

REPORTS ANALYSIS DIVISION REFERRAL
TO
ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: March 18, 2016

ANALYST: Laura Beaufort

- I. COMMITTEE: Cotton for Senate
C00499988
Theodore V. Koch, Treasurer (4/22/15 - present)
Bradley T. Crate, Treasurer (11/7/12 - 4/21/15)
P.O. Box 379
Dardanelle, AR 72864
- II. RELEVANT STATUTES: 11 CFR § 104.3(a)(3)
52 U.S.C. § 30104(b)(2)

III. BACKGROUND:

Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)

Cotton for Senate ("the Committee") amended its 2014 30 Day Post-General Report to disclose additional receipts of \$155,050.00, which were not disclosed on the original report (Attachment 2).

On December 4, 2014, the Committee filed its original 2014 30 Day Post-General Report, covering the period from October 16, 2014 through November 24, 2014. This report disclosed receipts totaling \$721,421.82 on Line 11(a)(i) (Itemized Contributions from Individuals) and \$13,405.75 on Line 14 (Offsets to Operating Expenditures) of the Detailed Summary Page (Images 14021403814-15).

On January 30, 2015 and April 15, 2015, the Committee filed Amended 2014 30 Day Post-General Reports. The reports disclosed no change in receipts from the original report (Images 15020052082-83 and 15020138278-79, respectively).

On October 19, 2015, the Committee filed an Amended 2014 30 Day Post-General Report disclosing receipts totaling \$726,471.82 on Line 11(a)(i) and \$163,405.75 on Line 14, a total increase in receipts of \$155,050.00 from the original report (Images 201510190200286644-45).

On the same day, the Committee filed a cover page with its Amended 2014 April Quarterly report that stated, in part:

"...the current compliance team was not responsible for preparing... any of the reports filed by the Committee prior to April 15, 2015.

...It became apparent that it would be necessary to conduct an internal audit of the Committee's accounting and reporting, encompassing the election cycle to date.

...The errors have now been corrected, the books, records and accounting are reconciled and the FEC report for the third quarter 2015 is accurate, as are the previously filed FEC reports with the amendments filed today" (Images 201510190200286601-02).

On December 15, 2015, a Request for Additional Information (RFAI) was sent to the Committee, referencing the Amended 2014 30 Day Post-General Report, received on October 19, 2015. The RFAI requested clarification regarding the significant increase in receipts not disclosed on the original report (Image 201512150300008786).

On January 13, 2016, the Committee filed a Miscellaneous Paper Document ("FEC Form 99") in response to the December 15, 2015 RFAI referencing the Amended 2014 30 Day Post-General Report, received October 19, 2015. The FEC Form 99 stated, in part:

"As noted on an accompanying letter submitted October 19, 2015, the Committee performed an internal audit of the books and records. The amendment entries resulted from errors identified and corrected as part of this review.

Specifically, it was determined that a \$150,000 vendor refund was more properly disclosed on the 2014 30-Day Post General Report than on the 2014 Year-End Report. Also, on the 2014 30-Day Post General Report, there were two previously unidentified online credit card contributions that amount to \$5,200 and a chargeback of -\$150 that was disclosed. The total changes added \$150,050 to Line 11ai and Line 14" (Image 201601150200001734).

On January 27, 2016, the Reports Analysis Division (RAD) Analyst contacted Theodore Koch, the Committee's Treasurer, to inform him that the increased activity on the Amended 2014 30 Day Post-General Report, received on October 19, 2015, was referable for further Commission action, and encouraged Mr. Koch to submit an additional explanation for the public record. Mr. Koch asked what sort of information he should provide. The Analyst told him he should verify that the date of the added offset was correct, address why the mistake was made (or why the Committee does not know why the mistake was made), and detail how the Committee plans to prevent the issue in the future. Mr. Koch asked if an additional statement would change the outcome. The Analyst said that the

response could be taken into consideration, but that an explanation alone could not be considered an adequate response to an increase in activity. Mr. Koch said that he would let the Analyst know if he decided to put anything on the public record (Attachment 3).

On February 9, 2016, Mr. Koch called the RAD Analyst to notify her that the Committee planned to submit additional information in response to the RFAI referencing the Amended 2014 30 Day Post-General Report, received October 19, 2015 (Attachment 3).

