



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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SENSITIVE

MEMORANDUM

February 7, 2012

TO: The Commission

THROUGH: Alec Palmer *APC*
Staff Director

FROM: Patricia Carmona *PC*
Chief Compliance Officer

Lynn M. Fraser *LMF*
Director, ADR Office

BY: Krista J. Roche *KJR*
Assistant Director, ADR Office

SUBJECT: ADR 591 Ohio Republican Party and Charles A. Knight, Treasurer,
Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Send a representative to an FEC seminar; develop and certify implementation of a compliance operations manual which includes internal controls consistent with the Commission's Best Practices for Committee Management (2009 update) and a process to track receipt of, and response to, communications with the Commission; submit all FEC reports to outside counsel for review prior to filing for a period of two (2) years; and pay a civil penalty of \$13,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 591 (Audit 09-03). The ADR Office received this referral on September 13, 2011.

SUMMARY: The Audit Division referred the Ohio Republican Party and Charles A. Knight (Respondents or the Committee) for failing to disclose the amount and nature of outstanding debts and obligations. Specifically, Respondents failed to report debts to five vendors totaling \$1,195,892.

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In response to the Interim Audit Report, Respondents amended reports to disclose these debts and obligations. Respondents contend that a large number of the vendor debts at issue were paid within a commercially reasonable period of time, including a significant number that were paid in less than sixty days. Respondents contend that they were unaware that debts or obligations over \$500 must be reported as of the date on which the debt or obligation is incurred.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of the Ohio Republican Party and Charles A. Knight, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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