

June 26, 2012

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Ms. Camilla Reminsky
Mr. Marty Favin
Audit Division
Federal Election Commission
999 E Street, NW
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RE: Interim Audit Report of Friends of Sharron Angle

Dear Ms. Reminsky and Mr. Favin:

The undersigned serves as counsel to Friends of Sharron Angle, the principal authorized committee of Sharron Angle, Republican nominee for the US Senate from Nevada in 2010 ("the Committee"). We are in receipt of the May 7, 2012 Interim Report of the Audit Division of the Federal Election Commission ("FEC") regarding the audit of the Committee ("the Report"). This is the response of the Committee to the Report.

There are two primary findings of the audit staff regarding the Committee:

1. **Failure to File 48-Hour Notices of Late Contributions.** The Report found that the Committee failed to file timely 48-hour notices of primary contributions from 81 donors representing \$128,300 and similarly failed to file 48-hour notices of general election contributions from 88 donors representing \$115,450.

The Committee makes no excuses for failure to timely file the required notices. In reviewing the internal procedures and systems in place during the primary, which were upgraded during the general election, to try and ascertain why the 48-hour reports were not filed as required, it appears that the volume of contributions simply resulted in some minimal number falling through the cracks.

By way of background, the Committee represented a candidate who was a true grassroots, tea party candidate, who was running against the U.S. Senate Majority Leader and, accordingly, became a national candidate virtually overnight after she was endorsed by the Tea Party Express on April 15, 2010.

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Sharron Angle was not the favored 'establishment' candidate in the GOP primary, but began to receive small dollar contributions from across the country in the May, 2010 time frame. That fundraising experience snowballed further after she won the June 2010 Nevada GOP primary.

In the third quarter of 2010, the Committee raised \$14 million from 194,000 donors, *most* of them in amounts under \$200 (96%). The management of, accounting for and reporting the volume and number of donors and contributions were essentially equal to a presidential campaign – but without the massive infrastructure of a presidential campaign to handle such a volume.

Contributions were arriving via direct mail to the mail vendor's caging company, through online contributions to that fundraising vendor and through contributions sent directly to the campaign at both the Reno and Las Vegas offices. The campaign raised \$3+ million in July 2010, \$4+ million in August 2010, \$7+ million in September 2010, \$3.5+ million between October 1, 2010 and October 13, 2010, and another \$6,264,509 between October 14 and November 22, 2010.

The various fundraising and compliance vendors and the finance director all have expressed utter dismay and surprise at the news there were *any* unreported late contributions, because they each believed that they had put mechanisms in place to ensure that did not happen. Indeed, it was the practice of the finance director to call each of the vendors and the compliance consultant *every day* during the last twenty days before the general election to go over the reportable contributions and to try to make certain that every reportable contribution was, in fact, being reported.

Again, not as an excuse, but by way of explanation, the amount of the unreported general election late contributions (\$115,450) represents less than 2% of the total contributions received during the period from and after October 14, 2010 and demonstrates the volume of contributions from multiple sources that were being processed in a very short period of time.

With regard to the primary election; the infrastructure was less formal but even then, the treasurer made a yeoman effort to understand and follow the FEC regulations. Only \$31,200 representing 21 primary donors were not filed at all and another \$97,100 in such contributions from 60 donors were filed either late or after the primary.

The Committee reported properly more than \$717,000 in late contributions prior to the general election, but somehow didn't file the necessary reports for the 88 donors whose contributions should have been included in the daily reports filed between October 15 and November 1, 2010 but were not.

Such mistakes constitute inadvertent errors, with absolutely no intent to fail to comply with the law.



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The bottom line is that there was a good faith effort by the Committee to comply fully with the late filing requirements, both during the primary which operated almost entirely with volunteers, and on through the general election with a small but capable fundraising and compliance team.

There were systems in place which apparently were not sufficient to handle the massive contributions being processed from multiple sources and the Committee regrets the errors.

2. **Failure to Report Debts.** The Report also found that there were \$2,287,080 in debts that were not reported by the Committee on the 2010 October Quarterly and 2010 Pre-General Reports. The Committee's FEC reports have now been amended to reflect the debts identified by the Report. Apparently the information regarding the status of the unpaid invoices was not forwarded in a systematic and understandable manner from the vendor(s) to the Committee and its compliance consultant in order for the unpaid invoices to be reconciled to the payments and any outstanding / unpaid amounts timely reported to the FEC as debts. This appears to have been a breakdown in communications because each of the vendors was operating under the impression that the information had been timely and properly forwarded to the Committee, but somehow the Committee didn't realize that the information was either reportable, or that it had been received, or that it wasn't forwarded to the compliance consultant for reporting purposes. Whatever the cause of the breakdown, the amounts apparently were not timely reported as debts.

In addition to amending its FEC reports, the Committee has also notified each of the fundraising vendors involved in the campaign that they should review their internal procedures to make certain that their protocols for forwarding reportable information are updated and made more understandable and transparent in order to ensure compliance with the FEC reporting obligations of the Committees they serve.

This constitutes the Committee's response to the Report. Please contact me at (202) 295-4081 if you have any questions. Thank you.

Sincerely,

Cleta Mitchell, Counsel
Friends of Sharron Angle