13-1274\_0070).

<sup>79</sup> This amount was for "Iowa Trip Expenses." See C&M Strategies Invoice to MICHELE PAC, March 2011 Expenses (Exhibit 10 at 13-1274\_0068).

<sup>80</sup> See Memorandum of Interview of BFP Senior Advisor for Coalitions, Mar. 26, 2013 (hereafter "BFP Senior Advisor for Coalitions MOI") (Exhibit 16 at 13-1274\_0141). See also Russell Goldman, "Bachmann 'Out of Money and Ideas' in Iowa, Says Former Campaign Manager," ABC NEWS, Oct. 31, 2011.

<sup>81</sup> Memorandum of Interview of Keith Nahigian, BFP National Campaign Manager, Apr. 22, 2013 (hereafter "BFP National Campaign Manager MOI") (Exhibit 17 at 13-1274\_0146).

<sup>82</sup> See, e.g., Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0005); BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0146); Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0034).

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74. While Mr. Short declined to be interviewed by the OCE, in March 2012, he made a statement to *Politico*: “Towards the end of the presidential campaign I volunteered some of my time for the campaign in Iowa – the campaign picked up my expenses – while I continued to maintain all of my other client relationships.”<sup>83</sup>
75. It does not appear that C&M Strategies sent BFP invoices for November or December 2011. Invoices for those two months were not included in the invoices provided to the OCE by BFP.<sup>84</sup>
76. BFP’s FEC reports do not include any payments to C&M Strategies for services provided in November or December 2011.<sup>85</sup> The last payment made by BFP to C&M Strategies in 2011 was on November 9, 2011, in the amount of \$22,500, which appears to be payment for the October 2011 invoice.<sup>86</sup>
77. While Mr. Short publicly claimed to be volunteering for BFP, and while C&M Strategies did not invoice BFP for work performed in either November or December 2011, C&M Strategies sent MICHELE PAC three invoices in December 2011:
  - a. An invoice dated December 5, 2011, in the amount of \$20,000, for a “Fundraising Project”;
  - b. An invoice dated December 31, 2011, in the amount of \$5,000, for “Management Consulting”; and
  - c. An invoice dated December 31, 2011, in the amount of \$15,000, for “Fundraising and Research project.”<sup>87</sup>
78. MICHELE PAC reported a \$20,000 disbursement to C&M Strategies for “Fundraising Consulting” on December 6, 2011.<sup>88</sup> MICHELE PAC reported a second \$20,000 disbursement to C&M Strategies for “Fundraising Consulting” on January 3, 2012.<sup>89</sup>
79. As noted above, Mr. Short declined to provide any documents in response to two Requests for Information, and he declined to be interviewed by OCE staff. The OCE was therefore unable to obtain information from Mr. Short regarding any fundraising or research project undertaken in December 2011.<sup>90</sup>

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<sup>83</sup> Maggie Haberman, “Bachmann consultant paid by Michele PAC in December, not the campaign,” *POLITICO*, Mar. 9, 2012.

<sup>84</sup> *See supra*, ¶ 70.

<sup>85</sup> Bachmann for President, Year-End 2011 FEC Report of Receipts and Disbursements, filed Jan. 31, 2012 (Exhibit 13 at 13-1274\_0115-0116).

<sup>86</sup> *Id.* at 13-1274\_0116.

<sup>87</sup> *See* C&M Strategies Invoices to MICHELE PAC, Dec. 5, 2011, Dec. 31, 2011, Dec. 31, 2011 (Exhibit 10 at 13-1274\_0073-0075).

<sup>88</sup> MICHELE PAC, Amended Year-End 2011 FEC Report of Receipts and Disbursements, filed Apr. 20, 2012 (Exhibit 19 at 13-1274\_0161).

<sup>89</sup> MICHELE PAC, February 2012 Monthly FEC Report of Receipts and Disbursements, filed Feb. 20, 2012 (Exhibit 20 at 13-1274\_0163).

<sup>90</sup> While Mr. Short did not cooperate with the OCE’s review, his attorney provided a written response to the OCE’s Requests for Information, in which he stated: “During December 2011 and January 2012, Mr. Short was paid by

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80. Representative Bachmann told the OCE that she did not remember if there was a fundraising project planned for MICHELE PAC in December 2011.<sup>91</sup> Representative Bachmann did not remember approving any fundraising solicitation letters for MICHELE PAC in December 2011.<sup>92</sup>
81. Representative Bachmann told the OCE that she does not make decisions about when or how to raise PAC funds; rather, that would have been decided by Mr. Short.<sup>93</sup> When asked who would have had the authority to approve a fundraising project for MICHELE PAC, Representative Bachmann told the OCE, "Probably Guy."<sup>94</sup>
82. Representative Bachmann said that, during the presidential campaign, she did not review invoices from C&M Strategies to MICHELE PAC or payments to C&M Strategies from the PAC, nor was she kept informed of invoices or payments.<sup>95</sup> When asked who would have reviewed and approved the payment of invoices, she said that it would probably have been Mr. Short.<sup>96</sup>
83. Representative Bachmann was not aware of any payments from MICHELE PAC to Mr. Short for a fundraising project at the time the payments were made in December 2011 and January 2012.<sup>97</sup> She said that she was fully engaged in her presidential campaign at that time, and that she trusted people to do their jobs.<sup>98</sup>
84. Representative Bachmann's Former Chief of Staff, who was retained by both her congressional office and by MICHELE PAC from October 2011 to February 2012, told the OCE that he was not aware of any work performed by Mr. Short or C&M Strategies for MICHELE PAC during the period from June 2011 to December 2011.<sup>99</sup>
85. Mr. Nahigian, the BFP National Campaign Manager, told the OCE that Mr. Short approached him in December 2011, to tell him that he had "nothing to do" on the presidential campaign and that he wanted to turn his focus to MICHELE PAC.<sup>100</sup> Mr. Nahigian told Mr. Short that would be "great."<sup>101</sup> He did not recall discussing Mr. Short's statements with Representative Bachmann.<sup>102</sup>

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MichelePAC for a fundraising and research project, which was unrelated to his work for BFP. Mr. Short did not discuss this fundraising project with Congresswoman Bachmann." Letter from Counsel to Mr. Short to the OCE Chief Counsel and Staff Director, Apr. 24, 2013 (Exhibit 21 at 13-1274-0166). The OCE was unable to evaluate these statements during the course of an interview with Mr. Short.

<sup>91</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0005).

<sup>92</sup> *Id.* at 13-1274\_0006.

<sup>93</sup> *Id.* at 13-1274\_0005.

<sup>94</sup> *Id.* at 13-1274\_0006.

<sup>95</sup> *Id.* at 13-1274\_0005.

<sup>96</sup> *Id.*

<sup>97</sup> *Id.* at 13-1274\_0006.

<sup>98</sup> *Id.*

<sup>99</sup> Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0033).

<sup>100</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0146).

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

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86. Other BFP staff members interviewed by the OCE indicated that Mr. Short was working full-time on the presidential campaign during December 2011. The BFP Iowa Campaign Manager told the OCE that Mr. Short, in his capacity as BFP National Political Director, supervised operations full time in the BFP Iowa office in December 2011 and managed caucus deployment in January 2012.<sup>103</sup>
87. The BFP Iowa Campaign Manager also said that Mr. Short worked “a tremendous number of hours,” often starting each day with a 7:00 AM conference call and ending the day at 10:00 PM.<sup>104</sup> He said that Mr. Short was working in Iowa “most of the time” that the witness was involved with the campaign.<sup>105</sup>
88. The BFP Deputy Iowa Campaign Manager told the OCE that he never saw Mr. Short working for other clients during the presidential campaign.<sup>106</sup> He recalled that Mr. Short worked from about 9:00 AM to 10:00 PM most days during the campaign.<sup>107</sup>
89. The BFP Senior Advisor for Coalitions told the OCE that Mr. Short was spending substantial time in Iowa in November and December 2011, and that he did not have the impression that Mr. Short was working for anyone other than BFP.<sup>108</sup> He added that Mr. Short was “clearly” the final authority on many campaign matters at that time.<sup>109</sup>
90. On December 3, 2011, Mr. Short sent an email to Mr. Nahigian with the proposed text of a fundraising solicitation for MICHELE PAC, asking Mr. Nahigian to approve the solicitation for “strategy/messaging.”<sup>110</sup>
91. Mr. Nahigian believes he simply ignored Mr. Short’s email.<sup>111</sup> He told the OCE that Mr. Short may have sent him this email out of habit, as Mr. Nahigian did not have any role with MICHELE PAC.<sup>112</sup>
92. Mr. Nahigian told the OCE that he believes the MICHELE PAC fundraising solicitation was “killed” and never sent.<sup>113</sup> He explained that the solicitation seemed like the wrong thing at the wrong time.<sup>114</sup>
93. Mr. Nahigian did not recall any other efforts undertaken by Mr. Short on behalf of MICHELE PAC that Mr. Short shared with him.<sup>115</sup>

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<sup>103</sup> Memorandum of Interview of BFP Iowa Campaign Manager, Mar. 29, 2013 (hereafter “BFP Iowa Campaign Manager MOI”) (Exhibit 22 at 13-1274\_0170).

<sup>104</sup> *Id.*

<sup>105</sup> *Id.*

<sup>106</sup> Memorandum of Interview of BFP Iowa Deputy Campaign Manager, Mar. 29, 2013 (hereafter “BFP Iowa Deputy Campaign Manager MOI”) (Exhibit 23 at 13-1274\_0174).

<sup>107</sup> *Id.*

<sup>108</sup> BFP Senior Advisor for Coalitions MOI (Exhibit 16 at 13-1274\_0142).

<sup>109</sup> *Id.*

<sup>110</sup> Email from Guy Short to Keith Nahigian, “MPAC mailing,” Dec. 3, 2011 (Exhibit 24 at 13-1274\_0177-0184).

<sup>111</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0147).

<sup>112</sup> *Id.*

<sup>113</sup> *Id.*

<sup>114</sup> *Id.*

<sup>115</sup> *Id.*

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94. Mr. Nahigian was unaware of any invoices from C&M Strategies to MICHELE PAC in December 2011, or any payments by MICHELE PAC to C&M Strategies in December 2011 or January 2012.<sup>116</sup>
95. A review of FEC reports filed by MICHELE PAC suggests that there was no major fundraising initiative in December 2011. The reports indicate that, after raising just over \$1,000 per month from October to December 2011, MICHELE PAC reported raising \$1,165.50 in January 2012 and \$636.86 in February 2012.<sup>117</sup> Prior to the launch of Representative Bachmann's presidential campaign, the PAC had been raising between \$92,033 and \$288,579 per month from January to May 2011.<sup>118</sup>

**E. In March 2012, a News Report Questioned the December 2011 MICHELE PAC Payments to Mr. Short**

96. On March 9, 2012, a news report regarding one of the payments made by MICHELE PAC to Mr. Short in December 2011 appeared in *Politico*.<sup>119</sup>
97. That same day, Mr. Short emailed the *Politico* article to James Pollack, BFP National Finance Chairman; Brett O'Donnell, BFP Senior Policy Advisor; and BFP legal counsel, with the comment: "Fairly uneventful thus far. We will see where it goes and if it gets legs."<sup>120</sup>
98. The next day, on March 10, 2012, Mr. Short forwarded an email he had received from the *Politico* reporter, asking additional questions about the December 2011/January 2012 payments from MICHELE PAC, to Mr. Pollack and BFP legal counsel, adding, "I'm not responding."<sup>121</sup>
99. Mr. Pollack told the OCE that he first learned about the payments from MICHELE PAC to Mr. Short when those payments were reported by *Politico*.<sup>122</sup>
100. At the conclusion of Representative Bachmann's presidential campaign, she had asked Mr. Pollack to oversee the activities of both BFC and MICHELE PAC.<sup>123</sup>
101. According to Mr. Pollack, prior to his taking on this role for MICHELE PAC, Mr. Short was responsible for overseeing the activities of the PAC.<sup>124</sup> Mr. Short now reports to Mr. Pollack.<sup>125</sup>

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<sup>116</sup> *Id.*

<sup>117</sup> MICHELE PAC, FEC Reports of Receipts and Disbursements, January 2011-December 2012 (Exhibit 11 at 13-1274\_0084-0107).

<sup>118</sup> *Id.*

<sup>119</sup> See Maggie Haberman, "Bachmann consultant paid by Michele PAC in December, not the campaign," POLITICO, Mar. 9, 2012.

<sup>120</sup> Email from Guy Short to James Pollack, Brett O'Donnell, and BFP legal counsel, Mar. 9, 2012 (Exhibit 25 at 13-1274\_0186).

<sup>121</sup> Email from Guy Short to James Pollack and BFP legal counsel, Mar. 10, 2012 (Exhibit 26 at 13-1274\_0188).

<sup>122</sup> Memorandum of Interview of James Pollack, BFP National Finance Chairman, Mar. 28, 2013 (hereafter "BFP National Finance Chairman MOI") (Exhibit 27 at 13-1274\_0192).

<sup>123</sup> *Id.* at 13-1274\_0190-0191.

<sup>124</sup> *Id.* at 13-1274\_0191.

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102. Mr. Pollack sent a response to Mr. Short after receiving his March 10, 2012 email:

Guy, after thinking about it, despite the fact that I wasn't involved or know the facts, if we made a mistake we need to correct it now. That would be to all parties best interests. Can you provide me the gross income you were paid each month from both the PAC and the Campaign last year?

If it was a permissible payment – commensurate compensation for services performed – fine. We just need to be certain we can demonstrate it with contemporaneous documentation....<sup>126</sup>

103. Mr. Short responded by email, telling Mr. Pollack that his compensation information from both BFP and MICHELE PAC was available, advising him that “[n]o mistakes were made,” and asking Mr. Pollack to give him a call.<sup>127</sup>

104. Mr. Pollack had a telephone conversation with Mr. Short after the *Politico* report appeared, in which he asked Mr. Short about the payments from MICHELE PAC.<sup>128</sup>

105. According to Mr. Pollack, Mr. Short told him that there had been a “major fundraising initiative” planned for MICHELE PAC in December 2011, intended to raise funds for candidate contributions to be made by the PAC in 2012.<sup>129</sup>

106. Mr. Short told Mr. Pollack that the project was ultimately put off until after Representative Bachmann’s presidential campaign had ended.<sup>130</sup>

107. Mr. Pollack told the OCE that Mr. Short had approval for this major fundraising initiative, but he did not know who gave him the approval.<sup>131</sup> Further, Mr. Pollack did not know who made the decision to defer the fundraising initiative until after the presidential campaign had ended.<sup>132</sup>

108. After speaking with Mr. Short, Mr. Pollack made Representative Bachmann aware of what he had learned.<sup>133</sup> He said that Representative Bachmann was “surprised” and “wasn’t happy” to learn of the MICHELE PAC payments to Mr. Short.<sup>134</sup> He did not recall whether he discussed the December 2011 “major fundraising initiative” with Representative Bachmann.<sup>135</sup>

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<sup>125</sup> *Id.* at 13-1274\_0192.

<sup>126</sup> Email from James Pollack to Guy Short, Mar. 10, 2012 (Exhibit 26 at 13-1274\_0188).

<sup>127</sup> Email from Guy Short to James Pollack, Mar. 10, 2012 (Exhibit 26 at 13-1274\_0188).

<sup>128</sup> BFP National Finance Chairman MOI (Exhibit 27 at 13-1274\_0192).

<sup>129</sup> *Id.*

<sup>130</sup> *Id.*

<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

<sup>133</sup> *Id.* at 13-1274\_0193.

