

August 17, 2004

Federal Election Commission
Alternative Dispute Resolution Office
Atten: Lynn Fraser

Dear Ms. Fraser:

I received a letter from you on August 9. I am writing to respond to your request to submit any information our campaign deems pertinent to this ADR case (ADR 178).

The primary misstatement of financial activity resulted from a transfer from our House committee to our Senate committee. Advice was sought from FEC's RAD and we believed we followed directions in report the transfers. The figure, however, transposed from the ending COH figure from the previous audit, was in error. This mistake was corrected in mid-2001. We filed Memo Schedule A forms in response to RAD concerns about individual aggregate limits as well. This audit found no fault with these items.

However, in reporting these transfers, I reported the transfer incorrectly and it appeared on the wrong line of the report. The eight transfers referred to in the audit report were amended with correct amounts, but were not listed correctly with regard to committee-to-committee reporting. We experienced confusion in reporting the "to" and "from" between the House and Senate committees. We also had a transfer from a joint committee that was disclosed incorrectly so that it appeared as though our campaign had given our campaign the funds. It is evident that this error was not an attempt to avert full disclosure, but rather was due to bookkeeping error and lack of adequate oversight management.

We have since read thoroughly the directions that outline how transfers between committees are reported. In the midst of great change in campaign finance rules, we did not adequately review what were, for us, seldom-used instructions. We do not anticipate further errors of this type.

While the audit found an overstatement of disbursements, many of these were corrected before we were notified of the audit. Our campaign received and disbursed approximately \$6 million in fewer than 18 months, and we will accept some lag in detecting and correcting errors. We maintain, however, that we had, at no time, any intent to thwart full disclosure.

An audit in 2000 found multiple errors in bookkeeping and records maintenance. Those errors were not found in this audit. Neither were there cases in this audit of the acceptance of excessive funds as was found previously. Our records maintenance was also improved to an acceptable level. This is evidence that oversight measures proposed and enacted following the previous audit were successful. We are proud of our efforts in maintaining our campaign finance records to the highest standards.

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We have attended an FEC conference since the passage of the new rules, however, a large amount of the instruction time was spent on the Millionaire's Amendment, which does not apply to us currently, and we did not get to discuss some of the finer points of reporting "how-to's."

I hope we can resolve this matter quickly so that we may proceed with closing this campaign financial office in preparation to moving the bookkeeping duties to a CPA firm in Columbia, SC. We do not want to transfer the records to a new location until this matter is resolved, so please feel free to contact me any time with questions or concerns.

Sincerely,

Jennifer Adams
Lindsey Graham for Senate
Campaign Administrator and ADR respondent

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To <lfraser@fec.gov>
cc
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Subject letter for ADR 178

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