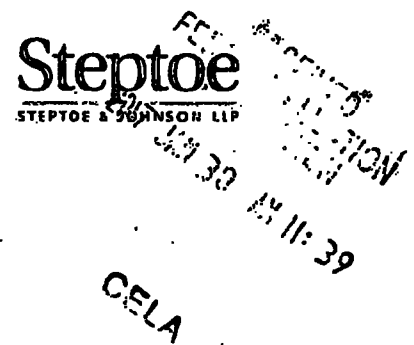


Scott A. Sinder
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January 27, 2017

Mr. Jeff S. Jordan
Assistant General Counsel
Federal Election Commission
Office of Complaints Examination & Legal Administration
Attn: Christal Dennis, Paralegal
999 E Street, NW
Washington, DC 20463

VIA E-MAIL to CELA@fec.gov

Re: RR 17L-01

Dear Mr. Jordan:

This letter is in response to your letter of January 12, 2017 to The Council of Insurance Agents and Brokers Political Action Committee ("Council PAC"), Ken A. Crerar, Treasurer. We appreciate the opportunity to respond on behalf of Council PAC and Mr. Crerar, and as explained below, respectfully submit that in light of Council PAC's prompt self-disclosure of the issue, forthright acknowledgement of error, and comprehensive remedial action, no further action on the part of the Federal Election Commission ("the Commission") is warranted.

As Council PAC first disclosed in May and acknowledged last October in its FEC Form 99 submissions (Attachments 1 and 2), Council PAC made a single isolated mistake, brought to light by its annual independent audit. The mistake was to transfer funds between Council PAC and the Council of Insurance Agents & Brokers ("The Council") on December 10, 2015 and then back from The Council to the Council PAC on January 8, 2016. The Council Controller acted on her own and was neither directed to make the transfers in question nor disclosed those transfers to her colleagues. While the \$700,000 transfer was not insignificant in its sum, it was an innocent mistake that will not happen again due to strict controls and procedures that have been implemented and a comprehensive program of training that has been conducted.

As explained in Ms. Alicia Anderson's Declaration (Attachment 3), there was no nefarious purpose or intent to mislead the Commission or the public. Ms. Anderson was responsible for a year-end financial review and as a result, improperly transferred funds from the Council PAC's account to the operating account of The Council, and then back to the Council PAC account 29 days later. She explains that she did not recognize the problem either with transferring the PAC funds or with not reporting such activity. See Anderson Decl. at ¶ 10, 13, 15. This was the first –

and only – time she undertook such action. *See id.* at ¶ 18. Ms. Anderson clearly states that she was under no direction to transfer funds from the Council PAC's account. *See id.* at ¶ 9. Further, since the money was already returned to the Council PAC account by the time preparation began for the Year-End Report, it "did not occur to her" that there was a need to disclose. *See id.* at ¶ 13.

As Mr. Crerar attests in his declaration (Attachment 4), he had no knowledge of Ms. Anderson's actions at the time he signed both the Year-End and the February Monthly Reports. *See* Crerar Decl. at ¶ 4, 5; *see also* Anderson Decl. at ¶ 9. He would have never authorized such action, and instead, would have instructed Ms. Anderson to do what they had done in years prior – look to The Council's other accounts and assets, which would have been more than sufficient to satisfy The Council's operating account requirements. *See* Crerar Decl. at ¶ 9. *See also id.* at ¶ 8; Anderson Decl. at ¶ 7.

It was only after The Council's annual independent audit that Mr. Crerar became aware of the improper transfer and lack of disclosure. *See* Crerar Decl. at ¶ 11. Once Mr. Crerar learned of the activity, he took immediate action in an attempt to comply with the disclosure rules by filing amended reports where necessary. *See id.* at ¶ 13. He further worked with Ms. Ce Harrison, the Chief Financial Officer of The Council, and Steptoe & Johnson LLP, as outside counsel, to make sure this never happened again. *See id.* at ¶ 12, 13. As Mr. Crerar outlines in his declaration, Ms. Anderson was removed as Custodian of Records for the PAC, and he "ordered an immediate review" of:

- "[T]he Council PAC's leadership, process and procedures";
- The "financial accounts of Council PAC and The Council, including ease of electronic access and the authority of individuals to access the accounts"; and
- "[O]ther past filings before the Commission[.]"

