

REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: July 11, 2012

ANALYST: Kaitlin Eger

I. COMMITTEE:

Los Angeles County Democratic Central
Committee
C00300731

Stephen J. Kaufman, Treasurer (9/8/11-Present)
Kinde Durkee, Treasurer (1/31/00-9/7/11)
777 S. Figueroa Street, Suite 4050
Los Angeles, CA 90017

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)

Los Angeles County Democratic Central Committee ("the Committee") filed its 2011 Year End Report to disclose apparent unauthorized receipts of \$55,107.88 and disbursements of \$117,343.83 (Attachment 2).

On August 31, 2011, William Shay, a representative of the Committee, called the Reports Analysis Division (RAD) Analyst because the Committee had to amend their 2008 reports to due to the FEC Audit. The 2008 amendments would cause the cash-on-hand to be incorrect on their 2009, 2010, and 2011 reports. Mr. Shay asked how the Committee should correct the cash-on-hand discrepancy. The Analyst called Mr. Shay back the next day and advised him to make a one-time cash-on-hand adjustment on their next report. She explained that they should show a

disbursement on Line 29 to adjust the cash-on-hand amount and should also include a memo text to explain that the adjustment was made due to the FEC Audit (Attachment 3).

On September 8, 2011, Stacy Shin, the Committee's counsel, called RAD Management to explain that her law firm would be taking over treasurer responsibilities for the Committee and that a Statement of Organization (FEC Form 1) had been filed designating Stephen Kaufman as the treasurer. Ms. Shin discussed the situation regarding the Committee's former treasurer, Kinde Durkee, and that Ms. Durkee was the only person with access to the Committee's electronic filing password. RAD Management advised Ms. Shin of the process for the new treasurer to obtain an electronic filing password (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 receipts on Schedule A, supporting Line 17 (Other Federal Receipts) of the Detailed Summary Page, totaling \$55,107.88 (Image 12950420107, Attachment 2). In a memo text attached to the entries, the Committee stated, in full:

"The transfer from the Committees non-federal account is based on expenditures made/reported by the Committees former treasurer, Kinde Durkee. At this time, the Committee is unable to identify or itemize on Schedule H the allocable administrative expenses comprising of the transfer amount" (Images 12950420108-09 and 12950420111).

The report also disclosed disbursements on Schedule B, supporting Line 29 (Other Disbursements) of the Detailed Summary Page, totaling \$48,457.87 with a purpose of "Cash on Hand Adjustment due to unauthorized disbursements" (Image 12950420143, Attachment 2). In addition, the report disclosed Levin disbursements on Schedule L-B (Itemized Disbursements of Levin Funds), supporting Line 5 (Other Disbursements) of the Levin Funds Aggregation Page, totaling \$68,885.96 with a purpose of "Cash on Hand Adjustment due to unauthorized disbursements" (Image 12950420220, Attachment 2).

On February 20, 2012, the Committee filed an Amended 2011 Year End Report. The report disclosed no change in receipts or disbursements.

On May 22, 2012, the RAD Analyst called Stephen Kaufman, the Committee Treasurer. The Analyst left Mr. Kaufman a voicemail stating that the unauthorized transactions disclosed on the 2011 Year End Report would be referred for further action. The Analyst requested that Mr. Kaufman call back as soon as possible to discuss the matter (Attachment 3).

On the same day, Mr. Kaufman returned the Analyst's call. The Analyst explained again that the apparent unauthorized receipts and disbursements disclosed on the Committee's 2011 Year End Report may be referred for further action. Mr. Kauffman asked the Analyst to identify which specific entries triggered the possible referral. The Analyst told Mr. Kaufman that the entries in question were the receipts disclosed on Schedule A from the Committee's state account, and the disbursements on Schedules B and L-B with the purpose of cash-on-hand adjustments due to unauthorized disbursements. The Analyst stated that if the Committee

12950420107-11

wished to put any further information on the public record they should do so. The Analyst also informed Mr. Kaufman of the option of filing a *sua sponte* submission and left instructions on where he could obtain more information about doing so (Attachment 3).

To date, no further communications have been received from the Committee regarding these matters.

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