

November 6, 2020

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**VIA E-MAIL AUDIT@FEC.GOV**

Ms. Dayna C. Brown  
Acting Assistant Staff Director  
Audit Division  
Federal Election Commission  
1050 First Street NE  
Washington, DC 20463

**Re: Grassroots Victory PAC Draft Final Audit Report**

Dear Ms. Brown:

We write as counsel for Grassroots Victory PAC (“GVP” or the “Committee”) in response to the Draft Final Audit Report (“Report”). The Report, unlike the Interim Audit Report and the preliminary audit findings, finally concedes that the auditors found no new information that the Committee had not already disclosed to the Commission: “GVP is correct in stating that in August 2018, prior to the October 2019 audit notification, it amended its disclosure reports to accurately disclose missing financial activity.” Report at 5. Under the Audit Division’s own guidance, a misstatement of financial activity finding is therefore unwarranted. The Committee requests a hearing on this matter.

As we discussed in our response to the preliminary audit findings and to the Interim Audit Report, in early 2018, the Committee discovered unreported disbursements for its September, October, and November Monthly 2017 reports and amended those reports. To discover the source of the discrepancies, the Committee hired a compliance firm to review its past reports and financial activities. This review identified additional undisclosed disbursements as well as some previously reported contributions and disbursements that required amendment, and so the Committee amended its reports in August 2018. As noted in the Report, this audit followed those proactive amendments.

We have twice asked the auditors to explain their choice to work from the original reports rather than the amended reports that were on the public record before the audit began. Once again, the Report contains no explanation:

The Audit staff notes that, as highlighted in the Facts section above, it reviewed GVP’s original reports and amended reports during the course of the audit. GVP is correct in stating that in August 2018, prior to the October 2019 audit notification, it amended its

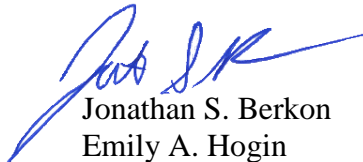
disclosure reports to accurately disclose missing financial activity. However, it was GVP's responsibility to accurately and timely disclose all financial activity on the respective due date of the required report. As such, the Audit staff maintains that GVP's original reports understated its disbursements by \$106,674. Report at 5.

GVP respects that it has a responsibility to accurately and timely disclose all financial activity. That is why it undertook a comprehensive review of its reports and financial activities to correct the public record. In addition, as we discussed in our response to the preliminary audit findings, the Committee has taken numerous additional steps to improve its recordkeeping and reporting capabilities, including working with an outside compliance firm to audit its activities and sending staff to attend five FEC webinars.

The Report confirms that these efforts were successful and that GVP's public reports were accurate as of August 2018. A finding of "Misstatement of Financial Activity" therefore does not match what the audit actually found—the Committee accurately disclosed its financial activity, on its own volition, through amended reports that preceded the audit. The Audit Division's own guidance says that a committee "can reduce the misstated amount by demonstrating that the audited reports were materially correct or misstated by a lesser amount prior to the audit notification letter." Fed. Elec. Comm'n, *Audit Division 2017–2018 Materiality Thresholds* at 28.

Here, the Report concedes that the Committee's reports were materially correct more than a year before the audit notification letter. There was no misstatement of financial activity prior to the audit notification letter. Thus, under the Audit Division's own guidance, the Committee's reports as amended prior to the audit do raise an issue that meets the criteria for inclusion in the audit report. *Id.*

Very truly yours,



Jonathan S. Berkon  
Emily A. Hugin  
Counsel for Grassroots Victory PAC

cc: James E. "Trey" Trainor III, Chair  
Steven T. Walther, Vice Chair  
Ellen L. Weintraub, Commissioner  
Nicole Burgess, Audit Manager