



Federal Election Commission
Washington, DC 20463

SECRETARIAT
2004 OCT 13 A 10:29

MEMORANDUM

SENSITIVE

TO: The Commission

THROUGH: James A. Pehrkon
Staff Director

FROM: Allan D. Silberman
Director, ADR Office

BY: Lynn M. Fraser
Assistant Director, ADR Office

SUBJECT: Negotiated Settlement ADR 178

DATE: October 12, 2004

Attached for your review is a signed agreement for ADR 178 (Audit 03-21) - Respondents Lindsey Graham for Senate and Neil Byerley, Treasurer. This case originated with a referral from Audit on June 28, 2004 and was assigned to the ADR Office on July 19, 2004.

ADR 178/Audit 03-21: Reports filed by Respondents Lindsey Graham for Senate and Neil Byerley, Treasurer, ("Respondents") in the 2002 election cycle were found to have misstatements of financial activity. In 2001, receipts and ending cash balance were overstated and disbursements were understated. In 2002, the reported financial activity began with the overstatement of the beginning cash balance. The overstatement of cash on hand combined with the understatement of receipts and the overstatement of disbursements in 2002, resulted in an overstatement of the ending cash balance for the second year. In addition, the audit of all transfers from authorized committees identified eight transfers that were not adequately disclosed. The errors included incorrect names of the transferring committees and incorrect amounts. In response to the interim audit, Respondents filed amended reports and amended Schedules A to correct the errors.

ADR Director's Recommendation: We recommend that the Commission approve the negotiated settlement for ADR 178, and that we subsequently close the file on this matter and send the appropriate letters.

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