



# MASSACHUSETTS REPUBLICAN PARTY

DARRELL W. CRATE  
CHAIRMAN

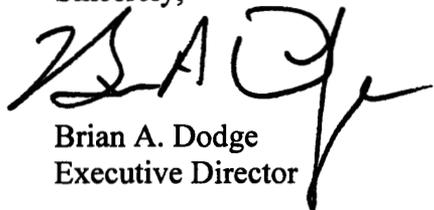
November 15, 2006

Lynn Fraser, Acting Director  
Office of Alternative Dispute Resolution  
Federal Elections Commission  
999 E Street, NW  
Washington, DC 20463

Dear Ms. Fraser:

Attached please find a summary of events relating to ADR 331, along with our suggested resolution. Please feel free to contact me should you have any questions.

Sincerely,



Brian A. Dodge  
Executive Director

Cc: James F. Coffey, Esq. - General Counsel

Attachments



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## ADR 331

Sanctions imposed following ADR 065 were designed to ensure that the errors that lead to the 2002 infraction would not occur again. The terms of the ADR 065 settlement were; a fine of \$10,000, the creation of a campaign finance handbook and establishing a controls officer and ensuring that he or she attended an FEC training seminar. MRP satisfied these sanctions and took additional steps of its own volition to ensure mistakes would not be made again in the future.

1. \$10,000 civil penalty paid (attachment A)
2. FEC Seminar Attended by Lauran Munder 5/21/03 (attachment B)
3. Handbook created. Attached is the abridged desk version (attachment C)

In addition to satisfying the terms of the settlement the Massachusetts Republican Party took the following additional steps.

1. MRP hired a new accountant
2. The new accountant was immediately trained in all of the software used by the finance department. This action guaranteed that any discrepancies would be noticed quickly and resolved in a timely manner.

These controls were put in place with the express purpose of adding new layers of governance to reporting receipts and expenditures.

These new governance practices proved effective when an issue arose in 2004. In the summer of 2004, a discrepancy between the MRP internal cash balance and the FEC report was noticed. At that time, a quick review of the party's financials was executed and it appeared initially that the discrepancy was related to checks cut by the party, but not yet cashed by vendors and thus appearing on the bank statements but not in MRP cash on hand numbers.

As the fall progressed, it became clear that our initial assumption was incorrect and that certain transactions had, in fact, been missed. As soon as the 2004 election concluded, MRP finance staff and its newly trained accountant undertook a full review of the Party's financials in an effort to rectify the numbers. It was at this point that it became clear that several transactions, primarily wire transfers, had not been properly recorded.

As a reflection of the lessons learned from ADR 065, and by implementing its new procedures, MRP took immediate corrective action. First, it stopped the practice of approving wire transfers. MRP financial governance was adjusted to ensure that hard copy receipts for all expenditures, as well as proper sign off by the Executive Director and Treasurer occur before any payment is sent. In addition, no check is cut without being entered and filed in MRP Finance software. Lastly, financials are rectified monthly to ensure up-to-date and accurate accounting.

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The Massachusetts Republican Party is vigilant in its accounting practices and have worked to continuously improve its internal controls process. The Party has made great efforts to reduce the probability of human error mistakes.

The Massachusetts Republican Party submits that an appropriate sanction in this instance might be a mandated update of the Financial Handbook, and obligatory annual FEC up training for a designated Finance Controls officer. These measures would not only serve as an appropriate penalty for past oversights, but also facilitates improved compliance.

Thank you for your attention to this matter and we will await your response.

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ATTACHMENT A



Federal Election Commission  
Washington, DC 20463

September 16, 2002

Jonathan R. Fletcher, Executive Director  
Massachusetts Republican State Congressional Committee  
27 Water Street, Suite 309  
Wakefield, MA 01880

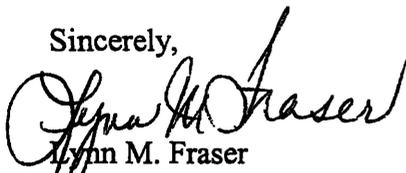
Re: ADR 065  
Massachusetts Republican State Congressional Committee

Dear Mr. Fletcher:

The Alternative Dispute Resolution Office received respondents' check for the civil penalty pursuant to the negotiated agreement approved by the Commission on June 13, 2002. Please provide confirmation and documentation in compliance with other terms stipulated in the agreement such as the appointment of a FEC Compliance Officer and the development of the Compliance Manual. In addition, the Compliance Officer should send confirmation of the attendance at a FEC sponsored seminar when that event has taken place. The FEC web site ([www.fec.gov](http://www.fec.gov)) has information on the dates for those seminars.

