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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463**SENSITIVE****MEMORANDUM**

March 8, 2022

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia C. Orrock *PCO*
Chief Compliance Officer

Krista J. Roche *KJR*
Director, ADR Office

Rosa Marshall *RM*
Assistant Director, ADR Office

SUBJECT: Recommendation to Approve Negotiated Settlement
ADR 1048 - HELLER FOR SENATE (C00494229),
HellerHighWater PAC (C00471607), and Chrissie
Hastie, Treasurer

RESOLUTION TERMS: Certify the implementation of internal control procedures
consistent with those described in the Commission's
advisory documents and as recommended to the Committee
by the FEC's Audit Division and pay a \$2,300 civil penalty.

Attached for your review is a signed Negotiated Settlement pertaining to ADR 1048 (P-MUR 625). The ADR Office received this referral from the Commission on October 19, 2021.

SUMMARY: HELLER FOR SENATE, HellerHighWater PAC, and Chrissie Hastie, Treasurer (Respondents or the Committees) filed a joint *sua sponte* submission (Submission) dated June 11, 2019, to disclose that a former partner of their compliance services vendor misappropriated funds totaling \$42,226.66 from HELLER FOR SENATE, and \$139,051.38 from HellerHighWater PAC between September 2018 and February 2019. The misappropriation resulted in the Committees filing inaccurate reports with the Commission.

Recommendation to Approve
Negotiated Settlement
ADR 1048 (P-MUR 625)

During negotiations, Respondents stated that the discovery of the misappropriation of funds took place when the compliance services vendor conducted its standard annual audit. The Committees have since implemented remedial measures in response to the discovery that include the following:

- Revising their credit and debit card procedures to require cards to be signed in and out for each use. Additionally, if a debit card is used, an alert from the bank is now sent to a non-signer on the bank account that a transaction has occurred, thus giving more monitored control of debit transactions.
- Bank accounts are reconciled on a weekly basis and weekly financial reports are provided for review and comparison to designated campaign personnel for funds received and expended within each week.
- Bank statements are reviewed for unauthorized transactions and reconciled to the accounting records each month and to reports prior to filing. Monthly reconciliations are performed by compliance staffers who are not authorized signers or responsible for the day-to-day management of the accounts. All monthly bank reconciliations are then provided to a third individual manager for review and approval.

The Committees were repaid the misappropriated funds on October 7, 2019, and reflected the repayment on their respective 2019 Year-End Report. In addition, the Committees filed amended reports¹ on December 31, 2021, and January 3, 2022, to reflect the misreported transactions that were either previously not reported or underreported. Adjustments were also made to the Committee's cash on hand amounts accordingly. The Committees additionally note that they both intend to terminate their political committee status upon resolution of this matter.

¹ HELLER FOR SENATE amendments were made to the 2018 October Quarterly through the October 2021 Quarterly Reports. HellerHighWater amendments were made to the 2018 Pre-General through the 2019 Year-End Reports.

RECOMMENDATIONS:

1. Approve the attached Negotiated Settlement of HELLER FOR SENATE, HellerHighWater PAC, and Chrissie Hastie, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.