



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 22, 2019

Neil Reiff  
1090 Vermont Avenue, NW  
Suite 750  
Washington, DC 20005

Re: ADR 881  
Reiff, Neil P., Esq. and Velva George, Treasurer

Dear Neil Reiff:

Enclosed is the signed copy of the Negotiated Settlement resolving the above-shown matter. The Negotiated Settlement was approved by the Commission on February 11, 2019 – the effective date of the agreement.

Note the specific time frames for compliance detailed in the agreement. Please forward to this office, a statement confirming Respondent's compliance with each term. The letter should note the dates on which Respondents satisfied each of the terms and contain the ADR case number. For your convenience, a compliance chart is attached.

Under the terms of the agreement, a civil penalty in the amount of \$9,000 is due by August 12, 2019. Kindly review the attached payment instructions for details on payment methods and the collection of unpaid debts.

As you are aware, the Negotiated Settlement will be made part of the record that is released to the public. The Commission will also place on the record copies of the complaint/referral, correspondence exchanged between your office and this office prior to our negotiations, and reports prepared for the Commission by this office to assist in its consideration of this matter. The Commission is obliged by Federal statute to place on the public record documents in closed enforcement and alternative dispute resolution cases; accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC's Public Records Office.

This agreement resolves this matter. I appreciate your assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,

Krista J. Roche  
Director  
Alternative Dispute Resolution Office

Enc: Payment Instructions  
Compliance Chart  
Negotiated Settlement

cc: Gwendolyn Holmes, Finance and Accounting Office

## **ADRO Civil Penalty Payment Instructions**

You may remit payment by credit card, debit card, or ACH withdrawal from your bank account through Pay.gov, the federal government's secure portal for online collections. Visit [www.fec.gov/adrpayers](http://www.fec.gov/adrpayers) to be directed to Pay.gov's FEC ADR Payment form.

This penalty may also be paid by check or money order made payable to the Federal Election Commission. It should be sent by mail to:

Federal Election Commission  
Attn: Finance Office  
1050 First Street, NE  
Washington, DC 20463

### **Unpaid Civil Penalties**

Unpaid civil money penalties will be subject to the Debt Collection Act of 1982 ("DCA") as amended by the Debt Collection Improvement Act of 1996 ("DCIA"), 31 U.S.C. § 3701 et seq. If you do not pay this debt within 30 days (or file a written petition to a federal district court - see below); the Commission will transfer the debt to the U.S. Department of the Treasury ("Treasury") for collection. Within 5 days of the transfer to Treasury, Treasury will contact you to request payment. Treasury currently charges a fee of 30% of the civil money penalty amount for its collection services. If the age of the debt is greater than or equal to two years old, Treasury will charge a fee of 32% of the civil money penalty amount for its collection services. The fee will be added to the amount of the civil money penalty that you owe. Should Treasury's attempts fail, Treasury will refer the debt to a private collection agency ("PCA"). If the debt remains unpaid, Treasury may recommend that the Commission refer the matter to the Department of Justice for litigation.

Actions which may be taken to enforce recovery of a delinquent debt by Treasury may also include: (1) offset of any payments, which the debtor is due, including tax refunds and salary; (2) referral of the debt to agency counsel for litigation; (3) reporting of the debt to a credit bureau; (4) administrative wage garnishment; and (5) reporting of the debt, if discharged, to the IRS as potential taxable income. In addition, under the provisions of DCIA and other statutes applicable to the FEC, the debtor may be subject to the assessment of other statutory interest, penalties, and administrative costs.

In accordance with the DCIA, at your request, the agency will offer you the opportunity to inspect and copy records relating to the debt, the opportunity for a review of the debt, and the opportunity to enter into a written repayment agreement.

### ADR 881 Compliance Chart

Type	Due Date
Perform required corrective action in accordance with the Corrective Action Plan	5/13/2019
Complete training in accordance with the Training Plan	5/13/2019



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Case Number: ADR 881

Source: AR 2-752

Case Name: Democratic Party of South Carolina

## NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission (Commission) pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Following review of the matter, and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended, (FECA) and resolve this matter, the Commission entered into negotiations with Neil Reiff, Esq., representing Democratic Party of South Carolina and Velva E. George, in her official capacity as Interim Treasurer (the Committee or Respondents). It is understood that this agreement will have no precedential value relative to any other matters coming before the Commission.

Negotiations between the Commission and Respondents addressed the audit finding violations transferred to the ADR Office from the Audit Division in accordance with the certified vote of the Commission on June 26, 2018. The parties agree to resolve the matter according to the following terms:

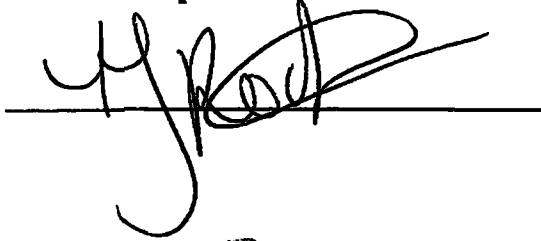
1. The Commission entered into this agreement as part of its responsibility for administering the FECA, and in an effort to promote compliance on the part of Respondents. The Commission's use of alternative dispute resolution procedures (ADR) is guided by "The Administrative Dispute Resolution Act of 1996," 5 U.S.C. § 572 and is an extension of 52 U.S.C. § 30109.
2. Respondents voluntarily enter into this agreement with the Commission.
3. Audit fieldwork of the Committee's 2014 election cycle activity showed that Respondents received prohibited contributions totaling \$16,925, misstated financial activity in the amount of \$100,000, and failed to maintain monthly payroll logs totaling \$538,853.
4. It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, and it is unlawful for any candidate or political committee to accept such contributions. 52 U.S.C. §§ 30116 (f), 30118(a), 11 C.F.R. §§ 114.2(a), 114.2(d).
5. Treasurers of political committees are required to report all financial activity, including all receipts, disbursements, and debts, pursuant to the FECA. 52 U.S.C. §§ 30104(b)(2), (4), and (8), 11 C.F.R. §§ 104.3(a), (b), and (d).
6. Political party committees are required to keep a monthly log of the percentage of time each employee spends in connection with a federal election. Employees who spend 25

