

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF ALTERNATIVE DISPUTE RESOLUTION

DATE: July 19, 2006

ANALYST: Jennifer L. Jones

- I. COMMITTEE: Indiana Democratic Congressional
Victory Committee
C00108613
Linda M. Buzinec, Treasurer
One North Capitol, Suite 200
Indianapolis, IN 46204
- II. RELEVANT STATUTE: 2 U.S.C. §434(b)(2)(I)
2 U.S.C. §434(b)(2)(J)
2 U.S.C. §434(b)(4)(A)
11 C.F.R. §104.3(a)(2)(vii)
11 C.F.R. §104.3(b)(1)(i)(A)
11 C.F.R. §104.17(b)(2)
11 C.F.R. §104.17(b)(3)(i)

III. BACKGROUND:

Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)

The Indiana Democratic Congressional Victory Committee ("the Committee") filed an Amended 2005 September Monthly Report on December 30, 2005 which disclosed additional receipts of \$65,166.94 and additional disbursements of \$61,791.56 (Attachment 2).

On September 20, 2005, the Committee filed its original 2005 September Monthly Report covering the period from August 1, 2005 through August 31, 2005. The report disclosed \$0.00 on Line 15 (Offsets to Operating Expenditures), \$0.00 on Line 18(a) (Transfers from Non-Federal Account for Allocated Federal/Non-Federal Activity), and \$0.00 on Line 21(a)(ii) (Non-Federal Share of Allocated Federal/Non-Federal Activity) of the Detailed Summary Page (Images 25991039515-16).

On December 6, 2005, Kimberly Bostic, Operations Director and Comptroller for the Committee, called the Reports Analysis Division (RAD) analyst to discuss a Request for Additional Information ("RFAI") the Committee received referencing its 2005 February Monthly Report (Image 25038929794-95). The RFAI contained a paragraph informing the Committee that it failed to include a Schedule H1 (Method of Allocation) to disclose the ratio for the allocation of certain costs. Ms. Bostic said she had omitted

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the Schedule H1 from the report because when she included it, the entire amount (Federal and Non-Federal shares) of an allocable expense was being deducted from the Federal account's cash on hand, rather than just the Federal share. The Analyst advised Ms. Bostic that the entire amount of an allocable expense should be deducted from the Federal account's cash on hand because shared Federal/Non-Federal expenses should be paid entirely with Federal funds. The Analyst further advised Ms. Bostic that the Non-Federal account had the option of reimbursing the Federal account for the Non-Federal share of expenses within a 70-day window, and these transfers should be reported on Schedule H3 (Transfers from Nonfederal Accounts for Allocated Federal/Nonfederal Activity). Ms. Bostic stated that the Committee paid for its allocable expenses with 100% Federal funds upfront, and then transferred-in money from the Committee's Non-Federal account within the 70-day window. However, she thought the Committee's Federal reports only needed to disclose the Federal share of allocable expenses and, as such, had not been disclosing transfers-in on Schedule H3. The Analyst reiterated the importance of completely disclosing all financial activity by the filing deadline and advised Ms. Bostic to amend the Committee's 2005 reports to properly disclose their allocable expenses (Attachment 3).

On December 30, 2005, the Committee filed an Amended 2005 September Monthly Report. This report disclosed \$3,375.38 in new financial activity on Line 15¹ (Offsets to Operating Expenditures), \$61,791.56 on Line 18(a) (Transfers from Non-Federal Account for Allocated Federal/Non-Federal Activity), and \$61,791.56 on Line 21(a)(ii) (Non-Federal Share of Allocated Federal/Non-Federal Activity) of the Detailed Summary Page (Images 25991047748-49).

On March 17, 2006, an RFAI was sent to the Committee referencing the Amended 2005 September Monthly Report, received December 30, 2005. The RFAI asked for clarification regarding the additional receipts totaling \$65,166.94 and additional disbursements totaling \$61,791.56, which had not been disclosed on the Committee's original 2005 September Monthly Report (Image 26039014044).

On April 10, 2006, the Committee filed an Amended 2005 September Monthly Report. This report disclosed no change in the amount of receipts and disbursements disclosed by the Committee (Images 26940051374-75). This amended report contained memo text stating, "In reference to your letter dated March 10, 2006, the additional receipts and disclosures are the state portion of items paid on a split. Due to an importing error that has now been corrected the report did not adequately report the state portion of the transaction in the original report." (Image 26940051410)

On May 1, 2006, the RAD analyst called the Committee regarding the RFAI sent referencing the Amended 2005 September Monthly Report, received December 30, 2005. The Analyst notified Ms. Bostic that because of the increased financial activity that was

¹ The Committee's original 2005 September Monthly Report filed on September 20, 2005 disclosed \$39,567.04 on Line 11(a)(1) (Itemized Contributions from Individuals/Persons Other than Political Committees). However, the Amended September Monthly Report filed on 12/30/05 disclosed a lower amount of \$18,650.00 on Line 11(a)(1), which represented the movement of \$20,917.04 from Line 11(a)(1) to Line 15 (Offsets to Operating Expenditures) of the Detailed Summary Page. Thus, the variance amount of \$3,375.38 is the total financial activity that was omitted from Line 15 of the original September Monthly Report.

not originally disclosed on the 2005 September Monthly Report, the matter would be referred to the Office of Alternative Dispute Resolution. Ms. Bostic stated that the increases were due to an importing error and the Committee did not intend to conceal any of their financial activity (Attachment 3).

On May 3, 2006, the Committee filed an Amended 2005 September Monthly Report. This report disclosed no change in the amount of receipts and disbursements disclosed by the Committee (Image 26930126343-44). The amended report, however, contained memo text stating, "This is an addendum to the amendment previously filed on April 10, 2006 in order to further clarify the added expenditures and disbursement made on my September monthly report. The additional disbursements and receipts shown on the amended report are due to a miscommunication during the transition of Comptrollers. Specifically, how to properly import and disclose expenses that were paid on a split. Kimberly did not clearly understand that she had to take further steps after she imported the information into her FEC file software in order to properly show the non federal portion of the disbursements and the receipts paid by the non federal account. As soon as Kimberly was made aware of the omission she immediately corrected any reports that did not properly disclose allocable expenses. All reports going forward will correctly disclose allocable expenses. The additional disbursements and receipts did not adjust the Cash on Hand balance as it was the regular practice of the IDP to exactly match the non-federal portion of expenditures on a regular basis." (Image 26930126379)

On May 4, 2006, the Committee filed an Amended September Monthly Report. This report disclosed no change in the amount of receipts and disbursements disclosed by the Committee (Images 26960086152-53). The amended report contained memo text identical to the memo text filed by the Committee on its Amended September Monthly Report, received 5/3/06 (Image 26960086188).

On June 12, 2006, the Committee filed an Amended September Monthly Report. This report disclosed no change in the amount of the receipts and disbursements disclosed by the Committee (Images 26930169653-54). The amended report contained memo text identical to the memo text filed by the Committee on its Amended September Monthly Report, received 5/3/06 (Image 26930169689).

To date, no further communication has been received from the Committee regarding this matter.

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