



Federal Election Commission
Washington, DC 20463

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SENSITIVE

MEMORANDUM

June 5, 2014

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

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

Lynn M. Fraser *LMF*
Director, ADR Office

SUBJECT: ADR 686 & ADR 688 Susan Davis for Congress and Brett P. Smiley, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Certify implementation of internal control procedures consistent with the Commission's Best Practices for Committee Management (2009 update).

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 686 (P-MUR 537)** consolidated with **ADR 688 (RR 12L-29)**. The ADR Office received these referrals on December 17, 2013.

SUMMARY: In ADR 686 Susan Davis for Congress and Brett P. Smiley, Treasurer (Respondents or the Committee), filed a *sua sponte* submission alleging that a former treasurer, Kinde Durkee, misappropriated Committee funds during her tenure (2008-2011). Respondents contend that although the unauthorized financial transactions resulted in inaccurate reports being filed with the Commission, amended reports have been filed to correct the record.

In ADR 688, the Reports Analysis Division (RAD) referred Respondents for failing to disclose all financial transactions in violation of the FECA. The

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Settlement Agreement
ADR 686 (P-MUR 537)
ADR 688 (RR 12L-29)

Committee filed its 2011 October Quarterly Report to disclose unauthorized disbursements of \$160,015.47.

Respondents acknowledge filing an Amended 2011 October Quarterly Report to disclose a \$160,015.47 cash-on-hand adjustment due to the unauthorized transactions of former treasurer, Kinde Durkee. In addition, Respondents contend they conducted a comprehensive analysis of the Committee's financial activity, contracted with a new compliance vendor, and implemented additional financial procedures and internal controls.

RECOMMENDATIONS:

1. Approve the attached consolidated settlement agreement of Susan Davis for Congress and Brett P. Smiley, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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