



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 10, 2022

**MEMORANDUM**

**TO:** Patricia C. Orrock  
Chief Compliance Officer

Dayna C. Brown  
Assistant Staff Director  
Audit Division

**FROM:** Neven Stipanovic *NFS*  
Associate General Counsel  
Policy Division

Joshua Blume *JB*  
Attorney  
Compliance Advice

**SUBJECT:** Draft Final Audit Report on the US Veterans Assistance Foundation (LRA 1105)

**I. INTRODUCTION**

The Office of the General Counsel has reviewed the Draft Final Audit Report (“DFAR”) on the US Veterans Assistance Foundation (“Committee”). The DFAR contains six findings: (1) Misstatement of Financial Activity; (2) Increased Activity; (3) Disclosure of Occupation and Name of Employer; (4) Disclosure of Disbursements; (5) Recordkeeping for Disbursements and Use of Designated Depository; and (6) Failure to File 24/48-Hour Reports. We comment on Findings 4 and 5 and otherwise concur with the findings. If you have any questions, please contact Joshua Blume, the attorney assigned to this audit.

**II. DISCLOSURE OF DISBURSEMENTS (Finding 4)**

The DFAR identifies various disclosure errors the Committee made in its disclosure reports. Among these errors is a failure on the Committee’s part to disclose accurately the addresses of the vendors to which it made disbursements. The DFAR states as a basis for this conclusion that vendor addresses disclosed in the reports did not match the addresses appearing in the vendors’ invoices.

The Audit Division has clarified in additional conversation with this Office that the mismatch arose from the Committee's having filed amendments to various disclosure reports originally filed during the 2017-18 audit cycle. Whereas the originally filed reports disclosed a single street address in Las Vegas, Nevada as the business address of all three vendors involved,<sup>1</sup> the amendments disclosed different UPS street addresses in states other than Nevada as the vendors' addresses. The Audit Division has informed us that while the Committee has provided documentation of the UPS addresses during the audit, that documentation does not clearly demonstrate that the UPS addresses were accurate business addresses at the time(s) when the transactions covered in the pertinent disclosure reports took place. Rather, the Committee's documentation shows that the contemporaneous address for the vendors at that time was the Las Vegas, Nevada address.

Because the documentation in the Audit Division's possession appears not to demonstrate that the UPS addresses were accurate addresses of the vendors at the time during which the transactions reflected in the reports took place, we agree with the Audit Division's conclusion. We recommend, however, reformulating and expanding the stated basis for the conclusion in the DFAR. It is not the mere failure of the reported addresses to match the addresses contained in the invoices *per se* that produces the inaccuracy because businesses often use more than one address in the course of conducting their operations and therefore might have multiple valid addresses. Rather, it is the absence of documentation showing that the reported addresses were actual contemporaneous addresses of the vendors that motivates the conclusion of inaccuracy. We recommend that the DFAR explain this.

Finally, we note that the Committee states that while the vendors changed their addresses in August 2018, thereby creating, presumably, the divergence between the address information in the reports and that which appeared in the invoices,<sup>2</sup> the Committee's payments to the vendors are nevertheless verified by the vendors' invoice numbers. It is not clear whether this statement constitutes an implied argument that any inaccurate address reporting should be excused because the invoice numbers demonstrate the properly reported identity of the payees.<sup>3</sup> To the extent that this may be the case, we note that Commission regulations on their face require accurate address reporting for each payee even if the identity of the payee is correctly disclosed. *See* 11 C.F.R. §§ 104.3(b)(3)(i) (requiring, in pertinent part, reporting of "full name and address" of person to whom disbursement made); 104.14(d) (treasurers and others filing reports responsible for accuracy of information in reports).

---

<sup>1</sup> All three vendors were reported as being located at 1835 E. Charleston Blvd. Las Vegas, NV, 89104-1944.

<sup>2</sup> The Audit Division has informed us that while the Committee states this, the Committee has not supplied adequate documentation to show that any UPS addresses were in fact contemporary addresses at the time(s) covered in the reports.

<sup>3</sup> It is possible that the statement may instead refer to the Audit Division's separate conclusion that the payments to the vendors were routed through an LLC. *See infra*, discussion of Finding 5.

### **III. RECORDKEEPING FOR DISBURSEMENTS AND USE OF DESIGNATED DEPOSITORY (Finding 5)**

The DFAR finds that the Committee made 53 ACH transfers (ACH settlements) totaling \$5,456,675 to “Usvetassistfound.” However, the Committee disclosed the disbursements on its reports as 147 payments to vendors totaling the same amount, and none of these vendors were identified as “Usvetassistfound.” The Audit Division concludes that based on the information provided thus far by the Committee, it is unable to verify the accuracy and completeness of this disclosed activity as discussed in more detail below.

In response to the Interim Audit Report recommendation, the Committee maintained that the ACH transfers were made from its designated depository to the vendors, and the Committee provided both the Committee’s bank statements and certain redacted vendor bank statements in support of its position. These bank statements, however, did not demonstrate that the funds were transferred directly from the Committee’s bank to the vendors’ bank accounts. Rather, the bank statements of the Committee indicated that the funds went to “Usvetassistfound.” Similarly, the bank statements of the vendors showed a cash receipt from "Usvetassistfound," rather than from the Committee. The Committee maintains that its bank labeled these transfers as “ACH Settlement Vendor Usvetassistfound.” The Committee further maintains that this label “does not reflect payment to the US Veterans Assistance Foundation, LLC, nor to any entity or entities other than the intended vendors.... Because this labeling process is controlled by the bank, the Committee’s ability to more clearly demonstrate the direct flow of funds from its designated depository to the vendors is limited.” IAR Response at 6.

Because the Committee’s assertions are not independently verifiable, the Audit Division maintains that the Committee still has not provided sufficient supporting and verifiable evidence to show that the disclosed vendors were paid with the funds transferred from the Committee’s bank account. To demonstrate that the vendor payments originated from its bank account, the Audit Division recommends that the Committee provide sufficient supporting and verifiable evidence such as debit memoranda or similar electronic receipts for each payment to demonstrate that the 53 ACH transfers initiated by the Committee resulted in the 147 vendor payments reported on its disclosure reports. The Audit Division maintains that the debit memoranda or similar electronic receipts will show the specific account(s) that the payment originated from, as well as the specific account(s) into which the funds were deposited. In this manner, the Audit Division will be able to verify whether the vendors were paid with the funds transferred from the Committee’s bank account.

We concur with the finding and comment here to clarify that the Audit Division ultimately needs documentation demonstrating that the Committee paid the vendors with direct transfers of the funds from the Committee’s bank account, disclosed on the Committee’s statement of organization as its designated campaign depository, to the vendor accounts. If the funds flowed through any other entity, the Committee should identify this entity. In addition to the Committee providing the ACH transfer documents, since the Committee addresses the manner in which the bank labeled the transaction on its statement, we would advise the Audit Division to provide the Committee an opportunity to provide a written explanation from a bank official at the Committee’s bank regarding how the information appears on the statement and

how exactly the funds were transferred.<sup>4</sup>

---

4

The Committee and the vendors at issue here maintain accounts with the same bank.