

Receipts) of the Detailed Summary Page with a notation "Unitemized Receipt by Durkee" (Image 11020394577). The report also disclosed \$4,658,413.28 in unauthorized disbursements on Schedule B, supporting Line 21 (Other Disbursements) of the Detailed Summary Page, consisting of a \$100,000.00 entry for "Unauthorized Disbursement by Durkee" and a \$4,558,413.28 cash-on-hand adjustment due to other unauthorized disbursements (Image 11020394607). In a cover letter attached to the report, the Committee stated, in full:

"I am sending this letter with the October Quarterly Report for the Feinstein for Senate Committee in order to explain the circumstances of the Committee and to provide more detail and explanation on the Quarterly Report. We have received advice from the FEC concerning the Report, and we have followed that advice in the preparation of the Report.

It is now well known that the Committee was the victim of a wide-ranging embezzlement scheme by professional treasurer Kinde Durkee apparently over several years which was recently brought to light and which resulted in substantial losses to the Committee. I have assumed the responsibilities of treasurer, and the Committee has retained expert legal counsel to advise the Committee on its responsibilities under the law as well as to administer its account and prepare its required reports.

Since I became the treasurer, we have attempted to collect the Committee financial and other records needed for the Committee records reports. While we have obtained some of the bank statements directly from the bank, we do not have access to the committee's records held by the former treasurer including the check register, most of the disbursement records and the reporting database. In addition, while we believe we have most of the records for the Committee receipts (obtained from the committee's fundraisers), at this time we cannot be sure that these are complete. We have made our best efforts to compile the information and prepare an accurate October Quarterly Report, but it is possible and perhaps likely that additional information will be located in the coming weeks and months which will require amendments to the Report.

With respect to the Committee's cash balances, based on advice received from the FEC, the cash-on-hand balance has been adjusted by what we believe to be the total unauthorized disbursements by the former treasurer Kinde Durkee. In this adjustment, there may also be some small campaign expenditures which cannot be identified based on the records available to us at this time, but most if not all of this amount appears to represent unauthorized disbursements from the Committee accounts by Kinde Durkee.

The ending cash-on-hand balance does reflect the actual balances in the Committee accounts as of September 30, 2011. However, this includes the amount of \$662,100.87 which is the balance in a First California Bank

Committee account previously opened by Kinde Durkee, and which is the subject of an interpleader action filed by the Bank in Los Angeles Superior Court. Since Kinde Durkee apparently transferred funds between her clients' accounts, these funds may or may not become available to the Committee at the conclusion of the lawsuit. It is also possible that additional funds may be identified as Committee funds. The Committee cash balances will be revised as necessary based on these future developments.

We also note that the August 2011 First California Bank statement included a receipt of \$100,000 from an unknown source on August 31, 2011, with a corresponding "internet" disbursement of \$100,000 on the same day to an unknown payee. We have included these transactions on Sch. A, line 15, and Sch. B, line 21, of the Report with the indication that these transactions cannot at this time be identified as to source or payee.

In summary, as indicated above, we have gone to great lengths to locate records and provide as accurate and complete a Report as possible under these extraordinary circumstances. Due to the lack of records, some of the other challenges have been and will continue to be determining election cycle totals for the Summary Page, column B, conduit totals, and per contributor totals. We also know that additional information will likely be uncovered in the pending litigation or through the on-going criminal and civil investigations of Kinde Durkee which may necessitate amendments to this Report" (Images 11020394428-29).

On December 27, 2011, the Committee filed the Amended 2011 October Quarterly Report covering the period from July 1, 2011 through September 30, 2011. The report disclosed no change in unauthorized receipts from the original report (Image 12020010297; Attachment 2). The report disclosed a total of \$4,645,386.12 in unauthorized disbursements on Schedule B supporting Line 21 of the Detailed Summary Page, consisting of a \$100,000.00 entry for "Unauthorized Disbursement by Durkee" and a \$4,545,386.12 cash-on-hand adjustment due to other unauthorized disbursements (Images 12020010334-35; Attachment 2). In a cover letter attached to the report, the Committee stated, in part:

"...Since the Report was filed, we have obtained additional bank statements and related information, and we are filing an Amendment to the Report to add the information on disbursements that was previously not available to us...The amount of the cash-on-hand adjustment which was included on the October Report has also been reduced to reflect that additional legitimate Committee disbursements were identified and now included on the Report...The ending cash-on-hand has not changed since that did reflect the current Committee balances..." (Image 12020010148).

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