



Federal Election Commission
Washington, DC 20463

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SENSITIVE

MEMORANDUM

September 23, 2014

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

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

Lynn M. Fraser *LMF*
Director, ADR Office

BY: Krista J. Roche *KJR*
Assistant Director, ADR Office

SUBJECT: ADR 729 Liberty for All Action Fund and Christopher M. Marston, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Certify that procedures are followed whereby bank statements are reconciled with the accounting system on a monthly basis and that all FEC reports are reconciled with bank statements prior to filing and that these procedures will continue for at least one (1) year from the effective date of this agreement; and pay a civil penalty of \$10,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 729 (RR 14L-06)**. The ADR Office received this referral from the Office of General Counsel on June 30, 2014.

SUMMARY: The Reports Analysis Division referred Liberty for All Action Fund and Christopher M. Marston, Treasurer, (Respondents or the Committee) for failing to disclose all financial activity. The Committee amended its 2012 April Quarterly and 2012 July Quarterly Reports to disclose additional receipts of \$461,631.83 and additional disbursements of

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\$20,088.61, an aggregate increase in activity totaling \$481,720.44. In addition, the Committee failed to timely file one 24-Hour Report totaling \$42,085.00 to support one independent expenditure disclosed on the 2012 September Monthly Report filed on September 20, 2012. The Committee filed the 24-Hour Report on September 19, 2012, disclosing an independent expenditure dated August 3, 2012, designated to the 2012 Primary Election in the state of Michigan, held on August 7, 2012.

In a Miscellaneous Electronic Submission (Form 99) filed on August 5, 2013, the Committee explains the circumstances surrounding the errors in reporting receipts and disbursements. The Committee stated that it began operations in early 2012 as a volunteer organization with young inexperienced staff before transitioning to professional staff and vendors. Upon discovering errors, the Committee contends it made an exhaustive review of financial records and amended reports to voluntarily disclose any errors. The Committee further contends that the disbursements in question consisted mostly of small individual expenditures, none of which were independent expenditures, and the receipts consisted of two contributions received on the same day from a single donor, who is well-established in his support for the Committee on the public record. The Committee contends that it took several remedial measures to ensure reporting errors do not occur in the future including: centralizing operations and performing regular reviews and reconciliations. With regard to the independent expenditure, the Committee filed an Amended 2012 September Monthly Report on January 10, 2013 which included memo text stating that it regretted the error and corrected it on its own initiative once discovered.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of Liberty for All Action Fund and Christopher M. Marston, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.