

REPORTS ANALYSIS DIVISION REFERRAL
TO
ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: July 27, 2011

ANALYST: Bradley Matheson

- I. COMMITTEE: Ed Royce for Congress
C00200865
James Daily, Treasurer
P.O. Box 2525
Orange, CA 92859
- II. RELEVANT STATUTES: 2 U.S.C. § 434(b)(4)
11 CFR § 104.3(b)

III. BACKGROUND:

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

Ed Royce for Congress ("the Committee") amended its 2010 October Quarterly Report to disclose additional disbursements totaling \$161,581.07 that were not reported on the original 2010 October Quarterly Report (Attachment 2).

On October 15, 2010, the Committee filed the original 2010 October Quarterly Report covering the period from July 1, 2010 through September 30, 2010 (Image 10931509553). The report disclosed \$115,335.47 in disbursements on Line 17 (Operating Expenditures) of the Detailed Summary Page (Image 10931509556).

On January 24, 2011, the Committee filed an Amended 2010 October Quarterly Report (Image 11930171576). The report disclosed no change in disbursements from the original report (Image 11930171579).

On January 31, 2011, the Committee filed another Amended 2010 October Quarterly Report (Image 11990170809). The report disclosed \$276,916.54 in disbursements on Line 17 of the Detailed Summary Page (Image 11990170812).

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On February 7, 2011, the Committee filed another Amended 2010 October Quarterly Report (Image 11930333341). The report disclosed no change in disbursements from the previous amendment (Image 11930333344).

On May 5, 2011, a Request for Additional Information ("RFAI") was sent to the Committee referencing the Amended 2010 October Quarterly Report, received February 7, 2011. The RFAI requested clarification regarding the substantial increase in disbursements that were not disclosed in the original filing (Image 11330008863).

On June 7, 2011, the Committee filed a Miscellaneous Electronic Submission (FEC Form 99) in response to the RFAI. In part, the Committee stated:

"There were three checks written in the third quarter, which were missed by the book keeper when she filed on 10.15.2010. When she found that she had omitted inclusion of these items, she amended the report on 01.31.11 and she put the description of what she missed... We regret these unintentional oversights, and are certain that the 01.31.11 amendment contains a full and accurate reporting of all expenditures and contributions for the public record. In an effort to minimize future errors, we have subsequently made a change in staffing and hired a full-time professional treasurer and bookkeeper specializing in FEC compliance to file our FEC reports. The Treasurer currently handles several other congressional campaigns. In addition, we are making changes to our technology and how we do our internal compliance for campaign reporting, and we are converting our bookkeeping to a commercial software which specializes in FEC reporting, to streamline and automate the bookkeeping process that led to these omissions. We take (sp) our compliance very seriously, and we know that these changes will assist us in meeting all of our future compliance obligations" (Image 11931597629).

On June 29, 2011, the Reports Analysis Division (RAD) Analyst called the Treasurer, James Daily, to inform him that the Committee may be referred for further Commission action due to the substantial amount of disbursements omitted from the original 2010 October Quarterly Report. Since Mr. Daily was unavailable, the Analyst left a message with his assistant (Attachment 3).

On the same day, the Analyst called Marcia Gilchrist, the Committee's bookkeeper, to inform her that the Committee may be referred for further Commission action due to the substantial amount of disbursements omitted from the original 2010 October Quarterly Report. The Analyst explained that the Committee had another opportunity to provide clarification on this issue. Ms. Gilchrist indicated that the issue was already addressed in the FEC Form 99 received on June 7, 2011, and that they had nothing to add (Attachment 3).

To date, no further communications have been received from the Committee regarding this matter.

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