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OFFICE OF GENERAL
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August 11, 2011

PRE-MUR # 524

Jeff S. Jordan
Supervisory Attorney
Federal Election Commission
999 E Street, NW
Washington, DC 20463

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Re: Official 12th Dist Dem Party (C00280040)
Self-Report

Dear Mr. Jordan:

The Official 12th Dist Dem Party (the "12th District") voluntarily makes this self-report to the Federal Election Commission of violations by its former treasurer.

In early 2011, the chairman of the 12th District learned that the treasurer did not file the 2010 post-general report or the 2010 year-end report. In February, the treasurer was removed by the 12th District and her replacement was elected. It took several weeks and repeated attempts before the former treasurer turned over the committee's check book, bank records, and other financial documents in her possession. The 12th District conducted a thorough examination of these records. They discovered that unauthorized withdrawals were made in the form of checks payable to cash and signed only by the former treasurer contrary to the 12th District's pre-existing policy that two officer signatures were required for each committee check. The total amount owed by the former treasurer to the 12th District was \$10,000. The 12th District approached her with its findings and the entire amount was returned to the committee.

After its thorough internal audit and extensive review of the facts in this matter it was determined that: (1) the 12th District's former treasurer made 6 unauthorized withdrawals of committee funds totaling \$14,500 over a period of 12 months (\$4,500 was refunded during that period leaving a net amount owed of \$10,000); (2) she hid her actions from the 12th District and the Commission by failing to disclose the withdrawals on reports she prepared and submitted to the Commission; and (3) she failed to file two post-election reports with the Commission.

We are pleased to report that all of the misappropriated funds were returned, the reports were amended to properly disclose the unauthorized withdrawals, and the two-post election reports were filed with the Commission. The 12th District elected a new treasurer, the bank records are reconciled with the 12th District's FEC reports, and it implemented additional internal control policies to guard against any future misappropriations and associated misreporting.

The 12th District respectfully requests referral to the Commission's Alternative Dispute Resolution for conciliation of this matter.

1. Factual Background

In her final year of service as treasurer of the 12th District, Debra Doherty engaged in unauthorized financial activities and hid her actions from the 12th District and the Commission. A complete review of the findings from the 12th District's internal audit and investigation follows:

a. Unauthorized Withdrawals

Ms. Doherty made a total of 6 unauthorized withdrawals between January 15, 2010 and January 24, 2011 totaling \$14,500.¹ She used committee checks made payable to "cash" bearing only her signature. The 12th District's policy required that two officers – the chair person and the treasurer – must sign each check. Ms. Doherty acted contrary to this policy when she made the unauthorized withdrawals using checks only signed by her.

The first unauthorized withdrawal of \$2,500 was made on January 15, 2010 with check number 2508. On January 29, 2010, Ms. Doherty returned the funds when she made a deposit of \$2,500 in the 12th District's account.

The second unauthorized withdrawal was made on July 30, 2010 for \$2,500 with check number 2515. A hand note on the July 2010 bank statement, "+ 2500.00 = 13487.03," indicates that Ms. Doherty was adding the \$2,500 unauthorized withdrawal amount to the actual ending balance to reconcile the bank account with the disbursements and cash on hand she reported to the FEC in an attempt to hide her activities.

The third unauthorized withdrawal was made on September 2, 2010 for \$2,500 with check number 2516. Another hand note on the September bank statement, "+ 5000 = 21947.93," indicates that Ms. Doherty was adding the total of her two recent unauthorized and unreimbursed withdrawals totaling \$5,000 to reconcile the actual bank account ending balance with the amounts reported to the FEC.

On October 28, 2010, it appears that Ms. Doherty returned \$2,000 by making a cash deposit to the 12th District's account. As of this date, Ms. Doherty withdrew \$7,500 and returned \$4,500 leaving a balance owed to the 12th District of \$3,000. A hand note on the October 2010 bank statement, "+ 3000," is written next to the October 29 ending balance. Further down the page, a hand note, "5000 +," is written next to the daily balance summary for October 4, 2010. This confirms the 12th District's information and belief that on October 4, 2010 she owed the committee \$5,000 and after she made the \$2,000 deposit on October 28 she then only owed \$3,000 as of October 29 (the ending date). These hand notes appear to be her private record keeping to reconcile the unauthorized withdrawals with the disbursements and cash-on-hand amounts reported to the FEC.

¹ A copy of the 12th District's bank statements and the checks used to make the unauthorized withdrawals are attached.

The fourth unauthorized withdrawal was made on November 24, 2010 for \$3,000 with check number 2534. The hand notes on the November 2010 bank statement – "+ 6000" next to the November 30 ending balance indicate that she needed to add the \$3,000 carried over from the previous month to the \$3,000 withdrawal made on November 24 to reconcile with the actual bank balance. Her "+ 3000" note next to the daily balance for November 1 also confirms the amount she carried over from the previous month.

The fifth unauthorized withdrawal was made on December 30, 2010 for \$3,000 with check number 2538. There are no hand notes on the December bank statement. As of December 30, 2010, Ms. Doherty made unauthorized withdrawals of \$13,500 and repaid \$4,500 leaving an outstanding balance owed to the 12th District of \$9,000.

