

# BEN DOHERTY LAW LLC

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Hemlock, Oregon 97531  
(503) 577-1488  
ben@dohertylaw.com

March 27, 2007

Mr. Colin Burkhalter  
13755 Sunrise Valley Drive, Suite 450  
Herndon, Virginia 20171

Re: Statement of Organization (FEC-1)  
FEC Corporate Designation

Dear Colin:

At your request, I have researched the proper corporate designation for HSP Direct, LLC with regard to the FEC Statement of Organization. As you know, the Statement of Organization does not provide a choice that obviously fits HSP Direct; however, there are two possible designations that could apply -- "Corporation" and "Corporation without Capital Stock."

Unfortunately, "corporation without capital stock" is somewhat ambiguous. I have exhausted a number of sources trying to resolve the ambiguity, including: (1) 2 U.S.C. § 441, (2) Title 11 of the Code of Federal Regulations (Elections) (2) the Virginia Code, and (4) Title 26 of the Code of Federal Regulations (Income Tax). In addition, I had several telephone conversations with the FEC Reports Analysis Division, and the FEC Information Division. Nowhere in any of the codes or regulations was I able to find a definition of "corporation without capital stock," nor were the FEC personnel able to find a definition. In addition, a search of the FEC Advisory Opinions did not disclose any definition or otherwise resolve the ambiguity.

HSP Direct is considered a corporation under the FEC regulations, since it has elected to be taxed as an S-Corporation. However, HSP Direct does not have capital stock -- it has capital accounts. In general, the FEC regulations look to the tax regulations to determine what the correct treatment for a limited liability company is. The tax regulations have several instances where non-stock (such as LLC capital accounts) that have similar attributes to capital stock will be treated as such (See e.g., 26 C.F.R. § 1.382-2 regarding treatment of stock of loss corporations). At several other times, the tax code refers to banks and credit unions as corporations without stock (See e.g., 26 C.F.R. § 1.593-4). Although neither of these resolves the ambiguity, it seems that HSP Direct is more like a "Corporation."

In my discussion with the FEC Information Division, they indicated that since the term is ambiguous, you may want to attach a letter to the application indicating why you selected "Corporation." You may attach this letter if you wish, or you may take excerpts from it.

RECEIVED  
MAR 29 2007  
FEC

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Please feel free to call me if you have any questions.

Best regards,



Benjamin X. Doherty  
Attorney at Law

BNID/mid

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION COMMISSION

RQ-1

MAR 7 2007 11:24

March 7, 2007

Matthew Schenk, Treasurer  
HSP Direct LLC PAC HSP PAC  
13755 Sunrise Valley Drive Ste 450  
Herndon, VA 20171

**Response Due Date:**  
**April 6, 2007**

Identification Number: C00432419

Reference: Statement of Organization, received 2/22/07

Dear Mr. Schenk:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Your Statement of Organization does not include an email address for your Committee. Please be advised that beginning January 1, 2007, the FEC will send all courtesy materials to committees exclusively by electronic mail. Courtesy materials include reporting reminders and mailings concerning changes in the law. In addition, mandatory electronic filers are required to provide an electronic mail address, if such an address exists. 11 CFR § 102.2(a)(1)(vii) Please amend your Statement of Organization to disclose a current email address.

-Line 5(e) indicates that your committee is a separate segregated fund. A separate segregated fund is a political committee established, financed, maintained or controlled by a corporation, labor organization, membership organization, cooperative or trade association.

If your committee is a separate segregated fund, then an amended Statement of Organization should be submitted which identifies the connected organization (11 CFR §102.2(a)(1)(ii)) and the type of connected organization. Moreover, in accordance with 2 U.S.C. §432(e)(5), the name of any separate segregated fund is required to include the name of its connected organization. This includes any abbreviation within its title.

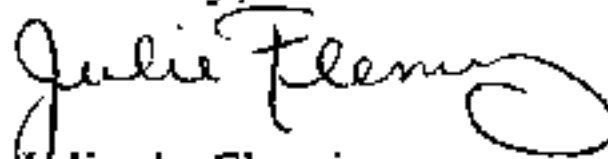
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If your committee is not a separate segregated fund, then an amended Statement of Organization should be submitted, which indicates the appropriate type of committee. 11 CFR §102.2(a)(1)(i)

**Please note, you will not receive an additional notice from the Commission on this matter.** Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. 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.

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. If you should 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) 694-1206.

