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September 1, 2010

Rosa Lewis
Senior Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
Washington, DC 20463

Re: RFAI about April 2010 Monthly Report

Dear Ms. Lewis,

This letter is in response to your Request for Additional Information dated August 3, 2010. In that letter, and more specifically during our subsequent conversation, you identified a number of conduit contribution entries on Schedule A of our report which did not have a corresponding disbursement entry on Schedule B, and vice versa. After reviewing this report and our own records, I have determined the reasons for each of the problem transactions you identified. They are addressed below, grouped by explanation.

Refunds

The largest number of contributions which lack a corresponding disbursement were refunded back to the original contributor before the disbursement could happen. You will notice that these contributions have a corresponding entry in Schedule B supporting line 28A. These entries are described as refunds of contributions and disclose the name of the original contributor as well as the initial intended recipient. The following contributions are those which were refunded:

ALEXANDER BOUTELLE	3/12/10
SALLY BRUSH	3/18/10
NANCY CHASE	3/2/10
KAREN DAGUSTO	3/4/10
BONNIE DALE-BANNISTER	3/4/10
WILLIAM GUNN	3/12/10
ELEANOR MANG	3/8/10
ALAN REDMAN	3/13/10
MATT ROGERS	3/8/10
MATT ROGERS	3/8/10
EILEEN SANTIPADRI	3/1/10
ALEXANDRA STEWART	3/12/10
NATE THAMES	3/4/10
MATT WOJACK	3/18/10

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Disbursed and Reported

Three of the identified contributions was disbursed appropriately. For one of the contributions, made by Eric Home on 3/14/10, the name on the contribution and the name on the disbursement do not match up perfectly. The contribution was reported as disbursed on the same day, but the disbursement lists the contributor's name as Eric Duran/Home. It appears that this minor discrepancy is what lead to the contribution being flagged as problematic.

The other two contributions – one made by Nancy Chase on 3/4/10, and one made by Marilyn Sandler on 3/5/10 – were properly disbursed and properly reported as such. I do not see anything with regard to these contributions which indicates that they were incorrectly reported.

No Authorized Committee

A handful of contributions were made to a candidate, Henry Yanez, who has not registered a principal campaign committee. This occurs from time to time, as candidates are not required to register a committee until they reach the fundraising threshold. Also, there are times when the candidate has submitted a Form 1, but an FEC ID number has not yet been issued for the committee. In this case, all contributions made to Mr. Yanez were labeled as being earmarked for "CANDIDATE." The contributions were disbursed and reported as such, within the appropriate time, but the contribution entry could not be matched to the disbursement entry since it merely read, "CANDIDATE." Although the contributions were not flagged as problematic, there were also disbursements to the Douglas Herbert campaign which were reported in the same way. I am still investigating why this occurred so that we can prevent it from happening in the future.

Recoveries

The final group of contributions not reported as being disbursed involves candidates who previously had contributions refunded after they were disbursed, which lead to a negative conduit balance. We work very hard to avoid this situation, but unfortunately we are not able to fully control when a credit card contribution is refunded. Since cardholders have certain rights and privileges which the issuing banks bestow upon them, and because the banks will honor request by other banks regardless of whether an account holder will permit it, often times a contribution will be "charged back" to the credit card and the funds removed from our account over our objection.

Whenever a contribution which has already been disbursed to a designated recipient is refunded, ActBlue will recoup those funds from future contributions intended for that recipient. All such contributions received by ActBlue are reported as being disbursed to the campaign within the ten day period, and a recovery from the campaign to ActBlue in the same amount is added to the report on the date of the next disbursement; the actual recovery is effectuated by ActBlue retaining the funds rather than sending them to the campaign only to have them sent back. The recovery entry is necessary to balance

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out the refund on our conduit report, and it accurately describes what has happened, if not precisely the manner in which it happened.

An unforeseen consequence of refunds initiated by chargeback is that a campaign might not receive future contributions in excess of the amount refunded, resulting in a persistent negative balance of contributions. Without control over the chargeback process, we're unable to avoid these situations completely, despite our diligent efforts to prevent them. When they do occur, we seek a recovery from the committee with the negative balance; much of the time, we receive it.

