



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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SENSITIVE

MEMORANDUM

April 3, 2012

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia Carmona *PC*
Chief Compliance Officer

Lynn M. Fraser *LF/KR*
Director, ADR Office

BY: Krista J. Roche *KR*
Assistant Director, ADR Office

SUBJECT: ADR 599 New Hampshire Republican State Committee and Robert Scott, Treasurer. Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Develop and certify implementation of a compliance operations manual which includes internal controls consistent with the Commission's Best Practices for Committee Management (2009 update) and a process to track receipt of, and response to, communications with the Commission; develop and certify implementation of a process whereby an independent compliance specialist reviews each FEC report prior to filing; provide annual certification of the review of all FEC reports by the independent compliance specialist; and pay a civil penalty of \$6000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 599 (A09-10). The ADR Office received this referral on November 10, 2011.

SUMMARY: The Audit Division referred the New Hampshire Republican State Committee and Robert Scott, Treasurer. (Respondents or the Committee)

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for a violation detailed in Finding 2 of the Final Audit Report approved by the Commission on October 24, 2011. Specifically, the Committee failed to disclose a debt for legal services in the amount of \$375,082, which was outstanding as of January 1, 2007.

In response to the Interim Audit Report, the Committee materially amended its reports to disclose the debt in question. The Committee contends that it has taken significant remedial measures and invested a vast amount of its financial and personnel resources to address the Commission's audit. The Committee contends that it consulted legal counsel during the audit and engaged counsel to provide monthly consultation on an ongoing basis. The Committee also contends that it purchased a professional reporting database and software to better assist in ongoing compliance.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of New Hampshire Republican State Committee and Robert Scott, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.