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Federal Election Commission
Washington, DC 20463

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 690 and ADR 692 Committee to Re-Elect Loretta Sanchez and Katharine Meyer Borst, 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 690 (P-MUR 539) and ADR 692 (RR 12L-30). The ADR Office received these referrals on December 17, 2013.

SUMMARY: In ADR 690, the Committee to Re-Elect Loretta Sanchez and Katharine Meyer Borst, Treasurer (Respondents or the Committee) filed a *sua sponte* submission alleging that a former treasurer, Kinde Durkee, misappropriated Committee funds during her tenure (1996-2011). Respondents contend that the unauthorized financial transactions resulted in inaccurate reports being filed with the Commission. After a thorough review of financial transactions, the Committee disclosed adjustments totaling \$401,409 on its reports to correct the record.

In ADR 692, the Reports Analysis Division (RAD) referred Respondents for failing to disclose all financial transactions in violation of the FECA. The Committee filed its

Recommendation to Approve
Settlement Agreement
ADR 690 (P-MUR 539)
ADR 692 (RR 12L-30)

2011 October Quarterly Report to disclose unauthorized disbursements of \$125,000. Subsequently, the Committee filed its 2012 Year End Report on January 31, 2013 to disclose an additional adjustment of \$276,409.

Respondents acknowledge filing an Amended 2011 October Quarterly Report to disclose a \$125,000 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. As a result of this review, the Committee filed its 2012 Year End Report to disclose additional unauthorized disbursements in the amount of \$276,409, or an aggregate of \$401,409.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of the Committee to Re-Elect Loretta Sanchez and Katharine Meyer Borst, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.