



September 19, 2016

By email [REDACTED]

Mr. Robert Morcomb, CFE  
Federal Election Commission  
Auditor  
Audit Division  
Office of Compliance  
Washington, DC 20463

Re: Illinois Republican Party C00005926

Dear Mr. Morcomb:

I thank you again for the time last Thursday in walking me through some of the detail underlying the Interim Audit Report. As we have maintained throughout, to the extent that our filings from 2011 and 2012 were not accurate, we desire to amend them, and will amend them, largely as outlined in the Interim Audit Report. We appreciate the opportunity to do so.

As we discussed, we have a technical issue with amending our reports insofar as our current, professional compliance provider uses FECfile and our staff from the 2011-2012 time period apparently used Aristotle. In addition, the files from that time period are no longer available to us. You have provided me with an FEC contact number for our compliance professionals to work through the technicalities of this situation, which I appreciate. At this point, however, this technical issue necessitates that the Illinois Republican Party respectfully request an extension of 15 calendar days to amend its reports in a manner consistent with certain portions of the Interim Audit Report and to provide an official response to the Interim Audit Report.

Respectfully,

*/s/ John Fogarty, Jr.*

John Fogarty, Jr.  
General Counsel  
Illinois Republican Party

cc: Marty Favin

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October 20, 2016

By email and via U.S. Mail

Mr. Robert Morcomb, CFE  
Federal Election Commission  
Auditor  
Audit Division  
Office of Compliance  
Washington, DC 20463

Re: Illinois Republican Party C00005926

Dear Mr. Morcomb:

This letter is in response to the Interim Audit Report ("IAR") submitted to the Illinois Republican Party ("IRP") by your agency on August 18, 2016. Your agency has kindly granted the IRP two extensions, through today's date, to respond to the IAR, given technical issues with amending IRP filings from the 2011 and 2012. The IAR has made six (6) Findings, to which the IRP responds here.

Finding #1 addressed discrepancies between the IRP's bank account records and receipts and disbursements reported to your agency in 2011 and 2012. The IRP has reviewed the items that your agency contends were incorrectly reported. As well, you were kind enough to talk with our counsel about these discrepancies as logged in the master excel file you sent via e-mail in tandem with the IAR. As the IRP has maintained throughout this process, it will amend its reports from this period to more accurately reflect all financial activity. The IRP has embarked upon this process.

In order to do as thorough and accurate a job as possible, IRP has contracted with Red Curve Solutions ("Red Curve") to rebuild its files from 2011 and 2012 and to file amended reports, beginning in January of 2011, and continuing through the present day, if necessary. Red Curve has handled the IRP's day-to-day compliance since 2013, and has done so in excellent fashion. In particular, Danny Peppe of Red Curve will handle the amendment process, including the technical challenge presented by the fact that Red Curve uses FECfile, while the IRP's staff from the 2011-2012 time period used Aristotle software. Red Curve anticipates that the database rebuild and amendment process will take a couple of months, and all report amendments will be made at once,

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once Red Curve and the IRP are confident on the accuracy of the amendments. IRP staff and possibly Red Curve staff will stay in contact with you as this process progresses.

The IRP again thanks you for this opportunity to provide accurate disclosures from this period. We wish to reiterate that any incorrect reporting of receipts or disbursements was inadvertent and without any intention to circumvent reporting requirements. As well, we are hopeful that the IRP's investment in compliance professionals both after the 2011-2012 time period and in order to accomplish the recommendations made in the IAR demonstrates the IRP's good faith in this process.

Finding #2 addressed the IRP's supposed failure to disclose 27 direct mail communications as independent expenditures. With regard to these direct mail communications, as the IRP has indicated during this audit, as was originally reported to the FEC by the IRP, and as is supported by the materials provided to your agency, the expenditures in question were not independent expenditures on behalf of federal candidates, but rather were for non-allocable election communications on behalf of federal candidates.

Again, the IRP reiterates that these 27 direct mail communications were non-allocable, candidate-specific volunteer mass mailings. In further support of the volunteer component of these non-allocable (and not independent) expenditures, the IRP has submitted the affidavits of two individuals heavily involved and responsible for the volunteer component of the volunteer mail. Both affidavits describe the process by which the IRP volunteers regularly processed all of the IRP's non-allocable mail. Indeed, as noted in the affidavit of Jon Calloway, the IRP's Deputy Director during the relevant time period, none of the mail pieces the IRP sent on behalf of federal Republican candidates were, nor were intended to be, independent expenditures. Rather, all mail pieces were intended to be processed and sent as non-allocable mail.

The IRP has searched its records on many occasions throughout this process, and does not have any additional invoices or information regarding the 27 direct mail communications referenced by your agency. As well, the IRP does not have any additional volunteer timesheets or photographs to document additional volunteer processing of non-allocable direct mail. However, the IRP attaches the affidavit of Joe Weiss, Deputy Executive Director for the IRP, in further support of the IRP's contention that all of the direct mail at issue was intended to be processed as non-allocable mail, and not as independent expenditures.

Finding #3 addressed expenditures disclosed by the IRP as "FEA Volunteer Mail, Advocacy calls for Federal candidates, Direct Mail Services, equipment and phone minutes for Federal candidates and Auto-Dialer for Federal candidates." This finding contends that the IRP has not produced records to sufficiently record these disbursements as "FEA Volunteer Mail, Advocacy calls for Federal candidates, Direct Mail Services, equipment and phone minutes for Federal candidates and Auto-Dialer for Federal candidates" and has requested the IRP provide copies of communications, invoices and scripts that would substantiate these disclosures. The IRP has searched its records, and unfortunately has no additional documents that would further substantiate these disclosures.

Finding #4 addressed possible prohibited contributions in the amount of \$72,880 that are reflected on invoices from the mailhouse Revolvis as having been paid directly to Revolvis for postage for mail for Joe Walsh for Congress and Plummer for Congress. The IRP contends that such amounts were permissibly spent by the IRP on behalf of the Walsh and Plummer campaigns for non-allocable mail, through the Revolvis mailhouse. The IRP contends that all funds it paid to Revolvis for direct mail to support federal candidates were raised in accord with federal limits and source prohibitions, regardless of whether Revolvis may have paid for postage costs directly for certain direct mail. The IRP continues to search for records to further support this contention, to the extent that it is not supported by the records that have been produced thus far in this audit.

Finding #5 addressed items that arguably should have been reported as debt on Schedule D during the relevant reporting period. The IRP has reviewed the items identified in the IAR and will amend its reports from this period to more accurately reflect amounts that should have been considered debt. These amendments will occur in conjunction with the matters to be amended as described in response to Finding #1. Again, the IRP appreciates the opportunity to more accurately disclose its financial activity from this period, and again reiterate that any incorrect reporting of debt was inadvertent and without any intention to circumvent reporting requirements.

Finding #6 addressed record keeping for field employees. Regrettably, the IRP does not possess any monthly payroll logs for employees for the 2011-2012 time period, to the extent that such records were kept. As has been related during the fieldwork portion of this audit, a change in senior staff following the 2012 election cycle has frustrated the ability of current IRP leadership to produce records from 2011 and 2012.

Regardless, as was the case during the 2014 election cycle, and as is the case currently, the IRP requires all of its employees who are paid by both federal and state funds to maintain monthly logs of the time each spends on federal and state activities. Going forward, the IRP will continue to require such employees to maintain monthly payroll logs.

Respectfully,

*/s/ Nick Klitzing /s/*

Nick Klitzing  
Executive Director  
Illinois Republican Party

cc: John Fogarty, Jr.