



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SEP 18 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Allison Thompson, Treasurer
Women's Campaign Fund
734 15th St. NW
Suite 500
Washington, DC 20005

RE: MUR 5920

Dear Ms. Thompson:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting that the Women's Campaign Fund and you, as treasurer, ("Committee") may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On June 20, 2007, the Commission found reason to believe that the Committee violated 2 U.S.C. § 434(b)(1), (4), and (6)(B)(v), provisions of the Act, and 11 C.F.R. § 104.3(a)(1) and (b). Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed interrogatories and document requests must be submitted within 30 days of your receipt of this letter. Any additional materials or statements you wish to submit should accompany your response. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

You may consult with an attorney and have an attorney assist you in the preparation of your responses. If you intend to be represented by counsel, 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.

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If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. *See* 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation will not be entertained after briefs on probable cause have been mailed to the respondent.

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.

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 Wanda D. Brown, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Robert D. Lenhard
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Women's Campaign Fund
and Allison Thompson, in her
official capacity as treasurer

MUR: 5920

I. BACKGROUND

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). Based on available information, there is reason to believe that the Women's Campaign Fund and Allison Thompson, in her official capacity as treasurer ("WCF") violated 2 U.S.C. § 434(b)(1), (4), and (6)(B)(v), and 11 C.F.R. § 104.3(a)(1) and (b), by failing to accurately keep an account of and report cash-on-hand balances and to accurately report disbursements in the WCF's disclosure reports.

II. FACTUAL AND LEGAL ANALYSIS

The WCF is a multicandidate political committee, as defined by 2 U.S.C. § 441a(a)(4), that has filed disclosure reports with the Commission since 1994. Monica Cash was employed as WCF's office manager from December 2000 to January 14, 2004. Cash was purportedly responsible for various aspects of the WCF's day-to-day operations, including tracking incoming contributions and donor information, tracking disbursements and operating expenditures, and filing financial disclosure reports with the Commission and various state election offices on behalf of the WCF's treasurer, Allison Thompson. Cash was purportedly also responsible for making deposits into WCF bank accounts, cutting checks to pay vendors, and reconciling the WCF's bank records.

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Between 2001 and 2003, Cash reportedly drafted approximately 58 WCF checks totaling \$83,050 made payable to "Monica Cash" or "Cash," and then forged signatures of WCF employees with signatory authority on the checks.¹ Cash then either presented the checks for cash, or deposited the checks into her personal checking account. In order to avoid detection, Cash concealed these unauthorized disbursements by deleting the transactions from the internal WCF database that was used to prepare the committee's disclosure reports. As a result of Cash's concealment of the unauthorized disbursements, it appears that the WCF inaccurately disclosed its disbursements in nine separate disclosure reports that it filed from 2002 through 2004.²

The embezzlement first came to the Commission's attention on April 13, 2006, when RAD called WCF's treasurer, Allison Thompson, to follow up on a Request for Additional Information ("RAI") that it had previously sent to the WCF regarding a discrepancy in the cash-on-hand balances that the WCF reported in its Amended 2002 Year-End Report and its Amended 2003 July Quarterly Report. Specifically, on January 10, 2006, the WCF had filed an Amended 2003 July Quarterly Report disclosing an opening cash-on-hand balance of \$203,278.19. However, the WCF's amended 2002 Year-End Report, filed January 14, 2004, disclosed an ending cash-on-hand balance of \$254,425.22, thus creating a discrepancy of \$51,147.03. Therefore, on March 3, 2006, RAD sent a RAI to the WCF referencing the Amended 2003 July Quarterly Report and requesting clarification of the opening cash-on-hand discrepancy disclosed in the report.

¹ Cash did not have signatory authority on any of the checking accounts maintained by the WCF.

² The nine reports with incomplete disbursement information and the disbursement amounts omitted from each are as follows: 2001 Year-End (\$41,800), 2002 April Quarterly (\$1,900), 2002 July Quarterly (\$10,500), 2002 October Quarterly (\$7,560), 2002 Pre-General (\$1,500), 2002 Post-General (\$3,000), 2002 Year-End (\$1,400), 2003 July Quarterly (\$6,750), and the 2003 Year-End (\$10,500).

