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May 17, 2001

Commission Secretary
999 E Street, N.W.
Washington, D.C. 20463


CLOSED

Re: MUR 5161 (Lincoln Diaz-Balart for Congress Committee)

To Whom It May Concern:

Enclosed please find a statement from the Honorable Lincoln Diaz-Balart regarding the resolution of MUR 5161. This statement is to be included in the public record in this matter.

Sincerely,



Matthew S. Petersen

Enclosure

cc: Duane Pugh

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COMMISSION
OFFICE OF GENERAL
COUNSEL
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LINCOLN DIAZ-BALART
U.S. Congressman
Florida, District 21



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May 16, 2001

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

To whom it may concern:

I am pleased that the Lincoln Diaz-Balart for Congress Committee ("the Committee" has been able to amicably resolve all matters arising from a Federal Election Commission ("FEC" or "the Commission") audit of the Committee - which did not reveal any fraudulent activity or misappropriation of funds - by entering into a conciliation agreement with the Commission. This has been a difficult matter for me because it involved a series of innocent errors by individuals of good intention, so I am glad it has been brought to a close.

Background

In early November of 2000, I first became aware through press reports that the committee had been the subject of a Federal Election Commission ("FEC") Audit Report. Prior to that time, I had been occasionally informed by my staff that the FEC had had questions about reports filed by the Committee, and was told that those questions had been fully and satisfactorily responded to. At no time was I informed that the Committee was engaged in an ongoing audit process, or that an audit report had been issued in March of 2000.

I am sorry that the serious illness of my previous Committee treasurer, Mr. Ayuban Tomas, rendered him unable to keep up with the Committee's financial activities and reports or to respond to the FEC inquiries. I also accept that the Committee's former staff, who I now understand had received a number of FEC inquiries over the years concerning Committee reports, may not have recognized that the questions posed to them by FEC staff during the audit were part of a substantially different, and more formal, FEC process. Nonetheless, I deeply regret the failure of my staff to keep me informed regarding the FEC's inquiries and their difficulties in responding to those inquiries.

Corrective Actions

Once I became aware of the FEC audit report for the years 1997 and 1998 and of the

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questions it raised, I took immediate steps to rectify the situation. The first and most important was to ask Mr. Jose A. Riesco, an experienced and widely respected Certified Public Accountant in my community, to serve as treasurer of the Committee. He accepted the position and immediately notified the Commission of the change. I then directed him to oversee a review of all of the Committee's reports from 1993 through to the present, and to file corrections with the FEC as necessary. My wife, Cristina Diaz-Balart, an economist by training and a banker by profession, was as distressed as I was to learn of the difficulties relating to the Committee's FEC reports, and volunteered her personal time to assist Mr. Riesco and Committee representatives in reviewing the Committee's records. I am grateful beyond description to Cristina for the literally nonstop work for weeks that she put into this matter. I also retained legal counsel experienced in FEC matters to assist me by contacting the FEC and addressing all of these issues before the Commission.

As a result of these efforts, the Committee was able to reconcile the Committee's accounts, identify all errors, and then file comprehensive amendments to its reports for the years 1993 through 2000. This voluntary action, of course, went well beyond the scope of the FEC's audit. However, I believe it was necessary to correct the public record and to accurately state the Committee's activity for all these years.

It is most important to reiterate that this thorough review of the Committee's financial records for this entire period did not reveal any fraudulent activity or misappropriation of funds. What it does show is that former Committee representatives over the years did not keep me informed, made a number of arithmetical errors in completing FEC reports and failed to maintain financial records in the necessary detail and form. Some press reports have inaccurately referred to "missing funds"; at no time was a single cent missing, nor is a single cent missing. Mr. Riesco's examination of the Committee's records and the comprehensive amended reports filed with the FEC account for absolutely all Committee funds.

I am confident the Committee's new treasurer, Mr. Riesco, will bring a high level of technical expertise to the Committee's reports (as the Committee's amended reports already demonstrate) and avoid such problems in the future.

Sincerely yours,


Lincoln Diaz-Balart