

REPORTS ANALYSIS REFERRAL
TO
ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: January 13, 2009

ANALYST: Erinn Larkin

I. COMMITTEE: Democratic Party of Arkansas
C00024372
Karen Garcia, Treasurer (3/30/07 – present)
Drew Smith, Treasurer (2/16/05 – 3/29/07)
Marcus Vaden (2/22/02 – 2/15/05)
1300 West Capitol Avenue
Little Rock, AR 72201

TYPE OF COMMITTEE: Party

II. REGISTRATION: March 8, 1976

III. BACKGROUND:

The Committee was sent thirty-eight (38) Requests for Additional Information (RFAs) and failed to adequately respond or responded late to eighteen (18) of these requests which included reporting errors involving mathematical discrepancies, failure to provide supporting schedules, failure to properly itemize contributions from individuals, failure to properly itemize contributions and transfers from political committees, Federal Election Activity/Levin funds, allocated federal and non-federal activity, failure to properly itemize loans, and failure to clarify public communication expenses & possible candidate fundraising expenses.

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VIOLATION DESCRIPTION	REPORT(S)	DETAILS OF VIOLATION
Mathematical Discrepancies	Amended 2005 M11, received 1/20/06	The Committee's report contained mathematical discrepancies totaling \$12,000.00.
Mathematical Discrepancies	2006 M6	The Committee's report contained mathematical discrepancies totaling \$9,300.00.
Mathematical Discrepancies	2006 30G	The Committee's report contained mathematical discrepancies totaling \$45,759.53, as detailed below: <ul style="list-style-type: none"> • The Committee's beginning cash balance, \$311,393.12, was less than the ending cash balance of the Committee's previous report, \$319,471.77, a discrepancy of \$8,078.65. • The Committee's report contained mathematical discrepancies totaling \$37,680.88.
Failure to Provide Supporting Schedules	Amended 2005 M4, received 8/5/05	Schedule A supporting Line 12 of the Committee's reports for a 3-month period disclosed \$0.00 in transfers received from a joint fundraiser. However, the supporting itemized memo entries provided on Schedule A totaled \$4,906.75, creating a discrepancy of \$4,906.75.
Failure to Provide Supporting Schedules	2005 M7	Schedule A supporting Line 12 of the Committee's reports for a 3-month period disclosed \$0.00 in transfers received from a joint fundraiser. However, the supporting itemized memo entries provided on Schedule A totaled \$7,410.95, creating a discrepancy of \$7,410.95.
Failure to Provide Supporting Schedules	Amended 2006 M2, received 3/20/06	The Committee's report disclosed additional receipts totaling \$19,033.45 and additional disbursements totaling \$18,948.45 for the reporting period.
Failure to Provide Supporting Schedules	2006 30G	Schedule A supporting Line 12 of the Committee's reports for a 3-month period disclosed \$24,711.14 in transfers received from a joint fundraiser. However, the supporting itemized memo entries provided on Schedule A total \$85.50, creating a discrepancy of \$24,625.64.
Failure to Properly Itemize Contributions from Individuals	2006 12G	The Committee failed to provide adequate identification for 10 of 41 contributions from individuals that require itemization.
Failure to Properly Itemize Contributions and Transfers from Political Committees	2006 M6	The Committee disclosed receipts from candidate committees totaling \$5,960.00 without clarifying the purpose.

