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By Office of the Commission Secretary at 9:00 am, May 22, 2020



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE**MEMORANDUM**

May 22, 2020

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

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

Krista J. Roche *KJR*
Director, ADR Office

Joshua A. Rebollozo *JAR*
ADR Specialist, ADR Office

SUBJECT: Recommendation to Approve Negotiated Settlement
ADR 955 - Americans for Prosperity Action, Inc. (AFP
Action) and Alex Varban, Treasurer (C00687103)

RESOLUTION TERMS: Develop and certify implementation of a compliance
operations manual; certify that a representative of the
Committee participated in an FEC conference, webinar, or
other program developed in consultation with the FEC's
Information Division; and pay a civil penalty of \$18,350.

Attached for your review is a signed ADR Negotiated Settlement pertaining to ADR 955 (RAD 20L-01). The ADR Office received this referral on January 14, 2020.

SUMMARY: RAD referred Americans for Prosperity Action, Inc. (AFP Action) and Alex Varban, Treasurer (Respondents or the Committee) for failing to timely file a total of five (5) 48-Hour Reports supporting twenty (20) independent expenditures totaling \$294,963.75 that were disclosed on the Amended 2018 October Quarterly Report and the 2018 12-Day Pre-General Report. In addition, the Committee amended its 2018 October Quarterly Report disclosing additionally incurred debts totaling \$77,129.77.

The Committee was formed in September 2018 and reported \$6,752,043.27 in independent expenditures during the 2018 election cycle. The Committee contends that its failure to timely file certain independent expenditure reports occurred due to staff inexperience and vendor delay in the transmission of invoices to the Committee. Respondents state that they have implemented improvements to their record keeping procedures and communication processes between the Committee and vendors. The improvements include newly-developed internal processes for managing independent expenditure activity and utilizing automated software for tracking independent expenditures and requisite filings. Additionally, the Committee states that it consults with compliance professionals to continue to refine and develop its processes.

RECOMMENDATIONS:

1. Approve the attached negotiated settlement of Americans for Prosperity Action, Inc. (AFP Action) and Alex Varban, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.