

## REPORTS ANALYSIS DIVISION REFERRAL

TO

## ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: July 23, 2012

ANALYST: Ashley A. Carter

## I. COMMITTEE:

Calumet PAC  
 C00386300  
 Terrance Bronowski, Treasurer  
 8000 Utah Street  
 Merrillville, IN 46410

## II. RELEVANT STATUTE:

2 U.S.C. § 434(b)(2) and (4)  
 11 CFR § 104.3(a) and (b)

## III. BACKGROUND:

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

Calumet PAC ("the Committee") amended its 2007 Mid-Year, 2007 Year-End, 2008 12 Day Pre-Primary, 2008 October Quarterly, and 2008 12 Day Pre-General Reports to disclose additional receipts totaling \$62,400.00 and additional disbursements totaling \$3,000.00, which were not disclosed on the original reports (Attachment 2).

2007 Mid-Year Report

On July 12, 2007, the Committee filed its original 2007 Mid-Year Report covering the period from January 1, 2007 through June 30, 2007. The report disclosed \$100,400.00 in receipts on Line 11(a)(i) (Itemized Contributions from Individuals) and \$23,500.00 in receipts on Line 11(c) (Contributions from Other Political Committees) of the Detailed Summary Page (Image 27930882463).

On January 6, 2011, the Committee filed an amended 2007 Mid-Year Report. The report disclosed \$145,400.00 in receipts on Line 11(a)(i) and \$24,500.00 in receipts on Line 11(c) of the Detailed Summary Page, a total increase of \$46,000.00 from the original report (Image 11930025643, Attachment 3).

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2007 Year-End Report

On January 2, 2008, the Committee filed its original 2007 Year-End Report, covering the period from July 1, 2007 through December 31, 2007. The report disclosed \$24,300.00 in receipts on Line 11(a)(i) and \$33,500.00 in disbursements on Line 29 (Other Disbursements) of the Detailed Summary Page (Images 28930010910-11).

On January 6, 2011, the Committee amended its 2007 Year-End Report. The report disclosed \$27,000.00 in receipts on Line 11(a)(i) of the Detailed Summary Page, a total increase of \$2,700.00 in receipts from the original report (Image 11930025680, Attachment 3). The report also disclosed \$36,500.00 in disbursements on Line 29 of the Detailed Summary Page, a total increase of \$3,000.00 in disbursements from the original report (Image 11930025681, Attachment 4).

2008 12 Day Pre-Primary Report

On April 23, 2008, the Committee filed its original 2008 12 Day Pre-Primary Report covering the period from January 1, 2008 through April 16, 2008. The report disclosed \$15,600.00 in receipts on Line 11(a)(i) of the Detailed Summary Page (Image 28990891239).

On January 6, 2011, the Committee amended its 2008 12 Day Pre-Primary Report to disclose \$16,800.00 in receipts on Line 11(a)(i) of the Detailed Summary Page, a total increase of \$1,200.00 from the original report (Image 11930025696, Attachment 3).

2008 October Quarterly Report

On October 15, 2008, the Committee filed its original 2008 October Quarterly Report covering the period from July 1, 2008 through September 30, 2008. The report disclosed \$46,400.00 in receipts on Line 11(c) of the Detailed Summary Page (Image 28933477373).

On January 6, 2011, the Committee amended its 2008 October Quarterly Report to disclose \$53,900.00 in receipts on Line 11(c) of the Detailed Summary Page, a total increase of \$7,500.00 from the original report (Image 11930025728, Attachment 3).

2008 12 Day Pre-General Report

On December 1, 2008, the Committee filed its 2008 12 Day Pre-General Report covering the period from October 1, 2008 through October 15, 2008. The report disclosed \$0.00 in receipts on Line 11(c) of the Detailed Summary Page (Image 28934438480).

On January 6, 2011, the Committee amended its 2008 12 Day Pre-General Report to disclose \$5,000.00 in receipts on Line 11(c) of the Detailed Summary Page, a total increase of \$5,000.00 from the original report (Image 11930025752, Attachment 3).

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On April 4, 2012, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2010 12 Day Pre-General Report, received January 6, 2011.<sup>1</sup> The RFAI requested clarification regarding the substantial increase in receipts and disbursements disclosed on the Amended 2007 Mid-Year, Amended 2007 Year-End, Amended 2008 12 Day Pro-Primary, Amended 2008 October Quarterly, and Amended 2008 12 Day Pre-General Reports, that were not disclosed on the original reports (Images 12330004620-622).

