

**STATE OF TENNESSEE**  
BUREAU OF ETHICS AND CAMPAIGN FINANCE  
REGISTRY OF ELECTION FINANCE  
404 JAMES ROBERTSON PARKWAY, SUITE 104  
NASHVILLE, TN 37243-1360  
(615) 741-7959  
Fax: (615) 532-8905

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February 28, 2017

Jeremy R. Durham  
802 Founders Pointe Boulevard  
Franklin, Tennessee 37064

Re: Notice of Possible Assessment of Civil Penalties against You, Case No. 17-01

Dear Mr. Durham:

An audit of your campaign accounts was initiated on a vote by the Tennessee Registry of Election Finance (“the Registry”) at its June 8, 2016 meeting. The vote was precipitated by a letter from the Office of the Attorney General pointing out possible discrepancies.

This audit was conducted pursuant to the requirements of T.C.A. §2-10-212. It encompassed the period from the beginning of the 2014 election cycle through the 2016 Second Quarter reporting period (on or about January 15, 2013 to June 30, 2016). The audit was accepted by the Registry at an open meeting on February 8, 2017.

This letter is to notify you that based on the audit findings the Registry believes that there may be grounds to assess Class 2 civil penalties against you for violations of the Campaign Financial Disclosure Law, T.C.A. §2-10-101, et seq.

The allegations against you are as follows:

1. You violated T.C.A. §2-10-105(a) and T.C.A. §2-10-107(a)(2)(A) by failing to report \$36,334.95 in contributions during the audit period. T.C.A. §2-10-105(a) requires all contributions received to be reported on campaign finance reports. In addition, T.C.A. §2-10-107(a)(2)(A) requires detailed disclosure of contributions over \$100 and a lump sum disclosure of contributions of \$100 or less. The various groups of unreported contributions are detailed in the sections below.

a. Unitemized Contributions

You failed to report unitemized contributions of \$3,945 in checks that were \$100 or less.

- (1) The following twenty-nine checks of \$100 or less, totaling \$2,180, were deposited from the 2013 Mid-Year reporting period through the 2015 Mid-Year reporting period and not reported:

<b>Unreported Unitemized Contributions</b>				
	<b>Check Date</b>	<b>Amount</b>	<b>Deposit Date</b>	<b>Projected Report</b>
1	6/3/2013	75.00	6/5/2013	2013 Mid-Year
2	6/3/2013	75.00	6/5/2013	2013 Mid-Year
3	6/3/2013	100.00	6/6/2013	2013 Mid-Year
4	6/28/2013	100.00	7/01/2013	2013 Mid-Year
5	6/22/2014	100.00	6/24/2014	2014 Second Quarter
6	7/12/2014	50.00	7/16/2014	2014 Pre-Primary
7	8/3/2014	100.00	8/4/2014	2014 Third Quarter
8	8/10/2014	50.00	8/13/2014	2014 Third Quarter
9	10/23/2014	100.00	10/27/2014	2014 Pre-General
10	10/23/2014	50.00	10/27/2014	2014 Pre-General
11	10/24/2014	50.00	10/27/2014	2014 Pre-General
12	10/23/2014	100.00	10/27/2014	2014 Pre-General
13	10/23/2014	100.00	10/27/2014	2014 Pre-General
14	10/23/2014	50.00	10/27/2014	2014 Pre-General
15	10/23/2014	50.00	10/27/2014	2014 Pre-General
16	10/23/2014	50.00	10/27/2014	2014 Pre-General
17	10/23/2014	50.00	10/27/2014	2014 Pre-General
18	10/23/2014	100.00	10/27/2014	2014 Pre-General
19	10/23/2014	100.00	10/27/2014	2014 Pre-General
20	10/23/2014	100.00	10/27/2014	2014 Pre-General
21	10/23/2014	100.00	10/27/2014	2014 Pre-General
22	10/23/2014	75.00	10/27/2014	2014 Pre-General
23	10/23/2014	75.00	10/27/2014	2014 Pre-General
24	10/23/2014	20.00	10/27/2014	2014 Pre-General
25	10/12/2014	35.00	10/27/2014	2014 Pre-General
26	10/22/2014	25.00	10/29/2014	2014 Fourth Quarter
27	10/30/2014	100.00	11/12/2014	2014 Fourth Quarter
28	11/10/2014	100.00	11/14/2014	2014 Fourth Quarter
29	12/20/2014	100.00	01/06/2015	2014 Fourth Quarter

- (2) During the 2015 Year-End reporting period the campaign reported unitemized contributions of \$550. Thirty-one checks of \$100 or less, totaling \$2,315, were deposited into the campaign account during this period. Thus you failed to report \$1,765 in unitemized contributions during the period. Since the campaign maintained no support for the contributions, it could not be determined which of the following contributions were not reported:

<b>2015 Mid-Year Unitemized Contributions</b>				
	<b>Check Date</b>	<b>Amount</b>	<b>Deposit Date</b>	<b>Projected Report</b>
1	11/3/2015	100.00	11/10/2015	2015 Year-End
2	11/10/2015	95.00	11/12/2015	2015 Year-End

3	11/15/2015	75.00	11/17/2015	2015 Year-End
4	11/15/2015	25.00	11/17/2015	2015 Year-End
5	11/15/2015	50.00	11/17/2015	2015 Year-End
6	11/15/2015	50.00	11/17/2015	2015 Year-End
7	11/15/2015	25.00	11/17/2015	2015 Year-End
8	11/15/2015	75.00	11/17/2015	2015 Year-End
9	11/15/2015	25.00	11/17/2015	2015 Year-End
10	11/15/2015	25.00	11/17/2015	2015 Year-End
11	11/15/2015	100.00	11/17/2015	2015 Year-End
12	11/15/2015	50.00	11/17/2015	2015 Year-End
13	11/15/2015	50.00	11/17/2015	2015 Year-End
14	11/15/2015	50.00	11/17/2015	2015 Year-End
15	11/14/2015	100.00	11/17/2015	2015 Year-End
16	11/9/2015	100.00	11/17/2015	2015 Year-End
17	11/15/2015	100.00	11/17/2015	2015 Year-End
18	11/15/2015	100.00	11/17/2015	2015 Year-End
19	11/15/2015	100.00	11/17/2015	2015 Year-End
20	11/15/2015	100.00	11/17/2015	2015 Year-End
21	11/15/2015	100.00	11/17/2015	2015 Year-End
22	11/15/2015	100.00	11/17/2015	2015 Year-End
23	11/15/2015	100.00	11/17/2015	2015 Year-End
24	11/15/2015	100.00	11/17/2015	2015 Year-End
25	11/15/2015	40.00	11/17/2015	2015 Year-End
26	11/15/2015	30.00	11/17/2015	2015 Year-End
27	11/15/2015	50.00	11/20/2015	2015 Year-End
28	11/20/2015	100.00	11/24/2015	2015 Year-End
29	11/18/2015	100.00	11/24/2015	2015 Year-End
30	11/24/2015	100.00	11/30/2015	2015 Year-End
31	12/2/2015	100.00	12/1/2015	2015 Year-End

b. Cash Deposits – Anonymous Contributions

You failed to report cash contributions totaling \$5,122.

- (1) You did not maintain or obtain sufficient records to verify compliance with the statutory requirements for cash contributions. The campaign received \$5,216 in cash contributions, which were deposited into the campaign account in nine deposits. You maintained no records to document the source of the anonymous cash contributions. Of the \$5,216, \$94 was reported as unitemized contributions on your 2016 Second Quarter disclosure. The remaining \$5,122 in cash deposits, listed below, were not reported:

<b>CASH DEPOSITS</b>		
<b>Projected Report</b>	<b>Deposit Date</b>	<b>Amount</b>
Second Quarter 2014	07/03/2014	1,000
Second Quarter 2014	07/16/2014	100
Pre-General 2014	10/06/2014	800
Fourth Quarter 2014	11/26/2014	300
Year End 2015	10/20/2015	1,502

Year End 2015	11/10/2015	1,000
Year End 2015	11/17/2015	420
Second Quarter 2016	05/27/2016	94

c. Online Deposits – Anonymous Contributions

You failed to report contributions related to on-line campaign contributions totaling \$2,806.

- (1) You did not maintain or obtain any campaign contribution records to verify compliance with campaign finance statutes for online contributions. Online anonymous contributions of \$2,651.67 were deposited, in eight wire transfers from Rally/Piryx, into the campaign accounts between July 7, 2014 and November 13, 2014. Rally/Piryx provides online fundraising platforms to assist candidates in collecting funds. The firm collects the contributions then transfers the funds to a designated account minus a fee, which appears to be 5.5% of the contribution. Thus, it appears that the campaign received \$2,806 in campaign contributions, listed below, less fees of \$154.33:

<b>Unreported Online Deposits</b>			
<b>Reporting Period</b>	<b>Date Deposited</b>	<b>Gross</b>	<b>Net</b>
2014 Pre-Primary	07/07/2014	56.00	52.92
2014 Pre-Primary	07/23/2014	100.00	94.50
2014 Pre-General	10/22/2014	100.00	94.50
2014 Fourth Quarter	10/30/2014	100.00	94.50
2014 Fourth Quarter	11/05/2014	500.00	472.50
2014 Fourth Quarter	11/06/2014	200.00	189.00
2014 Fourth Quarter	11/07/2014	250.00	236.25
2014 Fourth Quarter	11/13/2014	1,500.00	1,417.50

d. Itemized Contributions

You failed to report \$24,461.95 in contributions deposited into the campaign account related to contributors who contributed more than \$100 during a reporting period. The amount includes the following:

- (1) Checks from five donors totaling \$3,250.