<sup>134</sup> *Id.*

<sup>135</sup> *Id.*

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109. Mr. Pollack said that Representative Bachmann told him to handle the matter however he felt best.<sup>136</sup>
110. Representative Bachmann told the OCE that she first learned about the payments from MICHELE PAC to Mr. Short after the payments were disclosed in BFP's FEC reports, but she could not recall when this was.<sup>137</sup> Representative Bachmann asked Mr. Pollack to review the matter.<sup>138</sup>
111. Representative Bachmann said that she never discussed the December 2011/January 2012 payments from MICHELE PAC with Mr. Short.<sup>139</sup>
112. Mr. Pollack told the OCE that after learning about the deferred "major fundraising initiative" from Mr. Short, he believed there were two options: Mr. Short could return the funds to MICHELE PAC or the funds could be applied toward his 2012 compensation for work performed for MICHELE PAC.<sup>140</sup>
113. According to Mr. Pollack, it was decided to apply the funds paid to Mr. Short in December 2011/January 2012 toward Mr. Short's 2012 compensation.<sup>141</sup> He said that Mr. Short was ultimately paid a total of \$43,750 for his work for MICHELE PAC in 2012, in three payments:
- a. \$20,000 in December 2011;
  - b. \$20,000 in January 2012; and
  - c. \$3,750 in July 2012.<sup>142</sup>
114. BFP Senior Policy Advisor Brett O'Donnell recalled a conference call convened by Mr. Pollack shortly after the *Politico* story appeared on March 9, 2012, in which Mr. Pollack, Mr. O'Donnell, and Mr. Short discussed how to respond to the story.<sup>143</sup> Mr. Short was to draft a statement responding to the reporter's story and circulate it to the call participants.<sup>144</sup>
115. Mr. O'Donnell had a separate telephone conversation with Mr. Short in which they discussed the accusations in the *Politico* story and potential responses.<sup>145</sup> He said that this conversation was the first time he learned that Mr. Short had been "volunteering"

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<sup>136</sup> *Id.*

<sup>137</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0006).

<sup>138</sup> *Id.*

<sup>139</sup> *Id.*

<sup>140</sup> BFP National Finance Chairman MOI (Exhibit 27 at 13-1274\_0192).

<sup>141</sup> *Id.*

<sup>142</sup> *Id.* See also MICHELE PAC, Amended Year-End 2011 FEC Report of Receipts and Disbursements, filed Apr. 20, 2012; February 2012 Monthly FEC Report of Receipts and Disbursements, filed Feb. 20, 2012; August 2012 Monthly FEC Report of Receipts and Disbursements, filed Aug. 20, 2012 (Exhibit 28 at 13-1274\_0195-0197).

<sup>143</sup> Memorandum of Interview of Brett O'Donnell, BFP Senior Policy Advisor, Apr. 19, 2013 (hereafter "BFP Senior Policy Advisor MOI") (Exhibit 18 at 13-1274\_0157).

<sup>144</sup> *Id.*

<sup>145</sup> *Id.*

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for the presidential campaign in late 2011.<sup>146</sup> When asked for his reaction to Mr. Short's explanation for the payments he received from MICHELE PAC, Mr. O'Donnell said he took Mr. Short at his word.<sup>147</sup>

116. Mr. O'Donnell told the OCE that he had a conversation with BFP National Campaign Manager Keith Nahigian in late December 2011, in which Mr. Nahigian told him that Mr. Short had paid himself from MICHELE PAC.<sup>148</sup>
117. Mr. Nahigian said that he first learned of the December 2011/January 2012 payments from MICHELE PAC to Mr. Short when those payments were reported by the news media well after the Iowa caucuses had ended.<sup>149</sup>
118. Mr. Nahigian told the OCE that his reaction upon learning of the payments from MICHELE PAC to Mr. Short was, "Really? We all worked for nothing, but he [Mr. Short] didn't."<sup>150</sup> He said that it was "outrageous" that Mr. Short had been paid "when no one else was."<sup>151</sup>
119. As previously noted, Mr. Short declined to provide any documents to the OCE in response to two Requests for Information, and declined to be interviewed by the OCE.
120. Based on the foregoing information, the Board finds that there is substantial reason to believe that Representative Bachmann authorized, permitted, or failed to prevent, by not taking reasonable steps to ensure that her leadership PAC operated in compliance with federal campaign finance laws, the use of funds from her leadership PAC to compensate a campaign consultant for work he performed for her presidential campaign, resulting in a contribution from the leadership PAC to the presidential campaign in excess of the legal limit, in violation of federal campaign finance laws and House rules.

**III. REPRESENTATIVE BACHMAN MAY HAVE VIOLATED FEDERAL CAMPAIGN FINANCE LAWS AND HOUSE RULES BY FAILING TO DISCLOSE ACCURATELY PAYMENTS TO HER IOWA STATE CAMPAIGN CHAIR BY FUNNELING CAMPAIGN FUNDS THROUGH A CAMPAIGN CONSULTANT.**

**A. Laws, Regulations, Rules, and Standards of Conduct**

121. Federal Election Campaign Act

*"Each [Federal Election Commission] report . . . shall disclose . . . the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a*

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<sup>146</sup> *Id.*

<sup>147</sup> *Id.*

<sup>148</sup> *Id.* at 13-1274\_0156-0157.

<sup>149</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0147).

<sup>150</sup> *Id.*

<sup>151</sup> *Id.*



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*candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure.” 2 U.S.C. § 434(b)(5).*

122. House Rules

*House Rule 23, clause 1 states that “[a] Member . . . of the House shall conduct himself at all times in a manner that shall reflect creditably on the House.”*

123. House Ethics Manual

*The House Ethics Manual states that “[w]hile FECA and other statutes on campaign activity are not rules of the House, Members and employees must also bear in mind that the House Rules require that they conduct themselves ‘at all times in a manner that shall reflect creditably on the House’ (House Rule 23, clause 1). In addition, the Code of Ethics of Government Service, which applies to House Members and staff, provides in ¶ 2 that government officials should ‘[u]phold the Constitution, laws and legal regulations of the United States and of all governments therein and never be a party to their evasion.’ Accordingly, in violating FECA or another provision of statutory law, a Member or employee may also violate these provisions of the House rules and standards of conduct....*

*“Moreover, under these rules, a Member or employee must take reasonable steps to ensure that any outside organization over which he or she exercises control – including the individual’s own authorized campaign committee or, for example, a ‘leadership PAC’ – operates in compliance with applicable law.”<sup>152</sup>*

**B. The Bachmann for President Campaign May Have Failed To Disclose Accurately Payments to Compensate a Campaign Official**

124. On June 28, 2011, the Bachmann for President campaign announced that Iowa State Senator Kent Sorenson would serve as the campaign’s Iowa State Chairman.<sup>153</sup> At the time, Mr. Sorenson was serving in his first term in the Iowa State Senate.<sup>154</sup>

125. Iowa State Senate ethics rules limit the ability of a state senator to accept employment from certain political organizations:

A senator shall not accept employment, either directly or indirectly, from a political action committee or from an organization exempt from taxation under section 501(c)(4), 501(c)(6), or 527 of the Internal Revenue Code that engages in activities related to the nomination, election, or defeat of a candidate for public office....<sup>155</sup>

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<sup>152</sup> House Ethics Manual (2008) at 122.

<sup>153</sup> Bachmann for President: “Press Release - State Senator Kent Sorenson to Serve as Bachmann's Iowa Campaign Chairman,” June 28, 2011 (Exhibit 29 at 13-1274\_0199).

<sup>154</sup> See <https://www.legis.iowa.gov/Legislators/legislator.aspx?GA=85&PID=7500>.

<sup>155</sup> Iowa Senate Code of Ethics ¶ 6 (<https://www.legis.iowa.gov/DOCS/ChamberRules/SenateCodeofEthics.pdf>).

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126. The BFP campaign acknowledged the Senate ethics rules' prohibition in an October 27, 2011 press release: "Sorenson is serving in a full-time role but state Senate rules preclude lawmakers from being paid by the campaign."<sup>156</sup>
127. Representative Bachmann could not recall when she first met Mr. Sorenson, nor did she know how Mr. Sorenson became involved with her presidential campaign.<sup>157</sup>
128. Representative Bachmann's Former Chief of Staff stated that he personally recruited Mr. Sorenson to support her presidential campaign in early 2011.<sup>158</sup>
129. At or around the time that Mr. Sorenson was recruited to support Representative Bachmann's presidential campaign, Mr. Sorenson indicated to the Former Chief of Staff that he would like to be paid for his efforts on behalf of Representative Bachmann's presidential campaign.<sup>159</sup>
130. According to the Former Chief of Staff, both he and Mr. Sorenson "knew that Iowa Senate ethics prevented any presidential campaign from paying a senator for his or her efforts on a candidate's behalf."<sup>160</sup>
131. The Former Chief of Staff discussed Mr. Sorenson's desire to be paid with Bachmann advisor Guy Short.<sup>161</sup> In a March 8, 2011 email exchange, the Former Chief of Staff and Mr. Short discussed various ways in which to "hire" and "pay" Mr. Sorenson, including paying him from MICHELE PAC or BFC.<sup>162</sup>

From: <[REDACTED]@aol.com>  
Date: Tue, 08 Mar 2011 18:46:14 -0500 (EST)  
To: Andy Parrish <[REDACTED]@me.com>  
Cc: <[REDACTED]@gmail.com>  
Subject: Re: Kent Sorenson

Great.

He can get paid by the PAC. It is much cleaner to have BFC pay him if need be. It might be good for a little momentum on the POTUS to announce a hire like Kent. He is the real deal. Denny Carroll is another one in Iowa that would be good.

In a message dated 3/8/2011 4:43:20 P.M. Mountain Standard Time, [REDACTED]@me.com writes:

Just talked to him. We're cool he can't get paid from a PAC

Sent from my iPhone

On Mar 8, 2011, at 5:38 PM, [REDACTED]@aol.com wrote:

If we need to pay him from MPAC we can. He can be a consultant and give us strategic advice.

<sup>156</sup> Bachmann for President: "Press Release - Team Bachmann Appoints Woolson State Campaign Manager; Announces Iowa Campaign Staff," Oct. 27, 2011 (Exhibit 30 at 13-1274\_0201).

<sup>157</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0007).

<sup>158</sup> Affidavit of Rep. Bachmann's Former Chief of Staff, Apr. 22, 2013 (hereafter "Former Chief of Staff Affidavit") (Exhibit 31 at 13-1274\_0203).

<sup>159</sup> *Id.*

<sup>160</sup> *Id.*

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*; email exchange between Former Chief of Staff and Guy Short, Mar. 8, 2011 (Exhibit 32 at 13-1274\_0211).

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132. In April 2011, the Former Chief of Staff spoke to Mr. Sorenson about his request for compensation, offering to pay Mr. Sorenson directly from BFP.<sup>163</sup> However, Mr. Sorenson told him that he could not be paid directly by BFP.<sup>164</sup>
133. The Former Chief of Staff suggested to Mr. Short that “we hire Sorenson at the rate of \$7,000 per month plus a cell phone with expenses for same paid.”<sup>165</sup>
134. In an April 19, 2011 email, the Former Chief of Staff wrote to Mr. Sorenson about a proposal to compensate him for his services to BFP through Mr. Short’s company, C&M Strategies.<sup>166</sup>

>>  
>> As for you I have recomended you to Guy Short at C&M strategies, I  
>>think he said he was hiring at \$7,000/month phone and onetime laptop  
>>reimbursement, I have CCed him on this so you can work it out.  
>>  
>> Talk soon,  
>>  
>> Andy  
>

135. According to the Former Chief of Staff, Mr. Short and Mr. Sorenson “eventually worked out an arrangement where Senator Sorenson was paid \$7,500 per month with no cell phone payment. This was the arrangement in place until his defection a short time before the Iowa caucuses....”<sup>167</sup>
136. The Former Chief of Staff further stated that “C&M Strategies handled all of the related paperwork” for the hiring and compensation of Mr. Sorenson.<sup>168</sup>
137. As noted previously, when C&M Strategies entered into a consulting contract with BFP, Mr. Short agreed to compensation in the amount of \$15,000 per month from BFP.<sup>169</sup> The fundraising consulting agreement, however, provided for a monthly retainer payment of \$22,500.<sup>170</sup>
138. According to Mr. Polyansky, the BFP Deputy Campaign Manager who negotiated the BFP consulting contract with Mr. Short, it was understood that of the \$22,500 per month retainer payment from BFP, Mr. Short’s company, C&M Strategies, would receive \$15,000 per month and the remaining \$7,500 was for Mr. Sorenson.<sup>171</sup> Mr. Polyansky characterized Mr. Sorenson as a subcontractor of C&M Strategies.<sup>172</sup>

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<sup>163</sup> Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0034).

<sup>164</sup> *Id.*

<sup>165</sup> Former Chief of Staff Affidavit (Exhibit 31 at 13-1274\_0203-0204).

<sup>166</sup> *Id.* at 13-1274\_0204; email from Former Chief of Staff to Kent Sorenson, Apr. 19, 2011 (Exhibit 33 at 13-1274\_0213).

<sup>167</sup> Former Chief of Staff Affidavit (Exhibit 31 at 13-1274\_0204).

<sup>168</sup> *Id.*

<sup>169</sup> *See supra*, ¶ 59.

<sup>170</sup> Fundraising Consulting Agreement (Exhibit 7 at 13-1274\_0043).

<sup>171</sup> BFP Deputy Campaign Manager Declaration (Exhibit 9 at 13-1274\_0059).

<sup>172</sup> *Id.*

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139. Mr. Polyansky told Mr. Short that he needed approval from BFP legal counsel before agreeing to the arrangement between C&M Strategies and Mr. Sorenson.<sup>173</sup> Mr. Polyansky confirmed with legal counsel that he had approved the arrangement.<sup>174</sup>
140. Mr. Polyansky told the OCE that he believes there had been discussions within the Bachmann presidential campaign about having separate agreements with Mr. Sorenson and with C&M Strategies.<sup>175</sup>
141. Representative Bachmann's Former Chief of Staff said that Representative Bachmann "knew of and approved" the compensation arrangement between Mr. Sorenson and C&M Strategies.<sup>176</sup>
142. The Former Chief of Staff told the OCE that he had a conversation with Representative Bachmann in April or early May 2011, in which he informed her about the proposed arrangement to compensate Mr. Sorenson through C&M Strategies, and that legal counsel had approved the arrangement.<sup>177</sup> According to the Former Chief of Staff, Representative Bachmann told him that as long as it was legal, go ahead and do it.<sup>178</sup>
143. Representative Bachmann told the OCE that, to her knowledge, Mr. Sorenson was not compensated for his work for BFP.<sup>179</sup> She said that she was not aware of any arrangement between C&M Strategies and Mr. Sorenson.<sup>180</sup> She said that she was not involved in decisions regarding anyone's compensation.<sup>181</sup>
144. Representative Bachmann told the OCE that she did not have any conversations with Mr. Sorenson about his compensation, nor did she recall anyone telling her that Mr. Sorenson wanted to be compensated for his work on her presidential campaign.<sup>182</sup>
145. Several former BFP staff members told the OCE that they had heard that Mr. Sorenson was being compensated for his role with BFP. For example, in a sworn affidavit, the BFP Iowa Campaign Manager stated that he "had also heard others say that Kent [Sorenson] was receiving compensation for his work on the Bachmann campaign through a consulting firm."<sup>183</sup>
146. The BFP Senior Advisor for Coalitions told the OCE of a conversation he had with Mr. Sorenson about his role with the presidential campaign, shortly before Representative

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<sup>173</sup> *Id.*

<sup>174</sup> *Id.* The OCE was not able to interview BFP's legal counsel as part of its review, as BFP's legal counsel represented Rep. Bachmann during the review.