On April 17, 2012, the Reports Analysis Division (RAD) Analyst left a message for Cindy Wagner, the Committee's manager, as a courtesy to inform the Committee that an RFAI was sent via email on April 5, 2012, and according to Commission records, the email had not been opened (Attachment 5).

On May 15, 2012, the RAD Analyst left a voicemail message for Terrance Bronowski, the Committee's Treasurer, informing him that the Commission had not received a response to the RFAI referencing the increase in activity disclosed on several 2007 and 2008 reports and that the matter was referable for further action. The Analyst asked Mr. Bronowski to call her as soon as possible (Attachment 5).

On May 15, 2012, Ms. Wagner returned the Analyst's call on behalf of Mr. Bronowski. The Analyst explained that she had called several weeks earlier to inform the Committee that the email containing a link to the RFAI had not been opened. Ms. Wagner said she was not aware that the Commission was sending RFAIs via email and said that she would prefer they be sent on paper in the future. The Analyst instructed Ms. Wagner to file a Miscellaneous Electronic Submission ("Form 99") requesting that change, and said that the RFAI in question could be viewed on the Commission's website. The Analyst told Ms. Wagner that the RFAI referenced several reports from 2007 and 2008 that showed increases in activity and that the matter is referable for further action by the Commission. Ms. Wagner stated that a Candidate committee she is also involved with is dealing with the same issue. The Analyst told Ms. Wagner that if the Committee wished to add any additional clarification to the public record they could do so and told her to call back if she had any additional questions (Attachment 5).

On May 15, 2012, Will Drake, the Committee's attorney, called the RAD Analyst regarding the increase in activity referenced in the RFAI. He explained that the Committee did not receive the RFAI until that day because the Committee treasurer does not regularly check his email. The Analyst told Mr. Drake that the response date of the RFAI could not be extended and suggested that the Committee respond to the RFAI as soon as possible. Mr. Drake further explained that a Candidate committee he is also working with has a similar issue that has already been referred to the Office of General Counsel and he wanted to know if he could file responses for both committees together. The Analyst advised him he would need to speak to the other committee's Analyst for information on responding to issues regarding the candidate committee. Mr. Drake said that the Committee would file a response to the RFAI the following week and the Analyst told Mr. Drake to call if he had any additional questions (Attachment 5).

<sup>1</sup> The RFAI incorrectly referenced the report as the Amended 2010 12 Day Pre-General Report (10/1/08-10/15/08), rather than 2008 12 Day Pre-General Report.

On May 16, 2012, Mr. Drake called the RAD Analyst and asked why the RFAI received by the Committee referenced the Amended 2010 12 Day Pre-General Report and the chart attached to the RFAI referenced reports filed during the 2007 and 2008 cycle. The Analyst explained that the RFAI inadvertently referenced the wrong election cycle and that the chart attached to the RFAI correctly referenced increased activity disclosed on amended reports from the 2007-2008 election cycle (Attachment 5).

On May 28, 2012, the Committee filed a Form 99 in response to the RFAI, stating in part:

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"In December 2010 the Committee's financial disclosure reports were amended to correct omissions in prior reports beginning in 2007. Prior to June 2009 the Committee's previous administrative aide was responsible for the committee's bookkeeping activities and supervised the preparation of the FEC reports. This aide was the only person who saw both the Committee's books and the reports, and it is unclear whether he reconciled the reports to the books. In June 2009 the administrative aide's relationship with the Committee ended. Committee staff has not been in contact with him since that time. In March 2010 the Committee staff became aware of a discrepancy between the Committee's bank account balances and the FEC reports. The Committee staff immediately contacted the FEC's Reports Analysis Division to notify them of the discrepancy and seek guidance. The Analyst advised Committee staff to reconcile the financial activity and to amend prior reports to correct misstatements. Committee staff initiated an internal investigation and hired an experienced FEC campaign finance consultant to audit the books, reconcile the reports, and prepare complete and correct amended reports. The audit determined that some contributions and disbursements had not been entered correctly into the Committee's FEC reporting software. Updated reports for the years 2007 - 2010 were filed with the Commission in December 2010. The Committee has instituted new financial procedures to ensure that there are sufficient internal and external controls to ensure that the Committee's finances are managed appropriately and that the FEC reports are reconciled to the Committee's books. The Committee staff now reconciles the books monthly using accounting and FEC reporting software. The FEC compliance consultant reviews the reconciliation monthly and the FEC reports each quarter (Image 12951901892)."

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