<b>Unreported Itemized Contributions</b>				
<b>Donor</b>	<b>Projected Report</b>	<b>Check Date</b>	<b>Amount</b>	<b>Date Deposited</b>
EML Inc.	2012 Year-End	1/5/2013	500.00	2/28/2013
John Bryan	2014 Third Quarter	9/14/2014	1,500.00	10/16/2014
Allen Henry	2014 Pre-General	10/17/2014	250.00	10/20/2014
Ashley Tucker	2015 Year-End	11/15/2015	500.00	11/17/2015
H. Todd Kaestner	2015 Year-End	11/15/2015	500.00	11/17/2015

- (2) \$5,000 of a \$6,000 contribution check from John and Cathy Simmonds. The \$6,000 check, dated December 7, 2015, was deposited on December 11, 2015 during the Year-End 2015 reporting period. You reported a \$1,000 contribution from Mr. Simmonds with the remaining \$5,000 being unreported.
- (3) \$1,500 of a \$3,000 contribution check from Lee Beaman. The \$3,000 check, dated May 18, 2016, was deposited on May 24, 2016 during the Second Quarter 2016 reporting period. You reported a \$1,500 contribution from Mr. Beaman with the remaining \$1,500 being unreported.
- (4) A \$1,000 contribution check and \$500 of a \$5,000 contribution check from Tracy and Cynthia Miller. The \$1,000 check, dated November 27, 2015 and deposited on November 30, 2015, during the 2015 Year End reporting period, was not reported. The \$5,000 check, dated January 8, 2016, was deposited on January 13, 2016 during the 2015 Year-End reporting period. The \$5,000 check supports three reported itemized contributions of \$1,500, two from Tracy Miller and one from Cynthia Miller totaling \$4,500.
- (5) \$1,000 of a \$3,000 check from Kent Davis where the check was written with no payee. The check, dated July 6, 2014, was deposited July 10, 2014 during the 2014 Pre-Primary reporting period. Based on the deposit slips, you split the funds between Durham PAC (\$2,000) and the campaign account (\$1,000). You reported the \$2,000 deposit to the PAC in the PAC reports but failed to report the \$1,000 deposited in the campaign account.
- (6) A transfer of \$2,211.95 from an account named You DBA Volunteers Value PAC. Based on disclosures made to the Federal Election Commission, Volunteers Value PAC was a federally registered PAC from April 1, 2014 to October 1, 2014 with you as treasurer. The \$2,211.95, the remaining balance in the PAC bank account when it was closed, was transferred to the campaign account on November 26, 2014 during the 2014 Fourth Quarter reporting period.
- (7) A \$10,000 check from your personal account (Jeremy and Jessica Durham checking account). The check, dated July 25, 2015, was deposited on July 24, 2015 during the 2015 Year-End reporting period. There is no information to indicate the source or purpose of the check and you did not report any activity related to this check on your campaign disclosures.

The failure to accurately disclose campaign contributions is a violation of T.C.A. §§ 2-10-105(a) and 2-10-107(a)(2)(A). Each failure to accurately disclose a contribution is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

2. You violated T.C.A. §2-10-105(a) by reporting \$4,600 in contributions where the associated funds cannot be verified as being deposited into a campaign account. T.C.A. §2-10-105(a) requires all contributions to be accurately reported on campaign finance reports. You

reported the following ten contributions totaling \$4,600 that have no supporting documentation to verify that the funds were deposited into a campaign account:

<b>Reported Contributions With No Deposit Record</b>			
<b>Reported Donor</b>	<b>Reporting period</b>	<b>Reported Date</b>	<b>Reported Amount</b>
John Ring	2014 Pre-Primary	07/03/2014	1,000.00
Daniel Bergman	2014 Pre-General	10/24/2014	500.00
John Cherry	2014 Fourth Quarter	10/28/2014	100.00
Gary Dettloff	2014 Fourth Quarter	10/27/2014	200.00
Marcia Franks	2014 Fourth Quarter	11/02/2014	1,000.00
Laney Heard	2014 Fourth Quarter	10/28/2014	250.00
Jane White	2014 Fourth Quarter	11/1/2014	500.00
Mike Cunyngham	2015 Year-End	11/15/2015	500.00
Misty Parks	2015 Year-End	11/15/2015	300.00
TGP Coalition PAC	2015 Year-End	08/11/2015	250.00

The failure to accurately disclose campaign contributions is a violation of T.C.A. § 2-10-105(a). Each failure to accurately disclose a contribution is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

3. You violated T.C.A. §2-10-105(a) by failing to report \$10,623.70 in interest earned on campaign funds and T.C.A. §2-10-114(b)(1) by depositing \$1,637.50 of that interest into your personal account.

The definition of contribution (T.C.A. §2-10-102(4)) includes “advance, conveyance, deposit, distribution, transfer of funds, loan, loan guaranty, personal funds of a candidate, payment, gift, or subscription of money or like thing of value” which would include interest on campaign funds. Your campaign earned interest both on the campaign bank account and through promissory note activity during the audit period. The violations include:

- a. Your campaign checking account earned interest of \$529.97 during the audit period of which \$43.77 was reported on the 2016 Second Quarter report. The remaining \$486.20 was unreported.
- b. Your campaign provided funds from the campaign account to businesses and individuals which generated interest earnings. These activities generated interest totaling \$14,443.06. You reported \$4,305.56 of the interest on the 2016 Second Quarter report. The remaining \$10,137.50 was unreported.
- c. You deposited \$1,637.50 of the interest earned from promissory notes held by the campaign into your personal bank account. This would be a violation of T.C.A. §2-10-114(b)(1) which prohibits the personal use of campaign funds.

Each failure to report interest earned is a violation of T.C.A. §§ 2-10-105(a) which requires that all contributions be reported. The \$1,637.50 deposit into your personal account is a violation of T.C.A. § 2-10-114(b)(1) prohibiting use of campaign funds for any use other

than a contribution or expenditure. Each failure to comply with these requirements is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

4. You violated T.C.A. §2-10-302 by receiving \$5,500 in contributions which exceeded the individual campaign contribution limit. The statute limits the amount that an individual can contribute to a candidate for the state House of Representatives to \$1,500 per election. For the purpose of this statute primary and general elections are deemed to be separate elections.
  - a. Lee Beaman made two contributions totaling \$4,500 to your 2016 campaign, a \$1,500 check dated November 23, 2015 and a \$3,000 check dated May 18, 2016. The contribution limit for an individual was \$3,000 (\$1,500 primary and \$1,500 general). The \$1,500 difference is a violation of T.C.A. § 2-10-302.
  - b. Tracy and Cynthia Miller made three contributions from a joint account totaling \$7,500 to your 2016 campaign. The contributions consisted of a \$1,500 check dated April 23, 2015, a \$1,000 check dated November 23, 2015 and a \$5,000 check dated January 8, 2016. The contribution limit for the couple was \$6,000 (\$1,500 primary and \$1,500 general for each individual). The \$1,500 difference is a violation of T.C.A. § 2-10-302.
  - c. Kent Davis wrote a check on April 20, 2014 in the amount of \$10,000 from his account. The payee was shown as “Jeremy Durham” with “PAC” in the memo line. You split the contribution between your campaign (\$6,000), Durham PAC (\$2,700) and Volunteer Values PAC (\$1,300). The \$6,000 was reported as a \$3,000 (\$1,500 primary and \$1,500 general) contribution from Kent Davis and a \$3,000 (\$1,500 primary and \$1,500 general) contribution from his spouse, Dorothy Davis.

Mr. Davis contributed an additional \$1,500 on January 12, 2015, which was disclosed on the 2014 Fourth Quarter report. In addition, you split a \$3,000 check, dated July 6, 2014, between your campaign (\$1,000) and Durham PAC (\$2,000). The \$2,500 in excess contributions is a violation of T.C.A. § 2-10-302.

Failure to comply with the requirements T.C.A. § 2-10-302 is subject to a maximum civil penalty of not more than ten thousand dollars (\$10,000) per violation or one hundred fifteen percent (115%) of the amount of all contributions made or accepted in excess of the limitations established by this part, whichever is greater. T.C.A. § 2-10-308(a).

5. Besides maintaining a campaign account for the 2014 and 2016 elections, you operated and controlled an account for Durham PAC (Tennessee registered political campaign committee) and Volunteer Values PAC (federally registered political action committee). Your campaign reported \$6,500 in contributions which were intended for PACs controlled by you, a violation of T.C.A. §2-10-105(a).
  - a. Kent Davis wrote a check, dated April 20, 2014, for \$10,000 payable to “Jeremy Durham” with “PAC” in the memo line. The check was associated with three deposits slips, one to your campaign account for \$6,000, one for Durham PAC for \$2,700, and one

for Volunteer Values PAC for \$1,300. You then reported the contributions to each group on their related disclosures. You maintained no records pertaining to the allocation. Based on the memo line, the check was not a campaign contribution to you but a \$10,000 contribution to one or both of the PACs under your control. Therefore the \$6,000 deposited into the campaign account and reported on the campaign disclosure is improper.

- b. On the 2013 Mid-Year report you reported a \$500 contribution from Tonya Reynoldson. The check associated to this contribution was actually from River Valley Eye Clinic P. C. The check’s payee line reads “Jeremy Durham PAC”. You maintained no records explaining this allocation. Based on the check payee line the check is not a campaign contribution but a \$500 contribution to Durham PAC.

The failure to accurately disclose campaign contributions is a violation of T.C.A. § 2-10-105(a). Each failure to accurately disclose a contribution is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

- 6. You violated T.C.A. § 2-10-107(a)(2)(A) by failing to accurately disclose the names of several contributors. T.C.A. § 2-10-107(a)(2)(A) requires that each contribution over \$100 disclosed must contain the complete name, address, amount, occupation and employer. The contributors that were incorrectly disclosed are listed below:

- a. Thirteen contribution checks from businesses, each listed a business in the header, were reported as contributions from the business owner or signer of the check.

<b>Contribution Not Allocated to Actual Contributor</b>				
<b>Reporting Period</b>	<b>Reported Contributor</b>	<b>Deposit Date</b>	<b>Amount</b>	<b>Actual Contributor</b>
2013 Mid-Year	Hulan, Leah	05/20/2013	500	Grumpy's Bail Bonding
2013 Mid-Year	Franks, Jimmy	05/21/2013	1,000	Franks Family LP
2013 Mid-Year	Reynoldson, Tonya	06/06/2013	500	River Valley Eye Clinic
2014 Second Quarter	Thompson, Kevin	06/13/2014	1,000	Thompson Burton PLLC
2014 Pre-General	Benz, Gary	10/10/2014	250	GBENZ LLC
2014 Pre-General	Franks, Jimmy	10/15/2014	1,000	Franks Realty LP
2014 Pre-General	Haley, Carl	10/17/2014	500	TBA Investments
2014 Pre-General	Isbell, Sam	10/27/2014	1,000	EML LLC
2014 Pre-General	Redford, Clyde	10/27/2014	500	Franklin Battlefield Inn
2014 Pre-General	Rusty, Terry	10/27/2014	250	Princeton Medical Group
2014 Fourth Quarter	Magli, Boyce	10/31/2014	250	Magli Realty Company
2014 Fourth Quarter	Reynoldson, Tonya	12/08/2014	500	River Valley Eye Clinic
2015 Mid-Year	Hulan, Leah	07/03/2015	1,500	Grumpy's Bail Bonding

- b. A \$250 check from Mid-South Collegiate Umpires was reported as being contributed by the individual who signed the check, Scott Erby (deposited 10/27/2014).
- c. A \$500 check from the Committee to Elect Angela Hoover, signed by her, was reported as being from her father, Lonnie Hoover (deposited 08/06/2014).



