

May 22, 2017

Via Electronic Mail: cdennis@fec.gov

Ms. Christal Dennis
Complaints Examination &
Legal Administration
Federal Election Commission
999 E Street NW
Washington, DC 20463

Re: AR 17-03 Conservative Campaign Committee

Dear Ms. Dennis:

The undersigned has been designated as counsel to the Conservative Campaign Committee ("the Committee") and hereby submits this formal response to the Audit Referral from the FEC audit of the Committee. As we have discussed, the treasurer *did* provide background information to the auditors during the course of the audit. However, she was not aware at the time of the audit that she could submit formal, written responses to the Interim Audit Report ("IAR") to correct any misunderstandings or to explain factors identified in the IAR, as a means of eliminating some of the issues from the audit report.

Audit Findings and Responses. The Audit Findings all relate to reporting of Independent Expenditures. There are several components, described below with the Committee's responses.

I. \$294,036 in Apparent Independent Expenditures Reported as Operating Expenditures, rather than as Independent Expenditures. In addition, no 24/48 hour reports were filed for \$270,210 of the total disbursements reported as operating expenditures.

Response: Of the \$294,036 referenced in the Finding, there were actually only \$15,718.50 in public communications that could be construed as triggering reporting as independent expenditures or 24 or 48 hour reporting. A breakdown of the expenditures is as follows:

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Payments of consulting retainers: fundraising consulting)	\$96,717.13 (Including
Disbursements for communications with housefile members:	\$109,624.07
Emails to housefile regarding Gov. Scott Walker Recall	\$16,252.62
Total for Disbursements that were NOT Public Communications:	\$222,594

Then, there were the following disbursements for public communications:

Radio/TV ads for candidates:	\$ 9,987.50
Advertisements for candidate rallies:	\$ 5,731.00
Fundraising Telethon	\$55,723.30
Total Public Communications:	\$71,441.80

Accordingly, only the public communications in the amount of \$71,441.80 would have triggered reporting as independent expenditures, including any 24/48 hour reports, rather than the \$294,036 referenced in the first audit finding.

II. Independent Expenditures Reported on Schedule E (Independent Expenditure Schedule) — Disclosure Errors related to \$12,168

According to the Audit Report, CCC made 240 independent expenditures totaling \$1,339,170 which were reported on Schedule E and the auditors determined that CCC did not properly disclose seven independent expenditures totaling \$12,168 that were publicly disseminated prior to payment and therefore required reporting as memo entries on Schedule E. In addition, the Audit determined that no 24-hour reports were filed for \$3,774 in disbursements and the required 24-hour reports were not timely filed for \$12,302 of the independent expenditures identified by the auditors.

Response: First, the finding references \$12,302 in 24-Hour reports that were not filed timely. As the Audit notes, the Committee reported \$1,339,170 in Independent Expenditures for which the reports *were* timely filed. So even if we accept the amounts included in the Audit Report with regard to late or non/filing of these reports, that amount represents .0091% of the total Independent Expenditures by the Committee during the 2012 election cycle.

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With regard to whether the referenced disbursements actually triggered 24/48 notices, the Committee responds as follows:

a) Two of the disbursements included in the Audit Report's Finding were less than \$1,000 and did not trigger 24 hour reporting until subsequent disbursements were made in the same election, to aggregate another \$1,000.

Dissemination Date:

10/27/2012	\$705.51	Report filed on 10/30/2012
7/18/2012	\$500.00	Report filed on 7/26/2012

Total: \$1205.51 in disbursements under \$1,000 did not trigger 24-hour reporting until subsequent disbursements were made. That amount should be subtracted from the \$12,302 figure referenced in the Audit finding, leaving \$11,197 as the amount of expenditures that triggered reporting but for which the reports were not timely filed. This amount represents a tiny fraction of the total independent expenditures made and timely reported to the FEC.

b) The disbursements totaling approximately \$11,197 that were reported as IE's on 24 hour reports, were filed between 2 and 6 days late, according to the audit. We would submit that this is a *de minimis* reporting issue that should not be penalized.

c) There were two disbursements that should have been reported within 24-hours, totaling \$3,000.48. Those reports were not filed. The treasurer did not receive the invoices or the information about the disbursements until after the November 6, 2012 general election. Remedial procedures have since been put into place to ensure that in the future, no such disbursements can be made without first making certain that the treasurer is aware of the expenditure for reporting purposes.

In summary, the Committee submits that the amounts included in the Audit Findings are not correct. Backup documentation of the information contained in this response will be made available to the Commission upon request.

The total disbursements for Independent Expenditures which were not properly reported, including the filing of 24/48 hour reports, is \$85,639, rather than the \$294,036 referenced in the Audit. The Committee submits that the errors in reporting were miniscule when compared to the proper reporting for the total number of independent expenditures made during the 2012 election cycle.

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