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Federal Election Commission  
Washington, DC 20463

**SENSITIVE**

MEMORANDUM

February 19, 2015

TO: The Commission

THROUGH: Alec Palmer *AP*  
Staff Director

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

Lynn M. Fraser *LMF*  
Director, ADR Office

SUBJECT: ADR 738 Many Individual Conservatives Helping Elect Leaders Everywhere (MICHELEPAC) and Nancy H. Watkins, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: 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; develop and certify implementation of a compliance operations manual which includes 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](http://www.fec.gov/pages/brochures/bestpractices.shtml)), as well as a process to track receipt of, and response to, communications with the Commission; and pay a civil penalty of \$4,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 738 (RR 14L-33)**. The ADR Office received this referral on October 3, 2014 from the Office of General Counsel.

**SUMMARY:** In this case, The Reports Analysis Division (RAD) referred Many Individual Conservatives Helping Elect Leaders Everywhere (MICHELEPAC) and Nancy H. Watkins, Treasurer (Respondents or the Committee) for failing to disclose all financial information on its 2010 October Monthly, 2010 30 Day Post-General, 2010 Year End, 2011 February Monthly, 2011 April Monthly, 2011 May Monthly, and 2011 October Monthly Reports. Respondents filed amended reports that disclosed additional receipts of \$98,576.55 and additional disbursements of \$47,758.32, which were not disclosed in the original reports. The amended reports disclosed an aggregate increase in activity totaling \$146,334.87.

Respondents contend that the majority of the increases in both receipts and disbursements were as a result of fundraising activity. The Committee's former financial compliance team inadvertently did not include all credit card transactions, and other transactions. During the time period at issue in this matter, Barry Arrington was the Committee's Treasurer. When the discrepancies came to light, the Committee hired a new financial compliance team, who are conducting reconciliations on a regular basis.

11-10-2010-10:00

**RECOMMENDATIONS:**

1. Approve the attached settlement agreement of Many Individual Conservatives Helping Elect Leaders Everywhere (MICHELEPAC) and Nancy H. Watkins, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.