- d. A \$250 cashier’s check was reported as being from the bank on which the check was drawn (Southeast Financial Credit Union) not the individual who made the contribution, Tyler Duncan (deposited 01/09/2014).
- e. A \$2,000 check from Bryan Spicer was allocated as \$1,500 from Mr. Spicer and \$500 from a Cassidy Spicer, Mr. Spicer’s wife. The check is not from a joint account, and the allocation to Cassidy Spicer was improper (deposited 10/16/2013).
- f. Two checks for \$250 each were reported as being from Brenna Simmonds. Her actual name is Brenna Beth Simmonds Wood (deposited 01/03/2014 and 01/09/2014).

This constitutes a violation of T.C.A. §2-10-107(a)(2)(A) which requires contributions of more than \$100 to be itemized. The itemized information for each contributor must include name, address, occupation, employer, date of receipt, and amount of contribution. Each violation of T.C.A. §2-10-107(a)(2)(A) is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

- 7. You violated T.C.A. §2-10-105(a) and T.C.A. §2-10-107(a)(2)(B) by failing to keep adequate records to support campaign expenses resulting in discrepancies in the reporting of campaign expenditures. T.C.A. §2-10-105(a) requires that a candidate report all expenditures made by the campaign. In addition, T.C.A. §2-10-107(a)(2)(B) requires accurate disclosure of expenditures as itemized or unitemized expenditures. The following campaign expenses were reported inaccurately:
  - a. You failed to disclose \$51,140.56 in campaign expenditures. The campaign’s disclosures show itemized and unitemized expenses totaling \$221,174.91 (\$181,831.18 itemized and \$39,343.73 unitemized) for the audit period. The audit determined the expense amount to be \$272,315.47, resulting in a difference of \$51,140.56.

Reporting Period	Candidate Disclosure Expenses	Audit Calculated Expenses	Difference
2013 Mid-Year	8,618.13	8,916.21	-298.08
2013 Year-End	15,694.34	15,616.43	77.91
2014 First Quarter	400.00	2,146.72	-1,746.72
2014 Second Quarter	7,551.26	7,562.63	-11.37
2014 Pre-Primary	1,375.00	4,492.18	-3,117.18
2014 Third Quarter	8,860.00	10,760.57	-1,900.57
2014 Pre-General	2,400.00	7,462.33	-5,062.33
2014 Fourth Quarter	30,595.97	34,137.76	-3,541.79
2015 Mid-Year	18,752.70	23,135.88	-4,383.18
2015 Year-End	25,766.19	38,301.37	-12,535.18
2016 First Quarter	11,928.33	14,079.00	-2,150.67
2016 Second Quarter	89,232.99	105,704.39	-16,471.40
Totals	221,174.91	272,315.47	-51,140.56

- b. You failed to report expenses of \$75,938.55 as itemized expenditures. The 208 instances include expenditures which were not reported and expenditures which were included in unitemized expenditures. These include single vendor transactions and multiple transactions grouped together by vendor.

<b>Name of Vendor and Number of Charges</b>	<b>Date of Last Expenditure</b>	<b>Amount</b>
Hilton Hotel (2)	1/18/2013	\$154.97
Romano's (2)	3/9/2013	\$100.85
The Tin Roof (Tin Roof 2) (5)	4/27/2013	\$104.75
PF Changs (2)	4/29/2013	\$145.80
Soroptimist (1)	5/4/2013	\$140.00
Sweet -N Sassy Bakery (1)	5/9/2013	\$103.68
Chili's Grill (3)	5/22/2013	\$160.25
J. Alexanders (3)	6/5/2013	\$191.66
CTC Constant contact (5)	6/6/2013	\$150.00
Puckett's   Grocery & Restaurant (7)	6/12/2013	\$134.18
Mapco mart (2)	6/26/2013	\$115.58
Flight Restaurant (1)	7/10/2013	\$120.64
WAKM Radio (1)	8/12/2013	\$200.00
Jonathan Shearon (1)	10/1/2013	\$120.00
Fairview High School Parents Association (1)	10/20/2013	\$300.00
Republic Women of Williamson County (1)	10/24/2013	\$25.00
Louisiana Lagniappe (1)	10/29/2013	\$140.14
Lulu's (2)	10/31/2013	\$150.00
Cadence Bank (6)	11/30/2013	\$127.75
Mere Bulles (2)	12/4/2013	\$125.71
CTC Constant contact (7)	12/6/2013	\$210.00
USPS (1)	12/18/2013	\$138.00
Carter Wamp (1)	1/20/2014	\$200.00
Robert Blair (1)	1/26/2014	\$250.00
Puckett's   Grocery & Restaurant (4)	2/17/2014	\$110.14
Tom Podnar (1)	3/7/2014	\$192.00
Rodizio Grille (1)	3/26/2014	\$202.64
Red Pony Restaurant (1)	4/4/2014	\$269.00
OnTimeTelecom (3)	4/30/2014	\$360.00
Portrait Innovations (1)	4/30/2014	\$109.24
James Amundsen (1)	5/3/2014	\$400.00
Lugo's LLC (1)	5/7/2014	\$191.42
Tsunami of Charleston (1)	5/24/2014	\$114.41
Vistaprint (1)	6/4/2014	\$277.97
USPS (2)	6/10/2014	\$438.00
Cajun Steamer Ventures (2)	6/13/2014	\$212.30
Mapco Mart (5)	6/17/2014	\$299.38
Jared Hatcher (1)	6/17/2014	\$110.28
Mike Griffith (1)	6/18/2014	\$540.00
Coolsprings Eyecare LLCs (1)	6/24/2014	\$105.00
Puckett's   Grocery & Restaurant (3)	6/30/2014	\$114.55
March of Dimes (1)	7/7/2014	\$250.00
Mapco Mart (3)	7/10/2014	\$124.22
Mike Griffith (1)	7/10/2014	\$270.00
Franklin Noon Rotary (1)	7/13/2014	\$800.00

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Jared Hatcher (1)	7/13/2014	\$150.00
Friends of Scott Walker (1)	7/14/2014	\$1,000.00
Southwest Airlines (1)	7/14/2014	\$178.50
Price Rudolph (1)	7/21/2014	\$125.00
Tennessee Bar Association (1)	7/22/2014	\$145.00
Bluegrass (1)	7/23/2014	\$150.00
Corner Pub Franklin (2)	7/27/2014	\$110.23
Jonathan Shearon (1)	8/1/2014	\$278.00
RC Golf (Paypal) (1)	8/4/2014	\$115.72
Dos Margaritias Mexican Rest. (1)	8/9/2014	\$100.74
Price Rudolph (1)	8/13/2014	\$1,000.00
Morton's of Nashville (1)	8/14/2014	\$341.95
Christy Martin for City Commission (1)	8/21/2014	\$200.00
Jason Rich for Mayor (1)	8/21/2014	\$200.00
Jos A Bank Catalog (1)	9/5/2014	\$206.50
J Alexanders (2)	9/9/2014	\$287.18
The Standard Restaurant (2)	9/10/2014	\$368.45
Mona Gill (1)	9/10/2014	\$474.00
Bud Hulsey Campaign (1)	9/15/2014	\$500.00
Yes On 1 (1)	9/20/2014	\$200.00
Exxon Mobile (2)	9/23/2014	\$110.39
Jonathan Shearon (1)	10/1/2014	\$120.00
Franklin City Club (1)	10/10/2014	\$125.00
Bryon Dodson (1)	10/10/2014	\$333.33
Superior Labels (1)	10/24/2014	\$171.00
Morton's of Nashville (1)	11/12/2014	\$420.18
Benton Smith (1)	11/13/2014	\$155.00
Rally / Piryx (5)	11/13/2014	\$140.25
ALEC (conference in DC) (1)	11/14/2014	\$475.00
Tennessee Department of State (1)	11/15/2014	\$300.00
Debra Webb (1)	11/15/2014	\$425.10
Tennessee Department of Commerce & Insurance (1)	11/18/2014	\$110.00
Spring Hill Chamber of Commerce (1)	11/24/2014	\$200.00
Bud Hulsey Campaign (1)	11/25/2014	\$1,000.00
Southwest Airlines (1)	11/25/2014	\$541.70
Civil Air Patrol (1)	12/4/2014	\$250.00
Rodizio Grill (2)	12/8/2014	\$122.62
Roger Kane (1)	12/8/2014	\$250.00
Saint Anejo Mexican Rest. (2)	12/10/2014	\$120.26
Photos By Shutterfly (1)	12/13/2014	\$436.99
Hiram Lodge (1)	12/18/2014	\$120.00
Yankee Candle store 81 Franklin (1)	12/22/2014	\$179.09
Robert Blair (1)	12/23/2014	\$250.00
Koto Japanese Rest. (1)	12/26/2014	\$106.45
Landmark Bank (3)	12/31/2014	\$107.62
Franklin City Club (3)	1/4/2015	\$375.00
CTC Constant contact (3)	1/6/2015	\$105.00
Cork & Cow (2)	1/7/2015	\$104.84
USPS (1)	1/7/2015	\$176.40
Durham PAC (1)	1/20/2015	\$200.00
Lee's Alterations (1)	1/21/2015	\$257.91
Bed Bath & Beyond (1)	3/3/2015	\$237.71

