



Federal Election Commission
Washington, DC 20463

MEMORANDUM

January 5, 2015

TO: The Commission

THROUGH: Alec Palmer
Staff Director

FROM: Patricia C. Orrock
Chief Compliance Officer

Lynn M. Fraser
Director, ADR Office

SUBJECT: ADR 736 New York State Conference of the International Union of Operating Engineers Fed VPAF (NYS CONF IUOE FED VPAF) and Theron H. Hogle, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Develop and certify implementation of internal controls consistent with those described in the Commission's Internal Controls and Political Committees advisory document (2007) and the Best Practices for Committee Management (published in the April 2009 Record, available at www.fec.gov/pages/brochures/bestpractices.shtml); develop and certify the implementation of a process whereby the Committee's financial activity is reconciled to each report before the report is filed with the Commission for two years; certify that a representative of the Committee participated in an FEC conference, webinar, or other program developed in consultation with the FEC's Information Division; and (d) pay a civil penalty of \$6,500.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 736 (RR 14L-22). The ADR Office received this referral from the Office of General Counsel on August 25, 2014.

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SUMMARY: In this case, the Reports Analysis Division (RAD) referred the New York State Conference of the International Union of Operating Engineers Fed VPAF (NYS CONF IUOE FED VPAF) and Theron H. Hogle, Treasurer (Respondents or the Committee) for failing to disclose all financial activity on its 2012 12 Day Pre-General Report. Respondents filed the original 2012 12 Day Pre-General Report on October 23, 2012. The Committee filed two Amended 2012 12 Day Pre-General Reports on July 16, 2013 to disclose additional disbursements of \$400,000.

Respondents contend that the Committee inadvertently omitted the transfer of funds to an affiliated political committee when preparing the report. The transfer was mistakenly not transmitted from Respondents' QuickBooks file to the outside accounting firm that prepared the report, and thus a reconciliation by the firm did not catch the omission. The Committee discovered the error during an internal audit after the Committee's fiscal year and promptly amended the 12 Day Post-General Report to report the transfer as well as subsequent reports to correct their ending cash-on-hand figures. The Committee has since implemented new financial procedures and changed its financial institution.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of the New York State Conference of the International Union of Operating Engineers Fed VPAF (NYS CONF IUOE FED VPAF) and Theron H. Hogle, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.