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Federal Election Activity/Levin Funds	2006 M10	<p>Schedule B supporting Line 30(b) disclosed \$4,500.00 in payments to individuals for apparent reimbursements for goods or services, however, no MEMO entries were provided to disclose the original vendors.</p> <p>On Schedule H6, the Committee failed to provide an adequate purpose for 118 disbursements totaling \$34,623.00.</p> <p>Schedule H6 disclosed an event year-to-date total for VOTER ID expenses of \$143,084.66; however, FEC calculations disclose this total to be \$148,516.18, resulting in a discrepancy of \$5,431.52.</p>
Federal Election Activity/Levin Funds	Amended 2006 M10, received 2/26/07	<p>Schedule H6 disclosed an event year-to-date total for GOTV expenses of \$143,044.66; however, FEC calculations disclose this total to be \$142,595.66, resulting in a discrepancy of -\$449.00.</p> <p>On Schedule H6, the Committee failed to check the appropriate allocated activity or event category box for payments totaling \$39,308.00.</p>
Federal Election Activity/Levin Funds	2006 12G	The Committee failed to provide a supporting Schedule L-B for the \$21,500.00 in transfers to the federal account for voter identification activity disclosed on Schedule H5, supporting Line 18(b) of the Detailed Summary Page.
Federal Election Activity/Levin Funds	2006 30G	<p>On Schedules H6 and L-B, the Committee failed to provide the purpose, full name and/or mailing address for \$216,438.05 in disbursements disclosed.</p> <p>The Committee disclosed transfers of \$115,000.00 from a national party committee on Schedule A supporting Lines 11(a)(i) and 12 of the Detailed Summary Page. The Committee also disclosed payments for federal election activities on Schedule H6 supporting Line 30(a). The transferred funds may or may not have been used to pay for the federal election activities.</p>
Federal Election Activity/Levin Funds	Amended 2006 YE, received 3/19/07	Schedule H6 disclosed an event year-to-date total for GOTV expenses of \$589,141.60; however, FEC calculations disclose this total to be \$342,090.94, resulting in a discrepancy of \$247,050.66.
Allocated Federal and Non-Federal Activity	2005 M2	The Committee failed to clarify transfers made to an apparent non-federal account disclosed on Schedule B totaling \$10,000.00.
Allocated Federal and Non-Federal Activity	2005 M4	The Committee failed to clarify transfers made to an apparent non-federal account disclosed on Schedule B totaling \$18,000.00.
Allocated Federal and Non-Federal Activity	2005 M5	The Committee failed to clarify transfers made to an apparent non-federal account disclosed on Schedule B totaling \$8,000.00.

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Allocated Federal and Non-Federal Activity	2005 M7	<p>The Committee failed to clarify transfers made to an apparent non-federal account disclosed on Schedule B totaling \$17,100.00.</p> <p>The Committee disclosed \$34,531.64 in disbursements made for "Ballrooms for JJ Dinner," "banquet for ASDC meeting," "Banquet for JJ Dinner," "Banquet rooms for JJ Dinner," "banquet table," "cardstock & copies for Catfish dinner," "platform & PA equipment & set up," "rental of tables" and "shuttle bus for ASDC meeting" on Schedules B and H4, but failed to clarify whether these disbursements were made on behalf of specifically identified federal candidates.</p> <p>On Schedule H4, the Committee failed to provide the full name and/or mailing address for \$1,799.65 in disbursements disclosed.</p> <p>The Committee failed to clarify whether the appropriate allocation ratio was used for payments totaling \$23,898.57 that are categorized on Schedule H4 as Administrative expenses with purposes indicating they are Fundraising expenses.</p>
Allocated Federal and Non-Federal Activity	2005 M10	<p>On Schedule H3, the Committee failed to clarify the name of account for \$8,000.00 in transfers received from an apparent non-federal account for activity allocated between its federal and non-federal accounts.</p> <p>The Committee disclosed \$4,077.59 in disbursements made for "catering," "dinner and sponsorship," "facilities rental," "catering of dinner" and "linen rental" on Schedules B and H4, but failed to clarify whether these disbursements were made on behalf of specifically identified federal candidates.</p>
Allocated Federal and Non-Federal Activity	2006 M6	<p>The Committee disclosed disbursements for salary, wages and/or fringe benefits on Schedule H4, resulting in an apparent impermissible transfer-in from the non-federal account of \$48,484.72.</p> <p>On Schedule H4, the Committee disclosed \$772.93 in disbursements made for "Display Posters," but failed to clarify whether the activity met the definition of Federal Election Activity. Further, the Committee failed to address an apparent impermissible transfer of \$656.99 from the non-federal account that occurred as a result of allocating these payments between the Federal and non-federal accounts.</p> <p>Schedule H4 of the Committee's report disclosed corporate in-kind donations totaling \$1,500.00. However, the Committee failed to transfer-out the federal share to the non-federal account in advance or upon receipt of the acceptance of the corporate in-kind donations, resulting in the apparent receipt of a prohibited in-kind contribution totaling \$615.00.</p>