The sixth and final unauthorized withdrawal with a check payable to "cash" and only signed by Ms. Doherty was made on January 24, 2011 in the amount of \$1,000. In total, Ms. Doherty withdrew \$14,500 and returned \$4,500 leaving an outstanding amount owed to the 12th District of \$10,000.

b. Failure to disclose withdrawals and refunds on FEC reports

Ms. Doherty was responsible for preparing and filing the 12th District's disclosure reports with the FEC. For 2010 activity, Ms. Doherty filed the first 4 reports – the April Quarterly, July Quarterly, September Quarterly, and the Pre-General – but she did not file the Post-General or the Year End reports.

On the 2010 April Quarterly report, Ms. Doherty did not disclose the January 15 withdrawal of \$2,500 or the refund of \$2,500. The 12th District filed an amended 2010 April Quarterly report with the Commission disclosing these two unauthorized transactions.

During the 2010 July Quarterly report period Ms. Doherty did not make any unauthorized withdrawals or refunds. The 12th District's internal audit confirmed the information disclosed on the 2010 July Quarterly report and no amendments were necessary.

On the 2010 October Quarterly report, Ms. Doherty did not disclose two unauthorized withdrawals made on July 30 for \$2,500 and September 2 for \$2,500. The 12th District filed an amended 2010 September Quarterly report with the Commission disclosing these two unauthorized withdrawals.

During the 2010 Pre-General reporting period from October 1 to October 13, Ms. Doherty did not make any unauthorized withdrawals. An amended report was filed to correct the 12th District's cash on hand amount to reflect the total \$5,000 that was withdrawn from the committee's account.

The 12th District hired Whitney Burns, an FEC financial compliance specialist, to review its books and records eventually retrieved from Ms. Doherty and additional records obtained from the committee's bank. After her review, Ms. Burns prepared the amendments and accurate reports were filed with the Commission.

c. Failure to file Post-General and Year End reports

Ms. Doherty did not prepare and file the 12th District's 2010 Post-General or Year End reports. Ms. Burns reviewed the committee's records and prepared the two reports that were filed with the Commission. The Post-General report disclosed only \$18,000 in receipts and \$15,111.80 in disbursements leaving a cash on hand balance of \$7,711.50. The Year End report also disclosed minimal activity of \$0 receipts and \$15,409.97 in disbursements. The disbursements included \$6,000 in unauthorized withdrawals by Ms. Doherty.

d. The \$10,000 owed was refunded and disclosed to the Commission

After the internal audit and investigation was completed, the 12th District's attorney made Ms. Doherty aware of the findings and requested a full refund of the \$10,000 that she owed the committee. On June 30, 2011, the 12th District received the \$10,000 refund.² The return of the unauthorized withdrawals was disclosed on the 12th District's 2011 July 31 Mid-Year report filed with the Commission.

2. Violations and corrective action

The 12th District's treasurer misappropriated committee funds in violation of her duties under 2 U.S.C. §432; she failed to file accurate disclosure reports of receipts and disbursements in violation of §434(b), and; she failed to file the post-general election report and the year end report in violation of §§434(a)(4)(iii) and (iv).

All of the misappropriated funds were returned to the Committee. The 12th District filed 4 amended reports accurately disclosing the unauthorized withdrawals and refunds. And the two unfiled post-general and year end reports were filed with the FEC. In addition, a new treasurer was appointed to replace Ms. Doherty and he is receiving training from Ms. Burns to ensure future compliance.

The 12th District re-iterated its long standing requirement that all committee checks must be signed by two people – the chairperson and the treasurer – and it established new internal controls to help ensure that such violations do not recur. The specific controls are, as follows:

- **Bi-monthly Financial Reports and Review by Other Officers:** The treasurer shall prepare and distribute to the chairperson and other officers on a bi-monthly basis, prior to the regularly scheduled committee meetings, copies of the following documents: bank statements, the bank reconciliations checks issued by the committee, and a list of contributions/receipts. The officers will review these financial reports and consideration and approval will be an item on each committee meeting agenda.

² Copies of the refund money orders are attached.

- **FEC Report Preparation and Review by Other Officers:** Prior to the filing of each FEC report, the treasurer shall prepare and distribute to the chairperson and other officers a draft of the FEC report and a compilation of the monthly transactions reconciled to the FEC report.
- **Independent Review of Financial Reports:** The Committee shall have an independent person review and/or audit the financial statements and disclosure reports at the end of every calendar year.

3. Request for Alternative Dispute Resolution

The 12th District requests that these violations be considered under the Commission's Self-Reporting Policy and processed under the Commission's Alternative Dispute Resolution program. The 12th District is prepared to agree to the usual terms for ADR participation including prospective tolling of the applicable limitations periods and participation in bilateral negotiations and, if necessary, mediation. In addition, because the 12th District voluntarily disclosed the violations, remedied each of them, and took corrective steps to prevent future similar violations this matter is suitable for ADR processing.

I appreciate your consideration of our request and look forward to hearing from you at your earliest convenience.

Sincerely,

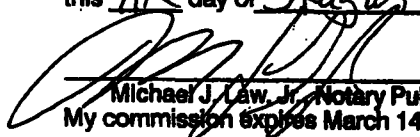


James Lamb
Counsel
Official 12th Dist Dem Party

Subscribed and sworn to before me, a Notary Public in and for the District of Columbia, on August 11, 2011.

/s/ Washington, D.C.
Michael J. Law, Jr.
Notary Public

My commission expires: 3/14/14

District of Columbia : SS
Subscribed and Sworn to before me
this 11th day of August, 2011

Michael J. Law, Jr., Notary Public, D.C.
My commission expires March 14, 2014