On February 16, 2016, Mr. Koch emailed the Analyst to let her know that the Committee had submitted an additional explanation (Attachment 3).

On February 17, 2016, the Committee filed an FEC Form 99 which stated, in part:

“Absent the reconciliation resulting from the internal audit / review the Committee voluntarily undertook last year, it is unlikely that this additional item would have been identified or reported to the Commission, nor would the Commission even be aware of the reporting mistake concerning this item. In that regard, the Committee submits that the identification, self-reporting of this error and its voluntary correction by the Committee *and* the voluntary advising your office of the error should absolve the Committee from any further action in this matter, pursuant to the Commission's Policy on *sua sponte* reporting of errors. We respectfully request, therefore, that your office take no further action with respect to this *sua sponte* disclosure of the prior reporting error” (Image 201602170200071312).

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

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O-Index (2015-2016)

Cmte. ID: C00499988 Cmte. Name: COTTON FOR SENATE
 Treasurer Name: THEODORE V KOCH Address: PO BOX 379, DARDANELLE, AR 72864
 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#	End Cvg Dt	Trlr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debits	Loans	Debits & Loans
MS-T			8/5/2015	4	201508050200231152	1/1/2015	3/31/2015							
MS-T			10/15/2015	4	201510160200258366	4/1/2015	6/30/2015							
MS-T			1/13/2016	5	201601150200001734									
MS-T			2/17/2016	5	201602170200071312	10/16/2014	1/24/2014							
RO2	Q1	N	7/1/2015	2	201507010300000041	1/1/2015	3/31/2015							
RO2	Q1	A	12/15/2015	2	201512160300008790	3/1/2015	3/31/2015							
RO2	Q2	N	9/10/2015	4	201509100300004764	4/1/2015	6/30/2015							
F3	Q1	N	4/15/2015	160	15020138017	1/1/2015	3/31/2015	\$73,806	\$260,307	\$256,842	\$77,571	\$330,134		\$330,134
F3	Q1	A	10/18/2015	7	201510190200286824	1/1/2015	3/31/2015	\$215,874	\$133,323	\$256,842	\$92,556	\$330,134		\$330,134
F3	Q1	A	10/20/2015	7	201510210200298254	1/1/2015	3/31/2015	\$215,874	\$133,323	\$256,842	\$92,556	\$330,134		\$330,134
F3	Q2	N	7/15/2015	122	201507150200189857	4/1/2015	8/30/2015	\$77,571	\$191,489	\$155,153	\$113,677	\$288,492		\$288,492
F3	Q2	A	10/18/2015	7	201510190200286817	4/1/2015	8/30/2015	\$92,556	\$191,489	\$155,183	\$128,862	\$288,492		\$288,492
F3	Q2	A	10/20/2015	7	201510210200298247	4/1/2015	8/30/2015	\$92,556	\$191,489	\$155,183	\$128,862	\$288,492		\$288,492
F3	Q3	N	10/15/2015	87	201510160200258370	7/1/2015	9/30/2015	\$128,862	\$137,277	\$128,862	\$128,862	\$329,073		\$329,073
F3	YE	N	1/29/2016	145	201602020200026390	10/1/2015	12/31/2015	\$136,616	\$263,806	\$245,473	\$154,948	\$332,607		\$332,607
F1		A	4/22/2015	8	15020183448									
F2		A	4/23/2015	4	15020183457									
F1		A	10/5/2015	8	201510080200251210									
Totals									\$725,895	\$786,820				

O-Index (2013-2014)

