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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**SENSITIVE****MEMORANDUM**

February 2, 2023

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 1088 - Kentucky State Democratic Central Executive Committee and M. Melinda Karns, Treasurer (C00011197)

RESOLUTION TERMS: Certify annually for two years that the Committee retained the services of a compliance firm; certify that a representative of the Committee participated in an FEC training program; and pay a civil penalty of \$9,800.

Attached for your review is a signed Negotiated Settlement pertaining to ADR 1088 (AD A19-13). The ADR Office (ADRO) received this referral from the Audit Division on October 7, 2022.

**SUMMARY:** The Audit Division referred Kentucky State Democratic Central Executive Committee and M. Melinda Karns, Treasurer (Respondents or the Committee) for understating receipts by \$116,641 for calendar year 2018, and not maintaining monthly payroll logs or equivalent records, totaling \$443,976, to document the percentage of time each employee spent in connection with a federal election for calendar years 2017 and 2018, as approved by the Commission on September 29, 2022, in the Final Audit Report of the Commission.

In response to the audit, the Committee stated it has instituted procedures to ensure time records are maintained for all employees who are paid in part with non-federal funds. The Committee also filed a Form 99 (Miscellaneous Electronic Submission) on September 8, 2021, correcting the receipt misstatement for the 2018 calendar year. During negotiations, the Committee stated it has since retained the services of a compliance firm to assist with their filings.

**RECOMMENDATIONS:**

1. Approve the attached Negotiated Settlement of Kentucky State Democratic Central Executive Committee and M. Melinda Karns, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.