<sup>175</sup> BFP Deputy Campaign Manager MOI (Exhibit 8 at 13-1274\_0056).

<sup>176</sup> Former Chief of Staff Affidavit (Exhibit 31 at 13-1274\_0204).

<sup>177</sup> Former Chief of Staff MOI (Exhibit 5 at 13-1274\_0034).

<sup>178</sup> *Id.*

<sup>179</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0007).

<sup>180</sup> *Id.*

<sup>181</sup> *Id.*

<sup>182</sup> *Id.*

<sup>183</sup> Affidavit of BFP Iowa Campaign Manager, Sept. 4, 2012 (Exhibit 34 at 13-1274\_0215).

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Bachmann announced her presidential candidacy, in which Mr. Sorenson told him, "I'm not doing this for free. I'm getting paid for it."<sup>184</sup>

147. According to the Senior Advisor for Coalitions, Mr. Sorenson told him that receiving payments directly from BFP would have put him in an "awkward" position, leading the Senior Advisor with the impression that Mr. Sorenson was being paid by an entity other than BFP.<sup>185</sup>
148. The Senior Advisor for Coalitions also recalled hearing that Mr. Sorenson was being paid \$7,500 per month, but he could not recall where he heard this.<sup>186</sup>
149. The OCE has received no information that suggests that Mr. Sorenson took direction from Mr. Short or that he otherwise performed work for C&M Strategies. Rather, Mr. Sorenson acted as the "Iowa state campaign manager" for BFP,<sup>187</sup> and in that position, he had a "hands-on" role in managing the Iowa campaign.<sup>188</sup>
150. Representative Bachmann described Mr. Sorenson's duties for her presidential campaign as generating more supporters in Iowa, including elected officials and other people of influence within the state.<sup>189</sup>
151. In addition, it does not appear that C&M Strategies exercised any independent control over the funds it received from BFP that were earmarked for Mr. Sorenson. Rather, it appears that Mr. Sorenson was paid \$7,500 per month by BFP, but that the payments were routed through C&M Strategies to avoid disclosure of the ultimate payee.<sup>190</sup>
152. The FEC disclosure reports filed by BFP appear to disclose only one payment to Mr. Sorenson to compensate him for his work on the presidential campaign, an \$800 payment on August 3, 2011 for "grassroots coordinating."<sup>191</sup>
153. Mr. Sorenson declined to provide any documents to the OCE in response to two Requests for Information, and he declined to be interviewed by the OCE.

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<sup>184</sup> BFP Senior Advisor for Coalitions MOI (Exhibit 16 at 13-1274\_0142).

<sup>185</sup> *Id.*

<sup>186</sup> *Id.*

<sup>187</sup> Former Chief of Staff Affidavit (Exhibit 31 at 13-1274\_0204).

<sup>188</sup> BFP Iowa Campaign Manager MOI (Exhibit 22 at 13-1274\_0170).

<sup>189</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0007).

<sup>190</sup> The FEC addressed a similar set of facts in Matter Under Review 4872, *In the Matter of Jenkins for Senate 1996* (2002). In that case, the FEC entered into a Conciliation Agreement with the respondent campaign, finding that the campaign filed false disclosure reports, in violation of 2 U.S.C. § 434(b)(5)(A), by failing to disclose the true recipient of campaign disbursements. The campaign had made disbursements to one vendor through a second vendor that was not involved in the provision of services by the first vendor, because the candidate did not want his campaign to be associated with the true vendor or to have the true vendor listed in his disclosure reports. The FEC found that the first vendor was not a "sub vendor" of the second vendor, as the second vendor played no role in the provision of services by the first vendor.

<sup>191</sup> See Bachmann for President, Amended October 2011 Quarterly FEC Report of Receipts and Disbursements, filed Oct. 1, 2012 (Exhibit 35 at 13-1274\_0218).

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154. On February 8, 2013, Mr. Sorenson submitted a response to an ethics complaint filed against him with the Iowa State Senate Ethics Committee.<sup>192</sup> In that response, Mr. Sorenson stated:

I did not receive compensation from MichelePAC, Bachmann for President or C&M Strategies. . . . Even had I been employed by C&M Strategies (which I was not) it would not have constituted a violation. First C&M Strategies is not a C-4, C-6 or a 527 and hence not a prohibited entity pursuant to [Iowa Senate Code of Ethics] Rule 6. Second Rule 6 expressly permits a senator's direct or indirect employment by a campaign committee.<sup>193</sup>

155. On or around May 1, 2013, Mr. Sorenson submitted an additional response to the Iowa State Senate Ethics Committee, responding to an affidavit submitted by Representative Bachmann's Former Chief of Staff, in which he maintained that he "was never paid directly or indirectly by Michelle [*sic*] PAC or the Bachmann Campaign."<sup>194</sup>

156. In support of his statement, Mr. Sorenson submitted an affidavit from the former BFP Iowa Deputy Campaign Manager, who stated that, in his "capacity of a comptroller" for BFP "at no time did [he] transmit a request for a check for Senator Kent Sorenson."<sup>195</sup>

157. Mr. Sorenson also submitted an affidavit from an Iowa attorney who stated that she reviewed records for a Wells Fargo bank account provided to her by Mr. Sorenson, for the period December 8, 2010 to December 7, 2011.<sup>196</sup> The attorney concluded that, based upon her review of the materials provided by Mr. Sorenson, "Mr. Sorenson did not receive any payments from Guy Short or C&M Strategies, Inc. that were deposited into said account nor did he receive any payments from any one source that totaled \$7,500.00 in one monthly period that were deposited into said account."<sup>197</sup>

158. The Board notes that on December 29, 2010, Mr. Sorenson filed Articles of Incorporation with the Iowa Secretary of State establishing Grassroots Strategy Inc.<sup>198</sup> The Articles of Incorporation identify Mr. Sorenson as the sole Incorporator and Director of Grassroots Strategy Inc.<sup>199</sup> Mr. Sorenson may have received compensation through this entity.<sup>200</sup>

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<sup>192</sup> Letter from Kent Sorenson to Secretary of the Iowa State Senate, Feb. 8, 2013 (Exhibit 36 at 13-1274\_0220).

<sup>193</sup> *Id.* at 13-1274\_0222.

<sup>194</sup> *See* Letter from Kent Sorenson to Secretary of the Iowa State Senate, undated (Exhibit 37 at 13-1274\_0225).

<sup>195</sup> Affidavit of BFP Iowa Deputy Campaign Manager, May 1, 2013 (Exhibit 38 at 13-1274\_0228).

<sup>196</sup> Affidavit of Cherie L. Johnson, Apr. 30, 2013 (Exhibit 39 at 13-1274\_0230).

<sup>197</sup> *Id.*

<sup>198</sup> Grassroots Strategy Inc. Iowa Secretary of State Corporate Filing, Dec. 29, 2010 (Exhibit 40 at 13-1274\_0232).

<sup>199</sup> *Id.* at 13-1274\_0234.

<sup>200</sup> Mr. Short did not cooperate with the OCE's review. However, in a response to the OCE's Requests for Information, Mr. Short's attorney stated: "As part of the services provided to Congresswoman Bachmann and her political committees in 2011, Mr. Short, through C&M, retained the consulting services of Mr. Sorenson, through Grassroots [Strategy Inc.]." Letter from Counsel to Mr. Short to the OCE Chief Counsel and Staff Director, Apr. 24, 2013 (Exhibit 21 at 13-1274\_0166). The OCE was unable to evaluate these statements during the course of an interview with Mr. Short.

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159. Mr. Short declined to provide any documents to the OCE in response to two Requests for Information, and he declined to be interviewed by the OCE.
160. Based on the foregoing information, the Board finds that there is not substantial reason to believe that Representative Bachmann knew that the FEC disclosure reports filed by BFP were false, when that committee failed to disclose Mr. Sorenson as the true recipient of the payments made by BFP.

**IV. REPRESENTATIVE BACHMANN MAY HAVE VIOLATED FEDERAL CAMPAIGN FINANCE LAWS AND HOUSE RULES BY USING CAMPAIGN RESOURCES TO PROMOTE HER BOOK, AND BY USING HER BOOK TOUR TO SUPPORT HER PRESIDENTIAL CAMPAIGN.**

**A. Laws, Regulations, Rules, and Standards of Conduct**

161. Federal Election Campaign Act

*Campaign funds “shall not be converted by any person to personal use.” 2 U.S.C. § 439a(b)(1).*

*“It is unlawful...for any corporation...to make a contribution or expenditure in connection with any election...or for any candidate...knowingly to accept or receive any contribution prohibited by this section...” 2 U.S.C. § 441b(a).*

*“[T]he provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution. Examples of such goods or services include, but are not limited to: Securities, facilities, equipment, supplies, personnel, advertising services, membership lists, and mailing lists.” 11 C.F.R. §100.52(d)(1).*

162. House Rules

*House Rule 23, clause 1 states that “[a] Member . . . of the House shall conduct himself at all times in a manner that shall reflect creditably on the House.”*

*House Rule 23, clause 6(b) states that “a Member may not convert campaign funds to personal use in excess of an amount representing reimbursement for legitimate and verifiable campaign expenditures.”*

163. House Ethics Manual

*The House Ethics Manual states that, “under provisions of the House Rules and statutory law that prohibit the conversion of campaign funds to personal use, a Member is prohibited from using campaign funds or resources either to purchase copies of a book from which he or she receives royalties, or in furtherance of any activity that involves sales of such a book.”<sup>201</sup>*

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<sup>201</sup> House Ethics Manual at 227 (citations omitted).

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*The House Ethics Manual further states that “[w]hile FECA and other statutes on campaign activity are not rules of the House, Members and employees must also bear in mind that the House Rules require that they conduct themselves ‘at all times in a matter that shall reflect creditably on the House’ (House Rule 23, clause 1). In addition, the Code of Ethics of Government Service, which applies to House Members and staff, provides in ¶ 2 that government officials should ‘[u]phold the Constitution, laws and legal regulations of the United States and of all governments therein and never be a party to their evasion.’ Accordingly, in violating FECA or another provision of statutory law, a Member or employee may also violate these provisions of the House rules and standards of conduct....*

*“Moreover, under these rules, a Member or employee must take reasonable steps to ensure that any outside organization over which he or she exercises control – including the individual’s own authorized campaign committee or, for example, a ‘leadership PAC’ – operates in compliance with applicable law.”<sup>202</sup>*

**B. Representative Bachmann May Have Used Resources from her Presidential Campaign Committee to Promote Her Book, *Core of Conviction***

164. In August 2011, Representative Bachmann entered into an agreement with Sentinel, a publishing imprint of Penguin Group (USA) Inc. (the “Publisher”), for the publication of a book to be authored by Representative Bachmann.<sup>203</sup> The book was ultimately titled *Core of Conviction*.<sup>204</sup>
165. The publishing agreement between Representative Bachmann and the Publisher provided that Representative Bachmann would not receive any advance payment for the book, but would be entitled to certain book royalties.<sup>205</sup>
166. The Committee on Ethics approved the publishing agreement between Representative Bachmann and the Publisher by letter dated August 10, 2011.<sup>206</sup>
167. Representative Bachmann told the OCE that she and her staff received guidance from the House Ethics Committee regarding promotional efforts for her book “every step of the way.”<sup>207</sup> BFP National Campaign Manager Keith Nahigian told the OCE that he consistently requested guidance from BFP’s legal counsel and from the Ethics Committee regarding activities related to Representative Bachmann’s book.<sup>208</sup>

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<sup>202</sup> House Ethics Manual at 122.

<sup>203</sup> Agreement between Michele Bachmann and Sentinel, an Imprint of Penguin Group (USA) Inc., Aug. 1, 2011 (hereafter “Publishing Agreement”) (Exhibit 41 at 13-1274\_0236-0249).

<sup>204</sup> See Kevin Diaz, “Bachmann previews book title: ‘Core of Conviction’”, MINNEAPOLIS STAR TRIBUNE, Sept. 13, 2011.

<sup>205</sup> Publishing Agreement ¶¶ 5-11 (Exhibit 41 at 13-1274\_0240-0242).

<sup>206</sup> Letter from Chairman and Ranking Member, U.S. House of Representatives Committee on Ethics, to Rep. Michele Bachmann, Aug. 10, 2011 (Exhibit 42 at 13-1274\_0251-0254).

<sup>207</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0008).

<sup>208</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149).



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168. The publishing agreement contemplated “publicity and promotional events” as well as a “marketing plan” for the book.<sup>209</sup> The events and the plan were to be the responsibility of, and paid for by, the Publisher, a New York corporation.<sup>210</sup>
169. In June 2011, the Publisher contemplated a marketing budget of approximately \$305,000 for Representative Bachmann’s book.<sup>211</sup> Of this amount, approximately \$145,000 was contemplated for publicity, including tour expenses.<sup>212</sup>
170. As part of its marketing efforts, the Publisher, in consultation with the BFP campaign, arranged a book tour consisting of stops primarily in Iowa, on or around November 25 to 28, 2011, and in South Carolina, on or around December 2 to 4, 2011.<sup>213</sup>
171. The question of who would pay the expenses of the book tour was the subject of discussion between Representative Bachmann’s presidential campaign and the Publisher.<sup>214</sup> Mr. Nahigian told the OCE that he worked with the Publisher in an attempt to divide the expenses in a “clean and easy” manner.<sup>215</sup>
172. The Publisher’s Director of Publicity told the OCE that the arrangements for payment of book tour expenses changed a number of times.<sup>216</sup> In a November 18, 2011 email, the Director of Publicity noted, “We’re splitting up the expenses with the campaign since so many of them are crossover.”<sup>217</sup>
173. The Publisher arranged and paid for a bus, separate from the bus used during the presidential campaign, to transport Representative Bachmann throughout the book tour.<sup>218</sup> This bus was used in both Iowa and South Carolina.<sup>219</sup>
174. The Publisher also paid for sound systems and related equipment, posters for Representative Bachmann’s book, certain flights for Representative Bachmann, and certain expenses related to media appearances in New York City.<sup>220</sup>

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<sup>209</sup> Publishing Agreement ¶ 40 (Exhibit 41 at 13-1274\_0247).

<sup>210</sup> Memorandum of Interview of Director of Publicity, Sentinel Publishing, Apr. 19, 2013 (hereafter “Sentinel Publicity Director MOI”) (Exhibit 43 at 13-1274\_0256); N.Y. Department of State, Division of Corporations, Corporation and Business Entity Database, available at [http://www.dos.ny.gov/corps/bus\\_entity\\_search.html](http://www.dos.ny.gov/corps/bus_entity_search.html).

<sup>211</sup> Email from Will Weisser to Dennis Lee, *et al.*, June 30, 2011 (Exhibit 45 at 13-1274\_0289).

<sup>212</sup> *Id.*

<sup>213</sup> Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0257); Schedule of Rep. Michele Bachmann, November 25-27, 2011, December 2-4, 2011 (Exhibit 44 at 13-1274\_0262-0287); Jason Noble, “Michele Bachmann will take book tour across Iowa next week,” DES MOINES REGISTER, Nov. 19, 2011.

<sup>214</sup> Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0259); BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149-0150).

<sup>215</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149).

<sup>216</sup> Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0259).

<sup>217</sup> Email from Sentinel Publicity Director to Jaclyn Levin, Nov. 18, 2011 (Exhibit 46 at 13-1274\_0291).

<sup>218</sup> Book Tour Invoices (Exhibit 47 at 13-1274\_0294-0295); Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0259); BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0150).

<sup>219</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0150).

<sup>220</sup> Book Tour Invoices (Exhibit 47 at 13-1274\_0296-0300); BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0150); Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0259).

