

REPORTS ANALYSIS DIVISION REFERRAL
TO
ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: May 20, 2014

ANALYST: Paul Stoetzer

I. COMMITTEE: American Iron and Steel Institute
Political Action Committee (STEEL PAC)
C00295097
Thomas J. Gibson, Treasurer
25 Massachusetts Ave. NW, Suite 800
Washington, DC 20001

II. RELEVANT STATUTE: 2 U.S.C. §441b
11 CFR §102.5(a)
11 CFR §114.5

III. BACKGROUND:

**Prohibited and Other Impermissible Contributions/Transfers: Failure to Refund,
Prohibited Contributions within the Permissible Timeframe**

The American Iron and Steel Institute Political Action Committee (STEEL PAC) ("the Committee") received misdeposited funds totaling \$47,997.87 during the 2012 calendar year and \$21,793.17³ during the 2013 calendar year that were originally intended for the Committee's connected organization, the American Iron and Steel Institute, which were not remedied within the permissible timeframes. In total, the Committee did not timely refund or transfer-out misdeposits of \$69,791.04 during the 2011-2012 and 2013-2014 election cycles (Attachment 2).

³ The Committee's 2013 Mid-Year Report disclosed \$27,225.66 in receipts that were described as misdeposited, however \$5,432.49 of those receipts were timely refunded or redesignated. The Committee failed to timely remedy \$21,793.17 of the misdeposited funds disclosed on the 2013 Mid-Year Report.

On July 24, 2013, Laura Hylden, a representative of the Committee, called the Reports Analysis Division (RAD) Analyst to ask how to report the misdeposit of funds into the Committee's account and the subsequent refund to the connected organization. The Analyst stated that the receipts should be reported on Line 17 (Other Federal Receipts) and the refunds should be reported on Line 29 (Other Disbursements) of the Detailed Summary Page of applicable reports for the time period in which the transactions took place. The Analyst also advised the Committee to file a Miscellaneous Electronic Submission ("Form 99") to explain the situation (Attachment 3).

Amended 2012 July Quarterly Report

On July 31, 2013, the Committee filed an Amended 2012 July Quarterly Report covering the period from April 1, 2012 through June 30, 2012. This report disclosed several receipts totaling \$11,817.20 from "American Express Settlement Iron and Steel Institute" on Schedule A supporting Line 17 (Other Federal Receipts) of the Detailed Summary Page (Images 13964477489-94; Attachment 2).⁴ In miscellaneous text attached to the report, the Committee stated, in full: "Amendment to disclose misdeposits by American Express electronic transfers into the SteelPAC bank account that were intended for the AISI bank account" (Image 13964477483).

On September 19, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2012 July Quarterly Report, received July 31, 2013. The RFAI requested clarification regarding the receipts for the apparent misdeposit of funds originally intended for the connected organization and noted the transfer-out of the misdeposited funds disclosed on the 2013 Mid-Year Report (Image 13330039048).

Amended 2012 October Quarterly Report

On July 31, 2013, the Committee filed an Amended 2012 October Quarterly Report covering the period from July 1, 2012 through September 30, 2012. This report disclosed several receipts totaling \$23,010.05 from "American Express Settlement Iron and Steel Institute" on Schedule A supporting Line 17 (Other Federal Receipts) of the Detailed Summary Page (Images 13964477949-63; Attachment 2).⁵ In miscellaneous text attached to the report, the Committee stated, in full: Amendment to disclose misdeposits by American Express electronic transfers into the SteelPAC bank account that were intended for the AISI bank account" (Image 13964477948).

On September 19, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2012 October Quarterly Report, received July 31, 2013. The RFAI requested clarification regarding the receipts for the apparent misdeposit of funds originally intended for the connected organization and noted the transfer-out of the misdeposited funds disclosed on the 2013 Mid-Year Report (Image 13330039050).

⁴ The Committee did not disclose any receipts from "American Express Settlement Iron and Steel Institute" on the original report.

⁵ See footnote 4.

Amended 2012 30 Day Post-General Report

On July 31, 2013, the Committee filed an Amended 2012 30 Day Post-General Report covering the period from October 18, 2012 through November 26, 2012. This report disclosed several receipts totaling \$3,171.52 from "American Express Settlement Iron and Steel Institute" on Schedule A supporting Line 17 (Other Federal Receipts) of the Detailed Summary Page (Images 13964478321-6; Attachment 2).⁶ In miscellaneous text attached to the report, the Committee stated, in full: "Amendment to disclose mis-deposits by American Express electronic transfers into the SteelPAC bank account that were intended for the AISI bank account" (Image 13964478320).

On September 19, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2012 30 Day Post-General Report, received July 31, 2013. The RFAI requested clarification regarding the receipts for the apparent misdeposit of funds originally intended for the connected organization and noted the transfer-out of the misdeposited funds on the 2013 Mid-Year Report (Image 13330039052).

Amended 2012 Year-End Report

On July 31, 2013, the Committee filed an Amended 2012 Year-End Report covering the period from November 27, 2012 through December 31, 2012. This report disclosed receipts totaling \$9,999.10 from "American Express Settlement Iron and Steel Institute" on Schedule A supporting Line 17 (Other Federal Receipts) of the Detailed Summary Page (Images 13964478363-8; Attachment 2).⁷ In miscellaneous text attached to the report, the Committee stated, in full: "Amendment to disclose mis-deposits by American Express electronic transfers into the SteelPAC bank account that were intended for the AISI bank account" (Image 13964478361).

