



Federal Election Commission
Washington, DC 20463

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SENSITIVE

MEMORANDUM

February 26, 2007

TO: The Commission

THROUGH: Patrina M. Clark *pmc*
Staff Director

Margarita Maisonet *mm*
Chief Compliance Officer

FROM: Deborah Ruth Kant, Director *DRK*
Alternative Dispute Resolution Office

SUBJECT: ADR 374 Denise Majette for Senate, Roger Levine, Treasurer
Recommendation to Assign

On December 29, 2006, the ADR Office received AR 06-05 to review and determine its appropriateness for ADR processing. Based on that review, we determined that the case is appropriate for ADR, and recommend that it be assigned to the ADR Office. The ADR Analysis includes a statement of the issues, a summary and analysis of the case, an explanation of the factors supporting assignment to ADR and potential settlement terms if the case is assigned to ADR. In addition, the ADR Case Analysis Report has been reviewed by the Office of General Counsel, which concurs in the description of the case. If the Commission concurs in the recommendation, this case description will be provided to Respondents, as part of ADR Office's notification package sent to Respondents.

Respondents:
Denise Majette for Senate
Roger Levine, Treasurer

Respondents' Rep.:
Roger Levine

Referral: Audit Division

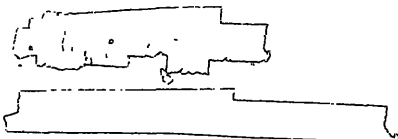
Committee Name: Denise Majette for Senate

OGC Case Open Date: 12/11/06

Committee Type: Authorized

Date Forwarded to ADRO: 12/22/06

District #/or State: GA



Election - Won/Lost: Lost

Election Cycle: 2004

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Summary and Analysis of Case: The FECA requires that political committees keep records of all cash disbursements over \$200, including receipts or invoices from the payee, or cancelled checks to the payee. The Act also requires that all cash disbursements must be reported, and that all disbursements over \$100 be drawn on a check or draft from the Committee's designated bank accounts.

In this case, the Audit Division determined that the Respondents violated all of these provisions. Specifically, the Audit Staff found that based on sampling, 19% of the Committee's operating expenditures were not properly documented because there were no cancelled checks, receipts or invoices, or expense reports. In addition, the Audit Division observed that the Committee wrote five checks to two individuals totaling \$17,950 in get-out-the-vote expenses (GOTV). Out of the \$17,950, the Audit Division discovered that \$3,462 in cash disbursements were not reported; there was no documentation in the form of checks, receipts, invoices for \$12,349 in cash disbursements, and that \$15,402 were excessive cash disbursements – these disbursement exceeded \$100 and were not drawn, as required by FECA, on the campaign's designated bank accounts. Finally, the Audit Division found that eleven other checks written by the Committee for GOTV costs totaling \$34,958 also lacked the requisite documentation (*i.e.*, no receipts, invoices, cancelled checks).

With respect to errors in the documentation of operating expenditures, the respondents supplied some cancelled checks but the Audit Division noted that these checks did not relate to the errors found. With respect to the GOTV disbursements, Respondents explained that while the individuals to whom the checks were written often served as intermediaries, the Committee used its best efforts to obtain proper documentation for the secondary or tertiary transactions (e.g., vendors). Respondents stated, given the fast-paced elections, full documentation could not always be obtained for the latter type of transactions. Respondents generally asserted their good faith efforts to document their financial activity. As to all of the checks for GOTV expenses, Respondents asserted that they complied with the requirements relating disbursements drawn on bank accounts and petty cash funds.

RECOMMENDATION:

1. **Assign ADR 374/AR 06-05 to the ADR Office.**