percent or less of their compensated time in a given month on federal election activities or on activities in connection with a federal election must either be paid only from the federal account or have their expenses allocated between federal and non-federal funds as administrative costs. Employees who spend more than 25 percent of their compensated time in a given month on federal election activities or on activities in connection with a federal election must be paid only from a federal account. Employees who spend none of their compensated time in a given month on federal election activities or on activities in connection with a federal election may be paid entirely with funds that comply with state law. 11 C.F.R. § 106.7(d)(1).

- 10-16041-1940
7. Respondents contend that the prohibited contributions in question will continue to be reported as debts until such time as the Committee has the resources to issue refunds. With regard to the misstatement, the Audit Division confirms that disclosure reports have been amended to materially correct these misstatements. The Committee also contends that it has now instituted procedures to ensure that time records are maintained for all employees who are paid entirely or in part with non-federal funds.
  8. Respondents, in an effort to avoid similar errors in the future, agree to: (a) perform required corrective action in accordance with the Corrective Action Plan (Exhibit A) within ninety (90) days of the effective date of this agreement; (b) complete training in accordance with the Training Plan (Exhibit B) within ninety (90) days of the effective date of this agreement; and (c) pay a civil penalty of \$9,000 within six (6) months of the effective date of this agreement.
  9. Respondents agree that all information provided to resolve this matter is true and accurate to the best of their knowledge and that they sign this agreement under penalty of perjury pursuant to 28 U.S.C. § 1746.
  10. The parties agree that if Respondents fail to comply with the terms of this settlement, the Commission may submit any unpaid civil penalty to the U.S. Treasury for collection or undertake civil action in the U.S. District Court for the District of Columbia to secure compliance.
  11. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms of this agreement as set out in paragraph 8 above, and shall certify compliance with the above settlement terms in writing to the Alternative Dispute Resolution Office on or before the date each term becomes due.
  12. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 881 (AR 2-752), and resolves those issues identified in paragraph 3 above. No other statement, promise or agreement, either written or oral, made by either party, not included herein, shall be enforceable.

FOR THE COMMISSION:

Krista J. Roche, Director  
Alternative Dispute Resolution Office



2/11/19  
Date Signed

FOR THE RESPONDENTS:

Neil Reiff, Esq.  
Representing Democratic Party of South Carolina  
and Velva E. George, Interim Treasurer

11/29/18  
Date Signed



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**Corrective Action Plan**  
**Democratic Party of South Carolina (C00007658)**  
**Exhibit A**

Velva E. George, Interim Treasurer  
P.O. Box 5965  
Columbia, SC 29250

Neil Reiff, Counsel  
1090 Vermont Avenue NW, Suite 750  
Washington, DC 20005

Re: ADR 881: Democratic Party of South Carolina and Velva E. George, Interim Treasurer

Below is the corrective action plan for the Democratic Party of South Carolina per the Negotiated Settlement.

Finding/Issue	Corrective Action
Misstatement of Financial Activity	Confirm the most recent disclosure report's cash balance is correct and does not need to be amended. If there is a discrepancy between the cash on hand and committee records, the most recent report should be amended to disclose the updated amount. In addition, provide an explanation that the change is the result prior period audit adjustments.

How to respond to the required corrective action:

1. File an amendment – this is used when a committee needs to change, add, or delete information on the report (e.g., correcting year-to-date contribution totals).
2. File a Miscellaneous Text Submission (Form 99) – this is used to provide a narrative response (e.g., demonstrating best efforts for obtaining contributor information).

Please note, the Committee has ninety (90) days from the effective date of the Negotiated Settlement to provide the information. Please contact Rosa Marshall at (202) 694-1152 if you have any questions.





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**Training Plan**  
**Democratic Party of South Carolina (C00007658)**  
**Exhibit B**

Velva E. George, Interim Treasurer  
P.O. Box 5965  
Columbia, SC 29250

Neil Reiff, Counsel  
1090 Vermont Avenue NW, Suite 750  
Washington, DC 20005

Re: ADR 881: Democratic Party of South Carolina and Velva E. George, Interim Treasurer

Below is a general overview of the training that will be provided to the Democratic Party of South Carolina per the Negotiated Settlement.

- I. Fundraising for the Federal account**
  - A. Permissible sources of contributions
  - B. Prohibited sources of contributions
  - C. Contributions from LLCs and LLPs
- II. Recordkeeping for Employees**
  - A. Monthly Payroll Logs
- III. Common Reporting errors**
- VI. Best Practices for FEC Compliance**
  - A. Bank Reconciliation
  - B. Best Efforts for Contributor Information

It is estimated that the required training will take approximately six to ten hours. Please contact Rosa Marshall at (202) 694-1152 within ninety (90) days of the effective date of this agreement to provide attendee information and schedule a training date and time.