



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**VIA Facsimile (202-842-5825) and First Class Mail**

**FEB 27 2012**

Patricia A. Fiori, Esq.  
Utrecht & Phillips, PLLC  
1900 M Street, NW, Suite 500  
Washington, DC 20036

RE: MUR 6527  
John Edwards for President and Julius  
Chambers, in his official capacity as treasurer

Dear Ms. Fiori:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission became aware of information suggesting that John Edwards for President and Julius Chambers in his official capacity as treasurer ("JEFP"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On August 17, 2011, JEFP was notified that it was being referred to the Commission's Office of the General Counsel for possible enforcement action under 2 U.S.C. § 437g. On February 2, 2011, the Commission found reason to believe that JEFP violated 2 U.S.C. § 434(b)(5)(D) and 11 C.F.R. § 104.3(b)(4)(iii). Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

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In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Please note that JEFP has a legal obligation to preserve all documents, records and materials relating to this matter until such time as they are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

We look forward to your response.

On behalf of the Commission,



Caroline C. Hunter  
Chair

Enclosures  
Factual and Legal Analysis

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** John Edwards for President and Julius Chambers MUR 6527  
in his official capacity as Treasurer

**I. INTRODUCTION**

This matter was generated by a referral from the Audit Division following a Commission audit pursuant to 2 U.S.C. § 438(b). On July 28, 2011, the Commission approved the Final Audit Report ("FAR") for John Edwards for President and Julius Chambers, in his official capacity as treasurer ("JEFP" or the "Committee"), which recommended that the Commission adopt a finding that JEFP failed to itemize loan repayments, in violation of 2 U.S.C. § 434(b)(5)(D) and 11 C.F.R. § 104.3(b)(4)(iii). The finding stemmed from JEFP's failure to properly itemize disbursements for four loan installment repayments totaling \$4,344,469 in its April 2008 Monthly Report, as required by the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations. JEFP admits in its response to the FAR that its April 2008 Monthly Report did not contain the Schedule B-P itemizing the four installment repayments of approximately \$1 million each. See JEFP Response to Final Audit Report for AR 11-04 dated October 14, 2011 ("JEFP Response").

Based on the information set forth in the FAR, the Commission opened a Matter Under Review and found reason to believe that John Edwards for President and Julius Chambers, in his official capacity as treasurer, failed to properly itemize loan repayments in its April 2008 Monthly Report, in violation of 2 U.S.C. § 434(b)(5)(D) and 11 C.F.R. § 104.3(b)(4)(iii).

1 JEFP argues that the Summary Page and Schedules C and C-1 of the April 2008 Monthly  
2 Report correctly reported the \$4,344,469 in loan repayments and disclosed relevant details of the  
3 disbursements, including the name and address of the lending institution, as well as the amounts  
4 borrowed and the dates the loans were incurred. JEFP Response at 1-2. JEFP points out that the  
5 March and May 2008 Monthly Reports properly disclosed and itemized the same loans. *Id.*  
6 Thus, JEFP points out that there was public disclosure of the existence of the loan, the purpose  
7 of the loan, the lending institution and its address, and the total amount repaid on the loan during  
8 the month of April 2008, even if the specific dates and amounts of the disbursements making up  
9 those loan repayments were not properly itemized. *Id.* JEFP also points out that Senator  
10 Edwards, who ended his presidential campaign on January 30, 2008, was no longer a candidate  
11 at the time of the April 2008 disclosure filing.

12 JEFP asserts that it followed the same procedures when completing the March and April  
13 2008 Monthly Reports, and that the omission of the information on Schedule B-P of the April  
14 2008 Monthly Report, "in all likelihood resulted from a software issue" or a technical error. *Id.*  
15 at 2. The auditor who conducted the exit interview confirms that her notes reflect that JEFP  
16 raised the possibility of a technical problem during the exit conference and speculated that the  
17 computer software might have caused the omission of information on the Schedule B-P. It does  
18 not appear, however, that JEFP provided any additional information to corroborate this surmise,  
19 nor was any supporting information provided in the response to the referral notification.

20 Nor, in any event, would a software problem alleviate JEFP's responsibility to adhere to  
21 the Act's specific requirement that loan repayments be disclosed with the name and address of  
22 the person to whom the repayment is made, as well as all applicable dates and amounts.  
23 2 U.S.C. § 434(b)(5)(D). Pursuant to 2 U.S.C. §434(a) and (b), a committee is responsible for

1 using the appropriate computer software and certifying the accuracy of its disclosures.<sup>2</sup> Further,  
2 committees and their treasurers have a duty and an obligation to review filings with the  
3 Commission and file appropriate amendments in a timely manner. *Id.*

4 Accordingly, the Commission found reason to believe that John Edwards for President  
5 and Julius Chambers, in his official capacity as treasurer, failed to properly itemize loan  
6 repayments in its April 2008 Monthly Report, in violation of 2 U.S.C. § 434(b)(5)(D) and  
7 11 C.F.R. § 104.3(b)(4)(iii).

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<sup>2</sup> See also 11 C.F.R. § 111.35(d)(4) specifying that, in the Administrative Fines context, committee computer, software, or Internet service provider failures do not establish that the committee used its best efforts to file in a timely manner.