See id. at ¶¶ 14 – 17. As a result of that review, combined with the findings of the independent annual audit, Mr. Crerar ordered ten changes to the way Council PAC is run and the controls under which it operates. *See id.* at ¶ 18(a) – (j). These measures are outlined in Mr. Crerar's declaration and include:

- a. *Only the Designated Agent, Cheryl Matochik, and I are allowed to sign checks on behalf of the PAC.*
- b. *We removed the Council PAC's account from the National Capital Bank's online transfer system so that online transfers between these accounts can never occur again.*
- c. *The Council PAC's account is no longer part of The Council's ANYBILL online payable system, and online transfers can no longer be made from the Council PAC's account.*
- d. *Only paper checks will be allowed, after a full review and preclearance of requests.*

- e. Outside counsel now reviews all draft reports to be submitted to the Commission.*
- f. Both Council PAC and Council staff have met with staff from the software firm that we use to file our reports to make sure those utilize all the compliance features of the software.*
- g. Outside counsel had various training conversations with Council PAC and Council staff on issues related to proper disclosure and use of accounts.*
- h. The Council and Council PAC staff attended Commission-sponsored training in June, 2016.*
- i. Internal processes have been created to ensure that communications addressed to me arrive without delay.*
- j. Outside counsel will review any changes made to these controls or any other Council PAC processes.*

See id. at ¶ 18.

In addition, relevant Council PAC and Council staff attended a general Commission compliance workshop, met with its compliance software firm, and participated in training conducted by Steptoe & Johnson to ensure a better overall compliance environment going forward. *See id.* at ¶ 18(f) – (h).

We appreciate the opportunity to explain the circumstances Council PAC has taken in response more fully. Based upon these facts and circumstances, we believe this innocent and isolated mistake does not warrant further Commission resources. We therefore respectfully request dismissal of this referral or, alternatively, an assignment to the Alternative Dispute Resolution Office.

Thank you for your time and consideration.

Sincerely,

Scott Sinder
Jason Abel

Matt Herrington
Steptoe & Johnson LLP
Counsel to The Council of Insurance Agents & Brokers PAC

MISCELLANEOUS TEXT (FEC Form 99)

PAGE 1 / 1

NAME OF COMMITTEE (In Full)
The Council of Insurance Agents & Brokers Political Action
Committee

FEC IDENTIFICATION NUMBER
C00039578

Mailing Address 701 Pennsylvania Avenue, NW
Suite 750

City State ZIP Code
Washington DC 20004-2608

Ms. Samantha Hay
Campaign Finance Analyst
Reports Analyst Division
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: The Council of Insurance Agents and Brokers Political Action Committee
FEC ID No. C00039578

Dear Ms. Hay:

This letter is in response to your letters of September 7, 2016 to the Treasurer of The Council of Insurance Agents and Brokers Political Action Committee (Council PAC), regarding (i) Amended Year-End Report (12/01/2015 12/31/2015), Received 05/20/2016; and (ii) Amended February Monthly Report (01/01/2016 01/31/2016), Received 05/20/2016. Council PAC is the separate segregated fund of the Council of Insurance Agents and Brokers (The Council) and we have always placed a priority on disclosure and compliance with campaign finance law and Federal Election Commission (FEC) rules and regulations. Thank you for giving us the opportunity to more fully explain the facts surrounding your letter.

We acknowledge that the Councils accounting staff mistakenly disbursed money from the Council PAC to The Council operating account on December 10, 2015. The money was subsequently returned back to the Council PAC 29 days later on January 8, 2016. Both of these transactions occurred without the review and approval of the Treasurer. The Treasurer of Council PAC and The Councils Chief Financial Officer became aware of these actions as a result of the Councils annual internal audit in May, which succeeded in identifying any issues surrounding the accounts. As a result of the audit, Council staff worked with legal counsel to amend and refile FEC reports to properly acknowledge and reflect this inadvertent activity. Further FEC reports were amended and filed as a result of this subsequent review.

Since the internal audit, numerous controls have been established to prevent such action from occurring again. We appreciate the opportunity to explain the circumstances surrounding these amendments more fully and are willing to answer any further questions you may have.

Sincerely,

Scott Sinder and Jason Abel
Steptoe & Johnson LLP

Counsel to The Council of Insurance Agents & Brokers PAC

MISCELLANEOUS TEXT (FEC Form 99)

PAGE 1 / 2

NAME OF COMMITTEE (In Full)
The Council of Insurance Agents & Brokers Political Action
Committee

FEC IDENTIFICATION NUMBER
C00039578

Mailing Address 701 Pennsylvania Avenue, NW
Suite 750

City State ZIP Code
Washington DC 20004-2608

November 1, 2016

Ms. Samantha Hay
Campaign Finance Analyst
Reports Analyst Division
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: The Council of Insurance Agents and Brokers Political Action Committee
FEC ID No. C00039578