Sincerely,



Julie A. Fleming

Campaign Finance Analyst  
Reports Analysis Division

FEC  
FORM 1

STATEMENT OF  
ORGANIZATION

(Amended 3/27/07)

RECEIVED  
FEB 27 2007

Office Use Only

1. NAME OF  
COMMITTEE (in full)

(Check if name  
is changed)

Example: If typing, type  
over the lines.

12FE4M5

HSP DIRECT LLC PAC

HSP PAC

ADDRESS (number and street)

13755 Sunrise Valley Drive

(Check if address  
is changed)

Suite 450

Herndon

VA

20171

CITY ▲

STATE ▲

ZIP CODE ▲

COMMITTEE'S E-MAIL ADDRESS

Schenk@hspdirect.com

Churkhalter@hspdirect.com

COMMITTEE'S WEB PAGE ADDRESS (URL)

COMMITTEE'S FAX NUMBER

703-793-3221

2. DATE

02

14

2007

3. FEC IDENTIFICATION NUMBER ►

C00432419

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

Matthew Schenk

Signature of Treasurer

Matthew Schenk

Date

02

14

2007

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 800-424-9530  
Local 202-694-1100

FEC FORM 1  
(Revised 02/2003)

## 5. TYPE OF COMMITTEE (Check One)

- (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

- (d) ☐ This committee is a ☐ (National, State or subordinate) committee of the ☐ (Democratic, Republican, etc.) Party.
- (e) ☒ This committee is a separate segregated fund.
- (f) ☐ This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee.

## 6. Name of Any Connected Organization or Affiliated Committee

HSP Direct, LLC

Mailing Address

13755 Sunrise Valley Dr.

Suite 450

Herndon

VA

20120-

CITY ▲

STATE ▲

ZIP CODE ▲

Relationship

Sponsoring Corporation

Type of Connected Organization:

- ☒ Corporation (See attachment) ☐ Corporation w/o Capital Stock ☐ Labor Organization
- ☐ Membership Organization ☐ Trade Association ☐ Cooperative

27039411975

Write or Type Committee Name

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 Kathy WimmerMailing Address 13755 Sunrise Valley DriveSuite 450Herndon VA 20171-

Title or Position ▼

CITY ▲

STATE ▲

ZIP CODE ▲

BookkeeperTelephone number 703-793-7220

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 Matthew SchenkMailing Address 13755 Sunrise Valley DriveSuite 450Herndon VA 20171-

Title or Position ▼

CITY ▲

STATE ▲

ZIP CODE ▲

TreasurerTelephone number 703-793-3220Full Name of Designated Agent Jamie HoganMailing Address 13755 Sunrise Valley DriveSuite 450Herndon VA 20171-

Title or Position ▼

CITY ▲

STATE ▲

ZIP CODE ▲

Assistant TreasurerTelephone number 703-793-3220

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.

BB&T Bank

Mailing Address

101 Catoclin Circle SE

Leesburg

VA

20175

CITY ▲

STATE ▲

ZIP CODE ▲

Name of Bank, Depository, etc.

Mailing Address

CITY ▲

STATE ▲

ZIP CODE ▲



**Federal Election Commission**  
**ENVELOPE REPLACEMENT PAGE FOR INCOMING DOCUMENTS**  
The FEC added this page to the end of this filing to indicate how it was received.

<input type="checkbox"/> Hand Delivered	Date of Receipt
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<input type="checkbox"/> USPS First Class Mail	Postmarked
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<input type="checkbox"/> USPS Registered/Certified	Postmarked (R/C)
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<input type="checkbox"/> USPS Priority Mail Delivery Confirmation™ or Signature Confirmation™ Label <input type="checkbox"/>	Postmarked
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<input type="checkbox"/> USPS Express Mail	Postmarked
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<input type="checkbox"/> Postmark Illegible	
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<input type="checkbox"/> No Postmark	
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<input checked="" type="checkbox"/> Overnight Delivery Service (Specify): <i>Fedex</i>	Shipping Date <i>3/29/07</i> Next Business Day Delivery <input checked="" type="checkbox"/>
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<input type="checkbox"/> Received from House Records & Registration Office	Date of Receipt
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<input type="checkbox"/> Received from Senate Public Records Office	Date of Receipt
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<input type="checkbox"/> Received from Electronic Filing Office	Date of Receipt
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<input type="checkbox"/> Other (Specify):	Date of Receipt or Postmarked
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*Se*  
**PREPARER**

*3/30/07*  
**DATE PREPARED**