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175. Mr. Nahigian said that BFP paid for the initial flights to Iowa and hotel charges since they “were going to Iowa.”<sup>221</sup> He believes the Publisher was asked to pay for three flights taken by Representative Bachmann and her personal aide, including round-trip flights to New York City for book-related media interviews, and one-way flights from Florida to South Carolina to begin the South Carolina leg of the book tour.<sup>222</sup>
176. BFP appears to have paid for certain car service expenses for Representative Bachmann while traveling to promote her book. The Director of Publicity noted in an email that she had “a deal with the campaign manager that he’s providing cars for the media interviews when the media outlet isn’t able to.”<sup>223</sup>
177. Notes summarizing a “Book PR Call” held on or around October 21, 2011 between the Publisher and BFP representatives discuss a Sentinel preorder email announcement to be sent to supporters of Representative Bachmann, noting that “Penguin can rent MichelePAC email list.... Can’t rent Bachmann for President/Congress list.”<sup>224</sup> The notes also state that “Legal must review email before it’s sent out – will review tonight and pass through HEC tomorrow.”<sup>225</sup>
178. In December 2011, a BFP consultant invoiced the Publisher in the amount of \$5,798.97 for two “Email Deployments” in November 2011.<sup>226</sup> The invoice is marked “Paid 08/09/2012.”<sup>227</sup> It is not clear from the invoice which email deployments were the subject of this invoice.
179. The Publisher was responsible for staffing the book tour events, often with book store employees.<sup>228</sup> For book tour events not held in book stores, the Publisher had hired a third party vendor to staff the events.<sup>229</sup> An employee of the Publisher traveled with Representative Bachmann during at least some part of the book tour.<sup>230</sup>
180. Several BFP staff members traveled with Representative Bachmann on the book tour bus at various times during the book tour, including the Mr. Nahigian, Senior Policy Advisor Brett O’Donnell, the BFP press secretary, Representative Bachmann’s personal aide, and a BFP advance staff member.<sup>231</sup>
181. Mr. Nahigian told the OCE that he traveled with Representative Bachmann during the book tour to handle the constant media questions about the presidential campaign that

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<sup>221</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0150).

<sup>222</sup> *Id.*

<sup>223</sup> Email from Sentinel Publicity Director to Jaelyn Levin, Nov. 18, 2011 (Exhibit 46 at 13-1274\_0291).

<sup>224</sup> Email from Tiffany Liao to Sentinel Publicity Director, *et al.*, Oct. 20, 2011 (Exhibit 48 at 13-1274\_0302).

<sup>225</sup> *Id.*

<sup>226</sup> Invoice from Campaign Solutions/The Donatelli Group to Senteniel [*sic*]/Penguin Group (USA) Inc., Dec. 1, 2011 (Exhibit 49 at 13-1274\_0304).

<sup>227</sup> *Id.*

<sup>228</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149).

<sup>229</sup> *Id.*

<sup>230</sup> Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0257).

<sup>231</sup> *See, e.g.*, Schedule for Rep. Michele Bachmann, Nov. 25, 2011 (Exhibit 44 at 13-1274\_0262); Schedule for Rep. Michele Bachmann, Dec. 2, 2011 (Exhibit 44 at 13-1274\_0275). *See also* BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149).

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would arise during the tour.<sup>232</sup> He explained that “the campaign never stops,” and that he needed to be with Representative Bachmann to continue providing advice and to make decisions about the campaign.<sup>233</sup>

182. Mr. Nahigian said that the BFP press secretary traveled with Representative Bachmann during the book tour to ensure that any media at the book signing events would direct inquiries through proper channels.<sup>234</sup>
183. Mr. O’Donnell said that it was his job during the book tour to assist with media as it related to the campaign.<sup>235</sup> He said that BFP staff members were not given any formal duties at book signing events, but from time to time they would “pitch in” if there was a large crowd at a particular event.<sup>236</sup>
184. BFP staff may have been used to promote and staff some of Representative Bachmann’s book signing events in Iowa. On November 21, 2011, the BFP Iowa Campaign Manager sent an email to several BFP staff members in Iowa about the “Iowa book-signing event details.”<sup>237</sup> In the email, the Iowa Campaign Manager told the staff to “[f]eel free to pass around details of these events to your friends, family, county chairs, precinct captains, churches, service groups, etc. We’d love to have tons of people turn out for MB’s events....”<sup>238</sup>
185. On November 25, 2011, after the book tour stop in Mason City, Iowa, the BFP Iowa Campaign Manager emailed BFP campaign staff in Iowa about the need to increase the turnout at the remaining book tour events:<sup>239</sup>

On Nov 25, 2011, at 3:54 PM, Eric Woolson wrote:

All – the Mason city event was a disaster. Please get in touch with anyone you know who might turn out for the following events and remind them about the events. It'd be great if they buy books but, remember, not everyone does or not everyone goes to these events thinking they're going to buy. WE NEED BODIES AT THESE EVENTS TODAY AND TOMORROW!

186. In response to the Iowa Campaign Manager’s email, the BFP Home School Coalition Director, a paid BFP staff member, attended two book signing events, the first in West Des Moines and the second in Council Bluffs, Iowa.<sup>240</sup> She brought a BFP intern with her to the West Des Moines event, and she notified “more than 200 homeschooling families” of the West Des Moines event by email.<sup>241</sup>

<sup>232</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149).

<sup>233</sup> *Id.*

<sup>234</sup> *Id.*

<sup>235</sup> BFP Senior Policy Advisor (Exhibit 18 at 13-1274\_0158).

<sup>236</sup> *Id.*

<sup>237</sup> Email from BFP Iowa Campaign Manager to BFP Iowa Staff, Nov. 21, 2011 (Exhibit 50 at 13-1274\_0306).

<sup>238</sup> *Id.*

<sup>239</sup> Email from BFP Iowa Campaign Manager to BFP Iowa Staff, Nov. 25, 2011 (Exhibit 51 at 13-1274\_0308).

<sup>240</sup> Memorandum of Interview of BFP Home School Coalition Director, Apr. 24, 2013 (hereafter “BFP Home School Coalition Director MOI”) (Exhibit 52 at 13-1274\_0316).

<sup>241</sup> *Id.* at 13-1274\_0315-0316; email from BFP Home School Coalition Director to BFP Iowa Campaign Manager and BFP Iowa Staff, Nov. 25, 2011 (Exhibit 53 at 13-1274\_0319).

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187. The BFP Home School Coalition Director submitted expenses relating to the two book signing events she attended, including her mileage incurred for attending each event and a meal expense, and was reimbursed by BFP.<sup>242</sup> She told the OCE that she attended the book signing events in her capacity as a BFP staff member.<sup>243</sup>
188. A BFP Iowa field staff member reported that she had “at least 40 to 50 people in Waterloo” for the book signing event there, and that she “called about 70 people in 4 of my areas earlier today for today and tomorrow’s book signing.”<sup>244</sup>
189. BFP National Political Director Guy Short suggested that the campaign send BFP’s Iowa email list a notice about the book signing events.<sup>245</sup>

On Nov 25, 2011, at 5:07 PM, [REDACTED]@aol.com" <[REDACTED]@aol.com> wrote:

Becki,

Can we push people to these events through IA emails? Maybe simply forward the advisory to the targeted area? Or because of time and manpower over the holiday weekend we simply forward the media advisory to the entire IA email list with the Subject: Come meet Michele Bachmann this weekend.

Thoughts?

190. BFP’s social media advisor confirmed that an email about the book signing events had been sent to the campaign’s “entire Iowa list” on the evening of November 25, 2011.<sup>246</sup>

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<sup>242</sup> BFP Home School Coalition Director MOI (Exhibit 52 at 13-1274\_0317); Bachmann for President Auto Mileage Expense Reimbursement Form, Expense Report, and Reimbursement Check (Exhibit 54 at 13-1274\_0323-0325).

<sup>243</sup> BFP Home School Coalition Director MOI (Exhibit 52 at 13-1274\_0315).

<sup>244</sup> Email from BFP Iowa Field Staff Member to BFP Iowa Campaign Manager and BFP Iowa Staff, Nov. 25, 2011 (Exhibit 55 at 13-1274\_0327).

<sup>245</sup> Email from Guy Short to BFP Iowa Staff, Nov. 25, 2011 (Exhibit 56 at 13-1274\_0331).

<sup>246</sup> Email from Rebecca Donatelli to Guy Short, copied to BFP Iowa Staff, Nov. 25, 2011 (Exhibit 56 at 13-1274\_0331).

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191. On November 27, 2011, after much of the Iowa portion of Representative Bachmann's book tour had been completed, a BFP advance staff member who traveled with Representative Bachmann during the book tour sent an email to the BFP Iowa Campaign Manager and other BFP Iowa staff thanking them for their assistance with the book tour events:<sup>247</sup>

From: Craig Handzlik <[REDACTED]@hotmail.com>  
To: Eric Woolson <[REDACTED]@theconceptworks.com>  
Cc: Barb Haki <[REDACTED]@aol.com>; Brad Zaun <[REDACTED]@rrealty.com>; Christopher Dorr <[REDACTED]@gmail.com>; Drew Klein <[REDACTED]@bachmannhq.com>; Drew Klein <[REDACTED]@gmail.com>; Emma Aquino-Nemecsek <[REDACTED]@aol.com>; Guy Short <[REDACTED]@aol.com>; Kent Sorenson <[REDACTED]@kantsorenson.com>; Mark Doland <[REDACTED]@yahoo.com>; Matthew Combs <[REDACTED]@netzero.net>; Peter Waldron <[REDACTED]@msn.com>; Tony Eastman <[REDACTED]@tonyeastman.com>; Wes Enos <[REDACTED]@wesenos.com>; Megan Ferraro <[REDACTED]@nahigianstrategies.com>  
Subject: Re: URGENT: We need to do more on the book events turn out  
Date: Sun, Nov 27, 2011 9:23 pm

Hey All,

I just wanted to send you all a quick thank you for helping out with the book tour events. I know there was some question about how much we were all allowed to actively promote the events. However, the second that the IA campaign staff began helping out with these stops, the events were markedly improved. I polled the public at a few of the events and almost everyone I asked said that they came to the signing because of tactics that you employed. Eric, Brad, Kent, Barb, Alex and Emma were huge assets at the events as well.

I thank you!

Best,

Craig Handzlik  
Cell: 310-938-[REDACTED]  
[REDACTED]@hotmail.com

**C. Representative Bachmann May Have Used Her Book Tour, Paid for by the Book's Publisher, to Promote Her Presidential Campaign**

192. When asked whether Representative Bachmann and her team were trying to promote her presidential campaign through her book tour, the Publisher's Director of Publicity told the OCE that it was her sense that Representative Bachmann's team was trying to make the book tour a "collaborative effort" with the presidential campaign.<sup>248</sup>
193. BFP National Campaign Manager Keith Nahigian served as the BFP's liaison to the Publisher during the planning of promotional events and other efforts for Representative Bachmann's book.<sup>249</sup>

<sup>247</sup> Email from Craig Handzlik to BFP Iowa Campaign Manager, *et al.*, Nov. 27, 2011 (Exhibit 51 at 13-1274\_0308).

<sup>248</sup> Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0258).

<sup>249</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0148); Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0257).

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194. Mr. Nahigian told the OCE that, with respect to Representative Bachmann's book tour, his job was to provide the Publisher with "windows of time" in which book tour events could be scheduled.<sup>250</sup>
195. However, a September 28, 2011 email written by a Publisher employee summarizing a planning call with Mr. Nahigian, the BFP Press Secretary, and representatives from the Publisher held the day before, suggests that BFP staff had a greater role in planning the book tour, including the statement that the Mr. Nahigian "will provide dream tour for Black Weekend."<sup>251</sup>
196. The email indicates that "Team MB" was proposing the cities to be included in the book tour, based on the presidential campaign's plans, need, and goals.<sup>252</sup> The email notes that BFP staff indicated to the Publisher that certain proposed book tour locations were "v. important to us" or "a priority for MB."<sup>253</sup>
197. In addition, the email states that "Team MB wants to be in the lead for IA radio and media," and that Mr. Nahigian "will provide us w/ list of megachurches."<sup>254</sup> The email states that the BFP campaign is "discussing staffing buses with their people..."<sup>255</sup>
198. The email appears to quote a BFP staff member as stating, in the context of planning the book tour: "If we win IA and win SC, we'll win the whole thing."<sup>256</sup>
199. The BFP Iowa Campaign Manager told the OCE that he believes that Mr. Nahigian was in charge of logistics for Representative Bachmann's book tour.<sup>257</sup>
200. The BFP Iowa Campaign Manager said that Mr. Nahigian asked him to map out stops to hit during the book tour.<sup>258</sup> The Iowa Campaign Manager believes that he would have called some bookstores as part of his efforts to map out stops.<sup>259</sup>
201. The BFP Iowa Campaign Manager said that he had a personal concern about the line between the campaign and the book tour, so he worked on Mr. Nahigian's request at his consulting firm office, rather than the Iowa campaign headquarters.<sup>260</sup> The Iowa Campaign Manager said he was not sure who he should have invoiced for his book tour work, but did not consider it part of his BFP duties.<sup>261</sup>
202. Additionally, BFP Iowa campaign staff members appear to have used book signing events organized and paid for by the Publisher to promote Representative Bachmann's

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<sup>250</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0148).

<sup>251</sup> Email from Tiffany Liao to Sentinel Publicity Director, *et al.*, Sept. 28, 2011 (Exhibit 57 at 13-1274\_0335).

<sup>252</sup> *Id.*

<sup>253</sup> *Id.*

<sup>254</sup> *Id.*

<sup>255</sup> *Id.*

<sup>256</sup> *Id.*

<sup>257</sup> BFP Iowa Campaign Manager MOI (Exhibit 22 at 13-1274\_0171).

<sup>258</sup> *Id.*

<sup>259</sup> *Id.*

<sup>260</sup> *Id.*

<sup>261</sup> *Id.*

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presidential campaign by handing out BFP literature and signs and by signing up volunteers at these events.

203. After the BFP Iowa Campaign Manager sent his November 25, 2011 email to Iowa campaign staff regarding turn-out at book signing events, the BFP Home School Coalition Director asked what kind of help would be needed.<sup>262</sup> The Iowa Campaign Manager responded: “Handing out literature and signing up people.”<sup>263</sup>
204. On November 26, 2011, the BFP Iowa Deputy Campaign Manager emailed the BFP Iowa Campaign Manager and other BFP Iowa staff members, citing the need “to discuss a strategy [*sic*] to cover signup sheets and lit at the next 3 book signings.”<sup>264</sup>
205. The BFP Home School Coalition Director told the OCE that, at the West Des Moines, Iowa event, she gave a BFP intern, the intern’s mother, and her husband clip boards and sign-up sheets and asked them to sign up volunteers for BFP.<sup>265</sup> She also gave them BFP literature and asked them to hand it out to the event attendees.<sup>266</sup>
206. The BFP Home School Coalition Director and her husband handed out BFP literature and signed up volunteers for BFP at the Council Bluffs, Iowa book signing event.<sup>267</sup>
207. The BFP Iowa Campaign Manager emailed several BFP Iowa staff members to inform them that another BFP staff member would be “helping with the signup” at the book signing event held in Sioux City, Iowa.<sup>268</sup>
208. In a November 26, 2011 email to the BFP Iowa Campaign Manager and other BFP staff, the BFP Home School Coalition Director reported that, at the West Des Moines book signing event, “Michele motioned to me in the middle of the book signing to ask if we were doing signup sheets. (She didn’t see them because our intern had already started at the head of the line before Michele got there and by then was at the end of the line, signing up new people as they arrived. But Michele definitely was asking if we were getting people signed up.)”<sup>269</sup>

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<sup>262</sup> Email from BFP Home School Coalition Director to BFP Iowa Campaign Manager, Nov. 25, 2011 (Exhibit 58 at 13-1274\_0338).

