

REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: May 20, 2015

ANALYST: Jaime Amrhein

I. COMMITTEE: David Vitter for U.S. Senate
C00394593
William Vanderbrook, Treasurer
2900 Clearview Pkwy, Suite 206
Metairie, LA 70006

II. RELEVANT STATUTES: 52 U.S.C. § 30104(b)
11 CFR § 102.9
11 CFR § 102.15
11 CFR § 104.3

III. BACKGROUND:

Other Violations of the Federal Election Campaign Act (Unauthorized Use of Committee Funds)

David Vitter for U.S. Senate ("the Committee") filed the 2014 Year-End Report disclosing a partial restitution payment for unauthorized activity totaling \$14,420.00.

On January 30, 2015, the Committee filed the 2014 Year-End Report covering the period from October 1, 2014 to December 31, 2014. The report disclosed one (1) receipt on Schedule A, supporting Line 15 (Other Receipts) of the Detailed Summary Page totaling \$14,420.00 (Image 15020080216, Attachment 2). The report also included memo text, which stated:

"The receipt on Line 15 from the US Treasury is a partial repayment of funds diverted from the Committee by an outside vendor. The list of donors is pending and will be included as a memo on a future FEC report when received from the U.S. District Court" (Image 15020080205).

On April 6, 2015, the Reports Analysis Division (RAD) Analyst contacted William Vanderbrook, the Committee's Treasurer, to discuss the Committee's disclosure of unauthorized activity on the 2014 Year-End Report. Mr. Vanderbrook stated that a subcontractor of an outside vendor used by the Committee for direct mail services (not an employee of the Committee) diverted contributions made to the Committee using a Post Office Box. The Federal Bureau of Investigation (FBI) and Department of Justice (DoJ) prosecuted the individual responsible and are working to recover the misappropriated funds. Mr. Vanderbrook stated that Committee received \$14,420.00 in partial restitution of the diverted funds from the United States District Court, which the Committee disclosed on Line 15 of the 2014 Year-End Report. The Committee was waiting to receive authorization from the FBI to publicly disclose the identity of the embezzler and a list of the diverted contributions. The RAD Analyst advised Mr. Vanderbrook to have the Committee file a Miscellaneous Paper Document ("Form 99") disclosing the name of the vendor responsible and the list of affected contributions as soon as they receive authorization from the FBI. The Analyst also directed Mr. Vanderbrook to the embezzlement guidance and *sua sponte* submission policy on the Commission's website and recommended the Committee's counsel review those materials (Attachment 3).

On April 10, 2015, the RAD Analyst called Mr. Vanderbrook and left a message with his secretary asking him to return the call (Attachment 3).

On April 14, 2015, the RAD Analyst called Mr. Vanderbrook to inform him that the Treasurer of other committees affected by the same embezzlement had notified RAD Management that the FBI authorized them to identify the embezzler on the public record. The Analyst asked if Mr. Vanderbrook could file an amended report to disclose this information for the Committee. Mr. Vanderbrook stated that the Committee had not yet received this authorization or the list of diverted contributions from the FBI, but the Committee would call their FBI contact to obtain it. The Analyst advised Mr. Vanderbrook to file an Amended 2014 Year-End Report with a revised memo text to state the name of the embezzler and any additional information received from the FBI, including an attached list of affected contributions. Mr. Vanderbrook stated he would work with the FBI and file an amended report within the next week (Attachment 3).

On April 30, 2015, the RAD Analyst called Mr. Vanderbrook to check on the status of their Amended 2014 Year-End Report. Mr. Vanderbrook apologized for the delay and stated he would file the amended report by the end of the next day. Mr. Vanderbrook explained that the subcontractor, Stonewood Marketing, owned by Ken Pate, was responsible for the embezzlement. The Committee revised the memo text to include this information on the amended report. The Analyst asked if the Committee had also received the list of diverted contributions, and Mr. Vanderbrook said they had not. Mr. Vanderbrook explained that the Committee's funds from this vendor were kept in an escrow account, to which the Committee did not have direct access for compiling the list of diverted contributions. Therefore, the Committee cannot disclose the list of affected contributions until they receive that information from the FBI (Attachment 3).

On May 6, 2015, the Committee filed an Amended 2014 Year-End Report with no changes in receipts on Schedule A, supporting Line 15. However, the Committee did provide additional detail in memo text attached to the report, which stated:

"This Amended report is to clarify the memo text as part of original report filed on January 24, 2015. The receipt disclosed on line 15 from the US Treasury is a partial repayment of funds diverted from the campaign by a subcontractor, Stonewood Marketing (owner Ken Pate), of an outside vendor of the campaign. The Committee will report the contributor detail when it is made available to the Committee by the investigating agencies" (Image 15020165140).

