

A-G79 @B9CI G'H9LH'fl 97 : cfa ' - - Ł

This is in response to questions raised in two Requests for Additional Information we received on February 14th relating to our 2012M9 and 2012M10 monthly reports.

RAD pointed out that, on ActBlue's 2012M10 report, the amounts listed for Beginning Cash Balance and for the Year-to-Date totals on lines 7, 21(b), 31, and 32 of the Summary pages were not consistent with what had been reported on the 2012M9 report. We have noticed an omission from the 2012M9 report, and we are filing an amendment to that report. This should resolve this discrepancy.

RAD requested information regarding contributions made to federal candidates without including all the required information about those candidates. In reporting contributions to Russ Carnahan for Congress, we did not include the district he was seeking to represent. We report candidate and district data that is downloaded from the FEC website and the FEC's data download services. There was some confusion as to the district Mr Carnahan sought to represent on account of redistricting. He had sought to represent Missouri's First Congressional District.

RAD requested information regarding earmarked contributions that were reported on Schedule A of those reports without having corresponding disbursements reported on Schedule B of those reports, and earmarked contributions which were disbursed more than ten days following their initial receipt.

ActBlue reports the disbursement of earmarked contributions as individual lineitems, according to the guidance provided in Appendix D of the Nonconnected Committees Guide published by the Commission. We have developed custom software which manages the high volume of earmarked contributions we receive. This software not only prints the checks which we use to forward earmarked funds, it also prepares the data that goes into our reports. In order to comply with the requirement that earmarked funds be forwarded within ten days, we print checks using the software at least once every week. The printing of a check triggers the software to report the disbursement of an earmarked contribution.

From time to time, we will refund an earmarked contribution. If this occurs before we have forwarded the funds to the recipient committee, we simply do not include the funds from that contribution in the next check to that recipient committee. If we have already forwarded a contribution to a recipient before it is ultimately refunded, as was the case for the committees receiving the earmarked contributions in question, then we will withhold an amount equivalent to the refunded contribution from the next check the recipient committee is due to receive in order to pay for that refund. We still report every contribution which makes up the check from which funds were withheld. In keeping with the guidance on the reporting of earmarked contributions, we report having received the contribution which was ultimately refunded, having forwarded that contribution to the committee, having refunded the contribution to the original contributor, and having received a refund of the contribution from the recipient committee to ensure transparency in our reports.

For each of the committees receiving the earmarked contributions in question, ActBlue at one point refunded a contribution which exceeded the total amount of contributions waiting to be disbursed to that committee. As there were then no funds to disburse to these committees when ActBlue next printed checks, no check was printed for that committee and hence, the software did not include in the next report a lineitem indicating the disbursement of the earmarked contributions. Although no funds which should have been disbursed were ever held by ActBlue for more than ten days, this glitch in our software meant that the disbursements corresponding to the contributions we received did not make it into our reports, or else were reported after a check was later sent to the committee in question,

A-G79 @ B9CI G'H9LH'fl 97 : cfa ' - - Ł

making it appear as though
the funds were held by ActBlue beyond the ten day window.

ActBlue has been aware of this glitch which only affects its own reporting obligations; this does not affect disbursements of earmarked funds or the reporting information provided to recipient committees. We have plans to patch our software to eliminate the glitch. This, however, will be a large undertaking and will require a significant amount of time. In the meantime, we have implemented internal procedures to address the problem. Given that these contributions went unreported, those procedures were inadequate, and we will be implementing more stringent controls to prevent this problem until such time as improvements to our software are complete. We are confident that the controls we're implementing will allow us to avoid the problem going forward.