<sup>263</sup> Email from BFP Iowa Campaign Manager to BFP Home School Coalition Director, Nov. 25, 2011 (Exhibit 58 at 13-1274\_0338). In a 2011 Advisory Opinion, the Federal Election Commission was asked whether a federal candidate could collect email addresses of people who attended book signing and promotional events, for the purpose of soliciting campaign contributions in the future. See FEC Advisory Op. 2011-02 (Feb. 17, 2011). The FEC was unable to approve a response to this question by the required four votes. *Id.*

<sup>264</sup> Email from BFP Iowa Deputy Campaign Manager to BFP Iowa Campaign Manager, *et al.*, Nov. 26, 2011 (Exhibit 59 at 13-1274\_0340).

<sup>265</sup> BFP Home School Coalition Director MOI (Exhibit 52 at 13-1274\_0316).

<sup>266</sup> *Id.*

<sup>267</sup> *Id.*

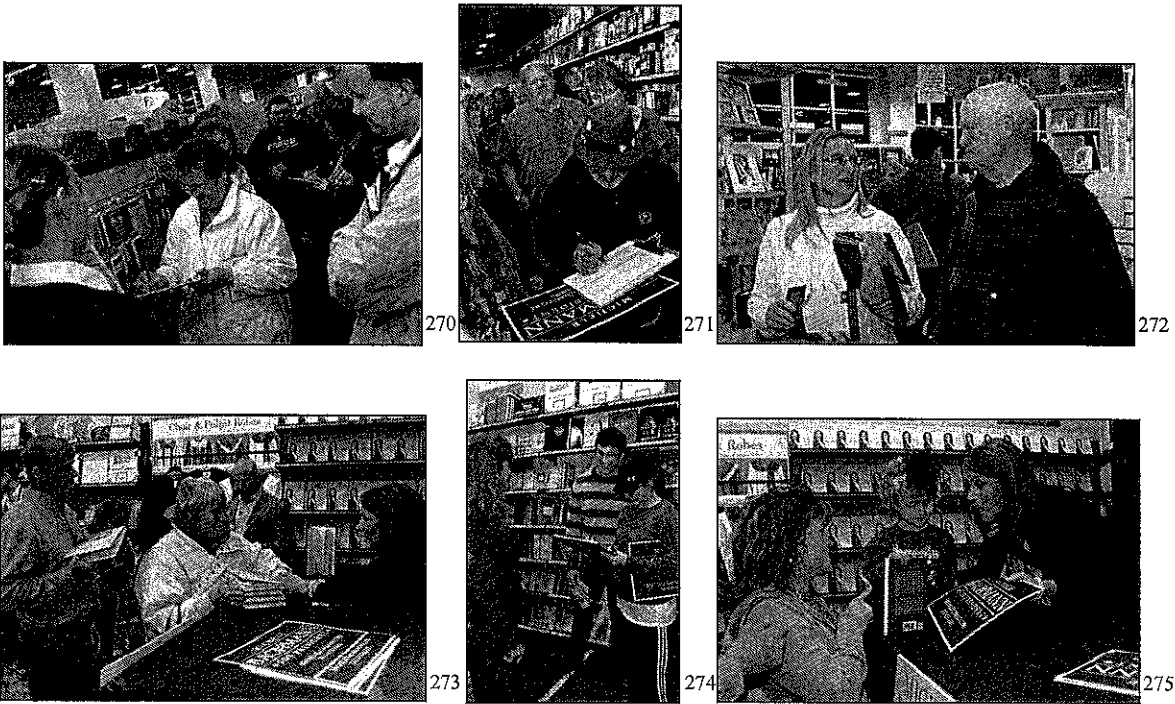
<sup>268</sup> Email from BFP Iowa Campaign Manager to BFP Iowa Staff, Nov. 27, 2011 (Exhibit 60 at 13-1274\_0342).

<sup>269</sup> Email from BFP Home School Coalition Director to BFP Iowa Campaign Manager, *et al.*, Nov. 26, 2011 (Exhibit 60 at 13-1274\_0342).

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209. Photographs from the West Des Moines book signing event show Representative Bachmann and BFP campaign staff and volunteers handing out BFP signs and literature, as well as signing up campaign volunteers, at the event.



210. Photographs from the Council Bluffs book signing event show Representative Bachmann and BFP campaign staff signing up campaign volunteers and handing out BFP signs at the event.



<sup>270</sup> BFP intern collecting BFP volunteer signup sheets. The photographs were provided to the OCE by the former BFP Evangelical Leader.

<sup>271</sup> Book signing attendee completing a BFP volunteer signup sheet.

<sup>272</sup> BFP volunteer with BFP literature.

<sup>273</sup> BFP campaign signs at Rep. Bachmann's book signing table.

<sup>274</sup> BFP Home School Coalition Director signing up BFP volunteers.

<sup>275</sup> Rep. Bachmann with BFP campaign signs at the book signing event.

<sup>276</sup> BFP Home School Coalition Director signing up BFP volunteers.

<sup>277</sup> *Id.*



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211. Representative Bachmann told the OCE that she had no knowledge as to whether BFP campaign staff signed up campaign volunteers at book tour events.<sup>279</sup> She said that, to her knowledge, campaign materials were not handed out at book tour events.<sup>280</sup>
212. When shown the photographs from the West Des Moines and Council Bluffs book signing events, Representative Bachmann said that she was focused on interacting with those attending the event and signing books and did not remember any campaign activity at the book signing events.<sup>281</sup>
213. Mr. Nahigian told the OCE that he was not aware of any coordination of efforts by BFP staff to engage in campaign activities at Representative Bachmann's book signing events.<sup>282</sup> He said that if Iowa campaign staff members did engage in campaign activities at these events, it seemed like a "natural effort" that would be undertaken for any large gathering of people.<sup>283</sup>
214. Mr. Nahigian said that the campaign would not have had any presidential campaign materials inside of book signing events.<sup>284</sup>
215. When asked about photographs depicting campaign staff signing up volunteers, Mr. Nahigian stated that the activity was not being done inside the book signing event, but rather in the hallway.<sup>285</sup> When asked about photographs depicting campaign signs and literature being handed out at the events, Mr. Nahigian said that attendees may have brought these materials themselves to be signed by Representative Bachmann.<sup>286</sup>
216. The Publisher's Director of Publicity told the OCE that the Publisher's representative traveling with Representative Bachmann during the Iowa portion of the book tour had told her that campaign activity was occurring at the book signing events.<sup>287</sup> She said that she was told that at the start of the book tour stops, Representative Bachmann would say, "I'm Michele Bachmann and I'm running for President."<sup>288</sup>
217. The Director of Publicity also told the OCE that it was the plan to intersperse campaign events among the book tour events, and that there would be "down time" in various cities in which Representative Bachmann was free to do other activities.<sup>289</sup>
218. Mr. Nahigian told the OCE that he did not recall any campaign events interspersed among the book tour events.<sup>290</sup> However, BFP Senior Policy Advisor Brett O'Donnell told the OCE that campaign events were interspersed among the book tour events.<sup>291</sup>

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<sup>278</sup> Rep. Bachmann with BFP campaign signs at the book signing event.

<sup>279</sup> Rep. Bachmann MOI (Exhibit 1 at 13-1274\_0008).

<sup>280</sup> *Id.* at 13-1274\_0009.

<sup>281</sup> *Id.*

<sup>282</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0151).

<sup>283</sup> *Id.*

<sup>284</sup> *Id.*

<sup>285</sup> *Id.*

<sup>286</sup> *Id.*

<sup>287</sup> Sentinel Publicity Director MOI (Exhibit 43 at 13-1274\_0259).

<sup>288</sup> *Id.*

<sup>289</sup> *Id.* at 13-1274\_0260.

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219. Representative Bachmann's schedule during the book tour indicates that, on December 2, 2011, she attended a fundraising event in Charlotte, North Carolina prior to her book signing event in Rock Hill, South Carolina.<sup>292</sup>
220. Representative Bachmann also had private meetings with state officials and others scheduled at or around book signing events, including a December 2, 2011 private meeting with a South Carolina state representative at the book store in which a book signing event was held.<sup>293</sup>
221. On December 4, 2011, Representative Bachmann had a private meeting with a South Carolina state-senator.<sup>294</sup> While the location of this meeting is listed as the "Campaign Bus,"<sup>295</sup> Mr. Nahigian told the OCE that a bus paid for by the Publisher, not the BFP campaign bus, was used during the book tour.<sup>296</sup>
222. Based on the foregoing information, the Board finds that there is substantial reason to believe that Representative Bachmann used resources from her presidential campaign to promote her book in violation of federal campaign finance law and House rules.
223. Based on the foregoing information, the Board finds that there is substantial reason to believe that Representative Bachmann used promotional activities paid for by the Publisher of her book to promote her presidential campaign in violation of federal campaign finance laws and House rules.

## V. CONCLUSION

224. The OCE Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by using funds from her leadership PAC to support her presidential campaign, as there is substantial reason to believe that Representative Bachmann authorized, permitted, or failed to prevent, by not taking reasonable steps to ensure that her leadership PAC operated in compliance with federal campaign finance laws, the use of leadership PAC funds to compensate a campaign consultant for work he performed for her presidential campaign, resulting in a contribution from the leadership PAC to the presidential campaign in excess of the legal limit.

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<sup>290</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0151).

<sup>291</sup> BFP Senior Policy Advisor MOI (Exhibit 18 at 13-1274\_0159).

<sup>292</sup> See Schedule for Rep. Michele Bachmann, Dec. 2, 2011 (Exhibit 44 at 13-1274\_0275). In a 2011 Advisory Opinion, the Federal Election Commission was asked whether a federal candidate could host fundraising events in cities where a book publisher had paid the candidate's travel costs to promote his book. See FEC Advisory Op. 2011-02 (Feb. 17, 2011). The FEC was unable to approve a response to this question by the required four votes. *Id.*

<sup>293</sup> Schedule for Rep. Michele Bachmann, Dec. 2, 2011 (Exhibit 44 at 13-1274\_0276).

<sup>294</sup> Schedule for Rep. Michele Bachmann, Dec. 4, 2011 (Exhibit 44 at 13-1274\_0286). A handwritten notation on the schedule suggests that Representative Bachmann may have met with another South Carolina legislator.

<sup>295</sup> *Id.*

<sup>296</sup> BFP National Campaign Manager MOI (Exhibit 17 at 13-1274\_0149).

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225. The OCE Board recommends that the Committee on Ethics dismiss the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by failing to disclose accurately payments to an Iowa State Senator for service as the Iowa state chairman of her presidential campaign, instead only disclosing payments to a campaign consultant who then conveyed the payments to the State Senator, as there is not substantial reason to believe that Representative Bachmann knew that the FEC disclosure reports filed by BFP were false. Because the evidence before the Board suggests that the FEC disclosure reports filed by BFP may not have accurately identified the Iowa State Senator as the true recipient of payments made by BFP, the Board voted to refer the information obtained during the course of its review of this allegation to the FEC.
226. The OCE Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by using campaign resources to promote the sale of her book *Core of Conviction*, as there is substantial reason to believe that Representative Bachmann used resources from her presidential campaign to promote her book.
227. The OCE Board recommends that the Committee on Ethics further review the allegation that Representative Bachmann may have violated federal campaign finance laws and House rules by accepting an improper in-kind contribution to her presidential campaign from the publisher of her book, as there is substantial reason to believe that she used promotional book activities paid for by the publisher to promote her presidential campaign.

**VI. INFORMATION THE OCE WAS UNABLE TO OBTAIN AND RECOMMENDATIONS FOR THE ISSUANCE OF SUBPOENAS**

228. The following individuals or entities did not provide a Request for Information Certification, as required under OCE Rule 4(A)(2), when responding to Requests for Information, and were therefore determined to be non-cooperating witnesses:
  - (1) Representative Bachmann;
  - (2) Bachmann for President;
  - (3) Bachmann for Congress;
  - (4) MICHELE PAC;
  - (5) Keith Nahigian, former BFP National Campaign Manager;
  - (6) Brett O'Donnell, former BFP Senior Policy Advisor;
  - (7) James Pollack, former BFP National Finance Chairman; and
  - (8) David Polyansky, former BFP Deputy Campaign Manager.

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229. The following witness, by declining to provide documentary or testimonial evidence to the OCE, did not cooperate with the OCE's review:

(1) Guy Short, Director of MICHELE PAC, BFC Consultant, and former BFP National Political Director; and

(2) Kent Sorenson, Iowa State Senator and former BFP Iowa State Chairman;

230. The Board recommends the issuance of subpoenas to Mr. Short and Mr. Sorenson.

# **EXHIBIT 1**

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Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

OFFICE OF CONGRESSIONAL ETHICS  
UNITED STATES HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

IN RE: Representative Michele Bachmann  
REVIEW No(s): 13-1274  
DATE: April 24, 2013  
LOCATION: 2550 M Street, NW  
Washington, DC 20037  
TIME: 11:10 a.m. to 12:20 p.m. (approximate)  
PARTICIPANTS: Scott Gast  
Omar S. Ashmawy  
Benjamin Wood, counsel to the witness  
William McGinley, counsel to the witness

SUMMARY: The OCE requested an interview with the witness and he consented to an interview. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning, which will be placed in the case file in this review.
2. The witness is currently the U.S. Representative from Minnesota's 6th District.
3. The witness was asked about her leadership PAC, MICHELE PAC. She did not remember when the PAC was created, but recalled that it was after she was first elected to Congress.
4. Asked why the PAC was created, the witness stated that Guy Short, a political consultant to her congressional campaign, told her that it would be something good for her to create and that it would be helpful in getting like-minded individuals elected.
5. At Representative Bachmann's direction, Mr. Short established MICHELE PAC. According to Representative Bachmann, Mr. Short is in charge of the PAC and has been since its inception.
6. Asked about her level of involvement in the PAC's activities, the witness stated that she approves fundraising letters sent by the PAC. Prior to elections, at the disbursement stage, the witness gives final approval to candidate contributions made by the PAC.
7. Asked who approves other, non-campaign-contribution disbursements made by the PAC, the witness replied, "I assume Guy."
8. The witness said that she is not responsible for the hiring or firing of PAC employees or consultants. Mr. Short is responsible for those decisions.

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9. The witness did not know and could not remember if there was a formal consulting agreement between Mr. Short and MICHELE PAC. She only remembered "Guy saying he'd set everything up and take care of it. So I said go for it."
10. When asked about Mr. Short's compensation for work he performed for the PAC, the witness said that she "assumes" that Mr. Short is currently being paid \$5,000 per month from the PAC, but she was not sure if that had changed over time.
11. The witness never negotiated any compensation arrangements with Mr. Short. The witness repeated that Mr. Short had told her that he would set up the PAC and take care of it. The witness told the OCE, "I trusted him to run it."
12. The witness said that no one negotiated with Mr. Short over his compensation from the PAC. Rather, Mr. Short's compensation arrangements would have been left to him.
13. Asked who supervises Mr. Short's work for MICHELE PAC, the witness said that Mr. Short supervises his own work on the PAC.
14. The witness did not remember when she met Mr. Short for the first time. She recalled that her congressional office was located in the Cannon building at the time she met Mr. Short; this is the first Congress in which her office is not in the Cannon building.
15. The witness said that Mr. Short had been the chief of staff for another Member of Congress when she first became aware of him. She said that Mr. Short had good references and a good reputation with other Members.
16. The witness said that she knew C&M Strategies to be Mr. Short's business, but she did not know if anyone other than Mr. Short works for the firm or if he has any partners or employees. The witness did not know if C&M Strategies had clients other than the witness' political committees.
17. According to the witness, Mr. Short served on her congressional staff "very briefly, very, very briefly," but she did not recall when that was. He was hired to conduct a review of the office, including the office staff, budget, and constituent services. He had a good reputation for running an office and the witness was concerned about making sure her office was running efficiently. The witness thought he did a thorough, good job in conducting the review.
18. After Mr. Short finished the review of her congressional office, the witness spoke to Mr. Short about working on "the campaign side." Mr. Short said he could be of assistance with fundraising, and the witness said that he has been.
19. The witness hired Mr. Short to work as a consultant for her congressional campaign, Bachmann for Congress ("BFC"), providing general campaign and fundraising advice. She could not recall when he was hired by BFC. The witness said that the decision to hire Mr. Short was hers.
20. Asked if Mr. Short had other duties with respect to BFC, the witness stated that she delegated campaign work to him. She hired him and she trusted him. All of his work has been good, so she felt comfortable leaving decisions in his hands.

