

REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: July 11, 2012

ANALYST: Nicole Miller

I. COMMITTEE:

Santa Barbara County Democratic Central Committee Federal PAC
C00427856
Shawnda Deane, Treasurer (9/20/11-Present)
William Rosen, Treasurer (8/4/11-9/19/11)
Pam Kinsley, Treasurer (4/20/11-8/3/11)
Kinde Durkee, Treasurer (8/24/06-4/19/11)
1787 Tribute Road, Suite K
Sacramento, CA 95815

II. RELEVANT STATUTE:

2 U.S.C. § 432(b) and (c)
2 U.S.C. § 434 (b)
11 CFR § 102.9
11 CFR § 102.15
11 CFR § 104.3

III. BACKGROUND:

Other Violations of the Federal Election Campaign Act (Unauthorized Use of Committee Funds)

Santa Barbara County Democratic Central Committee Federal PAC (“the Committee”) filed its 2011 Year End Report to disclose possible unauthorized activity (Attachment 2).

On September 13, 2011, Shawnda Deane, a representative for the Committee, called a Reports Analysis Division (RAD) Analyst to seek guidance on how to file the 2011 September Monthly Report. Ms. Deane told the RAD Analyst that the Committee did not have full access to its financial records due to the investigation of the unauthorized use of campaign funds by its former PAC consultant and treasurer. Ms. Deane stated the Federal Bureau of Investigation (FBI) had seized all of the Committee’s

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records. As a result of the current FBI investigation, the Committee was unsure if they would be able to file the 2011 September Monthly Report by the due date. The RAD Analyst advised Ms. Deane to try to file the 2011 September Monthly Report on time and as accurately as possible, and if necessary to file a Miscellaneous Electronic Submission ("Form 99") to explain the circumstances (Attachment 3).

On January 31, 2012, the Committee filed the 2011 Year End Report covering the period from August 1, 2011 through December 31, 2011. The report disclosed a disbursement on Schedule B, Supporting Line 29 (Other Disbursements) of the Detailed Summary Page totaling \$6,650.88 with the purpose of "Cash-on-hand adjustment due to unauthorized disbursements" (Image 12950305902, Attachment 2).

On January 31, 2012, the Committee filed a Form 99 which stated,

"The Santa Barbara County Democratic Central Committee Federal PAC is a committee whose previous treasurer was Kinde Durkee, who is under investigation for embezzlement. The funds that were in the bank account handled by Kinde Durkee are now frozen and we are not able to retrieve those funds at this time.

In order to accurately report the activity on this account, I referenced the Guidance for Political Committees Regarding Embezzlement/Misappropriation sheet. As proposed on this guidance, we are making a one-time cash-on-hand adjustment entry on Schedule B (Line 29) in the amount of \$6,650.88. This is the amount that was last reported by Kinde Durkee and, to the best of our knowledge, is the account balance at the time of the alleged fraud. The ending cash-on-hand reflects the actual account balance of the new bank account we administer for the committee as of 12/31/11" (Image 12950309843).

On May 9, 2012, the RAD Analyst called Ms. Deane to inform her that the apparent unauthorized disbursement disclosed on the 2011 Year-End Report may be referred for further action. The Analyst explained that if the Committee wished to add any clarifying information to the public record they should do so at this time. Ms. Dean said the Committee already filed all of the pertinent information on the public record and does not plan to file any additional clarification. Ms. Deane then asked what the outcome of the referral could mean for the Committee. The Analyst told her that all legal questions should be directed to the Office of General Counsel (OGC) and gave her the direct number (Attachment 3).

On June 14, 2012, the RAD Analyst left a message for Shawna Deane, Treasurer. Kim Lutz returned the call on Ms. Deane's behalf. The Analyst stated she was following up with the Committee in regards to the referral for the misappropriated funds and also wanted to inform the Committee of the Commission's *sua sponte* policy, available on the FEC website (Attachment 3).

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

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