

 **"Neil P. Reiff" <reiff@sandlerreiff.com>**
02/22/2011 03:46 PM
To: "sdotzler@fec.gov" <sdotzler@fec.gov>
cc: "abradford@arkdems.org" <abradford@arkdems.org>
bcc:
Subject: FW: Audit Response

Neil and I spoke. We have until the first week of March to file our response, but I disagreed with the majority of the auditor's findings. The two items below are the questionable items. Neil is trying to schedule a call with the Auditor on Friday to go over these items before we respond. If ya'll are out of town and cannot make the call, it is ok. This is not our official response, just clearing these items up with the FEC.

Attached is the auditor's spreadsheet of "Misstatements". I went through and made notes on every transaction, with the exception of two, which I have outlined below. I feel that every transaction I noted in the spreadsheet is correct.

These are the two items not explained in the spreadsheet. These may not have been the best way to do things, but I think the reasoning is justifiable with the FEC:

The Unreported Transfer to Non Fed and the Unreported Fundraising receipts (\$87,496.28):

-This was the ticket sales from the 2007 inauguration. The ticket vendor provided a lump sum of all contributions for ticket sales. It was not broken down into a check for the Federal contributors and one for the Non Fed, it was just one check. The Party deposited this check and immediately transferred the Non Fed portion to the State account. This was not a misdeposit, it was the only way to administratively split the check with the bank. The Party did not report the non fed portion or the corresponding transfer out (which was a wash) because it was only done this way for administrative purposes.

The unreported check and unreported transfer up from non fed. (\$66,000):

This was a simple mistake. A non federal check was accidentally written out of the Federal Account, when it should have come out of the State Account. A transfer was quickly made from the State to Fed Account to "reverse" it. Since they were done in the same reporting period, they were both excluded from the report.

Thanks,

-Matt

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 DPA Misstatements.xlsx