



2014 JUL - 1 PM 12:59
FEDERAL ELECTION
COMMISSION
SECRETARIAT

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SENSITIVE

Federal Election Commission
Washington, DC 20463

MEMORANDUM

July 1, 2014

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia C. Orrock *PO*
Chief Compliance Officer

BY: Lynn M. Fraser *WJ*
Director, ADR Office

RESOLUTION TERMS: Krista J. Roche *JK*
Assistant Director, ADR Office

SUBJECT: ADR 705 Rand Paul for US Senate 2010 and Kevin Broghamer, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Certify the closure of the Committee's federal account and work with Commission staff to terminate their political committee status and reporting obligations with the Commission; and pay a civil penalty of \$9,500

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 705 (RR 13L-46). The ADR Office received this referral from the Office of General Counsel on March 10, 2014.

SUMMARY: The Reports Analysis Division referred Rand Paul for US Senate 2010 and Kevin Broghamer, Treasurer, (Respondents or the Committee) for failing to disclose all financial activity. The Committee amended its 2009 Year-End, 2010 April Quarterly, 2010 12 Day Pre-Primary, 2010 July Quarterly, 2010 October Quarterly, 2010 12 Day Pre-General, and 2011 April Quarterly Reports to disclose additional receipts of \$266,577.04 and additional disbursements of \$90,695.87, which were not disclosed on original reports.

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On March 1, 2013, the Committee filed a Miscellaneous Paper Submission that stated when the new treasurer took over in 2011, a full review of all financial activity was instituted, including a comprehensive analysis and reconciliation of records and filed FEC reports, since the inception of the Committee in 2009. The Committee contends that, based on this thorough review, amendments were prepared and filed promptly with the FEC. The Committee states that since hiring the new treasurer, procedural changes have been implemented to ensure errors of this nature do not occur in the future, including: utilizing a new electronic database and filing software, switching accounts to a financial institution with a robust remote online deposit system, dividing disbursement responsibilities, adding additional reconciliations prior to reporting, performing regular reviews of donors to ensure prompt reattribution/redesignation/refunds, and circulating weekly reports to the Committee.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of Rand Paul for US Senate 2010 and Kevin Broghamer, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.