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In its initial response to the RFAI, the WCP stated that it was "doing a full review of the reports and will submit an amended Year-End Report to reflect the correct cash balance." However, after the WCP failed to correct the discrepancy, RAD followed up with the committee and Thompson informed RAD that the WCF was completing an internal audit to investigate "employee fraud," and that all disclosure reports would have to be amended upon completion of the fraud investigation. In response to subsequent inquiries from RAD, Thompson stated that the Federal Bureau of Investigation ("FBI") was investigating an embezzlement of WCF funds. Finally, on January 16, 2007, Thompson informed RAD that the FBI's investigation was complete, and that legal action was now pending with DOJ. As of this date, the WCF has not amended its disclosure reports to reveal disbursements related to the embezzlement or to correct the discrepancy in the cash-on-hand balances.

On March 16, 2007, Cash was indicted for Bank Fraud, False Statements, and Uttering and Possessing a Forged Security as a result of her embezzlement of WCF funds. On April 27, 2007, a plea agreement signed by Cash was filed with the United States District Court for the District of Columbia pursuant to the indictment. In this plea agreement, Cash agrees to enter a guilty plea to the charge of Uttering and Possessing a Forged Security, in violation of 18 U.S.C. § 513(a) and to provide full restitution to the WCF.³ Cash is scheduled to be sentenced for this offense on August 10, 2007.

Under the Act, the WCF, through its treasurer, is required to accurately keep an account of and report cash-on-hand balances and its disbursements. See 2 U.S.C. § 434(b)(1), (4), and (6)(B)(v); and 11 C.F.R. § 104.3(a)(1) and (b). Committee treasurers are responsible for the timely and complete filing of disclosure reports and for the accuracy of the information

³ In exchange for Cash's agreement, the United States dismissed one charge of Bank Fraud, a violation of 18 U.S.C. § 1344, and eight counts of False Statements, a violation of 18 U.S.C. § 1001.

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contained therein. *See* 11 C.F.R. § 104.14(d). When considering committee liability for inaccurate reporting due to embezzlement, the Commission considers whether the committee implemented internal control procedures over committee finances (*e.g.*, regular audits, control procedures over receipts and disbursements, segregated duties, or periodic review of finances), as well as the committee's efforts to notify the Commission and other law enforcement authorities of the embezzlement and amend any related inaccurate disclosure reports. *See* Statement of Policy; Safe Harbor for Misreporting Due to Embezzlement, 72 Fed. Reg. 16,695 (April 5, 2007) (establishing safe harbor from civil penalties for committees that, *inter alia*, implement certain minimal safeguards in the form of internal financial controls to prevent misappropriations and associated misreporting).

In this matter, the discrepancy between the cash-on-hand balances that WCF reported in its 2002 Year-End Report and its 2003 July Quarterly Report indicates that it failed to accurately report the balance in one or both of those reports. Further, the available information establishes that that WCF failed to disclose at least \$83,050 in disbursements from 2001 through 2004, due to the embezzlement of WCF funds by Monica J. Cash. While we have little specific information regarding the internal control procedures, if any, that WCF had over its finances. However, the available information regarding Cash's duties as office manager, raises questions as to whether the committee properly segregated the financial duties. Further, the fact that Cash was able to make 58 unauthorized disbursements over a two-year period without detection indicates that the WCF may not have had in place minimal internal controls.

In addition, although the available information indicates that the WCF knew about the embezzlement at least as early at April 2006, the WCF's treasurer has only recently contacted RAD to inquire about filing correcting amendments to its disclosure reports and, to date, has

filed no such amendments. Accordingly, it appears that the Committee may be responsible for the reporting violations that resulted from the embezzlement.

Therefore, there is reason to believe that the Women's Campaign Fund and Allison Thompson, in her official capacity as treasurer, violated 2 U.S.C. § 434(b)(1), (4), and (6)(B)(v); and 11 C.F.R. § 104.3(a)(1) and (b), by failing to accurately keep an account of and report cash-on-hand balances, and for failing to disclose \$83,050 in disbursements in its disclosure reports.

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