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January 28, 2024

*By email to Audit@fec.gov*

Nicole Burgess  
Audit Division  
Federal Election Commission  
1050 First Street, NE  
Washington, DC 20463

Re: Draft Final Audit Report of the Audit Division on the  
1199 SEIU United Healthcare Workers East  
Federal Political Action Fund

Dear Ms. Burgess:

I am responding on behalf of the 1199 SEIU United Healthcare Workers East Federal Political Action Fund (“the Committee”) to the Draft Final Audit Report (DFAR) that the Audit Division provided to the Committee on January 9, 2024. The Committee addresses the three draft final findings in turn for the Commission’s consideration. The Committee does not request a hearing before the Commission.

**Interim Finding 1: Misstatement of Financial Activity**

As the DFAR observes, “[t]he cash on hand discrepancies for 2019 and 2020 resulted primarily from prior period adjustments as well as minor misstatements for disbursements during calendar year 2020.” (DFAR, p. 5.) Both the Interim Audit Report (IAR) had recommended and the Committee agreed to amend its most recently filed report in order to correct the cash on hand balance. The Committee filed its Second Amended 2023 Mid-Year Report and an explanatory Form 99 on January 27 in order to do so. When the Committee submitted its response to the IAR on September 20 it anticipated submitting this amendment promptly. However, the Committee determined to undertake a comprehensive review of all of its reports since the audit period in preparation for that amendment, including in order to “correct any subsequent discrepancies that may affect the adjustment” on that report as the IAR recommended. This review, as well as a parallel review of matters unrelated to the audit – principally, the itemization of contributors – prompted the Committee to make a series of amendments of reports both within and subsequent to the 2019-2020 audit period. Accordingly, on October 25 the Committee again amended the

last three 2020 reports; and on November 10 and 27 and January 27 the Committee amended its 2021-2022 reports. The final amendments reverse the \$77,860 increase, noted in the DFAR, that the Committee had first reported on its Second Amended Year-End 2020 Report filed on September 20, because that has since been determined to have resulted from an inadvertent arithmetic error during the amendment process. These final amendments, as well as the Second Amended Mid-Year 2023 Report, also correct for a \$39,084.15 understatement of unitemized receipts on the Year-End 2021 Report; the omission of a \$10,000 vendor refund on the 2022 October Quarterly report; and a few other corrections elsewhere involving negligible amounts. While the 2021-2022 reports pertain to a period subsequent to the period under audit, we do wish to stress that the Committee is satisfied that it has completed its amendment process and that those reports satisfy the requirements of 52 U.S.C. § 30102(i). And, this undertaking directly assisted the Committee's further amendment of the Mid-Year 2023 Report in response to the audit. We request that the Final Audit Report relate that the Committee took all these measures and made these amendments.

### **Interim Finding 2: Reporting of Apparent Independent Expenditures**

As the DFAR acknowledges, on September 20 the Committee filed amended 2020 October Quarterly, Pre-General, Post-General and Year-End reports, primarily in order to correct the misattributions to Line 29 of disbursements that should have been disclosed on Schedule E, and to update the estimates reflected on the 48-Hour and 24-Hour reports submitted during October and November 2020 with information ascertained since. Especially notable is that the Committee's digital advertising vendor was engaged to produce and disseminate digital advertising on various platforms, and the pricing for these and similar digital ads could not be known at the time, or within one or two days later when Schedule E reports may be due, because it depends in part on the actions of their recipients and the analysis of those results. The DFAR acknowledges the Committee's explanation that has exhausted all available efforts to locate and provide all of the documentation described by the auditors, including by seeking records from the Committee vendor that handled the Committee's digital advertising independent expenditure campaign, which that vendor asserts it no longer has. And, to be clear, the Committee withdraws its reference following the audit exit conference to a figure of \$2.5 million of reported independent expenditures, because it does not reflect either the public record or the Committee's internal records, all of which the Committee has used in making its best efforts to amend its audit period reports in order to reflect its actual independent expenditures during that period.

### **Interim Finding 3: Recordkeeping for Communications**

The DFAR again acknowledges the Committee's explanation concerning the unavailability of certain records in connection with its independent expenditures. The Committee has no further records of these communications to provide in response to the DFAR. The Committee reiterates its resolve, in the event it again undertakes independent expenditures, that it will contemporaneously secure all available information from its vendors in order for the Committee both to prepare its reports and to ensure compliance with its recordkeeping requirements without further reliance on vendors.

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The Committee has devoted considerable staff and compliance consultant time and resources to rechecking and amending its reporting of independent expenditure activity during and since the audit period, and we recognize our obligation to have done so. We have provided all available records that are responsive to the Commission's subpoena and the Audit Division's requests. And, in preparing its amendments the Committee took a fresh look at everything in the original reports, regardless of whether

the Audit Division had inquired or raised issues about it. We believe that we have provided the most accurate accounting of the Committee's activities as we can with the information at hand and secured.

Thank you for your consideration.

Yours truly,

A handwritten signature in black ink that reads "Laurence E. Gold". The signature is written in a cursive style with a large initial 'L' and 'G'.

Laurence E. Gold

Counsel to 1199 SEIU United Healthcare Workers  
East Federal Political Action Fund

cc: Helen Schaub, Treasurer