

## REPORTS ANALYSIS REFERRAL

TO

## ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: April 30, 2009

ANALYST: Jodi Winship

- I. COMMITTEE: Texas Bankers Association – Bankers Political Action Committee  
C00196444  
John M. Heasley, Treasurer  
203 West 10th Street  
Austin, TX 78701
- II. RELEVANT STATUTE: 2 U.S.C. §434(b)(4)(C)  
11 C.F.R. §104.3(b)(1)(ii)
- III. BACKGROUND:

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

The Texas Bankers Association – Bankers Political Action Committee (“The Committee”) amended its 2007 August Monthly Report to disclose an additional disbursement totaling \$125,000.00 (Attachment 2).

On August 20, 2007, the Committee filed its original 2007 August Monthly Report covering July 1, 2007 through July 31, 2007. The original report disclosed \$0.00 in disbursements on Line 22 (Transfers to Affiliated/Other Party Committees) of the Detailed Summary Page (Image 27931118706).

On December 12, 2007, Bernie Garza, the Committee’s administrative assistant, called the Reports Analysis Division (RAD) Analyst to explain that the Committee just received information about a disbursement made in July 2007 which the Committee did not disclose. The Analyst advised the Committee to amend the 2007 August Monthly Report to disclose the disbursement and to also amend its 2007 September, October, and November Monthly Reports in order to carry forward the aggregate year-to-date totals (Attachment 3).

On August 29, 2008, the Committee filed an Amended 2007 August Monthly Report which disclosed a \$125,000.00 disbursement on Line 22 of the Detailed Summary Page (Image 28991954541). The Committee attached a memo text to this report which stated,

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**"As a result of an internal audit, we discovered that the Committee's reported Beginning Cash on Hand balance as of January 1, 2004 was incorrect due to a software conversion. At the time of filing, the Committee disclosed all of the receipt and disbursement information in its possession at the time.**

**However, our audit has made us aware of disbursements for bank charges were not originally reported making this amendment necessary." (Image 28991954559)**

**On October 8, 2008, a Request for Additional Information ("RFAI") was sent to the Committee referencing the Amended 2007 August Monthly Report, received August 29, 2008. The RFAI asked for clarification regarding the \$125,000.00 disbursement that was not disclosed on the Committee's original 2007 August Monthly Report (Image 28039851219).**

**On November 10, 2008, the Committee filed an Amended 2007 August Monthly Report. There were no changes to the disbursements reported. In memo text attached to the report, the Committee stated in full:**

**"As a result of an internal audit, we discovered that the Committee's reported Baining [sic] Cash on Hand balance as of January 1, 2004 was incorrect due to a software conversion. At the time of the filing, the Committee disclosed all of the receipt and disbursement information in its possession at the time. However, our audit has made us aware of a PAC to PAC disbursement for \$125,000 that was not originally reported due to human error. Additionally, bank charges were not originally reported making this amendment necessary. Since the audit, the Committee has changed its internal controls to avoid these oversights and the employee is no longer employed by the sponsoring organization." (Image 28934207331)**

**On November 12, 2008, Georgia Crawley, the Committee's chief financial officer, called the Analyst and stated that the Committee recently underwent an internal audit after finding discrepancies in its reports. The Committee found that a \$125,000.00 disbursement was not disclosed on its 2007 August Monthly Report and amended the report to disclose the activity, also amending all subsequent reports to adjust the cash-on-hand and year-to-date totals. The Committee also found other small problems (such as wrong dates, undisclosed bank fees, etc.) that were also corrected in the amendments. Ms. Crawley said that since the internal audit, the staff member who was previously in charge of the reports no longer had that responsibility. She further stated that the Accounting Department had taken over the reporting duties so that the FEC reports could be reconciled with the bank statements. Ms. Crawley said that they included memo text on the amendment explaining the increase in activity. The Analyst explained that the Commission may still take further action (Attachment 3).**

**On November 19, 2008, the Analyst left a voicemail message for John Heasley, the Committee's treasurer, regarding the Amended 2007 August Monthly Report. The Analyst informed Mr. Heasley that the increase in disbursements on the amended report would be referred for further action. The Analyst explained she had been in contact with Ms. Crawley regarding the matter, but that if there was any other information the Committee wanted on the**

public record, they should submit it within the next two weeks. The Analyst told him to call with any further questions (Attachment 3).

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

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