



FEDERAL ELECTION COMMISSION
Washington, DC 20463

June 6, 2016

MEMORANDUM

TO: Lynn Fraser
Director of Alternative Dispute Resolution

FROM: Thomas Hintermister
Assistant Staff Director
Audit Division

Thomas Hintermister
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Date: 2016.06.06 15:23:54 -0400

Douglas Kodish
Audit Manager

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Date: 2016.06.06 15:23:54 -0400

Pamela Wilkerson
Lead Auditor

SUBJECT: Majority Committee PAC (A13-16) – Referral Matter

On May 13, 2016, the Commission approved the Proposed Final Audit Report on the Majority Committee PAC. The report was released to the public on June 3, 2016. In accordance with the Materiality Thresholds for Unauthorized Committees, the Final Audit Report of the Commission includes a matter that meets the criteria for referral to the Office of Alternative Dispute Resolution.

Finding – Excessive Contributions to Candidates

All workpapers and related documentation are available for review in the Audit Division. Should you have any questions regarding this matter, please contact Pam Wilkerson or Doug Kodish Manager at 694-1200.

Attachment : Finding – Excessive Contributions to Candidates
Designation of Counsel- Elliot Berke

cc: Patricia C. Orrock, via e-mail

11-10-2016 10:01:01 AM

- It has been registered under the federal election campaign law for at least 6 months.
 - It has received contributions from more than 50 contributors.
 - It has made contributions to at least 5 federal candidates. (This last requirement does not apply to state party committees.) 52 U.S.C. §30116(a)(4).
- A political committee affiliated with another political committee that has already qualified as a multicandidate committee automatically becomes a multicandidate committee by virtue of that affiliation. But it shares the contributions limits with its affiliated committee. 52 U.S.C. §30116(a)(5).

E. Allocation of Expenses Between Candidates. Expenditures made on behalf of more than one clearly identified federal candidate shall be attributed to each such candidate according to the benefit expected to be derived. In the case of a publication or broadcast communication, the attribution shall be determined by the proportion of space or time devoted to all candidates. This method shall be used to allocate payments involving both clearly identified federal candidates and one or more clearly identified non-federal candidates. 11 CFR §106.1(a).

Facts and Analysis

A. Facts

The Audit staff reviewed MCP's reported contributions to political committees, totaling \$1,292,000, and airfare, totaling \$178,000. From the review of airfare, the Audit staff found in-kind contributions to political committees totaled \$94,000. Of this amount, contributions to nine federal candidate committees, totaling \$20,110,² appear to be excessive contributions when combined with direct money contributions.³ The in-kind contributions consisted of airfare paid by MCP for the leadership PAC's Sponsor to speak or make appearances at fundraising events that directly benefitted these federal candidate committees. The excessive contributions are not eligible for redesignation.

B. Interim Audit Report & Audit Division Recommendation

At the exit conference, the Audit staff presented a finding for the potentially excessive contributions and explained that they resulted from the aggregation of direct money contributions and in-kind contributions related to airfare. A schedule of the potentially excessive contributions was provided. The Audit staff asked Counsel to provide an explanation and documentation for any item on the schedule for which they believed was incorrect. Counsel agreed and stated that they may need additional clarification for some of the items on the schedule.

In response to the exit conference, Counsel provided a narrative and documentation for three contributions that did not result in excessive contributions. The Audit staff removed these items from the schedule and they were not presented as part of the finding amount.

² The amount of airfare/in-kind contributions was allocated equally among different committees based upon the number of events attended by the Sponsor.

³ The amount of direct money contributions was \$65,000.

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The Interim Audit Report recommended that MCP provide evidence showing that the contributions were not excessive or seek a refund of the excessive contributions and provide copies of the refund checks and the related depository bank statements.

C. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, MCP stated that it had contacted the nine federal candidate committees that received excessive contributions to request refunds. Immediately following MCP's response, MCP provided copies of refund request letters sent to the nine candidate committees and provided copies of refund checks and supporting bank documentation for refunds totaling \$13,276. The Audit staff considers the \$13,276 to be untimely resolved and recommended that MCP provide copies of the additional refund checks and outstanding bank documentation to support when refunds for the remaining \$6,834 are deposited.

D. Draft Final Audit Report

The Draft Final Audit Report restated the finding from the Interim Audit Report, that MCP made excessive contributions to federal candidate committees totaling \$20,110. The recommendation was also restated, and requested MCP to provide documents to support receipt of any additional refunds for its excessive contributions.

E. Committee Response to Draft Final Audit Report

In response to the Draft Final Audit Report, MCP stated it had repeated its requests for refunds for the outstanding amount of excessive contributions, and that it was involved in trying to help refunding committees with their reports. Subsequently, documentation for an additional \$1,960 refund was received, which brought the total untimely resolved excessive contribution amount to \$15,236, and the unresolved excessive contribution amount to \$4,874.

Commission Conclusion

On April 28, 2016, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission adopt a finding that MCP made excessive contributions to federal candidate committees in the amount of \$20,110.

The Commission approved the Audit staff's recommendation.