Thank you again for all your attention to these issues and in obtaining resolution of this matter.

Sincerely,

  
Lynn M. Fraser  
Assistant Director, ADR Office  
202-694-1665

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## Alternative Dispute Resolution

### ADR Program Update

The Commission recently resolved two additional cases under the Alternative Dispute Resolution (ADR) program. The respondents, the alleged violators of the Federal Election Campaign Act (the Act) and the penalties assessed are listed below.

1. The Commission reached agreement with Citizens to Elect Rick Larsen and its treasurer, Robert Anderson, concerning excessive contributions. The respondents acknowledged that a violation occurred due to committee staffs' misunderstanding of the Act and agreed to appoint a staff person to serve as the FEC compliance officer and to have this individual attend an FEC-sponsored seminar within the next year. (ADR 078)
2. The Commission reached agreement with Craig Schelske, Craig Schelske for Congress and its treasurer, Lesley Lyons, concerning corporate contributions, violations of the Act's disclaimer provisions and the committee's failure to file timely Statements of Candidacy and Organization. The respondents acknowledged inadvertent violations of the Act, and they agreed to pay a \$500 civil penalty and to have a staff member attend an FEC-sponsored seminar within the next year. (ADR 083)◆

—Amy Kort

## Outreach

### Spring Conference Schedule

#### Conference for Candidates and Party Committees

In response to the overwhelming demand for the FEC's March conference for House and Senate candidates and political party committees, the Commission will

hold a second conference for candidates and party committees May 21-22 at the Royal Sonesta Hotel in Boston. The conference

will consist of a series of workshops conducted by Commissioners and experienced FEC staff who will explain how the federal campaign finance law, as amended by the Bipartisan Campaign Reform Act of 2002 (BCRA), applies to House and Senate candidates and party committees. Workshops will specifically address new rules for fundraising, new restrictions on the use of nonfederal funds or "soft money," new requirements for communications and revised reporting requirements. A representative from the IRS will also be available to answer election-related tax questions.

The registration fee for the conference is \$385, which covers the cost of the conference, materials and meals. A ten dollar late fee will be assessed for registration forms received after April 27. Because demand for this conference is exceptionally high, the FEC can only accept conference registrations from two attendees representing any given organization.

The Royal Sonesta Hotel is located at 5 Cambridge Parkway, Cambridge, MA. A room rate of \$179 per night is available to conference attendees who make room reservations on or before April 27.

#### Conference for Trade Associations, Membership Organizations and their PACs

The FEC will hold a conference for trade associations, membership and labor organizations and their PACs June 16-17 in Washington, DC. Commissioners and experienced FEC staff will conduct a series of workshops to address how the campaign finance law affects these associations and organizations. Seminars and workshops will also discuss how the BCRA affects trade associations, member and labor organizations and their PACs. In addition, a representative from the IRS will be available to answer election-related tax questions.

The registration fee for the conference is \$385, which covers the cost of the conference, materials and meals. The registration form must be received by May 23—a ten dollar late fee will be assessed for late registrations. Because demand for this conference is exceptionally high, the FEC can only accept conference registrations from two attendees representing any given association or organization.

The conference will be held at the Loews L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW., Washington, DC. A room rate of \$189 per night is available to conference attendees who make room reservations on or before May 23.

### Public Appearances

May 5, 2003  
Enable America  
Linthicum Heights, MD  
Chair Weintraub

May 28, 2003  
Federalist Society—Capital  
District Lawyers Chapter  
Albany, NY  
Vice-Chairman Smith

4/29/2003

Sylvester Management Corporation

\*\*385 00

Three Hundred Eighty-Five and 00/100\*\*\*\*\*

Sylvester Management Company  
PO Box 986  
Irmo, SC 29063

May 21-22, 2003 FEC Conference on Campaign Fin

Sylvester Management Corporation

4/29/2003

Date	Type	Reference	Original Amt	Balance Due	Discount	Payment
4/29/2003	Bill	00042622	385.00	385 00		385 00
				Check Amount		385 00

