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Federal Election Commission
Washington, DC 20463

SENSITIVE

MEMORANDUM

April 28, 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 746 Bill Cassidy for US Senate and Ralph J. Stephens, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Certify that a Committee representative participated in an FEC conference, webinar, or other program developed in consultation with the FEC's Information Division; certify implementation of an updated 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), 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 746 (RAD 15L-02). The ADR Office received this referral on January 21, 2015.

SUMMARY: In this case, the Reports Analysis Division (RAD) referred Bill Cassidy for U.S. Senate and Ralph J. Stephens, Treasurer (Respondents or the Committee) for failing to disclose all financial activity on their 2014 12 Day Pre-Primary Report. On August 8, 2014, the Committee filed its original 2014 12 Day

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Pre-Primary Report. On October 14, 2014, the Committee filed an amended 2014 12 Day Pre-Primary Report to disclose additional disbursements of \$162,160.00, which were not disclosed on the original report.

On November 25, 2014, the Committee filed a Miscellaneous Paper document (Form 99) in response to the RFAI which stated in part,

"[w]e filed an amendment to our 12 day pre-primary report because we discovered that a wire transfer had been inadvertently omitted from this report. We discovered the omission while preparing the 3rd Quarter report due on October 15, 2014. Upon discovery, we immediately amended the original report to include the omitted expense.

The expense that was omitted was paid by wire, not by a paper check. The process for recording wire transfers in the Committee's accounting software is different than that of expenses paid by check. The accounting software contains a check writing function that records expenses written by check immediately when a Committee check is created. Wire transfers must be manually recorded using a separate procedure that is unable to ensure that expenditures are recorded concurrently with actual payments.

In this instance, the authorization to execute the omitted wire transfer was communicated solely to the Deputy Treasurer. After executing the wire, there was a miscommunication in my office with regard to how and when this transaction would be recorded in the Committee accounting system.

...

Since filing the amended report, we've implemented two procedures designed to prevent future omissions of campaign expenditures of this nature. First, requests and approvals for wire transactions are now communicated globally throughout the Committee accounting team so that more than one person is aware of the transaction. A team member then records the transaction in the Committee accounting system prior to the execution of the wire. Secondly, we've trained other team members on how to perform our bank reconciliation process so that any potential unavailability of the Deputy Treasurer will not prevent the campaign from completing a final bank reconciliation immediately prior to filing required Reports."

RECOMMENDATIONS:

1. Approve the attached settlement agreement of Bill Cassidy for US Senate and Ralph J. Stephens, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.