To date, no further communications have been received from the Committee regarding this matter.

O-Index (2015-2016)										
Treasurer Name: WILLIAM VANDERBROOK					Cmte. Name: DAVID VITTER FOR US SENATE					
Cmte. Type: S (SENATE)			Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE)			Filing Frequency: QUARTERLY FILER				
Form Tp	Rpt Tp	All	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltrr Mail Dt	Begin Cash	Recpts
F3	Q1	N	4/13/2015	44	15020144299	1/1/2015	3/31/2015		\$41,142	\$70,910
Totals										
									\$70,910	\$39,599
										\$0

O-Index (2013-2014)										
Treasurer Name: WILLIAM VANDERBROOK					Cmte. Name: DAVID VITTER FOR US SENATE					
Cmte. Type: S (SENATE)			Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE)			Filing Frequency: QUARTERLY FILER				
Form Tp	Rpt Tp	All	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltrr Mail Dt	Begin Cash	Recpts
MS-T			6/20/2013	5	13020270268	10/1/2012	12/31/2012			
RQ2	Q2	N	9/30/2013	5	13330039303	4/1/2013	6/30/2013	9/30/2013		
F3	Q1	A	5/6/2013	108	13020233631	1/1/2013	3/31/2013		\$830,501	\$273,881
F3	Q2	N	7/19/2013	115	13020333204	1/1/2013	3/31/2013		\$223,691	\$87,490
F3	Q3	N	7/15/2013	134	13020323460	4/1/2013	6/30/2013		\$816,872	\$282,510
F3	Q4	N	10/15/2013	135	13020307474	4/1/2013	6/30/2013		\$970,921	\$127,381
F3	Q3	N	10/15/2013	85	13020480795	7/1/2013	9/30/2013		\$135,047	\$863,255
F3	Q1	N	4/15/2014	66	14020252509	1/1/2014	3/31/2014		\$1,068,653	\$33,886
F3	Q3	N	10/15/2014	36	14020981054	7/1/2014	9/30/2014		\$808,927	\$17,500
F3	YE	A	5/6/2015	8	15020165136	10/1/2014	12/31/2014		\$792,307	\$97,620
Totals										
									\$1,108,754	\$1,698,109

O-Index (2011-2012)										
Treasurer Name: WILLIAM VANDERBROOK					Cmte. Name: DAVID VITTER FOR US SENATE					
Cmte. Type: S (SENATE)			Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE)			Filing Frequency: QUARTERLY FILER				
Form Tp	Rpt Tp	All	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltrr Mail Dt	Begin Cash	Recpts
MS-T			8/1/2011	4	11020320918	1/1/2011	3/31/2011			
MS-T			4/13/2012	45	12020273535	7/1/2011	9/30/2011			
MS-T			4/10/2012	4	12020204204					
RQ2	Q2	N	10/12/2011	5	11330014840	4/1/2011	6/30/2011	10/12/2011		
RQ2	YE	N	5/21/2013	2	13330032113	10/1/2012	12/31/2012	5/21/2013		
F3	Q2	N	7/14/2011	96	1102084443	4/1/2011	6/30/2011		\$140,201	\$235,319
Totals										
									\$180,768	\$194,752
									\$59,389	\$59,389
										\$59,389

F3	Q3	N	10/14/2011	108	11020420896	7/1/2011	9/30/2011	\$194,752	\$214,140	\$203,094	\$205,798	-	\$0
F3	Q3	N	10/14/2011	110	11020184270	7/1/2011	9/30/2011	\$194,752	\$214,140	\$203,094	\$205,798	-	\$0
F3	YE	N	1/31/2012	70	12020153611	10/1/2011	12/31/2011	\$205,798	\$130,940	\$84,247	\$252,491	-	\$0
F3	Q2	N	7/13/2012	86	11020208660	7/1/2012	9/30/2012	\$303,253	\$228,350	\$75,593	\$456,011	-	\$0
F3	Q3	N	10/14/2012	81	11020862022	7/1/2012	9/30/2012	\$344,011	\$315,482	\$74,331	\$442,124	-	\$0
F3	YE	N	1/30/2013	86	13020083425	10/1/2012	12/31/2012	\$482,142	\$242,434	\$84,075	\$630,501	-	\$0
Totals					110220745					\$1,595,501	\$1,131,767		

David Vitter for U.S. Senate (C00394593)

Restitution Payment Received

2014 Year-End Report (Image 15020080216)

Name of Payer	Date	Amount	Memo Text
United States Treasury	10/10/14	\$14,420.00	Other Receipt
Total Restitution Payment		\$14,420.00	