



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	MUR 5808
Planned Parenthood Action)	
Fund, Inc. PAC and)	
Chris Korsmo, in her official capacity)	
as Treasurer, <i>et al.</i>)	

**STATEMENT OF REASONS OF CHAIRMAN ROBERT D. LENHARD
AND COMMISSIONER ELLEN L. WEINTRAUB**

On September 12, 2006, the Commission approved by a 4-2 vote proposed conciliation agreements with Planned Parenthood Action Fund, Inc. PAC and Chris Korsmo, in her official capacity as Treasurer, and Planned Parenthood Action Fund, Inc. (collectively, "Respondents"). On March 6, 2007, the Commission accepted by a 4-2 vote a final, consolidated conciliation agreement with Respondents.

We dissented on both votes because we believe that a lower penalty was warranted. In calculating the civil penalty, we believe that the Commission gave insufficient consideration to the *sua sponte* nature of this case and the extensive remedial actions that the Respondents had taken.

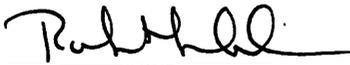
In late 2004, Respondents noticed that they might have failed to disclose certain receipts and disbursements to the FEC. Seeking to address this omission, Respondents initiated an internal review into this activity, which uncovered several additional violations. Upon discovering these past violations, Respondents not only amended their reports to correct the information, but also requested a meeting with Commission analysts to explain what they had found. Concerned that other violations might exist, the Respondents then took the additional step of hiring an experienced former FEC auditor to conduct a comprehensive review of their reports and financial activity. The audit was not limited to the scope of the already discovered violations, but was a thorough review of several years' activity. This external audit revealed additional violations. Respondents not only came forward and told the Commission about these additional problems, but also provided the entire report from the auditor rather than merely excerpts.

In addition to taking affirmative steps to uncover violations, Respondents also adopted significant corrective actions to prevent future violations. Respondents have

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assigned a lawyer to assist in designing and overseeing compliance procedures for the committee, and the lawyer has already attended compliance training. Additional finance staff members will be trained on campaign finance requirements as well. Finally, most of the violations were a result of the Comptroller (who was also the assistant treasurer) transferring funds without the knowledge of his supervisors, and the Comptroller as well as the Chief Financial Officer are no longer employed by Respondents.

While the Respondents received some reduction in the amount of their penalty in recognition of mitigating factors, we believe that it was insufficient in light of their extensive efforts to comply with the law and to root out and correct any errors. As a general rule, the Commission would not find out otherwise about most violations that are brought to us in the form of *sua sponte* submissions. In order to encourage these submissions, the Commission is currently considering a *Proposed Policy Regarding Self-Reporting of Campaign Finance Violations (Sua Sponte Submissions)* (published in the Federal Register on December 8, 2006). We regret that these Respondents did not get the benefit of the proposed new policy, and we would have applied the guidelines discussed there to this case. Nonetheless, we are optimistic that the Commission will soon formally adopt a *sua sponte* policy statement that will call for greater reductions in penalties in cases such as this one. Doing so will be a step in the right direction toward establishing a better incentive structure for full public disclosure.



Robert D. Lenhard

Chairman

3/21/07
Date



Ellen L. Weintraub

Commissioner

3/21/07
Date

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