



FEDERAL ELECTION COMMISSION  
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**SENSITIVE**

**MEMORANDUM**

June 13, 2019

**TO:** The Commission

**THROUGH:** Alec Palmer *AP*  
Staff Director

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

Krista J. Roche *KR*  
Director, ADR Office

Rosa Marshall *RM*  
Assistant Director, ADR Office

**SUBJECT:** ADR 872 McSally for Congress<sup>1</sup> and Paul Kilgore,  
Treasurer, Recommendation to Approve Negotiated  
Settlement.

**RESOLUTION TERMS:** Pay a civil penalty of \$23,400 and work with Commission  
staff to terminate political committee status and reporting  
obligations.

Attached for your review is a signed Negotiated Settlement pertaining to ADR 872 (AD 15-04). The ADR Office received this referral on May 17, 2018.

**SUMMARY:** The Audit Division referred McSally for Congress and Paul Kilgore, Treasurer, (Respondents or the Committee) for findings detailed in the Final Audit Report, as approved by the Commission on May 8, 2018. Finding 3 states that the Committee received contributions from individuals that exceeded the limit totaling \$319,212. Additionally, Finding 5 states that the Committee failed to itemize contributions from political committees totaling \$32,750.

During audit field work, Respondents amended reports to disclose contributions from political committees that they initially failed to itemize on their disclosure reports. In response to the audit, the Committee presented untimely reattribution

<sup>1</sup> The Candidate also has a Senate committee, McSally for Senate Inc.

and redesignation letters totaling \$280,519, as well as untimely refunded \$38,393 in excessive contributions. In response to the Interim Audit Report, the Committee states it has implemented procedures and hired experienced FEC compliance specialists to ensure future compliance. The Committee intends to file a termination report upon the resolution of any outstanding issues with the Commission.

<sup>2</sup> The referral disclosed excessive contributions totaling \$319,212. During negotiations, the ADR Office removed those contributions cited in AF 3373.

**RECOMMENDATIONS:**

1. Approve the attached negotiated settlement of McSally for Congress and Paul Kilgore, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.