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Federal Election Commission
Washington, DC 20463

SENSITIVE

March 8, 2016

MEMORANDUM

TO: The Commission

THROUGH: Alec Palmer *EWP for*
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 785 House Conservatives Fund and Lisa Lisker,
Treasurer, Recommendation to Approve Settlement
Agreement

RESOLUTION TERMS: Certify the implementation of internal controls consistent
with the Commission's Best Practices for Committee
Management (2009 update); and file any amended report(s)
promptly upon receipt of any additional information
regarding additional embezzled contributions, providing a
certification that report(s) have been filed or that no
additional information has been received one (1) year from
the effective date of this agreement.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 785 (RR 15L-12). The ADR Office received this referral on October 27, 2015 upon approval from the Commission to transfer the case from OGC to ADRO.

SUMMARY: The Reports Analysis Division (RAD) referred Respondents for the failure to fully and accurately report all financial activity during the 2013-2014 election cycle. The Committee filed its 2014 Year End Report which included a

Recommendation to Approve
Settlement Agreement
ADR 785 (RR 15L-12)
Page 1

UNCLASSIFIED

partial repayment of funds totaling \$7,210 diverted from the Committee by an outside vendor. The diversion of those funds resulted in the Committee filing incomplete disclosure reports with the FEC. The Committee amended its 2014 12 Day Pre-General and 30 Day Post-General Reports on January 30, 2015 to disclose contributions and disbursements not previously provided by the vendor.

Respondents indicate that the Committee had retained an outside caging vendor to process all contributions received by direct mail. The Committee explains that this vendor embezzled funds by opening and depositing contribution checks into a separate bank account in the Committee's name for which the vendor had signature authority. After the Committee became aware of the unauthorized activity, it retained a new caging vendor to process direct mail contributions. The new vendor has not been given signature authority on the Committee's bank accounts to strengthen the Committee's fiscal internal controls.

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RECOMMENDATIONS:

1. Approve the attached settlement agreement of House Conservatives Fund and Lisa Lisker, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

11-10-2011