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February 21, 2007

Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office
Federal Election Commission
999 E Street NW
Washington DC 20463

Re: ADR 353 (RAD 06L-26)

Dear Ms. Fraser,

This letter shall confirm our conversation this morning during which I outlined the problems leading up to the amendment of the Institute of Scrap Recycling Industries Political Action Committee's ("ISRI PAC" or "the Committee") April 2006 report. It shall also confirm the commitments I made on behalf of ISRI PAC to avoid future problems. I regret that our attempt to file an explanation last summer resulted in a blank statement being entered into the record.

The Committee's reporting problems began on January 1, 2006 after VOCUS (the provider of our PAC management software) updated its web-based software that manages ISRI PAC's data as well as ISRI's Grassroots data. Unfortunately, ISRI PAC did not become aware of problems associated with the software upgrade until several months later. In retrospect, we determined that there were two significant problems that led to the filing of the amended report. First, it is important to understand that ISRI PAC populates the VOCUS database through an electronic "handshake" with ISRI's membership database program (iMIS). This handshake assures that all essential information such as company affiliation, address and phone numbers in VOCUS are the most up to date because any notice of change in information is processed immediately through iMIS. ISRI regularly performs this electronic handshake in order to maintain current and accurate information in VOCUS.

The first problem encountered in January 2006, as I understand the issue, is that during the handshake certain data fields were being shifted one position during each handshake. Unfortunately, we did not become aware of this matter until we were working with some data in our Grassroots module that was clearly inaccurate. We took steps immediately to address those inaccuracies, but did not realize until a couple months later that the PAC management system had been similarly affected. It is important to note here that ISRI

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PAC relies upon one major fundraiser per year for the bulk of its contributions hence the bulk of the receipts are typically loaded into only the two or three months each year leading up to our convention which is typically held in April. Thus, it was the March 2006 receipts (those which are reported on the April report) that triggered our awareness of the problem. As soon as we became aware of the problem we contacted VOCUS, who assisted us in identifying and resolving the problems. This was when we learned that we had a second, and potentially more serious problem—in some cases the “handshake” was failing completely. To resolve this matter we took several steps, including having one of our staff members spend nearly an entire weekend working with VOCUS going over the monthly activity line by line until we were sure that we had addressed the problems. We then filed an amended report that accurately reflects the receipts for the time period. We are confident that those problems have been resolved, although it was indeed necessary for us to file several amended reports later in 2006. This was a result of a problem related to credit card receipts.

Up until the end of 2006, we recognized credit card receipts when the information was received, rather than at the time that the credit card account was fully reconciled. As a result, we had several charges to donor’s credit cards that were challenged, the funds were then debited to our account by the credit card companies until the questions were resolved and then the funds were re-credited to the account. This resulted in a situation where the statement balances did not accurately match the report balances. We have put in place a new policy that does not recognize funds received from credit card transactions until such time as those accounts are fully reconciled. This should resolve this problem going forward.

As discussed, ISRI is in the process of contemplating several changes to our methods of handling the accounting for our PAC transactions, including the possibility of transferring the responsibility for all funds accounting to our Finance Department. We have also agreed as part of the ADR process to send a representative of our Committee to an FEC training seminar and to develop a comprehensive compliance manual that will detail the procedures necessary to accomplish the timely and accurate filing of reports. Finally, we are exploring the possibility of using different service providers for our PAC management system.

We appreciate the opportunity to resolve this matter through alternative dispute resolution. Should you require any further information please let me know and we will do everything possible to provide that information in a timely manner.

Sincerely yours,



Scott J. Horne

cc: Robin K. Wiener
William Johnson

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