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21. The witness did not remember if there was a formal consulting agreement between Mr. Short and BFC. She recalled that Mr. Short told her that his retainer fee would be \$7,500 per month and she believes that is what BFC paid him.
22. Asked about the frequency of her interaction with Mr. Short before launching her presidential campaign, the witness explained that if there was a campaign going on she would have more contact with him, mostly by telephone. Mr. Short would sometimes travel to Washington. If there was no campaign ongoing, the witness would have infrequent contact with him.
23. Immediately preceding the launch of the witness' presidential campaign, Mr. Short was doing what he had been doing before: working as a general consultant for BFC and running MICHELE PAC. The witness said he was doing good work and she had no reason to doubt him.
24. According to the witness, Mr. Short's role in her presidential campaign was to offer general campaign consulting services. The witness stated that she thought Mr. Short was also involved in fundraising for the presidential campaign.
25. The witness did not know if Mr. Short continued to work for BFC after he was retained by the presidential campaign. The witness believes he continued to work for MICHELE PAC.
26. The witness recalled that Mr. Short was later named the Bachmann for President ("BFP") National Political Director. When asked if Mr. Short's duties changed at the time he became National Political Director, the witness explained that what she did was hire a campaign manager, Ed Rollins, and that the campaign manager worked on forming a team and dealt with compensation. The witness stated: "That was not my area."
27. Asked again if Mr. Short's duties changed after being given the title, the witness said that she did not know. She did not know what his duties were because that was not her "function."
28. The witness explained that her campaign team made it clear to her from the beginning of the campaign that her job was to be the candidate, and if she focused on actually running the campaign, it would not work.
29. Asked who was on the campaign team she referenced, the witness stated that it was the group that was assembled. Asked who was part of this group, the witness said that she could not remember. She stated: "I can't remember. It was a big group."
30. The witness said that she did not know Mr. Short's compensation arrangements for his work with BFP. She said that she hired people to make hiring and compensation decisions. The witness stated that she assumed Mr. Rollins and his assistant, David Polyansky, would have made these decisions. The witness said she was not involved in hiring or compensation decisions.
31. The witness said that her campaign managers may have run names of potential campaign employees or consultants by her, but she did not remember. She repeated that it was their job to build a campaign team.
32. The witness stated that she has never had any conversations with Mr. Short about his compensation from BFP. She stated that she has not had any conversation with anyone about Mr. Short's compensation from BFP.



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33. The witness stated that she has never had any conversation with Mr. Short about his compensation from MICHELE PAC. She “just trusted him.”
34. Asked if Mr. Short’s compensation arrangements with the PAC changed when he joined BFP, the witness stated that she did not know. She did not make that decision. Asked who did, the witness said that she assumed it was Mr. Short.
35. The witness said that she did not find Mr. Short to be a “greedy person,” and that she “deferred to his judgment” with respect to his compensation from both BFC and MICHELE PAC.
36. The witness said that she did not review invoices from or payments to C&M Strategies for MICHELE PAC during the presidential campaign, nor was she kept informed of invoices or payments. Asked who would have reviewed and approved the payment of invoices, the witness said that it would probably have been Mr. Short.
37. Asked about invoices from Mr. Short or his company to BFP, and payments made by BFP to Mr. Short or his company, the witness said that Mr. Short would have had conversations with the person to whom he reported. She said that she did know to whom Mr. Short reported.
38. The witness said she had no knowledge as to whether C&M Strategies was paid or not paid by BFP for November or December 2011.
39. Asked whether Mr. Short worked as a volunteer at the end of her presidential campaign, the witness said that she remembered him saying to her that he was going to volunteer in Iowa, that he was going to travel there, spend time there, and volunteer. She believes that he said this to her at some point in November or December 2011, late in the campaign leading up to the caucuses.
40. When asked why he was working as a volunteer, she said that he did so because he wanted her to win. When asked if Mr. Short was volunteering because BFP was running short of funds, the witness noted that hers was not the only campaign running out of money. She said that she was not involved in decisions about who was getting paid and who was not.
41. The witness said that Mr. Short did, in fact, go to Iowa, but she did not remember what he was doing at the time. She said that she does not remember interacting directly with him during this time. She explained that she was doing a 99 county tour through Iowa, and she does not believe Mr. Short traveled with her on this tour. She remembered scattered conversations with people about what Mr. Short was doing in Iowa.
42. The witness said that she never discussed alternative compensation arrangements with Mr. Short at this time. She said that they never discussed paying Mr. Short through MICHELE PAC.
43. During the presidential campaign, the witness did not know who reviewed payments from MICHELE PAC. She said that she did not review PAC disbursements and did not know who did. She did not know if Mr. Short was the person who reviewed payments made by the PAC.
44. The witness did not remember if there was a fundraising initiative planned for MICHELE PAC in December 2011. She said that there may have been such an initiative. She said that she did not make decisions about when or how to raise funds; that was Mr. Short’s expertise.

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45. Asked if she approved any fundraising letters for MICHELE PAC in December 2011, the witness said that she may have, but that she did not remember. If she did review any such letters, she would have been handed the letter and asked to read and approve it.
46. Asked who had the authority to approve a fundraising project for MICHELE PAC in December 2011, the witness said, "Probably Guy." The witness said that she relied on Mr. Short and that this was his job.
47. The witness said that she was not aware of any payments made by MICHELE PAC to Mr. Short at the time the payments were made in December 2011. She explained that this was the height of the presidential campaign and she was conducting a 99 county tour of Iowa. She was fully engaged in the presidential campaign. She trusted people to do their jobs.
48. Asked if it would have been odd to focus on a MICHELE PAC fundraising initiative in December 2011, given everything that was going on with the presidential campaign, the witness said that it would have been odd for her to have had such a focus. Asked if it would have been odd for Mr. Short, she replied, "No, because I trusted Guy." She said he understood timing.
49. The witness first learned about the December 2011 payments from MICHELE PAC to Mr. Short some time after the FEC report including those payments was filed. She said she asked her campaign finance chairman James Pollack to review the matter.
50. The witness said that Mr. Pollack called her and told her that he thought it was odd that while Mr. Short had been getting monthly retainer payments from MICHELE PAC, there was a lump sum payment to Mr. Short in December 2011.
51. The witness did not remember when this occurred. Asked if it would have been after BFP's year-end Federal Election Commission ("FEC") report was filed, the witness said that she did not know how FEC filings worked.
52. Asked about her reaction when she learned of the payments to Mr. Short, the witness said, "I don't like any problems." She said that she told Mr. Pollack to make sure everything was ok, that everything was done right and reported right.
53. The witness said that Mr. Pollack looked into the payments and told her that it was fine. He said that Mr. Short had just "pushed" his retainer payments "together," either taking deferred compensation all at once or pre-paying himself for future work.
54. The witness said that Mr. Pollack told her that the issue was whether Mr. Short had been paid too much. He told her that Mr. Short had not been paid too much, but that he wished Mr. Short had not done it the way he had, because it was "odd." The witness said that they knew her campaign was being closely watched and wanted to avoid anything odd in campaign finance reports.
55. Asked how Mr. Pollack said he would resolve the matter, the witness said that Mr. Pollack told her that he would take care of it. Asked why Mr. Pollock would have said she was not happy about Mr. Short's payments, the witness said it was because she did not like problems.
56. The witness said that she does not recall any discussion with Mr. Short about the December 2011 payments from MICHELE PAC. The witness said that, after hearing from Mr. Pollack, she did

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not think that Mr. Short had done anything wrong. She said that Mr. Pollack told her there was no problem, so she never called Mr. Short.

57. The witness said that she first met Iowa State Senator Kent Sorenson when he was introduced to her as a supporter of her presidential campaign, but she did not recall when that was. The witness said that she had no relationship with Mr. Sorenson prior to her presidential campaign.
58. The witness said that she did not know how Mr. Sorenson became involved with her presidential campaign.
59. Asked about Mr. Sorenson's role with her presidential campaign, the witness said that she thought he may have been called the chairman for Iowa. His duties were to generate more supporters in Iowa, specifically state legislators and people of influence.
60. That witness said that, to her knowledge, Mr. Sorenson was not compensated for his work for BFP. She stated that she was not, however, involved in anyone's compensation.
61. The witness said she had no conversations with Mr. Sorenson about his compensation.
62. The witness did not recall anyone telling her that Mr. Sorenson wanted to be compensated for his work on behalf of her presidential campaign.
63. The witness said that she was not aware of and did not remember any arrangement between C&M Strategies and Mr. Sorenson.
64. The witness was asked about a statement made by her former chief of staff Andy Parrish, that the witness knew of and approved of the payments to Mr. Sorenson. The witness said that she recently read about the statement, but that she did not recall any payments to Mr. Sorenson.
65. The witness said that it was possible that in Mr. Parrish's mind he remembers that he told her about Mr. Sorenson's compensation arrangement, but she did not remember him saying it to her. She again stated that she did not deal with compensation. It was not her role.
66. The witness said that she did not receive any advance for the publication of her book, *Core of Conviction*. She did not recall what arrangements were made with respect to book royalties. She did not direct that any royalties be paid to a charity.
67. The witness did not remember the terms of the book contract. She noted that the contract was a legal document, and she would have gone through it with her attorney. She did not recall the specific provisions of the contract.
68. The witness emphasized that she signed the book contract in her personal capacity, not in her capacity as a presidential candidate or Member of Congress.
69. The witness said that it was up to Penguin, the book publisher, to arrange for a book tour to promote the book. The witness recalled that the publisher hired vendors to do some of the book tour work, and that at every stop there was a representative from Penguin or a vendor. The witness said that her role was to show up, sit in a chair, and sign books.

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70. Asked who from BFP worked on the book tour, the witness replied, "Nobody."
71. Asked if any BFP staff member served as a liaison from the presidential campaign to the publisher, the witness said no, that the presidential campaign was kept separate and the only crossover would have been for scheduling.
72. The witness said that her campaign did not end because she was on a book tour. She said that she still had to work on her presidential campaign, but that it was "completely separate." She said that they were very careful about that.
73. Regarding the expenses of the book tour, the witness said that they were handled by Penguin as it was their tour and they had to pay for "everything," while the campaign paid for campaign expenses. This was the same separation for campaign staff and publishing staff.
74. The witness said that she and her staff sought guidance from the House Ethics Committee "every step of the way." Asked if written guidance was provided, the witness stated that she had to defer to her attorney as to what was received and what was not received. She did not speak with the House Committee on Ethics – that would have been her lawyer.
75. The list of people traveling on the bus with the witness during the book tour changed every day. She recalled that someone from Penguin was on the bus, but members of her campaign team traveled on the bus as well, because campaign work may have come up during the tour.
76. According to the witness, the campaign staff members who usually traveled with her were BFP press secretary Alice Stewart and campaign manager Keith Nahigian, and maybe advisor Brett O'Donnell, but she could not say for sure as it would change. She could not say with certainty who was on the bus at any given time.
77. The witness said that BFP staff members were not used to staff any book signing events. She noted that campaign staff would stand around because the media was always around at these events. As a result, the witness had to have staff available to interface with the media.
78. The witness was not aware of any campaign staff being reimbursed by the campaign for expenses relating to a book tour event. She said that she did not deal with those issues.
79. The witness said she had no knowledge as to whether campaign email lists were used to promote book tour events. Her directive to her campaign staff was to follow the law.
80. The witness said she had no knowledge as to whether campaign staff signed up volunteers at book tour events. She was shown an email from a campaign staff member, in which the staff member stated: "Michele motioned to me in the middle of the book signing to ask if we were doing signup sheets.... But Michele definitely was asking if we were getting people signed up."
81. The witness did not remember having a conversation with the campaign staff member who sent this email. After reviewing the email, the witness said that she did not recall any campaign staff signing up volunteers at book signing events.

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82. The witness said that, to her knowledge, BFP campaign literature and signs were not handed out at book tour events. She was shown a series of photographs from two of the book signing events, depicting signs and literature at the book tour events.
83. The witness said that she did not recall seeing anything depicted in the photos during the book tour. She said that her focus was on interacting with people and signing books, adding that the events “move fast.”
84. The witness said that she did not remember if campaign events were interspersed among book tour events. She noted that the book tour was pretty compact.
85. The witness said that she had to conduct campaign business on the book tour bus. She said that they had campaign cars that followed the book tour bus with campaign staff driving them. People cycled in and out of the bus, between the cars and the bus.

This memorandum was prepared on April 30, 2013 after the interview was conducted on April 24, 2013. I certify that this memorandum contains all pertinent matter discussed with the witness on April 24, 2013.

Omar S. Ashmawy  
Staff Director and Chief Counsel

# **EXHIBIT 2**



Colorado Secretary of State  
 Date and Time: 06/03/2010 03:22 PM  
 ID Number: 20101318418

Document must be filed electronically.  
 Paper documents will not be accepted.

Document processing fee  
 Fees & forms/cover sheets  
 are subject to change.

\$50.00

Document number: 20101318418  
 Amount Paid: \$50.00

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 copies of filed documents,  
 visit [www.sos.state.co.us](http://www.sos.state.co.us) and  
 select Business Center.

AROUND SPACE FOR OFFICE USE ONLY

**Articles of Incorporation for a Profit Corporation**

filed pursuant to § 7-102-101 and § 7-102-102 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name for the corporation is

C&M Strategies, Inc.

(This name of a corporation must contain the term or abbreviation "corporation", "Incorporated", "company", "limited", "corp.", "inc.", "co." or "ltd.". See § 7-90-601, C.R.S. If the corporation is a professional or special purpose corporation, other laws may apply.)

*(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)*

2. The principal office address of the corporation's initial principal office is

Street address

1617 Parkdale Circle North

(Street number and name)

Erie

(City)

CO

(State)

80516

(ZIP Postal Code)

United States

(Country)

(Province - if applicable)

Mailing address

(Leave blank if same as street address)

(Street number and name or Post Office Box information)

(City)

(State)

(ZIP Postal Code)

(Province - if applicable)

(Country)

3. The registered agent name and registered agent address of the corporation's initial registered agent are

Name

(if an individual)

Short

(Last)

Guy

(First)

(Middle)

(Suffix)

OR

(if an entity)

*(Caution: Do not provide both an individual and an entity name.)*

Street address

(Street number and name)

Erie

(City)

CO

(State)

80516

(ZIP Postal Code)

Mailing address  
(leave blank if same as street address) \_\_\_\_\_  
(Street number and name or Post Office Box information)  
\_\_\_\_\_  
(City) CO (State) (ZIP/Postal Code)

(The following statement is adopted by marking the box.)

The person appointed as registered agent above has consented to being so appointed.

4. The true name and mailing address of the incorporator are

Name  
(if an individual) Arrington Barry  
(Last) (First) (Middle) (Suffix)

OR

(if an entity)  
(Caution: Do not provide both an individual and an entity name.)

