



RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

2012 OCT 25 PM 3: 04

Federal Election Commission
Washington, DC 20463

SENSITIVE

MEMORANDUM

October 25, 2012

TO: The Commission

THROUGH: Alec Palmer *APCO*
Staff Director

FROM: Patricia C. Orrock *PCO*
Chief Compliance Officer

Lynn M. Fraser *LMF*
Director, ADR Office

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

SUBJECT: ADR 623 National Council of Farmer Cooperatives CO-OP/PAC and
Kelsey Swango, 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 best efforts procedures; conduct an internal training program regarding compliance procedures for Committee staff; certify the results of the Committee's 2012 election cycle internal audit and reconciliation to the Commission; and pay a civil penalty of \$1,500.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 623 (AR 12-06). The ADR Office received this referral on September 11, 2012.

Recommendation to Approve
Settlement Agreement
ADR 623 (AR 12-06)
Page 1

12190292830

SUMMARY: The Office of General Council referred the National Council of Farmer Cooperatives CO-OP/PAC and Kelsey Swango, Treasurer, (Respondents or the Committee) based on a Final Audit Report approved by the Commission on July 24, 2012. In that report the Commission found that during 2009 the Committee understated receipts and disbursements by \$10,770 and \$806, respectively, and overstated ending cash by \$6,500. The Commission found that in 2010 the Committee overstated beginning cash by \$13,001 and disbursements by \$6,500. According to the Final Audit Report, the Committee filed amended reports to materially correct the misstatements. In addition, the Commission found that the Committee failed to adequately disclose the occupation and name of employer for 57 percent of its itemized contributions. According to the Final Audit Report, Respondents filed amended reports to materially correct the inadequate and/or missing disclosure information for occupation and name of employer for itemized contributions from individuals.

Respondents do not dispute the audit findings, but contend that significant steps to correct past deficiencies and ensure future compliance have been undertaken. Respondents contend that in response to the Interim Audit Report, the Committee conducted an internal audit and filed amended disclosure reports during the audit to correct the misstatements and include missing occupation and employer information, 89 percent of which the Committee had in its possession already. Additionally, the Committee installed a new Treasurer in May, 2011 who has attended an FEC Conference and an FEC Seminar since her installation. The Committee also installed new officers, put in place a Steering Committee to oversee the Committee's financial affairs and activities, and implemented a procedure whereby an internal audit will be conducted once per election cycle.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of National Council of Farmer Cooperatives CO-OP/PAC and Kelsey Swango, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.