



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

May 7, 2020

BILL JONES, TREASURER
AMERICAN FREEDOM FUND
100 CONGRESS AVENUE SUITE 2000
AUSTIN, TX 78701

Response Due Date
06/11/2020

IDENTIFICATION NUMBER: C00736744

REFERENCE: AMENDED APRIL QUARTERLY REPORT (01/01/2020 - 03/31/2020),
RECEIVED 04/17/2020

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 3 item(s):

1. Your report does not include a Schedule H1 to disclose the ratio for the allocation of certain costs. Committees that choose to allocate administrative expenses, generic voter drive costs and expenses related to public communications referencing any party committee (but no clearly identified candidates), should disclose the allocation ratio applied to these expenses on Schedule H1. 11 CFR §104.10(b)(1)
2. Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule H4 to clarify the following description(s): "Consulting." (11 CFR §§104.3(b)(3) and 104.10(a)(4))

Additional clarification regarding inadequate purposes of disbursement published in the Federal Register can be found at:
<https://www.fec.gov/help-candidates-and-committees/purposes-disbursement>

3. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "Radio ads - Texas" and "Digital ads." Please be advised that pursuant to 11 CFR §300.33(c)(1), expenditures for public communications (as defined by 11 CFR §100.26) that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any such candidate for Federal office must not be allocated between or among federal and non-federal accounts. Only federal funds may be used.

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Further, expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

If this activity was categorized incorrectly, the Commission recommends that you immediately transfer the funds received by your federal account for this activity back to the non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

- Schedule H4 discloses activity which is paid for with 100% non-federal funds. For future filings, please be advised that any activity which is financed entirely by the federal account (including administrative expenses), should be reported on Schedule B supporting Line 21(b). Any activity which is 100% non-federal and permissibly financed entirely by the non-federal account, should not be disclosed on the FEC Form 3X (11 CFR §104.10)

For your information and consideration when preparing future filings, Separate Segregated Funds and Nonconnected committees that have established a federal account and a non-federal account may pay administrative expenses, costs for generic voter drives and expenses related to public communications referencing any political party from their federal account, or allocate between their federal and non-federal accounts. Committees that choose to allocate these expenses must disclose the allocation ratio to be applied to each category of activity on a Schedule H1.

Schedule H2 is used by all political committees to report the allocation ratios of their joint federal and non-federal fundraising events and direct candidate support programs. Schedule H2 is filed with each report that discloses a disbursement for allocated activity. Schedule H3 is used by all political committees to report transfers received by the federal account from the non-federal account(s) to pay the non-federal share of allocable expenses.

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Any expenditures made on behalf of both federal and non-federal candidates (including in-kind contributions and independent expenditures) must be allocated between your committee's federal and non-federal accounts. Schedule H4 is used by all political committees to report payments for allocable expenses. (11 CFR §106.1(a))

For your next filing, please refer to the instructions for each line and schedule when determining the proper categorization(s).

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. For information about the report review process or specific filing information for your committee type, please visit www.fec.gov/help-candidates-and-committees. For more information about Requests for Additional Information (RAI), why you received a letter, and how to respond, please visit www.fec.gov/help-candidates-and-committees/request-additional-information. Should you have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number(202) 694-1172.

Sincerely,



Jack Baisden
Sr. Campaign Finance & Reviewing Analyst
Reports Analysis Division