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Eastern Federal Chec May 21-22, 2003 FEC Conference on Campaign 385 00

Sylvester Management Corporation

4/29/2003

Date	Type	Reference	Original Amt	Balance Due	Discount	Payment
4/29/2003	Bill	00042622	385 00	385 00		385 00
				Check Amount		385.00

Eastern Federal Chec May 21-22, 2003 FEC Conference on Campaign 385 00

# MRP Check Entry Process Campaign Manager

## ATTACHMENT C

### 1. SEARCH:

- Start off by searching for the donors name- hit Ctrl-M or click on the **binocular icon**
- Enter all (or part) of the last name, and the first name (if necessary);
  - Handy Shortcut- Enter “/record number” in the last name box if a record number is listed on the reply form, usually next to the source code. (For example, enter /12345).
- If more than one name comes up on the screen, double-click on the name you want to bring up the individual record
- If the contributor is not found, check the spelling. Use fewer characters to verify that the donor does not exist in the database
- If you are absolutely sure that the donor does not exist in the database, enter Ctrl-N to create a new record

### 2. SELECT CONTRIBUTION SUB-MENU

- Hit Ctrl-K or **double click anywhere in the grey area** with the contribution history. This brings up the individuals contribution record sub-menu

### 3. ADD A NEW CONTRIBUTION ITEM

- **DO NOT OVERWRITE AN EXISTING CONTRIBUTION ITEM** *Create a new contribution item by hitting Ctrl-I or the “+” symbol on the top menu*
- Enter the appropriate information into the following fields in the data-entry area. The Tab key can be used to skip between fields

#### Nine Fields to Enter Data

Date	The default should be set to the current date
Amount	Enter \$ amount of check.
* Period	Should be “ <b>PRIMARY</b> ” Once entered the first time, it will stay that way for the entire session
Type	Type should always be <b>receipt</b>
* SOURCE	The source is usually <b>coded on the reply form</b> . Ask Jinara if you are unsure
* NOTE	Enter the <b>check number</b> in the note field, or <b>TM Reference Number / Check number</b> if telemarketing
* CHECK NUMBER	Enter “ <b>Check</b> ” for checks, “ <b>MO</b> ” for money orders, “ <b>CC</b> ” for credit cards
* REPORTED	Usually, this is “ <b>LCC</b> ” (Federal Account). Use “ <b>STTLM</b> ” for State Account contributions
Deposited Date	Usually defaults to the current date.

- **SAVE YOUR RECORD** - Hit *Esc* or click on the “close window X” icon, and select “Yes” when the program asks you if you want to save your changes.

## General Finance Guidelines

### Individual Contribution Limits

The Mass. Republican Party can accept up to \$15,000 from individual donors, per person, per year. \$10,000 can be contributed to our Federal bank account, and \$5000 to our state account.

### PAC Contribution Limits

PAC's can donate up to \$5,000 to our Federal account, if they are registered with the FEC, and up to \$5,000 to our State account, if they are registered with OCPF.

### Contributions

Corporate checks cannot be accepted. Any check that looks like it is from a business should be returned to the donor for clarification. Checks from sole-proprietorships and partnerships may be accepted

Personal credit card contributions are allowed. We currently accept Mastercard and Visa only. Contributions from corporate credit cards are not permitted.

Contributions are credited to the person who signed the check. If two signatures appear on the check, you may credit ½ of the amount to each signer.

If there are two authorized account holders listed on a check, but the check is only signed by one person, you may get a signed statement from the second person saying they have legal access and authority to the account and they are making a legal contribution under their name.

### Contribution Limits

Individuals have an overall election cycle (biennial two-year) federal limit that they are allowed to give to all Party Committees, PAC's, and Candidate Committees. These limits change periodically, so refer to the FEC website for current limits. For the 2005/2006 cycle, individuals can give up to \$40,000 to federal candidate committees, plus up to \$61,000 to all federal PACs and Parties, for an overall biennial limit = \$101,400

### Employer/Occupation Information

Every month, donation records should be reviewed to determine if everyone who exceeds \$200 annual contribution has been sent a request for their occupation and employer. You need to make the request for employer/occupation twice. The first time is usually on the solicitation form or invitation. Once we receive a check without employer/occupation, we need to send at least one request for the information. If the donor doesn't respond, we should keep records of when they were asked.