		<p>The Committee failed to properly disclose a corporate in-kind donation totaling \$1,500.00 on Schedules H3 and H4.</p> <p>On Schedule H4, the Committee failed to provide the full name and/or mailing address for \$779.09 in disbursements disclosed.</p> <p>The Committee failed to provide an adequate purpose for disbursements to five (5) vendors totaling \$250.00.</p> <p>Schedule H4 disclosed \$256.10 for apparent reimbursements to individuals, however, the Committee did not provide MEMO entries to itemize vendors, resulting in a \$172.57 discrepancy.</p> <p>Schedule H4 disclosed a payment to an individual for a travel reimbursement greater than \$500.00; however, the Committee did not provide MEMO entries to itemize vendors, resulting in a \$572.01 discrepancy.</p> <p>The Committee disclosed \$2,494.25 in disbursements made for "Equipment Rental" on Schedule H4, but failed to clarify whether these disbursements were made on behalf of specifically identified federal candidates.</p>
Allocated Federal and Non-Federal Activity	2006 M10	<p>Schedule H4 disclosed an event year-to-date total for Administrative expenses of \$1,217,835.32; however, FEC calculations disclose this total to be \$1,250,944.02, resulting in a discrepancy of \$33,108.70.</p>
Allocated Federal and Non-Federal Activity	2006 30G	<p>The Committee failed to clarify transfers made to an apparent non-federal account disclosed on Schedule B totaling \$121,707.40.</p> <p>On Schedule H4, the Committee disclosed \$48,620.96 in disbursements made for "automated calls," "consulting - polling," "generic ad," "hand out pieces," "phone bank," "polling research," "printing flyers," "radio ad," "radio ads," "research calls" and "Victory 2006 Banner," but failed to clarify whether the activity met the definition of Federal Election Activity. Further, the Committee failed to address an apparent impermissible transfer of \$41,327.80 from the non-federal account that occurred as a result of allocating these payments between the Federal and non-federal accounts.</p> <p>The Committee disclosed a transfer from a national party committee on Schedule A supporting Line 11(a)(i) of the Detailed Summary Page. The Committee also disclosed payments for exempt activities on Schedule B supporting Line 30(b) and H4 supporting Line 21(a) totaling \$1,030.30. The transferred funds may or may not have been used to pay for the exempt activities.</p> <p>Schedule H4 disclosed an event year-to-date total for Administrative expenses of \$1,879,050.55; however, FEC</p>

		<p>calculations disclose this total to be \$1,889,896.29, resulting in a discrepancy of \$10,845.75.</p> <p>The Committee failed to clarify whether the appropriate allocation ratio was used for payments totaling \$7,136.00 that are categorized on Schedule H4 as Administrative expenses with purposes indicating they are Fundraising expenses.</p>
Failure to Properly Itemize Loans	2005 M6	<p>Schedule C of the Committee's report failed to provide the due date for one (1) loan owed by the Committee totaling \$50,000.00.</p> <p>The Committee failed to provide a copy of the loan agreement or a Schedule C-1 to support the \$50,000.00 loan disclosed on Schedule A supporting Line 13 of the Detailed Summary Page.</p>
Failure to Properly Itemize Loans	2006 M6	<p>The Committee has not provided a copy of the loan agreement or Schedule C-1 supporting the \$100,000.00 loan disclosed on Schedule A supporting Line 13 of the Detailed Summary Page.</p>
Failure to Properly Itemize Loans	Amended 2006 M6, received 9/14/06	<p>The Committee failed to clarify a discrepancy between the Schedule C-1 and loan agreement regarding the due date for a \$100,000.00 loan disclosed on Schedule A supporting Line 13 of the Detailed Summary Page.</p>
Failure to Clarify Public Communication Expenses & Possible Candidate Fundraising Expenses	2005 M11	<p>The Committee disclosed \$14,404.01 in disbursements made for "catering," "catering - not split," "hall rental" and "programs for dinner" on Schedule B, but failed to clarify whether these disbursements were made on behalf of specifically identified federal candidates.</p>

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