Dear Ms. Hay:

This letter is in further response to your letters of September 7, 2016 to the Treasurer of The Council of Insurance Agents and Brokers Political Action Committee (Council PAC), regarding (i) Amended Year-End Report (12/01/2015 12/31/2015), Received 05/20/2016; and (ii) Amended February Monthly Report (01/01/2016 01/31/2016), Received 05/20/2016. Council PAC is the separate segregated fund of the Council of Insurance Agents and Brokers (The Council) and this is a follow-up to our letter of October 5, 2016. We appreciate you taking the time to discuss this and we would like to provide you with some additional details. As noted in our previous letter, the Treasurer of the PAC and the Councils Chief Financial Officer (CFO) were unaware of the actions that were the subject of your letters, and, as a result, the transactions were not initially reported. Further, the staffer that made the disbursements did not understand the disclosure ramifications of her actions. Once the Treasurer of the PAC and the Councils CFO did learn what had transpired however, steps were taken immediately to provide the Federal Election Commission (FEC) and the public with the correct numbers. A breakdown in communication led to the initial filings not reflecting the correct amount in the account, and was an error on the part of staff.

Since learning of the error, and as a reflection of the seriousness with which Council PAC handles these issues, numerous controls were implemented to prevent such actions from occurring again and to ensure accurate, timely filings moving forward, including:

1. Council PAC Staff, with the assistance of outside counsel, completed a thorough review of the Council PAC, and also completed filings with the FEC to amend the reports affected by the transfer.
2. Council PAC installed a new Assistant Treasurer for the PAC, who is a long-time Council employee and member of their senior staff. Going forward, she and the PAC Treasurer will be the only individuals authorized to sign Council PAC checks or to make any disbursements with PAC dollars. The Statement of Organization was amended and further updated to reflect both this change, and other organizational contact information changes, including changing the Custodian of Record to the Council CFO.
3. The Council management implemented additional controls, including removing the Council PAC bank account from National Capital Banks online transfer system.
4. The Council removed the Council PAC account from its ANYBILL online payable system account, thereby disallowing any online approval of disbursements from the Council PAC. The Council will only issue paper checks for disbursements after reviewing paper requests.
5. All FEC reports are now being sent to the Councils outside legal counsel, Steptoe & Johnson, LLP, prior to review by the Custodian of Records. After that review is completed, the PAC Treasurer will also review the report and provide a manual signoff on the paper report before it is filed online with the FEC.

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FEC IDENTIFICATION NUMBER
C00039578

City	State	ZIP Code
Washington	DC	20004-2608

We appreciate the opportunity to explain the circumstances and our remedial steps more fully and are willing to answer any further questions you may have.

Sincerely,

Scott Sinder
Jason Abel
Stephoe & Johnson LLP
Counsel to The Council of Insurance Agents & Brokers PAC

**Federal Election Commission
Referral RR 17L-01**

DECLARATION OF ALICIA ANDERSON

I, Alicia Anderson, hereby declare, under penalty of perjury pursuant to 28 U.S.C. § 1746, the following:

1. I serve as Controller for the Council of Insurance Agents & Brokers (The Council).
2. I served as Custodian of Records for the Council of Insurance Agents & Brokers Political Action Committee (Council PAC) until May 2016.
3. I had access to the various accounts that The Council maintains, and also had access to the Council PAC.
4. In December of 2015, there was an impending cash shortfall in The Council's operating account.
5. On December 10, 2015, I transferred \$700,000 from the Council PAC account to The Council operating account to address this problem.
6. While there were other accounts and assets that could have been used to cover The Council's operating account shortfall, I chose to use the Council PAC account because I believed that was easiest.
7. The Council had other accounts and investments that I could have used to satisfy the operating account need, and those resources were more than sufficient.
8. On January 8, 2016, I transferred the \$700,000 back from The Council's operating account to the Council PAC account.
9. I was under no instructions to transfer money from the Council PAC account and no one else knew I made the two transfers at the time the transfers were made.
10. I now understand that this was a mistake, as I had not previously been trained on these particular issues.
11. I prepared the information for the Council PAC's Year-End Report, which was filed on January 28, 2016, and which was after the \$700,000 had been transferred back to the Council PAC account.

12. I prepared the information for the Council PAC's February Monthly Report, which was filed on February 19, 2016.

13. Given that the money was back in the Council PAC's account by the time the Year-End Report was prepared and filed, it did not occur to me to report the transfers on either the Year-End or the February Monthly Reports.

14. I now understand that these transfers should have been disclosed at the time.


15. As a result of The Council's annual independent audit, I was approached about the transfers and immediately recognized that I should not have made the transfers and should have disclosed such transfers.

