

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3 In the Matter of)

4)
5 Women's Campaign Fund and)
6 Allison Thompson, in her official)
7 capacity as treasurer)

MUR 5920

8
9 **GENERAL COUNSEL'S REPORT #2**

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11 **I. ACTIONS RECOMMENDED**

12 Take no further action except for admonishment as to the Women's Campaign Fund and
13 Allison Thompson, in her official capacity as treasurer, and close the file.

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15 **II. BACKGROUND**

16 The Commission previously found reason to believe that the Women's Campaign Fund
17 and Allison Thompson, in her official capacity as treasurer ("the Committee"), violated 2 U.S.C.
18 § 434(b)(1), (4), and (6)(B)(v), and 11 C.F.R. § 104.3(a)(1) and (b), by failing to accurately keep
19 an account of and report cash-on-hand balances and to accurately report disbursements in the
20 Committee's disclosure reports.¹ These reporting violations resulted from the embezzlement of
21 Committee funds by Monica J. Cash, an employee of the Committee.²

22 Because we had limited information regarding the embezzlement scheme and the
23 Committee's internal financial operations, the Commission also authorized an investigation to
24 ascertain whether the Committee had in place financial controls that would have prevented the

¹ On September 13, 2005, the Reports Analysis Division ("RAD") referred the Committee to the Audit Division for a 2003-2004 election cycle audit. This matter was deferred pending the outcome of the audit. Subsequently, on December 13, 2006, the Audit Division recommended that the Commission forgo an audit of the Committee. The Commission approved Audit's recommendation and, accordingly, RAD proceeded with its referral to this Office.

² We previously circulated a memorandum to the Commission recommending acceptance of a conciliation agreement signed by Ms. Cash. The agreement prohibits her from working or volunteering for federal political committees for five years but does not require her to pay a civil penalty, given her poor financial condition. See MUR 5920 Memorandum to the Commission dated March 17, 2008.

1 misappropriation of Committee funds and the resulting misreporting.³ We have now completed
2 our investigation and based on available information, we recommend that the Commission take
3 no further action except for admonishment as to the Committee and close the file.

4 **III. DISCUSSION**

5 The Committee is a multicandidate political committee that has filed disclosure reports
6 with the Commission since 1994.⁴ 2 U.S.C. § 441a(a)(4). Under the Act, the Committee is
7 required to accurately disclose receipts and disbursements in disclosure reports filed with the
8 Commission. See 2 U.S.C. § 434(b)(2), (3), (4) and (6)(B)(v). Committee treasurers are
9 responsible for the timely and complete filing of disclosure reports and for the accuracy of the
10 information contained therein. See 11 C.F.R. § 104.14(d).

11 The Committee failed to accurately report \$83,050 in disbursements that should have
12 been disclosed in nine separate reports filed with the Commission. Although the inaccurate
13 reporting stems from the misappropriation of Committee funds, our investigation has revealed
14 that the Committee did not have in place adequate internal controls that would have prevented, or
15 perhaps allowed for the earlier detection of, the embezzlement scheme.

16 The Committee employed Monica J. Cash as its Office Manager from December 18, 2000
17 until January of 2004. Ms. Cash was responsible for most aspects of the Committee's day-to-day
18 operations. She was solely responsible for almost all financial aspects of the Committee,

³ The Commission has since created a safe harbor from monetary penalties for committees that have five basic internal controls in place at the time of an embezzlement, immediately inform law enforcement and the Commission of the embezzlement, and voluntarily amend their reports to correct the inaccuracies. See Statement of Policy; Safe Harbor for Misreporting Due to Embezzlement, 72 Fed. Reg. 16,695 (April 5, 2007).

⁴ The Committee has ceased active fundraising activities and has limited cash-on-hand. After this matter is resolved, the Committee intends to seek Commission approval to terminate. According to RAD, the Committee has taken the necessary steps to begin this process.

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1 including receiving and tracking incoming contributions, recording donor information, and
2 depositing contribution checks into the Committee's bank account.

3 Cash drafted the checks necessary to pay for all Committee disbursements, and was
4 responsible for tracking disbursements and expenditures in the Committee's internal database.⁵
5 She also prepared financial reports for the Committee's treasurer, including the Committee's
6 budgetary and financial statements, and was the only individual charged with reconciling the
7 Committee's bank records. She completed and filed all of the Committee's disclosure reports
8 with the Commission. There was little or no oversight of Cash by the treasurer or other
9 Committee officials.

10 Because Cash controlled the finances with virtually no oversight, she was able to
11 embezzle \$83,050 by drafting and forging the signatures on fifty-eight (58) Committee checks
12 made payable to "Monica Cash" or to "Cash." She would either then present the checks for
13 deposit into her own personal checking account or alternatively, negotiate the checks for cash.
14 Ms. Cash concealed the discrepancies by deleting transactions, including the fraudulent
15 disbursements and contributions in equal amounts, from the Committee's internal database.

16 It was only after the Commission's Reports Analysis Division discovered a discrepancy
17 in the cash-on-hand balances that the Committee reported in its Amended 2002 Year-End Report
18 and Amended 2003 July Quarterly Report that the Committee learned of the embezzlements.⁶

⁵ Although Cash was responsible for drafting checks, she never had signatory authority for the Committee's bank account. Only two individuals, Susan Medalie and Allison Thompson, were authorized to sign Committee checks.

⁶ After the Committee learned of the embezzlement, it contacted the Federal Bureau of Investigation, who investigated the matter and referred the case to the Department of Justice. In August 2007, Cash admitted to embezzling \$83,050 from the Committee and entered a guilty plea to the charge of Uttering and Possessing a Forged Security, in violation of 18 U.S.C. § 513(a). In late 2007, Cash started serving an eight-month prison sentence.

Our investigation has shown, and the Committee admits, that it did not have internal controls that would have prevented the misappropriation of Committee funds. Cash handled all financial and compliance duties for the Committee and was essentially unsupervised. As a result, Cash was able to misappropriate Committee funds without detection.

Although it is appropriate to hold the Committee liable for the reporting violations, we recommend that the Commission exercise its prosecutorial discretion due to the *de minimis* amount currently at issue. *See Heckler v. Chaney*, 470 U.S. 821 (1985). Of the nine reports at issue, *see supra* at p. 2, the due dates for eight of those reports will fall outside of the statute of limitations after July 15, 2008. The only violation that will remain within the statute of limitations period is the Committee's failure to report \$10,500 in disbursements in the 2003 Year End report. Accordingly, we recommend that the Commission take no further action in this matter except to send a letter of admonishment, and close the file.

IV. RECOMMENDATIONS

1. Take no further action except send a letter of admonishment for the Women's Campaign Fund and Allison Thompson, in her official capacity as treasurer;
2. Approve the appropriate letter; and

3. Close the file.

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Date 6-17-08

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