Willamson Harold (1)	3/4/2015	\$350.00
Waves (1)	3/4/2015	\$100.00
WAKM (1)	3/8/2015	\$225.00
Rodizio Grill (1)	3/16/2015	\$263.76
Grishams Transmission & Towing (1)	3/21/2015	\$164.80
Stoney River Legendary Steaks (1)	3/24/2015	\$171.74
Flip Burger Boutique (3)	3/25/2015	\$200.30
Kroger (2)	3/25/2015	\$113.22
Kirklands (1)	3/30/2015	\$259.98
Midtown Wine And Spirits (7)	4/15/2015	\$257.65
SignNiche (1)	4/25/2015	\$103.79
Morton's (1)	5/1/2015	\$42.94
Jonathan Shearon (1)	5/1/2015	\$180.00
Mapco #3428 (3)	5/2/2015	\$136.08
The Flying Saucer (7)	5/12/2015	\$217.06
Franklin Bombers (1)	5/14/2015	\$500.00
Meo-Mio's Cajun & Seafood (2)	5/14/2015	\$196.00
Publix (1)	5/25/2015	\$101.27
Exxonmobil (4)	5/25/2015	\$142.74
George Jones Museum (1)	6/3/2015	\$142.84
Metropolitan Wine (2)	6/3/2015	\$101.95
Franklin City Club (7)	6/4/2015	\$715.00
Hwy 55 Burgers & Shakes Nolensville, TN (1)	6/4/2015	\$120.14
CTC Constant contact (5)	6/6/2015	\$175.00
Koto Japanese Rest. (4)	6/10/2015	\$223.87
Puckett's   Grocery & Restaurant (4)	6/15/2015	\$291.22
Cajun Steamers (1)	6/26/2015	\$220.90
Corinthian Lodge (2)	6/30/2015	\$110.00
Party Fowl (1)	7/6/2015	\$175.33
Paypal Ebay Marketplace (1) Unknown vendor	7/27/2015	\$111.99
Paypal Ebay Marketplace (1) Unknown vendor	7/27/2015	\$665.20
Paypal Ebay Marketplace (1) Unknown vendor	7/27/2015	\$854.95
Paypal Ebay Marketplace (1) Unknown vendor	7/27/2015	\$175.00
Benton Smith (1)	8/1/2015	\$150.00
Wild Ginger Rest. (1)	8/1/2015	\$136.23
Zach Dean (5)	9/15/2015	\$680.00
Franklin Rotary at Breakfast (1)	9/17/2015	\$200.00
Mellow Mushroom (2)	9/20/2015	\$105.92
TeamFanshop (Fanatics Retail Group) (2)	9/21/2015	\$184.74
Crabby Steve's (Panama City) (2)	9/24/2015	\$109.27
Westhaven Men's Fellowship (1)	10/6/2015	\$300.00
UT CFO Office (2)	10/10/2015	\$640.00
Greenbrier Cemetery Fund (1)	10/11/2015	\$200.00
Flowers By Louis (TLF)- (1)	10/15/2015	\$153.93
Garcia's Mexican Restaurant (1)	10/17/2015	\$100.27
21St District Drug Court (1)	10/21/2015	\$200.00
Bed Bath & Beyond (1)	10/23/2015	\$122.34
Feed America (Paypal) (1)	10/26/2015	\$200.00
Mike Griffith (1)	10/30/2015	\$255.00
Jonathan Shearon (5)	10/31/2015	\$748.00
Sperry's Restaurant (1)	11/9/2015	\$205.16
Westside Wine & Spirits (2)	11/12/2015	\$201.48

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Mapco (Mapco Express) (23)	11/12/2015	\$576.84
Jason A Saunders (1)	11/14/2015	\$600.00
Hiram Lodge (1)	11/15/2015	\$120.00
Franklin Delivery (Square Inc) (4)	11/15/2015	\$273.96
The Daily Dish (1)	11/17/2015	\$1,816.58
5 Points Station (12)	11/17/2015	\$317.10
Puckett's   Grocery & Restaurant (7)	11/26/2015	\$336.51
The Chop House (1)	11/28/2015	\$118.23
Defined By Darla	12/2/2015	\$500.00
Willamson Herald (3)	12/3/2015	\$445.00
Shell Oil (11)	12/9/2015	\$286.70
Robert Blair (2)	12/11/2015	\$300.00
The Standard Rest. (2)	12/12/2015	\$352.00
FedEx (4)	12/16/2015	\$120.22
Walgreens (1)	12/16/2015	\$418.74
Kroger Fuel (10)	12/22/2015	\$312.52
Andy Ortega (5)	12/23/2015	\$195.00
Price Rudolph (3)	12/23/2015	\$550.00
Landmark Bank (6)	12/31/2015	\$115.88
Buffalo Wild Wings (3)	12/31/2015	\$169.26
Franklin City Club (9)	1/4/2016	\$1,055.05
Neighborhood Taproom & Kitchen (10)	1/4/2016	\$218.96
Chick-Fil-A (7)	1/5/2016	\$104.14
CTC Constant contact (6)	1/6/2016	\$330.00
BP #8507311 Mapco (4)	1/7/2016	\$113.67
Franklin Noon Rotary Club (1)	1/8/2016	\$215.00
Zach Dean (2)	1/18/2016	\$150.00
Andy Holt (1)	1/30/2016	\$550.00
LEAP (1)	2/1/2016	\$250.00
Tom James Company (1)	2/2/2016	\$179.17
WAKM (1)	2/2/2016	\$400.00
Mike Griffith (1)	2/4/2016	\$765.00
LogicForce (1)	2/25/2016	\$1,000.00
Franklin City Club (3)	3/4/2016	\$340.00
CTC Constant contact (2)	3/6/2016	\$110.00
USPS (1)	3/23/2016	\$490.00
Williamson County Republican Party (1)	3/24/2016	\$100.00
Shell Oil (6)	3/28/2016	\$169.40
Frugal MacDoogal Wine and Liquor (2)	3/29/2016	\$116.82
Kayne Prime (1)	3/29/2016	\$284.73
Puckett's Grocery (2)	5/28/2016	\$2,150.19
Franklin City Club (1)	6/1/2016	\$125.00
CTC Constant Contact .com (1)	6/1/2016	\$60.00
Buffalo Wild Wings (3)	6/7/2016	\$116.38
5 Points Station (3)	6/10/2016	\$510.00
Shell (3)	6/14/2016	\$107.53
Blue Grass on the Harpeth (1)	6/23/2016	\$150.00
Walgreens (1)	6/23/2016	\$110.41
BP Oil (5 transactions- May - June)	6/23/2016	\$179.53
MP Films (1)	6/24/2016	\$1,350.00
Franklin Delivery (SQ) (2)	6/24/2016	\$110.90
Spotlight Southern Division (Comcast) (1)	6/25/2016	\$15,066.00

Price Rudolph (1)	6/30/2016	\$2,252.00
DLR - Chicago (Dick's Last Resort) (1)	8/8/2016	\$105.45
Republican Women of Williamson County (3)	2015 Mid Year	\$119.00
Unknown (Couch) (1)	2015 Mid Year	\$250.00
Mike Weaver (1)	2015 Mid Year	\$1,250.00
Charlie S. (1)	2015 Mid Year	\$500.00
Andy Holt (1)	2015 Year End	\$600.00
<b>Total</b>		\$75,938.55

- c. You failed to report the correct amount for sixteen expenditures totaling \$4,458.91. The incorrect reporting consisted of three expenses understated by \$39.46 and thirteen expenditures overstated by \$4,498.37:

<b>Vendor</b>	<b>Date</b>	<b>Audit Amount</b>	<b>Candidate Amount</b>	<b>Difference</b>
Pugh, Byron	06/17/2013	\$415.00	\$385.60	\$29.40
McCoy, T. J.	05/23/2103	\$50.00	\$150.00	-\$100.00
Lodge, Hiram	05/15/2013	\$64.00	\$104.00	-\$40.00
Stones River Strategies	04/02/2013	\$998.00	\$1,000.00	-\$2.00
Tennessee Bar Association	06/17/2013	\$125.00	\$295.00	-\$170.00
Fairview Lions Club	10/06/2013	\$110.00	\$310.00	-\$200.00
Shutterfly, Inc.	12/07/2013	\$199.28	\$399.28	-\$200.00
JJ's Wine Bar	12/11/2013	\$252.50	\$381.50	-\$129.00
C & F Tire	06/04/2014	\$144.59	\$412.82	-\$268.23
Rudolph, Price	06/22/2014	\$488.20	\$1,500.00	-\$1,011.28
American Mail & Insert	08/15/2014	\$760.06	\$760.00	\$0.06
Smith, Benton	10/20/2014	\$410.00	\$400.00	\$10.00
Grays On Main	11/04/2014	\$3,822.14	\$4,500	-\$677.86
Pregnancy Centers Of Middle TN	03/12/2015	\$150.00	\$250.00	-\$100.00
Brandfire Consulting LLC	01/12/2016	\$7,500.00	\$9,000.00	-\$1,500.00
Pregnancy Centers Of Middle TN	03/17/2016	\$150.00	\$250.00	-\$100.00
<b>Total</b>				-\$4,458.91

- d. You reported nine expenditures totaling \$8,154 which appear to have not been incurred.

<b>Vendor</b>	<b>Date</b>	<b>Amount</b>	<b>Report</b>
Republican Women of Williamson County	01/26/2013	\$104	2013 Mid-Year
Fairview High School	09/24/2013	\$500	2013 Year-End
JJ's Wine Bar	12/10/2013	\$1,000	2013 Year-End
Stone River Strategies	07/29/2013	\$1,500	2013 Year-End
Benton Smith	05/25/2015	\$2,000	2015 Mid-Year
Franklin Noon Rotary	05/05/2015	\$800	2015 Mid-Year
Curcio, Michael G	12/02/2015	\$1,000	2015 Year -End
Franklin Police Citizens Academy	01/10/2016	\$250	2015 Year -End
Notes for Nurses	08/01/2015	\$1,000	2015 Year -End
<b>Total</b>		\$8,154	

e. You double reported expenses totaling \$13,358.13. The double reported expenditures were each reported in two different reporting periods:

- (1) On December 16, 2015 you made a purchase on your personal credit card at Walgreens for \$418.74. This expense appears on the 2015 Year-End report and 2016 First Quarter report.
- (2) On December 31, 2015 you made a purchase on your personal credit card at Buffalo Wild Wings for \$106.60. It was reported as an unitemized expense on the 2015 Year End report. It also was reported on the 2016 First Quarter report as an itemized expense for \$206.60.
- (3) On December 12, 2015 you made a purchase on your personal credit card at The Standard Restaurant for \$302.00. It was reported as an unitemized expense on the 2015 Year End report. It was also reported on the 2016 First Quarter report as an itemized expense for \$402.00.
- (4) You double reported twenty-four itemized expenses totaling \$5,354.45 on the 2016 First Quarter and 2016 Second Quarter. All but one (a check dated in March, 2016 but cleared in April, 2016) related to credit card reimbursements that were incurred in the first quarter but reimbursed in the second quarter.

