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Federal Election Commission
Washington, DC 20463

SENSITIVE

MEMORANDUM

April 2, 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 671 National Association of Realtors Congressional Fund and Michael C. McGrew, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Certify implementation of recently updated Committee compliance operations procedures and internal controls; perform reconciliations prior to filing each report, and provide certification of same; and pay a civil penalty of \$13,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 671 (RR 13L-20). The ADR Office received this referral on December 9, 2013.

SUMMARY: The Reports Analysis Division referred Respondents for failing to disclose all financial activity on the 2012 September Monthly Report and the 2012 30 Day Post-General Report. Respondents filed the original 2012 September Monthly report on September 18, 2012, and the 2012 30 Day Post-General Report on December 5, 2012. On October 17, 2012, the Committee filed an Amended 2012 September Monthly Report to disclose additional receipts totaling \$700,000 and additional disbursements totaling \$134,854. On January 16, 2013, the

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Committee filed an Amended 30 Day Post-General Report disclosing additional receipts of \$365,000.

The Committee, through memo texts submitted with the amended reports, indicates that the omissions were inadvertent. Respondents also contend that the employees responsible for processing the contributions were not the same as those who recorded the transactions in a ledger for the organization, leading to miscommunication at critical times. In response, the Committee has instituted procedural changes to ensure future compliance with the FECA, including centralizing operations, enhancements to reconciliation procedures, and additional levels of review prior to report filing.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of National Association of Realtors Congressional Fund and Michael C. McGrew, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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