

SCGOP RESPONSES

From: Joel Sawyer [mailto:joel_sawyer@hotmail.com]

Sent: Monday, April 12, 2010 10:19 AM

To: 'Joel Sawyer'

Subject: Response to this morning's article

Executive Committee Members –

Many of you may have read a blog post this morning by our former Party Treasurer, John Cattano, attacking the financial position of the South Carolina Republican Party. Mr. Cattano served as our Treasurer for roughly three months earlier this year, and at that time had very little interaction with day-to-day finances of the Party. As such, I fear that much of what he posted arose from a lack of understanding of Party expenditures, rather than any ill intent. Nonetheless, Chairman Floyd believed it was important for me to send around this short response to our Executive Committee in an effort to separate fact from fiction.

First of all, it's important to know that our overall financial picture is strong. Based upon the budget that Mr. Cattano himself presented to the Executive Committee earlier this year, the Party is well ahead of our year-to-date income projections. Through the first quarter of this year, the Party has raised nearly 28 percent more than projected. When revenue is compared against projected expenses, our net income for the year is nearly 63 percent ahead of what was projected for the first quarter. This was achieved in spite of a very difficult fundraising environment nationally, and is a credit to Chairman Floyd and many on the Executive Committee who have worked tirelessly to raise money for our Party.

As for Mr. Cattano's contention that the Party has spent poorly, it seems somewhat at odds with the Treasurer's report and budget presentation he gave at the last Executive Committee meeting. Mr. Cattano presented the 2010 budget, in line-by-line detail, and the expenditures he questions had all been accounted for by that time. It seems that would have been a more fruitful venue to raise these issues – in front of the Party's leadership team – rather than via an internet attack. Nonetheless, here is the truth behind some of the issues he raised.

The Party's overall expenditure on consulting is questioned. However, most of what Mr. Cattano seems to include as consulting expenditures is actually contract labor. Chairman Floyd made a very prudent financial decision early on, to contract out for services such as communications and new media rather than paying those people as full-time staff. Two of the people he compliments later in the article – myself and Wes Donehue – are such examples. Rather than being paid as full-time staff, we and others have been paid as contract employees, saving the Party thousands each year. Hardly the "political consulting elite" that Mr. Cattano references, our team is doing real and important work each day for the Party.

Some of the figures cited in the blog attack are wrong, while some lack context. For example, the design of our award-winning Web site cost approximately \$5,000, not the higher number Mr. Cattano suggests. Again, we suspect he may have included ongoing costs of our new media efforts as part of his figures, but it would seem more productive to raise those questions as

Treasurer, rather than in an internet post. The other figure of \$16,000 paid to a consultant this year was actually for work performed and invoices received over the last quarter of 2009 and the first quarter of 2010, combined. That went largely toward a ballot initiative that we will be announcing later this week, something we believe the Executive Committee will be very excited about. The loan Mr. Cattano talks about in the blog post was something that many of you will remember he again explained in great detail during the last Executive Committee meeting as part of his budget presentation. He fails to mention that the mortgage on our building has indeed been retired.

While we again hope that Mr. Cattano's intent was not to distort the record, it's interesting that one of the suggestions he made – an additional finance committee within the Party – was one that he himself pushed back against when he was Treasurer. Earlier this year, Chairman Floyd did just that, asking Greenville Executive Committeeman Dan Herren and Charleston Executive Committeeman Lanneau Siegling to serve on our finance team. Our plans are to meet with them each quarter to get more eyes on the finances in an effort to be transparent and good stewards of your money. Mr. Cattano did not show up to our initial meeting, and later wrote to both Chairman Floyd and myself, questioning the value of bringing in additional people. It's interesting that he now believes doing so is a good idea.

The Republican Party and Chairman Floyd are singularly focused on winning in November. Disgruntled former officers are a distraction, but they're not going to take our eyes off the ultimate goal. Our pledge to you is continue working hard every day on your behalf, and to continue as excellent stewards of the financial resources entrusted to us. Thank you so much for your continuing hard work in those efforts.

Joel Sawyer

Executive Director