<b>Expenses Reported in Both First Quarter 2016 and Second Quarter 2016</b>			
<b>Payee</b>	<b>Amount</b>	<b>Incurred</b>	<b>Reimbursed</b>
Williamson County Republican Party	\$140.00	Feb-16	Apr-16
Koi Sushi	\$203.41	Feb-16	Apr-16
Firestone	\$1,093.58	Feb-16	Apr-16
Jonathan's Grille	\$180.14	Feb-16	Apr-16
Fairview Lions Club	\$137.00	Feb-16	Apr-16
Pregnancy Centers Of Middle TN	\$150.00	Feb-16	Apr-16
LogicForce	\$1,000.00	Feb-16	Apr-16
Andy Holt	\$550.00	Feb-16	Apr-16
CTC Constant contact	\$55.00	Feb-16	Apr-16
Franklin City Club	\$125.00	Feb-16	Apr-16
Shell (see note 1)	\$17.08	Feb-16	Apr-16
Shell (see note 1)	\$29.94	Feb-16	Apr-16
Shell (see note 1)	\$27.30	Feb-16	Apr-16
Frugal MacDoogal (see note 2)	\$94.99	Feb-16	Apr-16
Frugal MacDoogal (see note 2)	\$21.83	March-16	May-16
Shell (see note 3)	\$27.38	March-16	May-16
Shell (see note 3)	\$33.99	March-16	May-16
Shell (see note 3)	\$33.71	March-16	May-16
Williamson Co Republicans	\$100.00	March-16	May-16
Kayne Prime	\$284.73	March-16	May-16
USPS	\$490.00	March-16	May-16
BP/Mapco (see note 4)	\$27.58	March-16	May-16
BP/Mapco (see note 4)	\$31.79	March-16	May-16
Dodson, Bryan	\$500.00	April -16	
<b>Total</b>	<b>\$5,354.45</b>		

Note 1 - Reported in single entry dated 4/6/2016 \$74.32
Note 2 - Reported in single entry dated 5/7/2016 \$116.82
Note 3 - Reported in single entry dated 5/7/2016 \$129.51
Note 4 - Reported in single entry dated 5/7/2016 \$93.99

- (5) You double reported twenty-nine expenses totaling \$6,976.34 on the 2016 Second Quarter and 2016 Pre-Primary. All of the expenses related to expenses paid on the May 2016 candidate personal credit card or checks written in June that cleared the bank in July.

<b>Expenses Reported in Both Second Quarter 2016 and Pre-Primary 2016</b>			
<b>Payee</b>	<b>Amount</b>	<b>Incurred</b>	<b>Reimbursed</b>
Rudolph, Price (see note 1)	\$2,252.00	Jun-2016	
MP Films (see note 1)	\$1,350.00	Jun-2016	
Blue Grass on the Harpeth (see note 1)	\$150.00	Jun-2016	
CTC Constant Contact .com	\$60.00	May-2016	Jul-16
BP	31.68	May-2016	Jul-16
BP	36.54	May-2016	Jul-16
BP	38.31	May-2016	Jul-16
Shell (see note 2)	33.74	May-2016	Jul-16
Buffalo Wild Wings	\$40.39	May-2016	Jul-16
Buffalo Wild Wings	\$22.28	May-2016	Jul-16
Buffalo Wild Wings	\$53.71	May-2016	Jul-16
Franklin Delivery (SQ) (see note 3)	\$31.05	May-2016	Jul-16
Puckett's Grocery	\$2,081.21	May-2016	Jul-16
Puckett's Grocery (see note 3)	\$68.98	May-2016	Jul-16
5 Points Station	\$170.00	May-2016	Jul-16
5 Points Station	\$170.00	May-2016	Jul-16
Gary Graham (see note 1)	\$33.59	Jun-2016	
Republican Career Women (see note 1)	\$90.00	Jun-2016	
WWW.1and1.com	\$21.57	May-2016	Jul-16
Chick-Fil-A 02179 (see note 3)	\$21.07	May-2016	Jul-16
Domino's (see note 3)	\$25.37	May-2016	Jul-16
Moe's Original BBQ (see note 3)	\$35.51	May-2016	Jul-16
O'Charley's (see note 3)	\$30.48	May-2016	Jul-16
Wendy's (see note 3)	\$15.39	May-2016	Jul-16
Exxonmobil (see note 2)	\$30.67	May-2016	Jul-16
Murphy Express (see note 2)	\$17.41	May-2016	Jul-16
Target (see note 4)	\$43.53	May-2016	Jul-16
Dollar Tree (see note 4)	\$2.19	May-2016	Jul-16
Dollar Tree (see note 4)	\$19.67	May-2016	Jul-16
<b>Total</b>	<b>\$6,976.34</b>		
Note 1 - Check dated in June, cleared in July			
Note 2 - Reported on Pre-Primary as travel 81.82			
Note 3 - Reported on Pre-Primary as Food/ Beverage 227.85			
Note 4 - Appears to be reported on Pre-Primary as Gifts / Promotions			



These constitute violations of T.C.A. §§2-10-105(a) and 2-10-107(a)(2) which require that all expenditures be accurately reported. Each failure to comply with these requirements is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

8. You violated T.C.A. §2-10-114 by disbursing \$10,176.35 in campaign funds for prohibited activities. Campaign finance statutes allow candidates to use campaign funds for expenditures based on the definition of expenditures in T.C.A. §2-10-102(6):

- (1) Purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made for the purpose of influencing a measure or the nomination for election or election of any person to public office.
- (2) Use of campaign funds by an officeholder for the furtherance of the office of the officeholder.

In addition, T.C.A. §2-10-114(b)(1) provides that no candidate for public office shall use any campaign funds for any other purpose other than a contribution or expenditure. The disbursement of campaign funds for a candidate's own personal use is not permitted.

T.C.A. §2-10-114(b)(2) outlines expenditures that are specifically prohibited:

- (1) Any residential or household items, supplies or expenditures, including mortgage, rent or utility payments for any part of any personal residence of a candidate or officeholder or a member of the candidate's or officeholder's family.
- (2) Mortgage, rent, or utility payments for any part of any nonresidential property that is owned by a candidate or officeholder or a member of a candidate's or officeholder's family and used for campaign purposes, to the extent the payments exceed the fair market value of the property usage.
- (3) Funeral, cremation, or burial expenses related to deaths within a candidate's or officeholder's family.
- (4) Clothing, other than items of de minimis value that are used in the campaign.
- (5) Tuition payments within a candidate's or officeholder's family other than those associated with training campaign staff or associated with an officeholder's duties.
- (6) Dues, fees, or gratuities at a country club, health club, or recreational facility, unless they are part of a specific fundraising event that takes place on the organization's premises.
- (7) Salary payments to a member of a candidate's family, unless the family member is providing bona fide services to the campaign. If a family member provides bona fide

services to the campaign, any salary payment in excess of the fair market value of the services provided is a prohibited use.

- (8) Admission to a sporting event, concert, theater, activity, charitable event or other form of entertainment, unless the event is an expense associated with a legitimate campaign or officeholder activity, where the tickets to such event are provided to students attending schools, guests or constituents of the candidate or officeholder, or persons involved in the candidate's or officeholder's campaign.
- (9) Payments for grooming or enhancing one's personal appearance unrelated to campaign activities.
- (10) Payment of any fines, fees, or penalties assessed pursuant to title 2, chapter 10 or title 3, chapter 6, Tennessee Code Annotated.

Based on the foregoing, the following expenditures are prohibited by T.C.A. §2-10-114:

- (1) Aaron and Brenda's Wedding \$50: Your credit card statement showed an expense reimbursed by the campaign that appeared as "*WPY Aaron and brendas wed*". There appears to be no campaign or legislative purpose to this "gift" unlike bonuses or gifts given to campaign workers or other related staff.
- (2) Bank wire transfer fees \$30. Appear be related to your facilitating a transaction as an attorney.
- (3) BeautiControl Spa for \$43.70. BeautiControl Spa's primary products are cosmetics and spa products (personal appearance items) all of which are prohibited.
- (4) Benton Smith check for \$500. Benton Smith was both a campaign worker and employee of Battleground Title and Escrow LLC. This check was written to Benton Smith from the campaign account and reported as professional services but deposited into the operating account of Battleground Title and Escrow LLC. Based on statements provided by Benton Smith, the funds were not paid for professional services but were a transfer from the campaign account to the business to assist in business expenses. The deposit occurs on the day that text messages between you and Benton Smith indicated that you could transfer funds from the campaign account to the business but would need to get credit for funding as an owner.
- (5) Cool Springs Wine & Spirits for \$53.52 on 11/14/2014 and Red Dog Wine & Spirits for \$87.38 on November 17, 2014: These expenses appear on your personal credit card with the notation "battleground". Based on that data, it appears these expenses were related to the title company and not legislative or campaign activity.
- (6) Cool Springs EyeCare LLC \$105: This expense appears on your personal credit card with the notation "suns". This appears to indicate purchase of sunglasses which

does not appear to be a campaign related expense nor an ordinary and necessary expense of an office holder.

- (7) Defined by Darla for \$500: Defined by Darla appears to be a custom clothier or custom home décor service, both of which are prohibited.
- (8) Fairview Lions Club \$55: The campaign records indicate campaign paid \$110 to the Fairview Lions Club for membership dues for you and your wife. Your \$55 membership is an allowable expense; however, your wife's membership is an unallowable expense.
- (9) Franklin theater expenses for \$52: On your personal credit card there are four expenses totaling \$52 to the Franklin Theater on April 23, 2016.
- (10) Groupon was paid \$6: The campaign paid Groupon for tickets to the Williamson County Fair. There is no record to indicate these tickets were used by anyone but you.
- (11) Heritage Cleaners was paid \$108.84 from 10/31/2014 to 2/2/2016 for dry cleaning which would appear to be additional clothing related prohibited purchases.
- (12) Herron Travel for \$30.00: Based on the records provided, this travel expense is associated with your wife's travel to the Chicago ALEC conference. Your travel was paid for by the State of Tennessee. Campaign funds may be used to reimburse the candidate's travel to such a conference but not for a spouse.
- (13) Herron Travel for \$30.00: Based on the records provided this travel expense is associated with your wife's travel to the Washington, D.C. ALEC conference.
- (14) JJ's Wine Bar for \$252.50: This expense appears on your personal credit card and was included in the reimbursement paid from the campaign account. A note next to the expense reads "Jeremy's b-day." Expenses associated to a birthday celebration would be personal in nature and therefore unallowable.
- (15) Johnathan Shearon was paid \$1,474 from October 10, 2013 to April 11, 2016 for landscaping or home improvement related services for your personal residence or rental properties from the campaign account. Based on discussions with you and an internet search, it appears Johnathan Shearon operates a lawn care/landscaping business and was paid to keep the grounds of your personal residence or rental property used for campaign storage or events.
- (16) Jos A. Bank Catalog for \$206.50: This expense appears on your personal credit card and was included in the reimbursement paid from the campaign account. A note next to the expense reads "Byron". This appears to indicate purchase of prohibited clothing for a campaign worker.

