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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

MEMORANDUM

March 13, 2018

TO: The Commission

THROUGH: Alec Palmer *PCO for AP*
Staff Director

FROM: Patricia C. Orrock *PCO*
Chief Compliance Officer

Krista J. Roche *KJR*
Acting Director, ADR Office

SUBJECT: ADR 847 CVS Health PAC and Laura Hawxhurst, Treasurer
Recommendation to Dismiss

The Office of General Counsel transferred P-MUR 602 on October 24, 2017 and the ADR Office designated the matter as ADR 847. The ADR Office recommends the Commission exercise prosecutorial discretion and dismiss the matter. *Heckler v. Chaney* 470 U.S. 821 (1985). We include a summary and discussion of the matter for your information.

Summary and Analysis of Case: On February 9, 2017, CVS Health PAC and Laura Hawxhurst, Treasurer, (Respondents or the Committee) filed a *sua sponte* submission stating that its cash on hand was less than its bank account balance, as reported on its 2016 Year-End Report. In a supplementary filing on July 31, 2017, the Committee indicated its reported cash on hand was \$9,510.30 less than its bank balance.

The Committee indicates that the misstatement between the bank balance and its FEC reports was discovered when new staff began handling the Committee's reports. The Committee contends it devoted substantial resources to correcting this matter, including conducting a thorough review of records from 2013-2015, including a partial review for 2011-2012, conducted by Committee staff and outside compliance consultants. In response to the discovery of the error, Respondents retained additional outside counsel to assist with compliance, implemented new reconciliation procedures, implemented a process to handle stale-dated checks, provided training to employees responsible for PAC operations, and put in place procedures to better ensure the payroll department and PAC

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management communicate regarding refunds. In addition, Respondents ensured that new procedures meet the requirements of the Commission's Safe Harbor Policy¹.

Based on the remedial measures already undertaken by the Committee and the low dollar amount at issue, the ADR Office recommends the Commission exercise its prosecutorial discretion and dismiss the matter.

RECOMMENDATIONS:

1. Dismiss ADR 847 (P-MUR 602).
2. Approve the appropriate letters.

¹ Policy Regarding Self-Reporting of Campaign Finance violations (Sua Sponte Submissions), 72 Fed. Reg. at 16, 695-16, 698 (Apr. 5, 2007).