

REPORTS ANALYSIS DIVISION REFERRAL
TO
ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: May 10, 2012

ANALYST: Ashley Carter

- I. COMMITTEE: National Committee to Preserve Social Security & Medicare PAC
C00172296
Christine Kim, Treasurer
10 G St. NE, Suite 600
Washington, DC 20002-4215
- II. RELEVANT STATUTE: 2 U.S.C. § 441b
11 CFR § 114.5(b)(3)

III. BACKGROUND:

Prohibited and Other Impermissible Contributions/Transfers (Impermissible Receipt from a Connected Organization)

The National Committee to Preserve Social Security & Medicare PAC ("the Committee") received \$107,923.26 from its connected organization on March 7, 2011 for the reimbursement of administrative expenses paid by the Committee between April 2010 and March 2011. The reimbursement was received more than thirty (30) days after the initial disbursements were made¹. The Committee subsequently refunded the apparently impermissible reimbursement on June 9, 2011.

On April 7, 2011, the Committee filed the 2011 April Monthly Report covering the period from March 1, 2011 through March 31, 2011. Schedule A, supporting Line 15 (Offsets to Operating Expenditures) of the Detailed Summary Page, disclosed a receipt dated March 7, 2011, totaling \$107,923.26 from "NCPSSM" (the Committee's connected

¹ One disbursement, totaling \$9,035.02, made on February 10, 2011, to the connected organization for "PAC Salary & Benefits," appears to have been made within 30-days prior to receipt of the reimbursement (Image 11930496214).

organization) for "Refund of Salary and Benefits April 2010 through March 2011" (Image 11930625723).

On June 1, 2011, a Request for Additional Information (RFAI) was sent to the Committee referencing the 2011 April Monthly Report. The RFAI asked for clarification regarding the \$107,923.26 receipt from the Committee's connected organization for the apparent reimbursement for salary and benefits paid by the Committee. The RFAI explained that the connected organization may not reimburse the Committee for administrative expenses more than thirty (30) days after the expense(s) were paid by the Committee (Images 11330009982-11330009983).

On June 2, 2011, Phil Rotundi, the Committee's assistant treasurer, called the Reports Analysis Division (RAD) Analyst in regards to the RFAI referencing the 2011 April Monthly Report. Mr. Rotundi explained that he did not understand why the receipt of the reimbursement from the Committee's connected organization was a problem. The Analyst explained that the reimbursement was questioned because the purpose of disbursement specified that the reimbursement was for salary and benefits paid by the Committee between April 2010 and March 2011, indicating that the reimbursement took place more than thirty (30) days after the expenses were paid by the Committee. Mr. Rotundi asked how the Committee should report the refund to the connected organization. The Analyst told him to report the refund on the appropriate monthly report, and file a Miscellaneous Electronic Submission (Form 99) explaining that the impermissible portion of the reimbursement is being refunded. Mr. Rotundi said the Committee would make the refund and file a Form 99 (Attachment 2).

On June 3, 2011, the Committee filed a Form 99 stating:

"This letter is in response to your correspondence dated June 1, 2011, regarding disclosure of receipt of funds from our connected organization on Schedule A, on April 20th monthly report (3/1/11-3/31/11). Since the receipt for expense reimbursement was made beyond thirty days after the expense was paid, the receipt amount of \$107,923.26 from our connected organization will be refunded this month"(Image 11931586127).

On June 14, 2011, Mr. Rotundi called another RAD Analyst to ask for assistance responding to the RFAI referencing the Committee's 2011 April Monthly Report. Mr. Rotundi explained that the Committee had refunded the connected organization and the refund needed to be reflected on the Committee's 2011 July Monthly Report. The RAD Analyst told Mr. Rotundi to clearly indicate on the July Monthly Report that the refund was issued in response to the RFAI referencing the April Monthly Report. The Analyst also suggested the Committee file a Form 99 describing the situation and the action the Committee had taken to address the issue (Attachment 2).

On June 15, 2011, the Committee filed a Form 99 stating:

"This letter follows up my correspondence of June 3, 2011 regarding disclosure of the receipt of funds from our connected organization on

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schedule A, April 20th monthly report (3/1/2011-3/31/2011). In accordance with your previous guidance, the reimbursement of \$107,923.26 was made on June 9, 2011 and will be reflected in our July monthly report" (Image 11931650318).

On June 22, 2011, Mr. Rotundi called the RAD Analyst to ask if the regulation prohibiting the reimbursement of administrative expenses by the connected organization after thirty (30) days was new. The Analyst told him that she did not know but gave him the regulation citation (Attachment 2).

On July 14, 2011, the Committee filed its July Monthly Report covering the period from June 1, 2011 through June 30, 2011. The report disclosed a refund to "NCPSSM" for \$107,923.26 on June 9, 2011 for "Refund of Advanced Administrative Expenses" on Schedule B, supporting Line 22 (Transfers To Affiliated/Other Party Committees) of the Detailed Summary Page (Image 11931822872).

On August 9, 2011, the RAD Analyst called Mr. Rotundi to inform him that the matter addressed in the RFAI referencing the 2011 April Monthly Report was referable for further action. The Analyst told Mr. Rotundi that this was an opportunity to include any additional information on the public record. Mr. Rotundi asked the RAD Analyst to explain why the matter was still referable. The Analyst explained that the reimbursement was received from the connected organization more than thirty (30) days after the expenses were paid by the SSF and that the refund of the reimbursement was made more than thirty (30) days after its receipt. Mr. Rotundi asked the Analyst what would happen next and the Analyst explained that he would hear from another office within the agency regarding this matter (Attachment 2).

On August 11, 2011, the Committee filed a Form 99 stating:

"This letter is a comprehensive clarification of the disclosure of a March 7, 2011 receipt of funds from our connected organization (reported on Schedule A, Line 15, Item A, on our April 20, 2011 monthly report) and the corrective action taken. The funds at issue were a refund of salary and benefits April, 2010 through March, 2011.

At the time of this transaction, we were unaware of the 30 day prohibition of 11 CFR 114.5(b)(3). By letter dated June 1, 2011, our FEC analyst issued a request for additional information. Follow up consultation with our analyst confirmed the error and on June 3, 2011, we filed a Miscellaneous Report (Form 99) both identifying the error and notifying the FEC that the receipt amount would be refunded in June.

On June 15th, we filed a second Miscellaneous Report (Form 99) confirming that the refund was made on June 9, 2011. Subsequently, the refund was reported as required on our July monthly report, covering the period June 1-30, 2011 (Schedule B, Line 22, Item A) with the notation, "Refund of Advanced Administrative Expenses" (Image 11932166740).

On August 11, 2011, Mr. Rotundi called the RAD Analyst and stated that as a regular attendee at FEC conferences and round-tables, he had never learned about receipts from connected organizations and suggested that the FEC host a seminar on common errors made by committees. The Analyst told Mr. Rotundi that she could make the suggestion and recommended that he contact the Information Division because they are the responsible for organizing the seminars (Attachment 2).

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

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