- (17) Lee's Alterations was paid \$290.69 in two transactions: Clothing alteration would appear to be clothing related purchase which is prohibited.
- (18) Logicforce \$1,850: You personally paid and then reimbursed from the campaign account a \$1,000 payment to Logicforce and then later paid the firm directly from the campaign \$850. Logicforce is a computer forensic company. Based on your statements and other records, you hired the firm to make a forensic copy of your mobile phone to assist you in a defense against allegations investigated by the Attorney General and Reporter. The hiring of a firm to provide forensic services for a possible legal defense is not a campaign expense or an ordinary and necessary expense incurred in connection with the office of an officeholder and therefore would be unallowable.
- (19) Mona Gill \$474: Based on records obtained and statements made this was a gift paid to a hostess of an event that you attended. There appears to be no campaign or legislative purpose to this "gift" unlike bonuses or gifts given to campaign workers or other related staff.
- (20) Nissan Stadium Concession \$54: On your personal credit card there are four purchases on September 5, 2015 at the Nissan Stadium Nashville.
- (21) Nordstrom for \$29.35. Expense appears to be a personal purchase.
- (22) PayPal eBay Marketplace for \$1,807.14 (Four transactions \$111.99, \$665.20, \$854.95 and \$175.00): All the expenses appear on your personal credit card and were included in reimbursements paid from the campaign account. A note next to the expense reads "suits". This appears to indicate purchase of prohibited clothing.
- (23) Physician paid by campaign \$95: Based on the various records reviewed this appear to be a payment to personal physician for professional services.
- (24) Postage / copying expenses of \$92.36 (\$20.26 to FedEx and \$72.10 to 5-Point Station): These are twelve purchases under \$20 from August 11, 2015 to September 7, 2015 made on your personal credit card with no notation. Most appear to be standard rate shipping of \$5.75 and all appear to be single shipments or copy charges. These transactions appear to be more likely personal or business related.
- (25) RCGOLF \$115.72: This expense appears on your personal credit card with the notation "suns". Again appears to indicate the purchase of sunglasses.
- (26) Southwest Airline for \$541.70: Based on the records provided this travel expense is airfare for your wife's travel to the Washington, D.C. ALEC conference.

- (27) Speedway Concession \$24: On your personal credit card there are two purchases on August 24, 2013 in Harrisburg, NC that read Speedway Concessions which were reimbursed by the campaign.
- (28) Tennessee Bar Association \$125. Based on a review of the bar fees schedules this appears to be continuing professional education fees for you as an attorney.
- (29) Tennessee Bar Association \$145. Based on a review of the bar fees schedules this appears to be membership dues for you as an attorney.
- (30) Tennessee Commission on Continuing Education \$12. Additional continuing professional education fees for being an attorney.
- (31) Tennessee Department of Commerce and Insurance paid \$110: This appears to be part of the start-up expenses for Battleground Title and Escrow LLC.
- (32) Tennessee Department of Safety for \$50. Based on statement from you this expense is for a handgun carry permit. This appears likely based on the amount and vendor paid.
- (33) Tennessee Secretary of State paid \$300: Based on records obtained from the Tennessee Secretary of State and campaign bank statements, a campaign check paid the filing fee for the Articles of Organization for Battleground Title and Escrow LLC.
- (34) Tennessee Secretary of State paid \$20: Based on records obtained from the Tennessee Secretary of State and campaign bank statements, a campaign check paid the filling fee related to a Change of Registered Agent/Office for Battleground Title and Escrow LLC.
- (35) Tom James Company for \$179.17: Tom James Company is a custom clothier. Therefore, this appears to be another prohibited clothing purchase.
- (36) TPAC Concession \$18: On your personal credit card there is a purchase on May 26, 2015. This appears to be concessions at a TPAC event.
- (37) UT CFO Office for \$160: On your personal credit card there are two purchases to the UT CFO office on 10/10/2015 for \$640 and reimbursed by the campaign. The purchase appears to be for UT football tickets. As noted there are no records except bank statements and credit card statements. On the credit card statement there is a note next to \$480 of the expenses that reads "Zachary, Campbell, and Randell" the other for \$160 has no notes. Based on this record the audit determined \$480 of the tickets may have been expended per the statute, however, the remaining \$160 appears to be personal used tickets and therefore unallowable per the statute.

- (38) Walmart \$68.78 for office paint. The only office identified by you was in his personal residence. Although you kept no receipt for expense, this disbursement was made on his personal credit card, the purpose of this expense was determined based on a note written on that statement and discussions with you.
- (39) Williamson County Drug Court \$30. The campaign records show an expense for \$60. Based on information provided by you, the \$60 expense was tickets to a fundraiser for you and your wife. Your \$30 ticket is an allowable use of campaign fund but your spouse’s ticket is an unallowable expense.

These constitute violations of T.C.A. §2-10-114 barring campaign funds to be used for prohibited purposes. Each failure to comply with these requirements is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. §2-10-110(a)(2).

- 9. You made cash withdrawals and reimbursements to yourself in the amount \$11,929.14 from campaign funds without support which is a violation of T.C.A. §2-10-114(b)(1).

You appear to have disbursed \$11,929.14 from the campaign account where no campaign expenses can be identified as occurring. Included in the amount is \$5,750 in cash withdrawals, \$4,733.14 in reimbursements paid to your personal accounts where no related campaign expense was identified as being reimbursed and \$1,346 in reimbursements to your personal accounts for campaign expenses identified by you where there is no related expense from your personal account. The remaining \$100 was a check disbursed with no payee on the front of the check and no payee or account on the back of the cleared check.

- a. The records provided for the campaign account show you withdrew a total of \$5,750 in cash in ten transactions from the campaign account throughout the audit period. As you maintained no support to show the purpose of the cash withdrawals, the entire \$5,750 would be considered personal expenses which are unallowable pursuant to T.C.A. §2-10-114(b)(1).

<b>Cash Withdrawals</b>		
<b>Type of Transaction</b>	<b>Date of withdraw</b>	<b>Amount</b>
Advice of Charge	03/15/2013	\$100.00
Advice of Charge	06/21/2013	\$100.00
Advice of Charge	07/08/2013	\$200.00
Advice of Charge	12/30/2013	\$500.00
Debit Memo	10/02/2014	\$3,500.00
Debit Memo	11/18/2014	\$500.00
Debit Memo	12/22/2014	\$250.00
Debit Memo	05/18/2015	\$200.00
Debit Memo	02/12/2016	\$300.00
Debit Memo	05/10/2016	\$100.00
<b>TOTAL</b>		<b>\$5,750.00</b>

- b. Additionally, the records indicate that you made several purchases on your personal credit card for which you reimbursed yourself or your spouse from the campaign account along with other expenses. For each personal credit card statement you or your spouse would highlight/circle expenditures that should be reimbursed by the campaign. On those credit card statements, you would also write notes for additional expense that you determined should be reimbursed; usually these could be supported by checks disbursed from your personal accounts. You would then calculate the amount of the reimbursement. A check was disbursed from the campaign account for the reimbursement based on your calculation. The records indicated during several reporting periods the reimbursement check was larger than the expenses supported. These overpayments represent improper transfers of campaign funds to the personal account. The total overpayments of \$6,079.14 would be considered a personal expense which is unallowable pursuant to T.C.A. §2-10-114(b)(1).

<b>Credit Card Reimbursements - no related campaign expense was identified</b>		
<b>Credit card statement</b>	<b>Date of reimbursement</b>	<b>Amount</b>
December 2013	01/14/2014	\$3,250.50
May 2014	07/07/2014	\$0.01
October 2014	12/12/2014	\$752.06
August 2015	10/04/2015	\$19.22
January 2016	03/05/2016	\$678.86
June 2016	07/20/2016	\$32.49
<b>TOTAL</b>		<b>\$4,733.14</b>

<b>Credit Card Reimbursements - identified by you where there is no related expense</b>		
<b>VENDOR</b>	<b>Credit Card statement</b>	<b>Amount</b>
Rotary Breakfast	Feb 2014	\$20.00
RWWC	Feb 2014	\$35.00
FV chamber	June 2014	\$15.00
RWWC	April 2014	\$47.00
RWWC	April 2014	\$25.00
FV Game & BBQ	July 2014	\$26.00
Bowie Nature Fest	Aug 2014	\$23.00
WH MOW	Nov 2014	\$80.00
Unknown (Couch)	Jan 2015	\$250.00
Unknown (Refrigerator)	Jan 2015	\$50.00
John Cherry GC	Jan 2015	\$25.00
Andy Holt	Dec 2015	\$600.00
MOW	Nov 2015	\$100.00
Zach (Bday)	Feb 2016	\$50.00
<b>TOTAL</b>		<b>\$1,346.00</b>

These constitute violations of T.C.A. §2-10-114 barring campaign funds to be used for prohibited purposes. Each failure to comply with these requirements is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

10. You reimbursed yourself from your campaign account \$7,702.07 in expenses that were also reimbursed by the State of Tennessee which is a violation of T.C.A. §2-10-114(b)(1). In addition to allowable campaign expenses, T.C.A. §2-10-114(a)(7) allows a candidate to use campaign funds to defray any ordinary and necessary expenses incurred as an officeholder. However, an officeholder may only use campaign funds to pay any excess costs above the amount of reimbursements received. You had expenses on your credit card that were reimbursed by your campaign account to your personal account. These expenses were also reimbursed to you through direct reimbursement or per diem allowance from the State of Tennessee. This resulted in expenses being reimbursed to you that were unallowable in violation of T.C.A. §2-10-114(b)(1), which prohibits the personal use of campaign funds.

There were \$570.93 of directly reimbursed expenses to you by the State of Tennessee which were also paid for by the campaign. The records also indicate that there were \$7,131.14 in expenses paid for by the campaign that you received per diem payments from the State of Tennessee.

The direct identified expenses were expenses related to ALEC conferences attended by you in 2013 and 2014. The five expenses were paid on Jeremy Durham's personal credit card and then reimbursed by the campaign account to Jeremy Durham's personal account. The five expenses below, totaling \$570.93, were also reimbursed to your personal account by the State of Tennessee:

- (1) The airport parking expense of \$36.00 during ALEC Chicago conference was paid on August 11, 2013 from the campaign account.
- (2) The taxi expenses of \$26.63 for the period from August 7 through 11, 2013 during ALEC Chicago conference were paid from the campaign account.
- (3) The Internet expense of \$6.95 during ALEC Chicago conference was paid on August 11, 2013 from the campaign account.
- (4) The ALEC registration fee of \$475.00 during ALEC 2014 conference was paid on November 14, 2014 from the campaign account.
- (5) The taxi expenses of \$26.35 for the period from December 3 through 5, 2014 during ALEC 2014 conference were paid from the campaign account.

