

REPORTS ANALYSIS DIVISION REFERRAL

TO
OFFICE OF GENERAL COUNSEL

DATE: July 11, 2012

ANALYST: Kevin Fortkiewicz

I. COMMITTEE: Fund for the Majority
C00433219
William Wardlow, Treasurer (9/21/11- present)
Kinde Durkee, Treasurer (3/19/07 – 9/20/11)
1801 Avenue of the Stars, #829
Los Angeles, CA 90067

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)

Fund for the Majority (“the Committee”) filed its 2011 Year-End Report to disclose unauthorized receipts of \$1,874.10 and unauthorized disbursements of \$25,000 (Attachment 2).

On September 21, 2011, Breline Marshall, a representative of the Committee, called the Reports Analysis Division (RAD) Analyst to explain that Kinde Durkee was their former treasurer and that they had mailed in a Statement of Organization to designate a new treasurer. She also stated that they had received a new electronic filing password. The Analyst advised that they electronically amend the Statement of Organization (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 receipt on Schedule A, supporting Line 17 (Other Federal Receipts) totaling \$1,874.10 with a purpose of "Cash on Hand Adjustment for unauthorized activity by prior treasurer" (Image 12950336846, Attachment 2). The report also disclosed a disbursement on Schedule B, supporting Line 29 (Other Disbursements) totaling \$25,000 to "Unauthorized Disbursement by Durkee" (Image 12950336850, Attachment 2).

On January 31, 2012, the Committee submitted a Miscellaneous Electronic Submission ("Form 99") stating, in part:

" This Committee was the victim of the now well known embezzlement scheme by professional treasurer Kinde Durkee that apparently occurred over several years and was recently brought to light. I assumed the responsibilities of treasurer effective September 21, 2011. In addition, the Committee has retained expert legal counsel to advise on its responsibilities under the law and 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 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 Year End 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 this 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 deposits and disbursements by the former treasurer Kinde Durkee.

The ending cash-on-hand balance does reflect the actual balances in the Committee accounts as of December 31, 2011. However, this amount includes the amount of \$3,156.35 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.

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. 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" (Image 12970306128).

On May 8, 2012, the RAD Analyst called the office of the Treasurer and left a message. Later the same day the treasurer, William Wardlaw, returned the phone call. The Analyst explained to Mr. Wardlaw that the Committee may be referred to another office in the Commission regarding the apparent embezzlement of Committee funds by their former treasurer. The Analyst explained that the Committee's Form 99 had been received and wanted to make the Committee aware of the option of filing a *sua sponte* submission. Mr. Wardlaw explained that he would check with the Committee's attorney to see if the Committee wanted to add anything else to the public record (Attachment 3).

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