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 Treasurer Name: THEODORE V KOCH Address: PO BOX 379, DARDANELLE, AR 72864
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Form Tp	Rpt Tp	All	Recpt Dt	Pgs	Begin Img#	End Cvg Dt	Trlr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debits	Loans	Debits & Loans
RO1		A	8/17/2014	2	14330058878		8/17/2014							
RO2	Q1	A	5/29/2014	2	14330053005	1/1/2014	3/31/2014							
RO2	Q2	N	8/17/2014	4	14330059668	5/1/2014	6/30/2014							
RO2	Q3	N	11/23/2014	5	14330089815	7/1/2014	9/30/2014							
RO2	12G	N	12/9/2014	4	14330087455	10/1/2014	10/15/2014							
RO2	30G	N	1/27/2015	4	16330072801	10/16/2014	11/24/2014							
RO2	30G	A	12/15/2015	2	201512150300008788	10/16/2014	11/24/2014							
RO2	YE	N	3/28/2015	2	16330079438	11/25/2014	12/31/2014							
RO2	YE	A	12/15/2015	2	201512150300008788	11/25/2014	12/31/2014							
F3N	Q1	N	4/15/2013	148	13961808272	1/1/2013	3/31/2013	\$118,350	\$626,515	\$84,388	\$560,479			\$0
F3N	Q2	N	7/15/2013	219	13941151536	4/1/2013	6/30/2013	\$560,479	\$611,341	\$126,448	\$1,045,372			\$0
F3A	Q2	A	7/16/2013	219	13964091771	4/1/2013	6/30/2013	\$560,479	\$611,341	\$126,448	\$1,045,372			\$0
F3A	Q2	A	7/19/2013	219	13941183411	4/1/2013	6/30/2013	\$560,479	\$611,341	\$126,448	\$1,045,372			\$0
F3	Q3	N	10/14/2013	547	13020501896	7/1/2013	9/30/2013	\$1,045,372	\$1,072,551	\$311,686	\$1,805,237			\$0
F3	Q3	N	10/25/2013	550	13020523477	7/1/2013	9/30/2013	\$1,045,372	\$1,071,561	\$311,686	\$1,805,237			\$0
F3	Q3	A	7/16/2014	550	14020464537	7/1/2013	9/30/2013	\$1,045,372	\$1,071,561	\$311,686	\$1,805,237			\$0
F3	YE	N	1/31/2014	504	14020122999	10/1/2013	12/31/2013	\$1,805,237	\$1,241,528	\$815,700	\$0			\$0
F3	YE	A	2/20/2014	14	14020181484	10/1/2013	12/31/2013	\$1,805,237	\$1,241,528	\$815,700	\$2,231,063			\$0
F3	Q1	N	4/15/2014	636	14020234481	1/1/2014	3/31/2014	\$2,231,063	\$1,358,200	\$888,433	\$2,720,830			\$0
F3	Q1	A	5/8/2014	649	14020352254	1/1/2014	3/31/2014	\$2,231,063	\$1,358,200	\$888,433	\$2,720,830			\$0
F3	Q1	A	5/30/2014	10	14020410855	1/1/2014	3/31/2014	\$2,231,063	\$1,358,200	\$888,433	\$2,720,830			\$0

