

REPORTS ANALYSIS REFERRAL

TO

ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: September 12, 2008

ANALYST: Kristin DeCarmine

I. COMMITTEE: Pro-Life Campaign Committee
C00355958
Chris Gersten, Treasurer
38172 Lost Lane
Purcellville, VA 20132

II. RELEVANT STATUTE: 2 U.S.C. §434(b)(2)(A)
2 U.S.C. §434(b)(2)(D)
2 U.S.C. §434(b)(2)(J)
2 U.S.C. §434(b)(4)(A)
11 C.F.R. §104.3(a)(2)(i)(B)
11 C.F.R. §104.3(a)(2)(iii)
11 C.F.R. §104.3(a)(2)(viii)
11 C.F.R. §104.3(b)(1)(i)

III. BACKGROUND:

Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)

On February 13, 2008, Pro-Life Campaign Committee ("the Committee") filed an Amended 2004 30 Day Post-General Report disclosing additional receipts totaling \$216,450.05 and additional disbursements totaling \$218,233.22, and an Amended 2004 Year End Report disclosing additional receipts totaling \$129,689.40 and additional disbursements totaling \$138,048.79 (Attachment 2).

Background

On January 22, 2008, Paula Edwards, Consultant for the Committee, called the Reports Analysis Division (RAD) Analyst regarding error messages she received in FECFile software while trying to electronically file amendments to reports for the 2003-2004, 2005-2006, and current election cycle so the Committee could terminate. When the Analyst asked Ms. Edwards why reports from previous cycles needed to be amended, she stated that the cash-on-hand was incorrect because of over- and under-reporting of activity, and provided estimated amounts for the 2003 Year End through 2006 April Quarterly Reports. The Analyst advised Ms. Edwards

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that the reports would need to be amended, and she should download the new release of FECFile to see if that would fix the error message (Attachment 3).

On January 30, 2008, Paula Edwards called the RAD Analyst to inform her that the Commission's Electronic Filing Office (EFO) was researching the FECFile issue and would call her back. Ms. Edwards told the Analyst she believed the FECFile errors were a result of the Committee recently switching software vendors. The Analyst advised Ms. Edwards to wait a few days for the EFO to return her phone call and to contact the Analyst again if she does not hear from them soon. Ms. Edwards stated that she was attempting to file amendments to the Committee's reports starting with the 2003 Mid-Year Report through the 2007 Year End Report in order to accurately reflect financial activity in the Committee's account and with hope to be permitted to terminate the Committee. Ms. Edwards informed the Analyst that while trying to reconcile the Committee's bank account, she discovered that the previous accountant failed to disclose large amounts of activity (Attachment 3).

2004 30 Day Post-General Report

On December 2, 2004, the Committee filed its 2004 30 Day Post-General Report covering the period from October 14, 2004 to November 22, 2004. This original report disclosed \$6,205.00 in receipts on Line 11(a)(ii) (Unitemized Contributions from Individuals/Persons Other Than Political Committees), \$0.00 in receipts on Line 11(c) (Contributions from Other Political Committees), \$0.00 in receipts on Line 17 (Other Federal Receipts), and \$2,882.12 in disbursements on Line 21(b) (Other Federal Operating Expenditures) of the Detailed Summary Page (Images 24981616377-8).

On February 13, 2008, the Committee filed an Amended 2004 30 Day Post-General Report which disclosed \$217,538.13 in receipts on Line 11(a)(ii), \$5,000.00 in receipts on Line 11(c), \$116.92 in receipts on Line 17, and \$221,115.34 in disbursements on Line 21(b) of the Detailed Summary Page (Images 28930585678-9). (Please see Attachment 2 for the amounts of increased activity).

2004 Year End Report

On January 31, 2005, the Committee filed its 2004 Year End Report covering the period from November 23, 2004 to December 31, 2004. This original report disclosed \$436.00 in receipts on Line 11(a)(ii), \$0.00 in receipts on Line 17, and \$835.96 in disbursements on Line 21(b) of the Detailed Summary Page (Images 25980415819-20).

On February 13, 2008, the Committee filed an Amended 2004 Year End Report which disclosed \$129,860.93 in receipts on Lines 11(a)(ii), \$264.47 on Line 17 and \$138,884.75 in disbursements on Line 21(b) of the Detailed Summary Page (Images 28990465848-9). (Please see Attachment 2 for the amounts of increased activity).