The State pays legislative members a per diem for session days, committee days and other legislative work days. They also will pay the per diem for a legislative trip to conferences or summits. The State paid per diem is to cover lodging, food and other incidental costs. You made purchases at various restaurants or snack/coffee/convenience shops on the same day



you were receiving a per diem. As you maintained no records; what was purchased and/or number of guests could not be determined. You had \$8,438.94 in food and food related expenses on days in which the state paid you a per diem. On various per diem days, you spent a total of \$1,307.80 more than you received in per diem. The difference of \$7,131.14 was double reimbursed to you by the campaign and state and resulted in an unallowable expense pursuant to T.C.A. §2-10-114(b)(1) which prohibits the personal use of campaign funds:

Event	Date	Expense 1	Expense 2	Expense 3	Expense Total	Daily Per Diem	Exceeds Per Diem
Legislator Workshop	1/17/2013	\$38.75			\$38.75	\$173	
Legislator Workshop	1/18/2013	\$23.80			\$23.80	\$173	
Session	1/28/2013	\$2.38			\$2.38	\$173	
Session	1/29/2013	\$24.61	\$1.41	\$7.92	\$33.94	\$173	
Session	2/4/2013	\$20.29	\$8.00		\$28.29	\$173	
Session	2/5/2013	\$27.15	\$10.20		\$37.35	\$173	
Session	2/6/2013	\$6.87			\$6.87	\$173	
Session	2/7/2013	\$1.74			\$1.74	\$173	
Session	2/12/2013	\$1.30			\$1.30	\$173	
Session	2/14/2013	\$17.08			\$17.08	\$173	
Session	2/20/2013	\$36.40			\$36.40	\$173	
Session	2/25/2013	\$31.51			\$31.51	\$173	
Session	2/26/2013	\$6.00	\$12.00		\$18.00	\$173	
Session	3/4/2013	\$15.75			\$15.75	\$173	
Session	3/6/2013	\$150.00			\$150.00	\$173	
Session	3/7/2013	\$43.93	\$7.19		\$51.12	\$173	
Session	3/11/2013	\$53.83			\$53.83	\$173	
Session	3/12/2013	\$52.74	\$10.50		\$63.24	\$173	
Session	3/13/2013	\$16.50	\$17.00		\$33.50	\$173	
Session	3/14/2013	\$16.50	\$8.50	\$64.39	\$89.39	\$173	
Session	3/20/2013	\$54.57			\$54.57	\$173	
Session	3/25/2013	\$19.56			\$19.56	\$173	
Session	3/26/2013	\$2.72	\$14.50		\$17.22	\$173	
Session	3/28/2013	\$29.20	\$4.15		\$33.35	\$173	
Session	4/2/2013	\$1.75			\$1.75	\$173	
Session	4/3/2013	\$4.75			\$4.75	\$173	
Session	4/8/2013	\$11.98			\$11.98	\$173	
Session	4/9/2013	\$53.29			\$53.29	\$173	
Session	4/10/2013	\$14.71			\$14.71	\$173	
Session	4/15/2013	\$10.00			\$10.00	\$173	
Session	4/16/2013	\$100.33			\$100.33	\$173	
Session	4/17/2013	\$13.00	\$42.79		\$55.79	\$173	
Office Work Day	4/30/2013	\$52.63			\$52.63	\$173	
Office Work Day	5/14/2013	\$12.61			\$12.61	\$173	
Office Work Day	5/17/2013	\$3.28			\$3.28	\$173	
Office Work Day	5/30/2013	\$12.31			\$12.31	\$173	
Office Work Day	6/19/2013	\$56.93			\$56.93	\$173	
Office Work Day	6/26/2013	\$46.06			\$46.06	\$173	
Office Work Day	7/8/2013	\$39.38			\$39.38	\$173	
Office Work Day	7/12/2013	\$35.00			\$35.00	\$173	
Office Work Day	7/17/2013	\$10.00			\$10.00	\$173	
ALEC conference	8/8/2013	\$72.03	\$48.00	\$105.45	\$225.48	\$173	\$52.48
Office Work Day	9/17/2013	\$55.00	\$67.14	\$22.39	\$144.53	\$173	
Office Work Day	10/7/2013	\$7.92			\$7.92	\$188	
Office Work Day	10/10/2013	\$28.81			\$28.81	\$188	

Office Work Day	10/11/2013	\$50.74	\$22.50		\$73.24	\$188	
Office Work Day	11/12/2013	\$17.98			\$17.98	\$188	
Office Work Day	11/19/2013	\$14.14			\$14.14	\$188	
Office Work Day	12/10/2013	\$35.59			\$35.59	\$188	
Office Work Day	12/30/2013	\$22.37			\$22.37	\$188	
Office Work Day	1/7/2014	\$8.72			\$8.72	\$188	
Session	1/14/2014	\$5.76			\$5.76	\$188	
Session	1/16/2014	\$28.03			\$28.03	\$188	
Session	1/21/2014	\$40.50			\$40.50	\$188	
Session	1/22/2014	\$28.04			\$28.04	\$188	
Session	1/27/2014	\$6.56			\$6.56	\$188	
Session	1/28/2014	\$22.00	\$6.97		\$28.97	\$188	
Session	2/10/2014	\$37.99	\$17.24		\$55.23	\$188	
Session	2/11/2014	\$6.97			\$6.97	\$188	
Session	2/19/2014	\$19.10			\$19.10	\$188	
Session	2/20/2014	\$37.99			\$37.99	\$188	
Session	2/25/2014	\$18.55	\$12.97		\$31.52	\$188	
Session	2/26/2014	\$6.97			\$6.97	\$188	
Session	2/27/2014	\$12.38			\$12.38	\$188	
Session	3/4/2014	\$5.66			\$5.66	\$188	
Session	3/6/2014	\$6.97			\$6.97	\$188	
Session	3/10/2014	\$6.97			\$6.97	\$188	
Session	3/11/2014	\$6.87			\$6.87	\$188	
Session	3/13/2014	\$4.00			\$4.00	\$188	
Session	3/17/2014	\$6.87	\$60.45		\$67.32	\$188	
Session	3/19/2014	\$5.77			\$5.77	\$188	
Session	3/20/2014	\$5.72	\$17.45		\$23.17	\$188	
Session	3/26/2014	\$6.33	\$202.64		\$208.97	\$188	\$20.97
Session	3/27/2014	\$28.93			\$28.93	\$188	
Session	4/2/2014	\$26.83			\$26.83	\$188	
Session	4/3/2014	\$5.76			\$5.76	\$188	
Session	4/8/2014	\$4.00			\$4.00	\$188	
Session	4/10/2014	\$30.00			\$30.00	\$188	
Session	4/15/2014	\$12.38			\$12.38	\$188	
Session	4/16/2014	\$27.94	\$4.79		\$32.73	\$188	
Session	4/17/2014	\$12.50			\$12.50	\$188	
Office Work Day	4/22/2014	\$48.92			\$48.92	\$188	
Office Work Day	5/19/2014	\$46.04			\$46.04	\$188	
Office Work Day	5/29/2014	\$64.79			\$64.79	\$188	
Office Work Day	6/2/2014	\$61.43			\$61.43	\$188	
Office Work Day	6/9/2014	\$31.39			\$31.39	\$188	
Office Work Day	6/16/2014	\$47.97	\$28.50		\$76.47	\$188	
Office Work Day	6/30/2014	\$24.61			\$24.61	\$188	
Office Work Day	7/10/2014	\$22.64	\$46.52		\$69.16	\$188	
Office Work Day	7/29/2014	\$52.68			\$52.68	\$188	
Office Work Day	8/4/2014	\$37.78			\$37.78	\$188	
Office Work Day	8/13/2014	\$40.14			\$40.14	\$188	
Office Work Day	9/2/2014	\$10.50			\$10.50	\$188	
Office Work Day	9/8/2014	\$162.00			\$162.00	\$188	
Office Work Day	9/10/2014	\$206.45			\$206.45	\$188	\$18.45
Office Work Day	9/11/2014	\$7.19	\$26.97		\$34.16	\$188	
Office Work Day	9/30/2014	\$61.28			\$61.28	\$188	
Office Work Day	10/22/2014	\$13.27	\$6.46		\$19.73	\$198	
Office Work Day	10/31/2014	\$62.45			\$62.45	\$198	
Office Work Day	11/12/2014	\$6.74	\$77.80	\$420.18	\$504.72	\$198	\$306.72
Office Work Day	11/13/2014	\$96.24	\$63.85		\$160.09	\$198	
Office Work Day	11/18/2014	\$25.37			\$25.37	\$198	

