



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 10, 2011

MEMORANDUM

TO: Lynn Fraser
Director of Alternative Dispute Resolution

THROUGH: Alec Palmer
Staff Director

FROM: Patricia Carmona *PC*
Chief Compliance Officer

Tom Hintermister *TH*
Assistant Staff Director
Audit Division

Alex R. Boniewicz *AB*
Audit Manager

Sheraline Thomas *ST*
Lead Auditor

SUBJECT: New Hampshire Republican State Committee (A09-10) – Referral Matter

On October 24, 2011, the Commission approved the Final Audit Report on the New Hampshire Republican State Committee. The report was released to the public on November 7, 2011. In accordance with the Commission approved materiality thresholds, the Final Audit Report included a matter that meets the criteria for referral to Alternative Dispute Resolution (ADR):

Finding 2 – Reporting of Debts and Obligations.

All workpapers and related documentation are available for review in the Audit Division. Should you have any questions regarding this matter, please contact Sheraline Thomas or Alex Boniewicz at 694-1200.

Attachment: Finding 2 – Reporting of Debts and Obligations

cc: Reports Analysis Division

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Finding 2. Reporting of Debts and Obligations

Summary

During audit fieldwork, the Audit staff noted that NHRSC did not disclose debts outstanding as of January 1, 2007, in the amount of \$375,082 for legal services. In response to the Interim Audit Report, NHRSC amended its reports to materially correct the disclosure of these debts.

The Commission approved a finding that NHRSC failed to disclose debt for legal services.

Legal Standard

A. Continuous Reporting Required. A political committee must disclose the amount and nature of outstanding debts and obligations until those debts are extinguished.

2 U.S.C §434(b)(8) and 11 CFR §§104.3(d) and 104.11(a).

B. Itemizing Debts and Obligations.

- A debt of \$500 or less must be reported once it has been outstanding 60 days from the date incurred; the committee reports it on the next regularly scheduled report.
- A debt exceeding \$500 must be disclosed in the report that covers the date on which the debt was incurred. 11 CFR §104.11(b).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff identified debt outstanding for legal services as of January 1, 2007, totaling \$375,082, not disclosed by NHRSC. During the audit period, NHRSC made payments, which reduced the outstanding balance to \$305,082, as of December 31, 2008. None of the reports filed during the audit period included the outstanding balance of this debt.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff presented this matter during the exit conference and provided work papers detailing the debts. NHRSC representatives made no comment on the issue.

The Audit staff recommended that NHRSC amend its reports to disclose this debt and corresponding debt payments on Schedules D.

C. Committee Response to Interim Audit Report

In response to the Interim Audit Report, NHRSC filed amended reports that materially corrected the disclosure of these debts.

D. Draft Final Audit Report

In the Draft Final Audit Report, the Audit staff acknowledged that it and NHRSC representatives agreed upon clarifications and the committee filed corrective amendments.

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Commission Conclusion

On October 12, 2011, the Commission considered the Audit Division Recommendation Memorandum in which the Audit Division recommended that the Commission adopt a finding that NHRSC failed to disclose debt for legal services.

The Commission approved the Audit staff's recommendation.

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