Mailing address 7340 E Caley Ave  
(Street number and name or Post Office Box information)  
Suite 360  
Centennial CO 80111  
(City) (State) (ZIP/Postal Code)  
United States  
(Province - if applicable) (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

The corporation has one or more additional incorporators and the name and mailing address of each additional incorporator are stated in an attachment.

5. The classes of shares and number of shares of each class that the corporation is authorized to issue are as follows.

(If the following statement applies, adopt the statement by marking the box and enter the number of shares.)

The corporation is authorized to issue 100,000 common shares that shall have unlimited voting rights and are entitled to receive the net assets of the corporation upon dissolution.

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

Additional information regarding shares as required by section 7-106-101, C.R.S., is included in an attachment.

(Caution: At least one box must be marked. Both boxes may be marked, if applicable.)

6. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

This document contains additional information as provided by law.

7. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)  
The delayed effective date and, if applicable, time of this document is/are \_\_\_\_\_  
(mm/dd/yyyy hour:minute am/pm)



**Notice:**

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

8. The true name and mailing address of the individual causing the document to be delivered for filing are

Arrington	Barry		
<small>(Last)</small>	<small>(First)</small>	<small>(Middle)</small>	<small>(Suffix)</small>
7340 E Caley Ave			
<small>(Street number and name or Post Office Box information)</small>			
Suite 360			
Centennial	CO	80111	
<small>(City)</small>	<small>(State)</small>	<small>(ZIP/Postal Code)</small>	
	United States		
<small>(Province - if applicable)</small>	<small>(Country)</small>		

*(If the following statement applies, adopt the statement by marking the box and include an attachment.)*

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

**Disclaimer:**

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

FIRST: The corporation shall have and may exercise all of the rights, powers and privileges now or hereafter conferred upon corporations organized under the laws of Colorado. In addition, the corporation may do everything necessary, suitable or proper for the accomplishment of any of its corporate purposes. The corporation may conduct part or all of its business in any part of Colorado, the United States or the world and may hold, purchase, mortgage, lease and convey real and personal property in any of such places.

SECOND: (a) The aggregate number of shares which the corporation shall have authority to issue is 100,000 shares of no par value common stock. The shares of this class of common stock shall have unlimited voting rights and shall constitute the sole voting group of the corporation, except to the extent any additional voting group or groups may hereafter be established in accordance with the Colorado Business Corporation Act. The shares of this class shall also be entitled to receive the net assets of the corporation upon dissolution.

(b) Each shareholder of record shall have one vote for each share of stock standing in his name on the books of the corporation and entitled to vote, except that in the election of directors each shareholder shall have as many votes for each share held by him as there are directors to be elected and for whose election the shareholder has a right to vote. Cumulative voting shall not be permitted in the election of directors or otherwise.

(c) Unless otherwise ordered by a court of competent jurisdiction, at all meetings of shareholders one-third of the shares of a voting group entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum of that voting group.

THIRD: The number of directors of the corporation shall be fixed by the bylaws, or if the bylaws fail to fix such a number, then by resolution adopted from time to time by the board of directors, provided that the number of directors shall not be less than the minimum number required by law.

FOURTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the corporation, and the same are in furtherance of and not in limitation or exclusion of the powers conferred by law.

(a) **Conflicting Interest Transactions.** As used in this paragraph, conflicting interest transaction means any of the following: (i) a loan or other assistance by the corporation to a director of the corporation or to an entity in which a director of the corporation is a director or officer or has a financial interest; (ii) a guaranty by the corporation of an obligation of a director of the corporation or of an obligation of an entity in which a director of the corporation is a director or officer or has a financial interest; or (iii) a contract or transaction between the corporation and a director of the corporation or between the corporation and an entity in which a director of the corporation is a director or officer or has a financial interest. No conflicting interest transaction shall be void or voidable, be enjoined, be set aside, or give rise to an award of damages or other sanctions in a proceeding by a shareholder or by or in the right of the corporation, solely because the conflicting interest transaction involves a director of the corporation or an entity in which a director of the corporation is a director or officer or has a financial interest, or solely because the director is present at or participates in the meeting of the corporation's board of directors or of the committee of the board of directors which authorizes, approves or ratifies a conflicting interest transaction, or solely because the director's vote is counted for such purpose if: (A) the material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes, approves or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or (B) the material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the shareholders entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved or ratified in good faith by a vote of the shareholders; or (C) a conflicting interest transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof, or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes, approves or ratifies the conflicting interest transaction.

(b) **Loans and Guaranties for the Benefit of Directors.** Neither the board of directors nor any committee thereof shall authorize a loan by the corporation to a director of the corporation or to an entity in which a director of the corporation is a director or officer or has a financial interest, or a guaranty by the corporation of an obligation of a director of

the corporation or of an obligation of an entity in which a director of the corporation is a director or officer or has a financial interest, until at least ten days after written notice of the proposed authorization of the loan or guaranty has been given to the shareholders who would be entitled to vote thereon if the issue of the loan or guaranty were submitted to a vote of the shareholders. The requirements of this paragraph (b) are in addition to, and not in substitution for, the provisions of paragraph (a) of Article FOURTH.

(c) Indemnification. The corporation shall indemnify, to the maximum extent permitted by law, any person who is or was a director, officer, agent, fiduciary or employee of the corporation against any claim, liability or expense arising against or incurred by such person made party to a proceeding because he is or was a director, officer, agent, fiduciary or employee of the corporation or because he is or was serving another entity or employee benefit plan as a director, officer, partner, trustee, employee, fiduciary or agent at the corporations request. The corporation shall further have the authority to the maximum extent permitted by law to purchase and maintain insurance providing such indemnification.

(d) Limitation on Directors Liability. No director of this corporation shall have any personal liability for monetary damages to the corporation or its shareholders for breach of his fiduciary duty as a director, except that this provision shall not eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for: (i) any breach of the directors duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) voting for or assenting to a distribution in violation of Colorado Revised Statutes § 7-106-401 or the articles of incorporation if it is established that the director did not perform his duties in compliance with Colorado Revised Statutes § 7-108-401, provided that the personal liability of a director in this circumstance shall be limited to the amount of the distribution which exceeds what could have been distributed without violation of Colorado Revised Statutes § 7-106-401 or the articles of incorporation; or (iv) any transaction from which the director directly or indirectly derives an improper personal benefit. Nothing contained herein will be construed to deprive any director of his right to all defenses ordinarily available to a director nor will anything herein be construed to deprive any director of any right he may have for contribution from any other director or other person.

(e) Negation of Equitable Interests in Shares or Rights. Unless a person is recognized as a shareholder through procedures established by the corporation pursuant to Colorado Revised Statutes § 7-107-204 or any similar law, the corporation shall be entitled to treat the registered holder of any shares of the corporation as the owner thereof for all purposes permitted by the Colorado Business Corporation Act, including without limitation all rights deriving from such shares, and the corporation shall not be bound to recognize any equitable or other claim to, or interest in, such shares or rights deriving from such shares on the part of any other person including without limitation, a purchaser, assignee or transferee of such shares, unless and until such other person becomes the registered holder of such shares or is recognized as such, whether or not the corporation shall have either actual or constructive notice of the claimed interest of such other person. By way of example and not of limitation, until such other person has become the registered holder of such shares or is recognized pursuant to Colorado Revised Statutes § 7-107-204 or any similar applicable law, he shall not be entitled: (i) to receive notice of the meetings of the shareholders; (ii) to vote at such meetings; (iii) to examine a list of the shareholders; (iv) to be paid dividends or other distributions payable to shareholders; or (v) to own, enjoy and exercise any other rights deriving from such shares against the corporation. Nothing contained herein will be construed to deprive any beneficial shareholder, as defined in Colorado Revised Statutes § 7-113-101(1), of any right he may have pursuant to Article 113 of the Colorado Business Corporation Act or any subsequent law.

# **EXHIBIT 3**



**SUMMARY PAGE**  
of Receipts and Disbursements

FEC Form 3 (Revised 02/2003)

Write or Type Committee Name

Bachmann for Congress

Report Covering the Period:

From:

MM  
07

DD  
01

YYYYYY  
2010

To:

MM  
07

DD  
21

YYYYYY  
2010

	COLUMN A This Period	COLUMN B Election Cycle-to-Date
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e)).....	493566.51	4544841.11
(b) Total Contribution Refunds (from Line 20(d)).....	100.00	29410.00
(c) Net Contributions (other than loans) (subtract Line 6(b) from Line 6(a)).....	493466.51	4515431.11
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17).....	435558.44	2317784.74
(b) Total Offsets to Operating Expenditures (from Line 14).....	1044.53	32831.21
(c) Net Operating Expenditures (subtract Line 7(b) from Line 7(a)).....	434513.91	2284953.53
8. Cash on Hand at Close of Reporting Period (from Line 27).....	2461434.07	
9. Debts and Obligations Owed <b>TO</b> the Committee (Itemize all on Schedule C and/or Schedule D).....	0.00	
10. Debts and Obligations Owed <b>BY</b> the Committee (Itemize all on Schedule C and/or Schedule D).....	0.00	

**For further information contact:**

Federal Election Commission  
999 E Street, NW  
Washington, DC 20463  
Toll Free 800-424-9530  
Local 202-694-1100



**DETAILED SUMMARY PAGE**

FEC Form 3 (Revised 12/2003)

of Receipts

Write or Type Committee Name  
 Bachmann for Congress

Report Covering the Period:

From: MM 07 DD 01 YYYY 2010

To: MM 07 DD 21 YYYY 2010

I. RECEIPTS	COLUMN A Total This Period	COLUMN B Election Cycle-to-Date
<b>11. CONTRIBUTIONS (other than loans) FROM:</b>		
(a) Individuals/Persons Other Than Political Committees	153684.41	253284.41
(i) Itemized (use Schedule A).....	318232.10	3932538.99
(ii) Unitemized.....	471916.51	4185823.40
(iii) TOTAL of contributions from individuals..... ▶	0.00	475.00
(b) Political Party Committees.....	21650.00	358542.71
(c) Other Political Committees (such as PACS).....	0.00	0.00
(d) The Candidate.....	493566.51	4544841.11
(e) TOTAL CONTRIBUTIONS (other than loans) (add Lines 11(a)(iii), (b), (c), and (d))	0.00	99600.00
<b>12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES.....</b>	0.00	0.00
<b>13. LOANS</b>		
(a) Made or Guaranteed by the Candidate.....	0.00	0.00
(b) All Other Loans.....	0.00	0.00
(c) TOTAL LOANS (add Lines 13(a) and (b)).....	0.00	0.00
<b>14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.).....</b>	1044.53	32831.21
<b>15. OTHER RECEIPTS (Dividends, Interest, etc.).....</b>	0.00	6843.74
<b>16. TOTAL RECEIPTS (add Lines 11(e), 12, 13(c), 14, and 15) (Carry Total to Line 24, page 4)..... ▶</b>	494611.04	4684116.06

**DETAILED SUMMARY PAGE**  
of Disbursements

II. DISBURSEMENTS	COLUMN A Total This Period	COLUMN B Election Cycle-to-Date
17. OPERATING EXPENDITURES.....	435558.44	2317784.74
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES.....	0.00	0.00
19. LOAN REPAYMENTS:		
(a) Of Loans Made or Guaranteed by the Candidate.....	0.00	0.00
(b) Of all Other Loans.....	0.00	0.00
(c) TOTAL LOAN REPAYMENTS (add Lines 19(a) and (b)).....	0.00	0.00
20. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees.....	100.00	10560.00
(b) Political Party Committees.....	0.00	4800.00
(c) Other Political Committees (such as PACs).....	0.00	14050.00
(d) TOTAL CONTRIBUTION REFUNDS (add Lines 20(a), (b), and (c)).....	100.00	29410.00
21. OTHER DISBURSEMENTS.....	0.00	1000.00
22. <b>TOTAL DISBURSEMENTS</b> (add Lines 17, 18, 19(c), 20(d), and 21) ▶	435658.44	2348194.74

**III. CASH SUMMARY**

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD.....	2402481.47
24. TOTAL RECEIPTS THIS PERIOD (from Line 16, page3).....	494611.04
25. SUBTOTAL (add Line 23 and Line 24).....	2897092.51
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22).....	435658.44
27. CASH ON HAND AT CLOSE OF REPORTING PERIOD (subtract Line 26 from Line 25).....	2461434.07

**SCHEDULE B (FEC Form 3)  
ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)		PAGE 324 / 335	
	<input checked="" type="checkbox"/> 17 20a	<input type="checkbox"/> 18 20b	<input type="checkbox"/> 19a 20c	<input type="checkbox"/> 19b 21

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee

NAME OF COMMITTEE (In Full)  
Bachmann for Congress

A. Full Name (Last, First, Middle Initial) Pinnacle Direct	Transaction ID: B-E-111473	
	Date of Disbursement 07 / 01 / 2010	
	Mailing Address 15260 113th Street N	
	City Stillwater State MN Zip Code 55082-9575	
Purpose of Disbursement Direct Mail	Amount of Each Disbursement this Period 1692.30	
Candidate Name	001 Category/ Type	
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: 2010 <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:		

B. Full Name (Last, First, Middle Initial) Andrew Stakston	Transaction ID: B-S-2146	
	Date of Disbursement 07 / 20 / 2010	
	Mailing Address [REDACTED]	
	City Woodbury State MN Zip Code 55125-8606	
Purpose of Disbursement Transportation- Mileage	Amount of Each Disbursement this Period 36.54	
Candidate Name	002 Category/ Type	
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: 2010 <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:		

[MEMO ITEM]  
Subitemization of Andrew Stakston(07/20/10)

C. Full Name (Last, First, Middle Initial) C & M Strategies	Transaction ID: B-E-111573	
	Date of Disbursement 07 / 20 / 2010	
	Mailing Address 1617 Parkside Cir N	
	City Erie State CO Zip Code 80516	
Purpose of Disbursement Fundraising Consulting	Amount of Each Disbursement this Period 3000.00	
Candidate Name	001 Category/ Type	
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: 2010 <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:		

SUBTOTAL of Disbursements This Page (optional) .....	▶	4692.30
TOTAL This Period (last page this line number only) .....	▶	

# **EXHIBIT 4**

RECEIVED  
FEC MAIL CENTER  
2010 JUL 28 AM 7:56

FEC  
FORM 1

STATEMENT OF  
ORGANIZATION

Office Use Only

1. NAME OF  
COMMITTEE (in full)

(Check if name  
is changed)

Example: If typing, type  
over the lines.

12FE4M5

MichellePAC

ADDRESS (number and street)

PO Box 25

(Check if address  
is changed)

CITY

STATE

ZIP CODE

COMMITTEE'S E-MAIL ADDRESS (Please provide only one e-mail address)

(Check if address  
is changed)

██████████@arringtonpc.com

COMMITTEE'S WEB PAGE ADDRESS (URL)

(Check if address  
is changed)

www.michellepac.net

2. DATE

07 / 14 / 2010

3. FEC IDENTIFICATION NUMBER

C

4. IS THIS STATEMENT



NEW (N)

OR



AMENDED (A)

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Barry Arrington

Signature of Treasurer

*Barry Arrington*

Date

07 / 14 / 2010

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g.

ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

Office  
Use  
Only

For further information contact:  
Federal Election Commission  
Toll Free 800-424-6530  
Local 202-694-1100

FEC FORM 1  
(Revised 02/2009)

18956505001

5. TYPE OF COMMITTEE

Candidate Committee:

- (a)  This committee is a principal campaign committee. (Complete the candidate information below.)
- (b)  This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate \_\_\_\_\_

Candidate Party Affiliation  Office Sought:  House  Senate  President State  District

- (c)  This committee supports/opposes only one candidate, and is NOT an authorized committee.