Communications Between the Committee and RAD

On February 14, 2008, Ms. Edwards called the RAD Analyst and stated that the Committee had filed amended reports the previous night (Attachment 3). On the same day, the Committee filed a Miscellaneous Electronic Submission (FEC FORM 99), which stated, in part,

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"In preparing the termination report, the Committee became aware of differences between its internal records and the FEC reports that had been previously filed. The Committee conducted an internal review of its records and the FEC reports from January 1, 2003 through December 31, 2007. The result was that the Committee has amended the reports listed above to ensure that all activity for this period was accurately and fully disclosed.

The Committee's original reports and amendments were prepared by compliance consultants who apparently did not reconcile the reports to the Committee's cash accounts. This made it more difficult for the Committee to ascertain that all transactions had been disclosed correctly. During this period, the Committee engaged several different direct mail and telemarketing vendors, each of whom was responsible for supplying information to the compliance consultant. Without cash reconciliation, it was difficult for the either the Committee or the consultant to determine if all vendors had submitted the required information. The Committee raised questions regarding the differences in the FEC reports and its internal records with the compliance consultants, but, although the consultants did submit several amendments, these questions were never fully resolved. In 2007, the Committee undertook the task of reconciling its reports to its internal records, and the amendments listed above are the result.

During the course of the internal investigation, the Committee also became aware of estimates of liabilities that it feels should have been disclosed had they been available at the time the original reports and/or amendments were filed. Although the Committee was unable to ascertain if these estimates were available to the Committee at the time the original reports and/or amendments were filed, it has included these estimates in the amendments in the interest of full disclosure" (Image 28990465997).

On February 29, 2008, a Request for Additional Information ("RFAI") was sent to the Committee referencing the Amended 2004 30 Day Post-General and Year End Reports, received February 13, 2008. The RFAI asked for clarification regarding the \$216,450.05 in additional receipts reported on Lines 11(a)(ii), 11(c), and 17, and the \$218,233.22 in additional disbursements reported on Line 21(b) that were not disclosed on the Committee's original 2004 30 Day Post-General Report. The RFAI also asked for clarification regarding the \$129,689.40 in additional receipts reported on Line 11(a)(ii) and 17 and \$138,048.79 in additional disbursements reported on Line 21(b) that were not disclosed on the Committee's original 2004 Year End Report (Image 28039650164).

On March 31, 2008, the Committee filed an FEC FORM 99 in response to the RFAI referencing the Amended 2004 30 Day Post General and Year End Reports, received February 13, 2008, which stated, in part:

"During its active operation, the Committee sought contributions virtually exclusively through a telemarketing fundraising vendor, Hope Call Center ("HCC"). The vendor provided caging services for all contributions. This vendor was to receive, record and deposit all committee's receipts. These records were to be transmitted by HCC to the Committee's compliance and reporting consultant,

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Aristotle, for the completion and timely filing of the Committee's disclosure reports and required by federal law. It is the Committee's former compliance consultant's position that the records and other materials supplied by HCC were confusing and inadequate, resulting in their filing the Committee's Post-General and Year-End 2004 reports without reflecting all receipts and disbursements.

The amended reports filed last month now correctly reflect the receipts and disbursements for these periods. The non-disclosed disbursements do not include any contributions to candidates or other political committees. According to the Committee's former compliance consultant, Aristotle, they failed to file complete reports of disbursements and contributions because of tardy transmittal data and their confusion over materials received from HCC. The telemarketing vendor's position is that they were not informed that Aristotle did not understand the data sent...

The failure to accurately file initially in 2004 the Year-End and Post-General reports reflects a failure of the Committee's vendor (HCC) and its compliance service, Aristotle. The treasurer employed the professional services of Aristotle to ensure the complete and accurate filing of the Committee's required report. Aristotle failed to perform these services in a satisfactory manner.

At the time the original 2004 reports were filed, the Treasurer was unaware of any disbursements or receipts not reported" (Image 28931002964-5).

On April 15, 2008, the Analyst called the Committee and spoke with Ms. Edwards regarding the Amended 2004 30 Day Post-General and Year End Reports. The Analyst stated that recently increased receipts and disbursements triggered a referral for additional action, and asked Ms. Edwards to call back if she had any further questions. The Analyst also left a follow-up message for Ms. Edwards on June 3, 2008, restating the above and informing Ms. Edwards that the Committee could file another FEC FORM 99 if they wished to further clarify the situation (Attachment 3).

To date, no further communication has been received from the Committee regarding this matter.

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