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MEMORANDUM

TO: Patricia C. Orrock
Chief Compliance Officer
November 9, 2021

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SUBJECT: Draft Final Audit Report on Ute PAC (LRA 1104)

The Office of the General Counsel has reviewed the proposed Draft Final Audit Report (“Proposed DFAR”) on Ute PAC (“UTEP” or “Committee”). The DFAR contains six findings: Misstatement of Financial Activity (Finding 1), Increased Activity (Finding 2), Cash Disbursements (Finding 3), Recordkeeping for Disbursements (Finding 4), Recordkeeping for Communications (Finding 5), and Disclosure of Disbursements (Finding 6). We concur with the findings, and comment on UTEP’s response to the various findings. If you have any questions, please contact Jennifer G. Waldman, the attorney assigned to this audit.

UTEP does not dispute the findings outlined in the Interim Audit Report, but instead alleges that the failure to comply with the Federal Election Campaign Act and Commission regulations was due to the ineptitude and recklessness of the former treasurer. [REDACTED]

The Commission has the authority to “conduct audits and field investigations of any *political committee* required to file a report under section 30104” of the Federal Election Campaign Act. *See* 52 U.S.C. § 30111(b) (emphasis added). The audit of UTEP was authorized pursuant to this statutory authority. The subject of this audit, therefore, is UTEP and not its former treasurer. As such, UTEP is responsible for any audit findings.

Mr. Lucero was the treasurer during the period covered by the audit (January 1, 2017 to December 31, 2018), and the audit findings concern provisions of the Act and Commission regulations — namely, recordkeeping and reporting requirements — that impose certain duties and obligations on a committee’s treasurer. [REDACTED]