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From: RAD
To: ALVA SMITH - CELA

RAD REFERRAL: 04L-12

TITLE: FRIENDS OF MARK HENRY

DATE RECEIVED: OCTOBER 12, 2004

DATE TRANSMITTED: OCTOBER 13, 2004

NOTES:

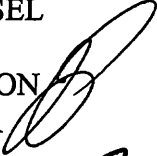
04L-12
October 12, 2004





FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

MEMORANDUM

TO: LAWRENCE H. NORTON
GENERAL COUNSEL

THROUGH: JAMES A. PEHRKON 
STAFF DIRECTOR

ROBERT J. COSTA 
DEPUTY STAFF DIRECTOR

FROM: JOHN D. GIBSON 
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF FRIENDS OF MARK HENRY

The Reports Analysis Division is referring Friends of Mark Henry ("the Committee") for amending its 2004 April Quarterly Report to disclose additional disbursements totaling \$95,401.00, a 100% increase, and additional receipts totaling \$12,639.10, a 63% increase, over the financial activity reported in their original 2004 April Quarterly Report. According to the 2003-2004 RAD Review and Referral Procedures for Authorized Committees (Standard 7), this matter requires further examination by your office.

The Committee is the Principle Campaign Committee for Mark Henry, a Democratic candidate in the 2003-2004 Election Cycle for Texas's 2nd Congressional District. The candidate lost the March 9, 2004 Primary, receiving 9.93% of the vote.

Copies of any reports or letters either filed by the Committee or sent by the Reports Analysis Division, and referenced in this referral are available for your review on the FEC Imaging System or the web site.

If you have any questions regarding this referral, please contact Michelle Liljeroot at 694-1168.

Attachments

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REPORTS ANALYSIS REFERRAL

DATE: October 12, 2004

ANALYST: Michelle Liljeroot

- I. COMMITTEE: Friends of Mark Henry
C00392944
Carol Claypool, Treasurer
4618 Park Street
Bellaire, TX 77401
- II. RELEVANT STATUTE: 11 CFR §104.3, 11 CFR §104.3(a)(3)(C)(vii)(B)
11 CFR § 104.3(a)(3)(C)(vii)(C)
11 CFR § 104.3(a)(3)(C)(vii)(C)(ix)
11 CFR § 104.3(b)(2), 11 CFR 104.3(b)(2)(i)
2 U.S.C. §434(b), 2 U.S.C. §434(b)(4)
2 U.S.C. §434(b)(2)(G), 2 U.S.C. §434(b)(2)(I)
- III. BACKGROUND:

Failure to Disclose All Financial Activity

Friends of Mark Henry ("the Committee") amended its 2004 April Quarterly Report disclosing additional disbursements totaling \$95,401.46 and additional receipts totaling \$12,639.10, an increase over the financial activity reported in their original 2004 April Quarterly Report.

On April 15, 2004, the Committee filed the 2004 April Quarterly Report, the report disclosed total receipts of \$20,000.00 and \$0.00 in disbursements (Microfilm #24991016009).

On July 15, 2004, the Committee filed an amended April Quarterly Report (Microfilm #24961818499). The amended report disclosed total receipts of \$32,639.10 and total disbursements of \$95,401.46. On August 3, 2004, RAD sent a Request for Additional Information (RAI) to the Committee referencing the Amended April Quarterly Report (Microfilm #24038490270). The RAI requested the Committee clarify why this additional activity was not disclosed on the original filing. The committee failed to respond by the September 2, 2004 response deadline.

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On September 17, 2004, the RAD Analyst called the Committee's Assistant Treasurer, Christopher J. Ward, in an effort to locate the Committee's Treasurer, Carol Claypool (Attachment 2). Mr. Ward was unavailable so the RAD Analyst left a message on his voicemail. Additionally, the Analyst called the Committee's former Assistant Treasurer, Susan Arceneaux. Ms. Arceneaux was also unavailable and a message was left on her voicemail (Attachment 3).

On September 17, 2004, the Assistant Treasurer, Christopher J. Ward, called the RAD Analyst back and informed her the Treasurer, Carol Claypool, had recently given birth and that he is covering her responsibilities during her absence. The Analyst advised Mr. Ward the Amended April Quarterly Report had proportionally significant increases of \$12,639.10 in receipts and \$95,401.00 in disbursements. Mr. Ward informed the RAD Analyst the Candidate failed to inform the Treasurer, Ms. Claypool, when contributions were received and when disbursements were dispensed in a timely manner. This problem was compounded because Ms. Claypool was not sure of the reporting period coverage dates. Mr. Ward also indicated it was on his recommendation that the treasurer amended the original April Quarterly Report to include the additional receipts and disbursements rather than including them in the July Quarterly Report. Mr. Ward said he would file a Miscellaneous Report for the record detailing why the Committee filed an Amended April Quarterly Report with increases in activity (Attachment 4).

On September 20, 2004, the Committee filed a Miscellaneous Report with the FEC (Microfilm #24971541815). In the Miscellaneous Report the Committee confirmed the receipt and disbursement activity reported in the Amended April Quarterly Report was the correct and complete activity for the period. The Committee's response also included the following explanation for the increase in activity: "In response to your letter regarding the Amended April Quarterly Report, please note that the Treasurer was given incorrect dates for transactions made in the period."

As of October 12, 2004, no further communications have been received from the Committee regarding these matters.

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