Limitations in our accounting software, however, add an additional wrinkle which was the cause of the remaining contributions you identified as missing corresponding disbursements. When a campaign has a negative balance, no further disbursements to that campaign occur until enough contributions have been collected to recover the refunded contributions. In some cases, this may take weeks or months. Until that next disbursement occurs, the recovery entry is not added to our report. We do not currently have a method for proactively detecting these few problematic transactions from among the tens of thousands of transactions that make up each of our monthly reports.

The following are the contributions which you've identified that were not disbursed for this reason:

KEN ALBINGER	3/10/10
GARY ANDERSON	3/16/10
COREY HEIM	3/9/10
JOHN MCDONALD	3/14/10
EVELYN SHAFER	3/13/10
MALCOLM SINGER	3/19/10
BARBARA STAKES	3/13/10
LUCIA VILLARREAL	3/12/10

Many of these contributions came to our attention for other reasons. As a result, we refunded these contributions. The Albinger, Anderson, McDonald, and Singer contributions were refunded in April and were reported as such to the FEC. The Stakes and Villarreal contributions were reported as disbursed in June, once the recipient campaign raised enough contributions to be positive once again; the funds themselves were actual retained by ActBlue as a recovery and were never actually disbursed.

The remaining contributions – from Heim and Shafer – were to a recipient who continues to have a negative balance, so no subsequent disbursements to that campaign have been reported. The only option available to us presently to correct this situation is to seek the recovery directly from the committee. We will do so immediately and report any recovery we receive on our monthly report. We are currently working on adapting our software to report disbursements and recoveries at the time of accepting a contribution earmarked for a committee with a negative balance, though we expect that these changes will take a substantial amount of time to complete.

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Disbursements

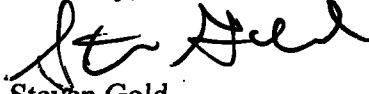
All of the disbursements which you identified as being problematic do in fact have corresponding contributions which appear in the report we filed. With the exception of disbursements to those candidates who had not yet registered a principal campaign committee (see above), I have not been able to find any reason why these disbursements failed to match up with contributions on the same report. Below is a table of contributions associated with the disbursements you identified.

Recipient	Disbursement Date	Contributor	Contribution Date
SESTAK FOR CONGRESS	3/31/10	BALTHROP, PASCAL	3/31/10
HENRY YANEZ	3/31/10	CYNOWA, GARY	3/31/10
PROGRESSIVE CHANGE	3/21/10	DUSKIN, STEPHEN	3/16/10
DOUGLAS HERBERT	3/28/10	HERBERT, DOUG	3/23/10
PATRICK KENNEDY	3/28/10	HINES, GRAINGER	3/22/10
SEGALL FOR CONGRESS	3/28/10	KAMEN, HARRY P.	3/22/10
SEGALL FOR CONGRESS	3/28/10	KAMEN, KATHERINE	3/25/10
SCHAUER FOR CONGRESS	3/28/10	LEWIS, KEVIN	3/22/10
SCHAUER FOR CONGRESS	3/28/10	LEWIS, MARYELLEN	3/22/10
SCHAUER FOR CONGRESS	3/31/10	LEWIS, MARYELLEN	3/31/10
SCHAUER FOR CONGRESS	3/28/10	LEWIS, SHARON	3/22/10
MINNICK FOR CONGRESS	3/31/10	MITCHELL, SAMUEL	3/31/10
MINNICK FOR CONGRESS	3/31/10	MITCHELL, SAMUEL	3/31/10
COMMITTEE TO ELECT ALAN GRAYSON	3/28/10	STEIN, JOHN	3/25/10
DOUGLAS HERBERT	3/28/10	VAUGHAN III, V. NELSON	3/24/10
HENRY YANEZ	3/31/10	VERGAUWEN, JEFFREY	3/30/10
SESTAK FOR CONGRESS	3/21/10	WILLIAMS/RODRIGUEZ, MICHAEL, ANTHONY	3/20/10

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I believe this addresses all of the concerns you raised. If you require any further information, please do not hesitate to contact me by return mail, or by phone at (617) 517-7636.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Gold", written in a cursive style.

Steven Gold
General Counsel

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