Name of Candidate \_\_\_\_\_

Party Committee:

- (d)  This committee is a  (National, State or subordinate) committee of the  (Democratic, Republican, etc.) Party.

Political Action Committee (PAC):

- (e)  This committee is a separate segregated fund. (Identify connected organization on line 6.) Its connected organization is a:
  - Corporation  Corporation w/o Capital Stock  Labor Organization
  - Membership Organization  Trade Association  Cooperative
  - In addition, this committee is a Lobbyist/Registrant PAC.
- (f)  This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee. (i.e., nonconnected committee)
  - In addition, this committee is a Lobbyist/Registrant PAC.
  - In addition, this committee is a Leadership PAC. (Identify sponsor on line 6.)

Joint Fundraising Representative:

- (g)  This committee collects contributions, pays fundraising expenses and disburses net proceeds for two or more political committees/organizations, at least one of which is an authorized committee of a federal candidate.
- (h)  This committee collects contributions, pays fundraising expenses and disburses net proceeds for two or more political committees/organizations, none of which is an authorized committee of a federal candidate.

Committees Participating in Joint Fundraiser

1. \_\_\_\_\_ FEC ID number  C \_\_\_\_\_

2. \_\_\_\_\_ FEC ID number  C \_\_\_\_\_

3. \_\_\_\_\_ FEC ID number  C \_\_\_\_\_

4. \_\_\_\_\_ FEC ID number  C \_\_\_\_\_

8896501001

Write or Type Committee Name

MichellePAC

6. Name of Any Connected Organization, Affiliated Committee, Joint Fundraising Representative, or Leadership PAC Sponsor

Bachmann for Congress

Mailing Address

PO Box 25950

Woodbury

CITY

MN

STATE

55125

ZIP CODE

Relationship:  Connected Organization  Affiliated Committee  Joint Fundraising Representative  Leadership PAC Sponsor

7. Custodian of Records: Identify by name, address (phone number - optional) and position of the person in possession of committee books and records.

Full Name

Barry Arrington

Mailing Address

7340 E. Caley Avenue

Suite 360

Centennial

CITY

CO

STATE

80011

ZIP CODE

Title or Position

Treasurer

Telephone number

303

232

8. Treasurer: List the name and address (phone number - optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name of Treasurer

Barry Arrington

Mailing Address

7340 E. Caley Avenue

Suite 360

Centennial

CITY

CO

STATE

80011

ZIP CODE

Title or Position

Treasurer

Telephone number

303

232

68936E05001

Full Name of Designated Agent Alliance Bank

Mailing Address 55 East 5th Street  
Suite 115  
Saint Paul MN 55104

CITY STATE ZIP CODE

Title or Position \_\_\_\_\_ Telephone number \_\_\_\_\_

9. **Banks or Other Depositories:** List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.

\_\_\_\_\_

Mailing Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

CITY STATE ZIP CODE

Name of Bank, Depository, etc.

\_\_\_\_\_

Mailing Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

CITY STATE ZIP CODE

To print and file this form, select "Print" from the "File" menu above. In the "Print" window, select "Document" from the drop down menu labeled "Comments and Forms" Doing so will ensure that the icons and other instructions will not appear on your filing. Click here for a video printing demonstration.

06966103001



# **EXHIBIT 5**

CONFIDENTIAL

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Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

OFFICE OF CONGRESSIONAL ETHICS  
UNITED STATES HOUSE OF REPRESENTATIVES

**MEMORANDUM OF INTERVIEW**

IN RE: Former Chief of Staff to Representative Bachmann  
REVIEW No(s): 13-1274  
DATE: March 28, 2013  
LOCATION: 225 Third Avenue S.  
Minneapolis, MN  
TIME: 10:10 AM to 12:05 PM (approximate)  
PARTICIPANTS: Scott Gast  
Kedric Payne  
John Gilmore, counsel to the witness

**SUMMARY:** The OCE requested an interview with the witness and he consented to an interview. The OCE requested a brief follow-up interview by telephone, and the witness consented to the follow-up interview, which occurred on April 23, 2013. The witness made the following statements in response to our questioning:

1. The witness was given an 18 U.S.C. § 1001 warning and consented to an interview. The witness signed a written acknowledgement of the warning, which will be placed in the case file in this review.
2. The witness is currently engaged in public affairs and political consulting through a firm he founded in 2012, Midwest Public Affairs.
3. In 2005, the witness served as a volunteer for Rep. Michele Bachmann's first campaign for the U.S. House of Representatives. He later took over as the campaign manager, running the campaign through the election in November 2006.
4. From January 2007 to April 2008, the witness served as the Director of Outreach in Rep. Bachmann's congressional district office. His duties included representing Rep. Bachmann in meetings and events in the district when Rep. Bachmann was not available. In this position, the witness had daily interactions with Rep. Bachmann.
5. In 2008, the witness took a job with the American Association for Retired Persons ("AARP") in Minnesota, which he held until August 2010.
6. In August 2010, the witness returned to Rep. Bachmann's congressional office, serving as her Chief of Staff. He was based in Minnesota.
7. In early 2011, the witness began working on a potential presidential campaign by Rep. Bachmann. He was retained part-time by Rep. Bachmann's leadership PAC, MICHELE PAC, from April to June 2011, to work on preparations for a presidential campaign.

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Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

8. In June 2011, the witness left Rep. Bachmann's congressional office and moved to Iowa to work fulltime on Rep. Bachmann's presidential campaign, managing the efforts to win the Iowa presidential straw poll.
9. The witness said that while he was employed by the presidential campaign, he was paid entirely by the presidential campaign. He said it would be "dicey" to get paid by both the presidential campaign and the leadership PAC, so he made sure not to do it.
10. In October 2011, the witness left the Bachmann presidential campaign and returned to Rep. Bachmann's congressional office, where he served as Director of Outreach. At the same time, he was retained part-time by Rep. Bachmann's leadership PAC. He held both positions until he left Rep. Bachmann's organization in February 2012.
11. The witness said that the first discussions about a potential presidential campaign by Rep. Bachmann occurred in January 2011, and began to get more serious in April 2011.
12. The witness was shown an email from him to Iowa State Senator Kent Sorenson, dated April 19, 2011, in which the witness directs: "Please offer Wes as [*sic*] job as a consult to MichelePAC \$3666.67/month (44k/year)..." The witness explained that this referred to Wes Enos, an Iowa political activist who had worked with Mr. Sorenson in the past.
13. The witness stated that MICHELE PAC began to "snap up," or retain as political consultants, individuals in key presidential states, including Iowa, New Hampshire, and South Carolina, in May-June 2011. The individuals were retained by the PAC to promote the PAC, Rep. Bachmann, and the conservative ideals endorsed by Rep. Bachmann. These consultants later worked for the Bachmann for President campaign ("BFP").
14. The witness said that the PAC was careful to instruct these consultants not to mix PAC and campaign activities while working for the PAC. For example, the witness indicated that the consultants were told not to carry any material that promoted Rep. Bachmann as a candidate.
15. The witness began working for BFP as Senior Political Advisor to National Campaign Manager Ed Rollins. He was to act as Mr. Rollins' "ear on the ground" in Iowa. As one of the first BFP employees, he was also responsible for the logistics of setting up the Iowa operation.
16. The witness said he had daily interactions with Rep. Bachmann from April to June 2011. After the BFP campaign officially started in mid-June 2011, he gave control of the presidential campaign over to Mr. Rollins and Mr. Short. According to the witness, after June 2011, Rep. Bachmann had daily interactions with BFP senior advisors Keith Nahigian, Brett O'Donnell, and Guy Short.
17. The witness said that Rep. Bachmann had a high level of supervision over the BFP activities, including vendor hiring, scheduling, and media. The witness said that Rep. Bachmann would approve the hiring of vendors and vendor compensation, and that she would be aware of major disbursements by the campaign. The witness described Rep. Bachmann as a "micromanager" when it came to the BFP operations.

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Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

18. The witness said he left BFP after he was told, at the end of September, that the campaign could no longer afford to pay him. He was told this by Mr. Nahigian and Rep. Bachmann.
19. The witness believes that Rep. Bachmann first met Mr. Short when he was serving as the Chief of Staff to former Rep. Marilyn Musgrave. He believes that Rep. Bachmann wanted Mr. Short to serve as her congressional chief of staff, but he did not want that position. Instead, Mr. Short came on as a political consultant to Rep. Bachmann.
20. The witness said that Mr. Short had been retained by Rep. Bachmann's congressional office in approximately June 2010 to do an assessment of the strengths and weaknesses of Rep. Bachmann's congressional staff. He first met Mr. Short when Mr. Short reached out to the witness to ask him to rejoin Rep. Bachmann's congressional staff (which he did in August 2010).
21. The witness described the relationship between Mr. Short and Rep. Bachmann as "pretty close."
22. According to the witness, Mr. Short provides Rep. Bachmann with general political consulting, with a focus on fundraising. The witness is not aware of any other clients that Mr. Short has other than Rep. Bachmann's political committees.
23. The witness said that that Mr. Short's consulting firm, C&M Strategies, had been retained by the Bachmann for Congress campaign ("BFC") in 2010. According to the witness, the firm was paid \$7,500 per month for Mr. Short's services. The witness said that Rep. Bachmann approved Mr. Short's hiring and compensation.
24. The witness may have approved the payment of invoices submitted by C&M Strategies, but he could not be sure. He did not recall any special payments to Mr. Short or C&M Strategies, other than the retainer payments paid to the firm.
25. The witness stated that Mr. Short also served as Vice President of Wiland Direct, which he described as a mailing list broker. The witness believes Mr. Short joined this firm after his service on former Rep. Musgrave's congressional staff.
26. According to the witness, MICHELE PAC was created in July 2010 with the involvement of Mr. Short, attorney Barry Arrington, and Rep. Bachmann. The witness said that he was not involved in the creation of the PAC.
27. The witness stated that, from its creation, Mr. Short was responsible for running MICHELE PAC. Mr. Short told everyone that he directed the PAC. The witness and Mr. Short would have regular discussions about the activities of the PAC. The witness said that Rep. Bachmann had a high level of involvement in the PAC's affairs.
28. The witness said that Mr. Short was responsible for the coordination of fundraising efforts by MICHELE PAC.
29. According to the witness, Mr. Short was responsible for approving the payment of invoices submitted to MICHELE PAC, including invoices submitted by his own firm.

CONFIDENTIAL

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Subject to the Nondisclosure Provisions of H. Res. 895 as Amended

30. The witness stated that when BFP retained Mr. Short, through C&M Consulting, to work on the presidential campaign, Mr. Short wanted to be paid \$20,000 per month. David Polyansky, the BFP Deputy Campaign Manager, and other senior presidential campaign officials would not agree to pay Mr. Short that much.
31. The witness believes that Mr. Short then went to Rep. Bachmann, and they reached an arrangement whereby Mr. Short would be paid \$15,000 per month from BFP – the same amount paid to other senior campaign officials – and \$5,000 from MICHELE PAC.
32. The witness said that he believes Rep. Bachmann approved this arrangement because she was the only person who could have done so. The witness said that he did not approve the arrangement, and he does not believe the BFP deputy campaign manager approved it. The witness did not discuss the arrangement with either Mr. Short or Rep. Bachmann.
33. The witness was shown three invoices submitted by C&M Strategies to Michele PAC in December 2011. The first was an invoice dated December 5, 2011, in the amount of \$20,000, for a “Fundraising Project.” The second was an invoice dated December 31, 2011, in the amount of \$15,000 for a “Fundraising and Research project.” The third was an invoice dated December 31, 2011, in the amount of \$5,000, for “Management Consulting.”
34. The witness said that Mr. Short would have approved payment of these three invoices.
35. The witness said that Rep. Bachmann may have known about and approved the payment of these three invoices at the time of payment in December 2011. He stated that if she did not approve the payment of these three invoices, she would have fired Mr. Short when she found out about the payments through the PAC’s Federal Election Commission (“FEC”) reports.
36. The witness stated that he had spoken with Rep. Bachmann “multiple times” about the need to segregate the use of funds from her various political committees. He said that Rep. Bachmann was “very aware” of the rules governing the use of the various committee funds.
37. The witness said that Mr. Short became the BFP National Political Director shortly after the Iowa presidential straw poll held in August 2011. The witness said that Mr. Short moved to Iowa in November 2011 to work full-time on the presidential campaign.
38. According to the witness, Mr. Short would have worked full-time for BFP during the month of December 2011, given that the Iowa caucuses were held on January 3, 2012.
39. The witness left the presidential campaign in September 2011. He returned to Rep. Bachmann’s congressional payroll as the part-time Director of Outreach, based in Minnesota. The witness was also paid \$1,500 per month by MICHELE PAC from October 2011 to February 2012 to provide services to the PAC. The witness said his duties for the PAC at this time were mainly to keep people in Minnesota “calm” and to “mind the store” in Minnesota.
40. The witness said that he is not aware of any work performed by Mr. Short or C&M Consulting for MICHELE PAC during the period from June 2011 to December 2011.

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41. The witness recalled that in November 2011, the Iowa BFP staff was told that they would not be getting December paychecks because the campaign was low on funds. He recalled that Mr. Short told people that he was working as a volunteer for BFP in December.
42. The witness first met Mr. Sorenson in January 2011 at an event in Iowa.
43. The witness believes that Mr. Sorenson and Mr. Short may have known each other prior to the Bachmann presidential campaign through their involvement in right-to-work issues. He said that the two got along very well.
44. The witness said that during the presidential campaign, Mr. Sorenson was in the Iowa BFP campaign office every day. He also traveled with Rep. Bachmann when she was in the state and spoke on her behalf at various events.
45. The witness said that he spoke to Mr. Sorenson in April 2011 about compensating him for his work on behalf of the presidential campaign. The witness said that he had offered to pay Mr. Sorenson through BFP, but Mr. Sorenson told him that he could not be paid directly by BFP.
46. The witness said that Mr. Short then said that C&M Strategies will take Mr. Sorenson on, but that Mr. Short's fee would need to go up. The witness understood that Mr. Sorenson would only be working for the BFP campaign.
47. The witness said that the campaign's legal counsel signed off on the arrangement for C&M Strategies to pay Mr. Sorenson.
48. The witness said that Rep. Bachmann was aware of the arrangement between Mr. Sorenson, C&M Strategies, and BFP. According to the witness, he had a conversation with Rep. Bachmann in mid- to late-April or early May 2011, in which he informed her about the proposed arrangement to compensate Mr. Sorenson through C&M Strategies, and that the arrangement had been approved by legal counsel. According to the witness, Rep. Bachmann told him that, as long as it's legal, go ahead and do it.
49. The witness said that in January 2011, Rep. Bachmann was advised to write a book, and that the publisher of the book would pay for a book tour to promote the book.
50. The witness said that the House Committee on Ethics approved Rep. Bachmann's book contract, which provided that Rep. Bachmann would receive no payments for the book other than royalties from the sale of the book. The witness said that the Committee on Ethics also made it clear that no "political money" could be used for the book.
51. The witness said that the book was released in approximately October 2011.
52. According to the witness, after the first book signing event of the book tour arranged by the publisher, Rep. Bachmann was not happy with how the event had been managed. The witness said that she fired the publisher at that time.
53. The witness stated that after the publisher had been fired, the national campaign manager at the time, Keith Nahigian, began to promote the book using campaign money.

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54. The witness stated that Mr. Nahigian, Mr. O'Donnell, personal assistant Tara Dahl, and BFP press secretary Alice Stewart traveled on the bus during the book tour.

This memorandum was prepared on April 8, 2013 after the interview was conducted on March 28, 2013. I certify that this memorandum contains all pertinent matter discussed with the witness on March 28, 2013.

Scott Gast  
Investigative Counsel