



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

JUN 27 2006

Chris Gersten, Treasurer
Republican Issues Committee
P.O. Box 650700
Sterling, Virginia 20165

RE: MUR 5767

Dear Mr. Gersten:

On June 20, 2006, the Federal Election Commission found that there is reason to believe Republican Issues Committee ("Committee") and you in your official capacity as treasurer violated 2 U.S.C. § 434(b), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). This finding was based upon information ascertained in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred;

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Kimberly Hart, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Chairman

Enclosures

Factual and Legal Analysis

Procedures

Designation of Counsel Form

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1 **FEDERAL ELECTION COMMISSION**

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3 **FACTUAL AND LEGAL ANALYSIS**

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5
6 **MUR 5767**

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8 **RESPONDENTS:** Republican Issues Committee
9 and Chris Gersten, in his official capacity
10 as treasurer
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12 **I. GENERATION OF MATTER**

13 This matter was initiated by the Federal Election Commission ("Commission")
14 pursuant to information ascertained in the normal course of carrying out its supervisory
15 responsibilities.

16 **II. FACTUAL SUMMARY**

17 The Republican Issues Committee ("Committee") is a qualified non-party
18 committee that registered with Commission in October 2002 and has continued to file
19 reports up through the 2006 election cycle. The Committee filed its 2004 12 Day
20 Pre-General Report ("Pre-General Report) on October 21, 2004 and reported \$5,746 in
21 receipts and \$0 in disbursements. On April 20, 2005, the Committee filed an amended
22 Pre-General Report covering the same time period that disclosed additional receipts of
23 \$93,000.31 and additional disbursements of \$106,719.42. On April 29, 2005, the Reports
24 Analysis Division ("RAD") sent a Request for Additional Information ("RFAI") to the
25 Committee asking for clarification regarding the \$92,763.21 in additional receipts and
26 \$106,719.42 in additional disbursements that were not disclosed in the Committee's
27 original Pre-General Report.¹

¹ The RFAI did not address additional receipts totaling \$237.10.

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1 On December 2, 2004, the Committee filed its 2004 30 Day Post-General Report
2 ("Post-General Report") disclosing \$7,951.88 in receipts and \$8,932.15 in disbursements.

3 On April 20, 2005, the Committee filed an amended Post General Report disclosing
4 additional receipts of \$675,813.65 and additional disbursements of \$647,547.67. On
5 April 29, 2005, RAD sent an RFAI to the Committee asking for clarification regarding
6 the \$675,400.01 in additional receipts and \$647,547.67 in additional disbursements that
7 were not disclosed in the Committee's original Post-General Report.²

8 Lastly, on January 31, 2005, the Committee filed its 2004 Year End Report
9 ("Year End Report") disclosing \$9,915 in receipts. On April 20, 2005, the Committee
10 filed an amended Year End Report disclosing an additional \$325,616.45 in receipts.³ On
11 April 29, 2005, RAD sent an RFAI to the Committee seeking clarification regarding the
12 \$325,551.26 in additional receipts that were not disclosed in the Committee's original
13 Year End Report.⁴

14 On June 3, 2005, the Committee proffered the following explanation, in response
15 to the previous RFAs regarding the additional receipts and disbursements disclosed on
16 the amended Pre-General, Post-General and Year End reports:

17 RIC uses several vendors to fundraise for their PAC.
18 Each company provides the information regarding
19 receipts and disbursements differently. One vendor
20 provides the information regarding all receipts and all
21 disbursements, while the other vendor provides all
22 disbursements but only those receipts that reach the
23 reporting threshold of greater than \$200 in the aggregate.

² The RFAI did not address additional receipts totaling \$413.64.

³ The Committee also disclosed additional disbursements totaling \$8,139.83 in its Amended 2004 Year End Report. However, this issue is not included in the referral because the increase in activity fell below the established referral thresholds.

⁴ The RFAI did not address additional receipts totaling \$65.19.

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Our compliance outsourcing vendor was given the files and understood that both organizations provided all receipts and disbursements differently. They, therefore, entered that data the same way, which means that all the unitemized receipts from the one vendor (which is the bulk of what we get) were not included. The problem has been further complicated by the fact that the staff at RIC has changed and so these errors were not caught until we received your initial letters. We are working to make sure systems are in place to eliminate these errors in the future.

III. ANALYSIS

The Act sets forth requirements for the filing of reports for political committees.

The treasurer of a political committee must file reports of all receipts and disbursements in accordance with the Act. 2 U.S.C. § 434(a)(1). A political committee, other than an authorized committee, is required to file a pre-election report no later than the 12th day before any election which the committee makes a contribution to or expenditure on behalf of a candidate which shall be complete as of the 20th day before the election.

2 U.S.C. § 434(a)(4)(A)(ii). In addition, a political committee, other than an authorized committee, is required to file a post-general election report no later than the 30th day after any general election and which shall be complete as of the 20th day after such general election. 2 U.S.C. § 434(a)(4)(A)(iii). Furthermore, a political committee, other than an authorized committee, is required to file a year end quarterly report which shall be filed no later than January 31 of the following calendar. 2 U.S.C. § 434(a)(4)(A)(i). The reports shall disclose, *inter alia*, the total amount of all receipts and all disbursements, including the appropriate itemizations where required. 2 U.S.C. §§ 434(b)(2), (b)(4); 11 C.F.R. §§ 104.3(a)(1), (a)(4), (b)(1), and (b)(3).

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1 The Commission found that the Committee did not comply with reporting
2 requirements when it failed to disclose: 1) \$93,000.31 in receipts and \$106,719.42 in
3 disbursements in the original Pre-General Report filed on October 21, 2004;
4 2) \$675,813.65 in receipts and \$647,547.67 in disbursements in the original Post-General
5 Report filed on December 2, 2004; and 3) \$325,616.45 in receipts in the original Year-
6 End Report filed on January 31, 2005. The earliest amendments to these reports were
7 filed approximately 7 months, 5 months and 4 months, respectively, after the original
8 reports were filed. One of these reports, the Pre-General Report, was an election-
9 sensitive report.

10 Accordingly, the Commission found reason to believe that Republican Issues
11 Committee and Chris Gersten, in his official capacity as treasurer, violated 2 U.S.C.
12 § 434(b) by failing to disclose receipts totaling \$93,000.31 and disbursements totaling
13 \$106,719.42 in its original 2004 12 Day Pre-General Report; receipts totaling
14 \$675,813.65 and disbursements totaling \$647,547.67 in its original 2004 30 Day
15 Post-General Report; and receipts totaling \$325,616.45 in its original 2004 Year End
16 Report.

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