

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of)
LoBiondo for Congress)
And Douglas J. Heun, as Treasurer)

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OFFICE OF GENERAL
COUNSEL

Sua Sponte Submission of LoBiondo for Congress

Pursuant to the Federal Election Commission's ("Commission") Policy Regarding Self-Reporting of Campaign Finance Violations (Sua Sponte Submissions) ("Self Reporting Policy") that took effect on April 5, 2007, LoBiondo for Congress ("LFC"), through counsel, makes this sua sponte submission concerning possible campaign finance violations by LFC's former treasurer, Andrew McCrosson, that were discovered by Douglas J. Heun, LFC's current treasurer. Specifically, Mr. Heun discovered that Mr. McCrosson embezzled approximately \$450,000 from LFC. As explained below, LFC has taken immediate corrective actions concerning the potential violations at issue in this matter and made timely disclosure to the Commission and the Department of Justice's Public Integrity Section.

Mr. McCrosson began serving as LFC's treasurer when Representative LoBiondo first ran for Congress in the early 1990s, and remained LFC's treasurer until August 2010. During this time, Mr. McCrosson was a certified public accountant.

After being appointed as LFC's treasurer in August 2010, Mr. Heun and his staff asked Mr. McCrosson for LFC's financial and accounting documents, which had been maintained by Mr. McCrosson. On numerous occasions, Mr. McCrosson promised to deliver the documents but never did, always providing a convenient excuse and cancelling the meeting. In reviewing the small amount of documents that he was able to obtain from Mr. McCrosson, Mr. Heun discovered that certain documents were false and had been created to make it appear that the campaign had assets

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that further investigation revealed the campaign did not in fact have. In November 2010, LFC came to the conclusion that Mr. McCrosson may have embezzled funds from the campaign.

Immediately upon reaching this conclusion in November 2010, LFC, through counsel, contacted the Department of Justice's Public Integrity Section ("DOJ") and the Federal Election Commission's Office of the General Counsel ("FEC"). LFC fully cooperated with the DOJ's investigation of the matter and kept the FEC informed of the progress of the investigation.

In March 2011, Mr. McCrosson pled guilty to embezzling \$458,000 from LFC. In connection with his guilty plea, Mr. McCrosson admitted that he began stealing from LFC as far back as 1995 and that he continued to steal from LFC through August 2010. In connection with his guilty plea, Mr. McCrosson further admitted that he filed false reports with the FEC on behalf of LFC in an attempt to disguise his theft and unlawful conversion of LFC funds, and that he materially misrepresented to the FEC the amount of cash on hand held by LFC in its bank accounts. Attached for your convenience and review are copies of the Criminal Information charging Mr. McCrosson with wire fraud, in violation of 18 U.S.C. § 1343, and embezzlement and conversion of funds contributed to a federal candidate, in violation of 2 U.S.C. §§ 439a(b) and 437g(d)(1)(A)(i), as well as Mr. McCrosson's written plea agreement in which he agrees to plead guilty to these charges. (See Attachment A.) Mr. McCrosson's guilty plea was accepted by the U.S. District for the District of New Jersey on or about March 4, 2011, and he is currently scheduled to be sentenced in June 2011.

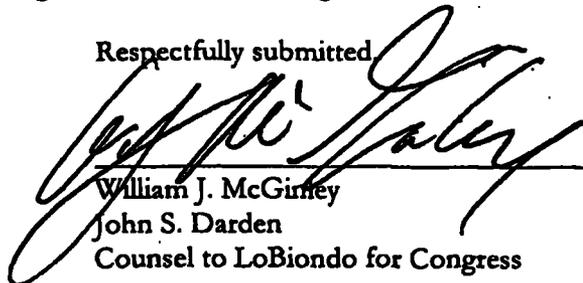
Presently, LFC is working with the banks to reconstruct the campaign's financial and accounting records. LFC also worked with the FBI to reconstruct some of the financial and accounting records. In addition, LFC has retained the services of Nancy Watkins of Robert Watkins and Company to assist with reviewing the financial and accounting records and to prepare the necessary amended FEC reports and other filings (e.g., omnibus filing) that LFC will make to ensure

the public record is as complete and accurate as possible. This process includes reconciling the bank records with LFC's FEC reports to determine whether and to what extent the funds stolen by Mr. McCrosson were reported, not reported, or under reported in LFC's FEC reports. LFC will update the FEC at the conclusion of this compliance review, which we anticipate will be in the coming weeks.

Finally, LFC is taking steps designed to prevent this from happening again in the future. First, Mr. Heun and others recently attended one of the FEC's compliance training seminars for authorized committees. (See Attachment B.) Second, LFC has adopted an internal controls policy designed to prevent on the front end any similar issue from occurring in the future as well as to detect any such issues so that immediate corrective action may be taken by the campaign. Third, LFC, through counsel, notified the FEC in a timely manner concerning the issues discussed above and has endeavored to keep the FEC updated concerning any developments.

For the foregoing reasons, LFC makes this sua sponte submission pursuant to the Commission's Self-Reporting Policy. We request that the FEC contact us after reviewing this submission to discuss next steps, including the mechanics of filing the amended FEC reports.

Respectfully submitted,



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Attachments