F3	Q1	A	10/18/2015	16	201510190200286601	1/1/2014	3/31/2014	\$2,231,063	\$1,362,738	\$868,057	\$2,724,743	\$0
F3	12P	N	5/8/2014	281	14020351860	4/1/2014	4/30/2014	\$2,720,830	\$571,090	\$827,683	\$2,384,036	\$0
F3	Q2	A	10/19/2015	8	201510190200286706	4/1/2014	4/30/2014	\$2,724,743	\$688,478	\$826,017	\$2,388,202	\$0
F3	Q2	N	7/15/2014	788	14020543320	5/1/2014	6/30/2014	\$2,364,036	\$1,716,991	\$1,324,421	\$2,756,607	\$0
F3	Q2	A	7/23/2014	5	14020634793	5/1/2014	6/30/2014	\$2,364,036	\$1,716,991	\$1,324,421	\$2,756,607	\$0
F3	Q2	A	10/17/2014	6	14021110483	5/1/2014	6/30/2014	\$0	\$0	\$0	\$0	\$0
F3	Q2	A	10/18/2014	32	201510190200286856	5/1/2014	6/30/2014	\$2,368,202	\$1,713,301	\$1,324,371	\$2,754,132	\$0
F3	Q3	N	10/15/2014	1984	14020822141	7/1/2014	9/30/2014	\$2,756,607	\$3,884,518	\$3,740,924	\$2,600,200	\$0
F3	Q3	A	12/18/2014	5	14021444233	7/1/2014	9/30/2014	\$0	\$0	\$0	\$0	\$0
F3	Q3	A	10/18/2015	28	201510190200286868	7/1/2014	9/30/2014	\$2,755,132	\$3,888,299	\$3,850,918	\$2,992,514	\$0
F3	12G	N	10/22/2014	858	14021129901	10/1/2014	10/15/2014	\$2,900,200	\$985,591	\$2,000,358	\$1,885,435	\$0
F3	12G	A	12/18/2014	9	14021444258	10/1/2014	10/15/2014	\$2,900,200	\$985,591	\$2,000,358	\$1,885,435	\$0
F3	12G	A	10/19/2015	19	201510190200286958	10/1/2014	10/15/2014	\$2,992,514	\$985,591	\$1,989,884	\$1,978,188	\$0
F3	30G	N	12/4/2014	1233	14021403812	10/18/2014	11/24/2014	\$1,885,435	\$1,501,312	\$3,305,711	\$81,038	\$835,567
F3	30G	A	1/30/2015	285	15020052079	10/18/2014	11/24/2014	\$1,885,435	\$1,501,312	\$3,305,711	\$81,038	\$1,671,135
F3	30G	A	4/15/2015	18	15020138275	10/18/2014	11/24/2014	\$1,885,435	\$1,501,312	\$3,305,711	\$81,038	\$1,578,975
F3	30G	A	10/19/2015	17	201510190200286842	10/18/2014	11/24/2014	\$1,978,188	\$1,658,118	\$3,261,300	\$873,008	\$741,407
F3	YE	N	1/30/2015	182	15020052692	11/25/2014	12/31/2014	\$81,038	\$435,849	\$442,978	\$73,906	\$541,854
F3	YE	A	4/15/2015	15	15020142853	11/25/2014	12/31/2014	\$81,038	\$435,849	\$442,978	\$73,906	\$989,548
F3	YE	A	10/19/2015	11	201510190200286831	11/25/2014	12/31/2014	\$373,003	\$285,259	\$442,388	\$215,874	\$447,894
F1	A	A	12/31/2013	9	14020010107							
F2	A	A	12/31/2013	5	14020010102							
F2	A	A	1/21/2014	5	14020014733							
F1	A	A	1/21/2014	9	14020014738							
F2	A	A	3/17/2014	8	14020170104							
F1	A	A	3/17/2014	10	14020170109							
F6	N	N	5/5/2014	3	14020341312							
F6	N	N	5/9/2014	3	14020342545							
F6	N	N	5/9/2014	3	14020352251							
F6	N	N	5/12/2014	8	14020353688							
F6	N	N	5/12/2014	3	14020354257							
F6	N	N	5/14/2014	11	14020354758							
F6	N	N	5/18/2014	9	14020360053							
F6	N	N	5/18/2014	5	14020360058							
F6	N	N	5/19/2014	4	14020366530							
F1	A	A	5/30/2014	14	14020410841							
F2	A	A	5/30/2014	7	14020410934							
F1	A	A	8/5/2013	4	13020374344							
F1	A	A	8/5/2013	7	13020374337							
F2	A	A	8/4/2014	8	14020854439							
F1	A	A	8/4/2014	17	14020854447							
F6	A	A	9/23/2014	4	14020730009							
F2	A	A	9/23/2014	8	14020730001							
F1	A	A	9/23/2014	21	14020730013							
F2	A	A	9/25/2014	4	13020413174							
F6	N	N	10/17/2014	3	14020982881							
F6	N	N	10/20/2014	3	14021032972							
F6	N	N	10/20/2014	4	14021041445							
F1	A	A	10/14/2013	8	13020502243							
F6	N	N	10/24/2014	12	14021203090							
F6	N	N	10/22/2014	4	14021112384							

Cotton for Senate (C00499988)
2014 30 Day Post-General Report/Amended 2014 30 Day Post-General Report
Overview of Additional Receipts

Report Line	Original 2014 30 Day Post-General Report (Images 14021403814-15)	Amended 2014 30 Day Post-General Report, received 10/19/2015 (Images 201510190200286644-45)	Receipt Variance Amount
Line 11(a): Itemized Contributions from Individuals	\$721,421.82	\$726,471.82	\$5,050.00
Line 14: Offsets to Operating Expenditures	\$13,405.75	\$163,405.75	\$150,000.00
		Total Variance:	\$155,050.00