



Federal Election Commission
Washington, DC 20463

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MEMORANDUM

March 5, 2014

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia C. Orrock *PCO*
Chief Compliance Officer

Lynn M. Fraser *LMF*
Director, ADR Office

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

SUBJECT: ADR 655 Massachusetts Republican Party and Brent Anderson, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Perform an annual internal audit and reconciliation, for the next two years; designate a compliance specialist; continue to retain the services of an outside compliance vendor; and pay a civil penalty of \$31,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 655 (RR 13L-06). The ADR Office received this referral on August 14, 2013.

SUMMARY: The Reports Analysis Division (RAD) referred Respondents for failing to disclose all financial activity during the 2009-2010 election cycle. In the referral, RAD indicated that the Committee failed to timely file three 48-Hour Reports totaling \$141,103.10 and two 24-Hour Reports totaling \$487,923.22. Additionally, the Committee amended its 2009 Year-End, 2010 March Monthly, 2010 August Monthly, 2010 September Monthly, 2010 October Monthly, 2010 12 Day Pre-General, and 2010 Year-End Reports to disclose additional receipts totaling \$60,279.50, additional disbursements totaling \$218,227.61, and

Recommendation to Approve
Settlement Agreement
ADR 655 (RR13L-06)

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additional debts totaling \$141,103.10, a total increase in activity of \$419,610.21. The Committee also received excessive contributions totaling \$31,000 during the 2009-2010 election cycle.

The Committee contends that the reporting errors occurred during a period of unprecedented activity defined by a special election for the United States Senate while reporting was being performed by inexperienced staff. In order to remedy the reporting errors the Committee contends it has taken significant remedial actions including: prioritizing compliance and transparency as a serious component of its operational function; hiring an external comprehensive treasury, budgeting and compliance firm with effective software and reporting experience; contacting its legal counsel with any concerns raised by the Commission and seeking counsel's review of responses prior to submission to the Commission; committing to training all individuals responsible for compliance and securing validation that they have reviewed guidance materials, seminars, webinars, and other educational opportunities; conducting an administrative audit of Committee procedures; performing a forensic investigation of Committee files subsequent to leadership turnover; and, filing amendments to reports in order to ensure the public record is correct. As such, the Committee contends that its internal and immediate remediation efforts have led to the self-reporting of errors to the Commission and will prevent reporting errors going forward. The Committee contends to understand the seriousness of failing to appropriately report contributions and expenditures and demonstrative of that understanding is its self-initiated remedial actions that came at a significant financial expense to the Committee. Further, the Committee contends commitment to maintaining consistently responsible and accurate reporting protocols.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of Massachusetts Republican Party and Brent Anderson, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.