ALEC Policy Summit	12/3/014	\$8.57	71.11	10.28	\$89.96	\$198	
ALEC Policy Summit	12/4/2014	\$61.00	67.64		\$128.64	\$198	
Office Work Day	12/8/2014	\$56.21	\$66.41		\$122.62	\$198	
Office Work Day	12/10/2014	\$21.50	\$98.76		\$120.26	\$198	
Office Work Day	12/11/2014	\$8.00			\$8.00	\$198	
Office Work Day	12/30/2014	\$106.45	\$5.00	\$31.00	\$142.45	\$66	\$76.45
Session	1/14/2015	\$7.84	\$6.54	\$26.00	\$40.38	\$66	
Session	1/15/2015	\$11.78	\$6.54		\$18.32	\$66	
Session	1/16/2015	\$32.00	\$52.02		\$84.02	\$66	\$18.02
Session	2/2/2015	\$35.38	\$23.11		\$58.49	\$66	
Session	2/4/2015	\$9.00	\$18.00		\$27.00	\$66	
Session	2/9/2015	\$15.35	\$38.95		\$54.30	\$66	
Session	2/18/2015	\$47.72			\$47.72	\$66	
Session	2/23/2015	\$29.21	\$12.00		\$41.21	\$66	
Session	2/25/2015	\$23.53			\$23.53	\$66	
Session	3/2/2015	\$6.87			\$6.87	\$66	
Session	3/3/2015	\$11.09	\$40.00		\$51.09	\$66	
Session	3/4/2015	\$8.07			\$8.07	\$66	
Session	3/10/2015	\$5.46	\$146.09	\$39.00	\$190.55	\$66	\$124.55
Session	3/17/2015	\$263.76			\$263.76	\$66	\$197.76
Session	3/18/2015	\$5.88			\$5.88	\$66	
Session	3/19/2015	\$6.04			\$6.04	\$66	
Session	3/23/2015	\$7.09	\$19.52	\$14.00	\$40.61	\$66	
Session	3/24/2015	\$72.05	\$35.99	\$5.99	\$114.03	\$66	\$48.03
Session	3/25/2015	\$7.98	\$48.75		\$56.73	\$66	
Session	3/30/2015	\$7.19			\$7.19	\$66	
Session	4/1/2015	\$23.21			\$23.21	\$66	
Session	4/2/2015	\$1.25			\$1.25	\$66	
Session	4/6/2015	\$38.00			\$38.00	\$66	
Session	4/7/2015	\$39.97			\$39.97	\$66	
Session	4/8/2015	\$26.93			\$26.93	\$66	
Session	4/13/2015	\$23.76			\$23.76	\$66	
Session	4/14/2015	\$80.80	\$4.61		\$85.41	\$66	\$19.41
Session	4/15/2015	\$34.00			\$34.00	\$66	
Session	4/16/2015	\$14.00			\$14.00	\$66	
Session	4/20/2015	\$6.00			\$6.00	\$66	
Session	4/21/2015	\$48.06	\$96.76		\$144.82	\$66	\$78.82
Session	4/22/2015	\$56.10	\$1.37		\$57.47	\$66	
Office Work Day	5/1/2015	\$42.94			\$42.94	\$66	
Office Work Day	5/12/2015	\$28.00			\$28.00	\$66	
Office Work Day	6/3/2015	\$7.00	\$142.84		\$149.84	\$66	\$83.84
Office Work Day	6/10/2015	\$96.40	\$48.98		\$145.38	\$66	\$79.38
Office Work Day	6/15/2015	\$29.00			\$29.00	\$66	
Office Work Day	6/17/2015	\$17.00	\$91.23		\$108.23	\$66	\$42.23
Office Work Day	6/23/2015	\$37.22			\$37.22	\$66	
Office Work Day	7/7/2015	\$38.23	\$50.00		\$88.23	\$66	\$22.23
Office Work Day	7/14/2015	\$84.66			\$84.66	\$66	\$18.66
Office Work Day	7/15/2015	\$13.84	\$8.41		\$22.25	\$66	
State Govt Committee	8/10/2015	\$23.79	\$9.82		\$33.61	\$66	
TDOC / Commerce	8/27/2015	\$39.15			\$39.15	\$66	
Office Work Day	10/2/2015	\$45.57	\$47.06		\$92.63	\$59	\$33.63
Office Work Day	10/13/2015	\$106.80			\$106.80	\$59	\$47.80
Office Work Day	11/5/2015	\$22.18			\$22.18	\$59	
Office Work Day	12/29/2015	\$36.87			\$36.87	\$59	
Session	1/19/2016	\$29.67			\$29.67	\$59	

Session	1/20/2016	\$50.54			\$50.54	\$59	
Session	1/21/2016	\$3.05			\$3.05	\$59	
Session	2/11/2016	\$62.49			\$62.49	\$59	\$3.49
Session	2/17/2016	\$33.66			\$33.66	\$59	
Session	2/18/2016	\$42.85			\$42.85	\$59	
Session	2/22/2016	\$22.30			\$22.30	\$59	
Session	2/23/2016	\$6.64			\$6.64	\$59	
Session	2/25/2016	\$8.50			\$8.50	\$59	
Session	3/1/2016	\$12.92			\$12.92	\$59	
Session	3/7/2016	\$32.40			\$32.40	\$59	
Session	3/8/2016	\$3.27			\$3.27	\$59	
Session	3/9/2016	\$3.05	\$3.82	\$2.74	\$9.61	\$59	
Session	3/14/2016	\$8.74			\$8.74	\$59	
Session	3/15/2016	\$3.05			\$3.05	\$59	
Session	3/17/2016	\$22.82			\$22.82	\$59	
Session	3/21/2016	\$5.41			\$5.41	\$59	
Session	3/22/2016	\$8.96			\$8.96	\$59	
Session	3/24/2016	\$3.27			\$3.27	\$59	
Session	4/6/2016	\$22.30			\$22.30	\$59	
Session	4/14/2016	\$23.58			\$23.58	\$59	
Session	4/18/2016	\$19.80	\$16.66		\$36.46	\$59	
Session	4/19/2016	\$6.24	\$28.00		\$34.24	\$59	
Session	4/20/2016	\$28.38	\$15.50	\$30.00	\$73.88	\$59	\$14.88
Session	4/22/2016	\$3.27			\$3.27	\$59	
<b>TOTALS</b>		\$5,491.62	\$2,167.98	\$779.34	\$8,438.94		\$1,307.80

These constitute violations of T.C.A. §2-10-114 barring campaign funds to be used for prohibited purposes. Each failure to comply with these requirements is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. §2-10-110(a)(2).

11. You failed to retain sufficient expense records to determine whether all expenditures were allowable in violation of T.C.A. § 2-10-212(c), which provides that a candidate shall retain copies of all checks, bank statements and vendor receipts for two years after the date of an election.

Each violation of T.C.A. §2-10-212(c) is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

12. You disbursed \$64,800 for personal promissory and convertible note activity which appear to be unallowable pursuant to T.C.A. §2-10-114(b)(1). The \$64,800 consists of the following activity:

- a. You disbursed \$10,000 to enhance a personal investment. On or about January 25, 2014 you invested in Oak Street Health LLC with your personal funds. The investment was confirmed both by a disbursement check from the personal account and the candidate's 2014 Statement of Interest filed with the Tennessee Ethics Commission. In November 2014, you and Oak Street Health LLC entered into a note purchase agreement/convertible

note agreement. The purchase price of the note was \$25,000. The payment was made by two checks: one from the campaign account (Check 2171 for \$10,000 dated November 26, 2014) and the other from your personal account (Check 521 for \$15,000 dated November 26, 2014). The purchase agreement had the following terms:

- (1) Maturity date and conversion: All unpaid principal if not converted by of March 31, 2015 will convert to Company Investor II Class units as prescribed in note (conversion securities);
- (2) Conversion on Qualified Financing: Prior to maturity and on closing of a Qualified Financing event the principal will convert preferred round units as prescribed in the note (conversion securities).
- (3) The note purchase agreement was signed by a member of Oak Street LLC (name is unreadable) and Jeremy Durham. The convertible promissory note which was referenced in the purchase agreement was signed by a member of Oak Street LLC (again unreadable name),

The agreement is only in your name and there was no other related activity in the campaign account or disclosed on the campaign disclosure reports. It appears that you used campaign funds to enhance a personal investment.

- b. The funds improperly disbursed include \$29,800 in payments to David Whitis. You issued three checks to Mr. Whitis from the campaign account: check 2315 dated October 6, 2015 for \$15,000, check 2316 dated October 12, 2015 for \$8,800 and check 2211 dated November 3, 2015 for \$6,000. Checks 2315 and 2211 have a note on the memo line which reads "loan to friend". The checks appear to have been cashed but not deposited by Mr. Whitis. When asked about the transactions, you indicated these disbursements related to another promissory note. The note was dated October 14, 2015 and was between you and Mr. Whitis. The note stated that it was capital for a startup venture and that a transfer of \$23,800 in funds had already been paid to Mr. Whitis. The note stated that if the \$23,800 was repaid in full prior to February 2, 2016, no interest would be incurred. If it was repaid after February 2, 2016 the note would accrue interest at 10% per annum from the note's execution date. The note was unsigned.

The campaign account shows no other activity related to Mr. Whitis. As the agreement is unsigned and the audit was unable to confirm any transaction with Mr. Whitis, the disbursement cannot be attributed to the note. The only support for the disbursements is the notation on the checks themselves that state "Loan to Friend". A loan to friend with campaign funds is not an allowable campaign expense, nor an ordinary or necessary expense associated with being an officeholder. As such the \$29,800 in disbursements would be unallowable.

- c. You issued a check (Check 2280) from the campaign account to Jessica Durham on August 12, 2015 for \$25,000 which was deposited into your joint personal account on August 20, 2015. You stated this disbursement related to a promissory note dated October 15, 2014 and was between you and your campaign. This note was set up as a

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line of credit allowing multiple draws up to a maximum limit of \$30,000. The note has no maturity date. The note indicates an interest rate of 2.5% per annum but is silent on when the payment of interest is to occur. The obligation is payable on demand.

On October 31, 2015, Jessica Durham wrote a check to the campaign for \$5,000 with the notation in the memo line of "loan repayment". This appears to be the return of \$5,000 of the \$25,000 principal drawn on August 12, 2015. The check was determined to be a repayment of principal only as no interest was disclosed on the campaign reports. The campaign account shows no other activity related to promissory note. The line of credit from the campaign to the candidate appears to be a personal use of campaign funds.

All three activities are not allowable campaign expenses or ordinary and necessary expenses incurred in connection with the office of the officeholder. These disbursements appear to be for the candidate's own benefit or use and therefore appear to be unallowable per T.C.A. §2-10-114. Each violation of T.C.A. §2-10-114 is a Class 2 violation punishable by a civil penalty of not more than \$10,000 or fifteen percent of the amount in controversy, if fifteen percent of the amount in controversy is greater than \$10,000. T.C.A. § 2-10-110(a)(2).

Your attorney and the Registry entered into a scheduling agreement on February 8, 2017. The Registry agreed to provide a show cause letter to you no later than February 28, 2017. You will provide a response to the show cause letter no later than May 1, 2017. The Registry will conduct a show cause hearing on June 14, 2017 at 10:30 a.m. This open meeting will be held in Room 104 of Parkway Towers, 404 James Robertson Parkway, in Nashville. You have the right to be represented by counsel at this meeting. You have the right to submit sworn statements, along with any pertinent attachments, as an explanation as to why civil penalties should not be assessed against you.

You are advised that the opportunity being provided to you to personally appear before the Registry prior to the issuance of any civil penalty assessment order against you is not in lieu of any contested case hearing rights which you may be entitled to under the Tennessee Uniform Administrative Procedures Act, T.C.A. §4-5-301, et seq., if the Registry determines to issue such an order.

If you should have any questions concerning this matter, please contact our office.

Sincerely,

Drew Rawlins  
Executive Director

cc: Peter J. Strianse  
Tune, Entrekin & White  
Suite 1700, 315 Deaderick Street  
Nashville, Tennessee 37238