On September 19, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2012 Year-End Report, received July 31, 2013. The RFAI requested clarification regarding the receipts for the apparent misdeposit of funds originally intended for the connected organization and noted the transfer-out of the misdeposited funds disclosed on the 2013 Mid-Year Report (Image 13330039054).

2013 Mid-Year Report

On July 31, 2013, the Committee filed the original 2013 Mid-Year Report covering the period from January 1, 2013 through June 30, 2013. This report disclosed several receipts totaling \$27,225.66 from "American Express Settlement Iron and Steel Institute" on Schedule A supporting Line 17 (Other Federal Receipts) of the Detailed Summary Page (Images 13964478415-24; Attachment 2). Of that amount, \$21,793.17 was not refunded within the permissible timeframe. Schedule B supporting Line 29

⁶ See footnote 4.

⁷ See footnote 4.

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(Other Disbursements) of the Detailed Summary Page disclosed a disbursement of \$77,225.43 on April 11, 2013 to the connected organization for "Transfer of funds due to incorrect deposit" (Image 13964478430; Attachment 2). In miscellaneous text attached to the report, the Committee stated, in full:

"Please note, during January and February of 2013, mis-deposits by American Express electronic transfers into the SteelPAC bank account that were intended for the AISI bank account continued to happen. After resolving the problem in March, 2013, the SteelPAC transferred the money to the AISI bank account, where the funds were originally designated to be deposited" (Image 13964478410).

On September 19, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the 2013 Mid-Year Report. The RFAI requested clarification regarding the receipts for the apparent misdeposit of funds originally intended for the connected organization and noted the transfer-out of the misdeposited funds disclosed on April 11, 2013 (Image 13330039056).

On September 20, 2013, Ms. Hylden called the RAD Analyst to ask how to respond to the RFAIs received on September 19, 2013 regarding the apparent misdeposit of funds originally intended for the connected organization. The Analyst told her to file a Miscellaneous Electronic Submission ("Form 99") explaining why the funds were deposited into the Committee's account, what steps were taken to correct the situation, and what steps have been taken to ensure that this does not happen again in the future (Attachment 3).

On October 22, 2013, Ms. Hylden called the RAD Analyst to ask how to submit the Committee's response. The Analyst stated that, as the Committee is an electronic filer, the response must be submitted as a Form 99 through the Committee's electronic filing software (Attachment 3).

On October 24, 2013, the Committee filed a Form 99 in response to the RFAIs. The Committee stated, in part:

"This letter is being submitted in response to five requests from the Federal Election Commission dated September 19, 2013, seeking additional information regarding the disclosure by the American Iron and Steel Institute Political Action Committee (SteelPAC) of receipts from American Express Settlement American Iron and Steel Institute due to the misdeposit of funds intended for our connected organization, the American Iron and Steel Institute (AISI).

The identified receipts were the result of errors by Elavon Merchant Services, an online credit card payment processor engaged by AISI to handle credit card payments, and American Express. In May of 2012, as the result of a request from a member of AISI's restricted class to make a

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contribution to SteelPAC by means of his American Express credit card, AISI arranged through Elavon for payments to SteelPAC's bank account to be made via American Express. After these arrangements were implemented, however, not only were contributions intended for SteelPAC via American Express deposited into the SteelPAC account, but also other American Express transactions made through AISI's online bookstore began being electronically deposited into the SteelPAC account. Based on bank statements received for SteelPAC's account, these misdeposits began in early June 2012.

When AISI staff responsible for SteelPAC received bank statements in July 2012 indicating that funds not intended for SteelPAC had been misdeposited into the SteelPAC account by American Express, the AISI staff immediately contacted Elavon to report the error and to request corrective actions be taken. Based on conversations with Elavon and American Express, it appears that when American Express received instructions to accept and then make SteelPAC contribution payments to the SteelPAC bank account, it erroneously began to direct other payments made via American Express at AISI's online bookstore to the SteelPAC bank account, rather than to AISI's own bank account. After initial attempts to correct the error in the depositing of funds from AISI's online bookstore failed, AISI staff repeatedly contacted Elavon and American Express to report continued misdeposits and to request corrections in procedures to end the erroneous electronic transfers to the SteelPAC account. Unfortunately, despite many assurances from Elavon and American Express that the issue had been corrected, it took until March 2013 before the misdepositing of AISI online store receipts into the SteelPAC account ended.

In April 2013, after AISI staff had closely monitored both the SteelPAC and AISI bank accounts and found no erroneous transactions into the SteelPAC account for the latest month, AISI staff determined that this situation had been successfully resolved. After making an accounting for all the misdeposited funds, SteelPAC then transferred the full amount of misdeposited funds to the appropriate AISI bank account, and reported the misdeposits and transfer-out of these funds to the Federal Election Commission on the five reports referenced above.

Upon resolution of the issue with Elavon and American Express, AISI terminated the merchant processing account for SteelPAC at Elavon, thus preventing any further credit card transactions from being used to deposit funds into the SteelPAC account.

AISI takes its obligations under the Federal election laws seriously, and regrets the misdepositing of AISI online bookstore receipts into the SteelPAC account. At no point were any of the misdeposited funds used to

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On November 20, 2013, the RAD Analyst left a voice mail message for Ms. Hylden. The Analyst stated that the matter regarding misdeposited funds disclosed on the Committee's reports was referable to another office for potential further action to the Commission. The Analyst also stated that if the Committee wanted to provide further information regarding the misdeposits, they could submit additional information on a Form 99 (Attachment 3).

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