



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FEDERAL ELECTION
COMMISSION
SECRETARIAT

2012 JUN 27 A 9 51

SENSITIVE

MEMORANDUM

June 26, 2012

TO: The Commission

THROUGH: Alec Palmer *AP*
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 611 Geoff Davis for Congress and Kevin Broghamer, Treasurer,
Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Conduct an annual reconciliation of the Committee's financial activity to its reports annually for two (2) years beginning with CY 2012; draft and certify implementation of internal control procedures consistent with the Commission's Best Practices for Committee Management (2009 update); and pay a civil penalty of \$1,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 611 (P-MUR 526). The ADR Office received this referral on March 15, 2012.

SUMMARY: In a *sua sponte* submission dated August 5, 2011, Respondents indicated that the Committee's disclosure reports from January 1, 2007 through June 30, 2010 contained reporting errors totaling \$50,741. In addition, the submission indicated that former Treasurer, Joe Green, made unauthorized payments of Committee funds to himself totaling \$7,343.03. These errors were caused by the Committee's failure to report its former treasurer's unauthorized payments to himself, the failure to report direct mailing postage refunds and

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returned contribution checks, the overreporting of bank fees, and computation errors.

Respondents contend that several unauthorized payments to the former treasurer were discovered by the Committee's compliance officer. According to Respondents, upon this discovery, the former treasurer's employment was promptly terminated, and the Committee hired a law firm and notified local law enforcement. The Committee then hired an accountant to perform a comprehensive audit which revealed additional errors that were subsequently disclosed to the Commission. Upon completion of the audit, Respondents indicate they worked with the Reports Analysis Division to file an amendment in order to correct the record.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of Geoff Davis for Congress and Kevin Broghamer, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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