## Electronic Filing Guidelines

**Federal Reports:** The Party is required to file on the monthly schedule to the FEC. Generally, reports are due on the 20<sup>th</sup> of every month for transaction the previous month. During an election year, more frequent filing is required during October/November. See the FEC website for the specific filing schedule (<http://www.fec.gov/info/filing.shtml>)

Filing the Federal form 3-X is done through Aristotle. Click on "Reports-Federal-Form3X." The Aristotle manual has specific directions on printing out the form

Review the form to ensure the following

- Ensure that all employer/occupation information is completed.

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- Review all disbursements to ensure that the description of the transaction is accurate and conforms to FEC guidelines.
- Review the summary page to ensure that the revenues reported is the same as the total bank deposits for the month.

**State (OCPF) Reports:** The Party is generally required to file a report of deposits no later than the 4<sup>th</sup> day of the month covering the previous month. To make it easier for record keeping, we file deposit reports as soon as the deposit has been brought to the bank. It is not necessary to report disbursements- the bank automatically reports all checks/disbursements made from out account.

Filing the OCPF State report is done through Aristotle. Click on "Reports-State-Massachussts" The Aristotle manual has specific directions on printing out the form. Review the form to ensure that all employer/occupation information is completed. The report will output to a .htm file. Click on the .htm file and it will link you to the OCPF website reporting site and upload the file.

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Current Selection - 1095 Records

Last Name(A)	First Name	Mail Name	Addr1
Stead	Cynthia	Ms Cynthia E Stead	16 Fairview Ave
Stearns	Constance	M Constance A Stearns	74 Union St
Stearns	Rodney	Mr Rodney C Stearns	74 Union St
Stebbins	Los	Ms Los E Stebbins	67 Dover Rd
Sterritt	Patricia	Patricia A Sterritt	32 Alandale Pkwy
Stevens	Thomas	Mr Thomas J Stevens	13 Lawrence St
Stokney	David		
Stoetzel	James		
Stokes	Henry		
Stone	Mary		
Stover	Thomas		
Stychariz	Anthony		
Sullivan	Brian		
Sullivan	Michael		
Sullivan	Peter		
Sutherland	Ralph		
Swecker	Palmer		
Sweeney	James		
Swenson	Jack		
Swiston	Greer		
Symes	Olga		
Symes	Freda		
Symes	William		
Tabit	Anselmo		
Talbot	Cecily		
Taylor	Wayne		

Master Edit (Current Selection: Contribution 1)

Home  Work  Fax(H)  Fax(W)  Alt  E-Mail  
 Portable  Pager

Home: 617-926-3710  
 Work:   
 Fax(H):   
 Fax(W):   
 Alt:   
 E-Mail:

Mr Thomas J Stevens  
 13 Lawrence St  
 Watertown MA 02472  
 Middlesex Cong 7 S A  
 Middlesex & Suffolk Precinct:

Salutation: Thomas  
 Affiliation: Editor  
 Origin: 93006961  
 Status: Active  
 Title:

Employer: Eaton Publishing  
 Occupation: Editor  
 Record ID: 56951  
 Voter ID: 93006961  
 Registered: / /  
 Updated: 09/27/2004

Contributions Disbursements

Date	Amount	Type	Period	Source	Note	Check#
2006/02/17	\$ 55.00	Primary	Primary	2006 State Conver	7637	check
2005/04/13	\$ 25.00	Primary	Primary	5101A-Renewal T	1477/7508	check
2004/09/27	\$ 25.00	Primary	Primary	TM35-Masterfile	7848/7391	53-701
2002/02/12	\$ 50.00	Other	Other			
1999/05/03	\$ 30.00	Other	Other			
1998/03/27	\$ 20.00	Other	Other			
1998/03/24	\$ 45.00	Other	Other			

Contribution Edit

Name: Stevens, Thomas

Date: 04/13/2005  
 Period: Primary  
 Type: Receipt  
 Source: 5101A-Renewal TM 2004 <\$1000  
 Note: 1477/7508

Amount: \$25.00  
 Disbursement: Increased Limit

Check # [check] Deposited: 04/13/2005  
 Letter [Hold]  
 Contact [Amend]  
 Account: 0.00 Reported: LCC  
 Batch [Event]  
 Client [Client]

Split