16. I cooperated fully with the auditors and later with counsel in preparation of amended reports to fully disclose my actions.

17. As of May, 2016 I am no longer Custodian of Records and no one at The Council has the ability to make outgoing electronic transfers from the Council PAC account due to new controls put in place by The Council and the Council PAC.

18. This was the only time I transferred funds involving the PAC account to any other account, and I sincerely regret the error, which was due to a lack of knowledge of the appropriate process.

Pursuant to Section 1746 of Title 28 of the United States Code, I declare under penalty of perjury that the foregoing is true and correct. Executed on January 26, 2017.



Alicia Anderson

**Federal Election Commission
Referral RR 17L-01**

DECLARATION OF KEN A. CRERAR

I, Ken A. Crerar, hereby declare, under penalty of perjury pursuant to 28 U.S.C. § 1746, the following:

1. I serve as President and CEO for the Council of Insurance Agents & Brokers (The Council).
2. I also serve as Treasurer of the Council of Insurance Agents & Brokers Political Action Committee (Council PAC).
3. I personally, Council PAC and The Council, all take compliance with federal campaign finance law and Federal Election Commission (FEC) rules and regulations very seriously and we make every effort to comply with both the letter and spirit of the law.
4. I signed the Council PAC's Year-End and February Reports without any knowledge that \$700,000 had been transferred from Council PAC to The Council or had been repaid to Council PAC by The Council.
5. As I certified on the forms, to the best of my knowledge at the time I signed these forms, the forms were true, correct and complete.
6. At the end of the year, we often need to transfer funds to The Council's operating account to satisfy short-term cash needs.
7. Prior to 2015, we have never utilized PAC funds to address these needs.
8. In December of 2015, we had ample resources in non-PAC accounts and investments to satisfy the operating account requirements. Money from the Council PAC was not needed.
9. I would never have approved any transfer of funds from the Council PAC's account to The Council's account, and I would have immediately reprimanded any employee who even suggested such an impermissible action.
10. The Council has an annual audit process where our financials are audited by Tate & Tryon.

11. In May, 2016, the auditors brought the \$700,000 transfer to the attention of Ce Harrison, The Council's Chief Financial Officer, who immediately informed me of what had happened. Neither of us were aware of these transactions before May.
12. Ce Harrison and I immediately spoke to Alicia Anderson in an attempt to understand what had happened, why she had made such transfers and why these transactions were not disclosed on our FEC reports.
13. We worked with counsel and prepared amended Year-End and February Monthly Reports to properly disclose the transfers.
14. We then filed an amended Statement of Organization removing Alicia Anderson as Custodian of Records and making Cheryl Matochik the Designated Agent, and Ce Harrison Custodian of Records.
15. I ordered an immediate review of the Council PAC's leadership, process and procedures.
16. I ordered an immediate review of financial accounts of Council PAC and The Council, including ease of electronic access and the authority of individuals to access the accounts.
17. I ordered an immediate review of other past filings before the Commission and any reports that needed amending were immediately amended.
18. We conducted those reviews in addition to our auditing process and implemented the following controls to ensure that we would be in full compliance going forward:
- a. Only the Designated Agent, Cheryl Matochik, and I are allowed to sign checks on behalf of the PAC.
 - b. We removed the Council PAC's account from the National Capital Bank's online transfer system so that online transfers between these accounts can never occur again.
 - c. The Council PAC's account is no longer part of The Council's ANYBILL online payable system, and online transfers can no longer be made from the Council PAC's account.
 - d. Only paper checks will be allowed, after a full review and preclearance of requests.


- e. Outside counsel now reviews all draft reports to be submitted to the Commission.
- f. Both Council PAC and The Council staff have met with staff from the software firm that we use to file our reports to make sure those utilize all the compliance features of the software.
- g. Outside counsel had various training conversations with Council PAC and The Council staff on issues related to proper disclosure and use of accounts.
- h. The Council and Council PAC staff attended Commission-sponsored training in June, 2016.
- i. Internal processes have been created to ensure that communications addressed to me arrive without delay.
- j. Outside counsel will review any changes made to these controls or any other Council PAC processes.

19. We will continue to be subject to an independent audit and will continue to include the Council PAC's accounts in this audit.

20. After our reviews and the independent audit, it is clear that this was a one-time mistake and does not represent our culture or our strong compliance ethic.

21. Given the newly implemented controls, I can assure the Commission that such a mistake will not happen again.

Pursuant to Section 1746 of Title 28 of the United States Code, I declare under penalty of perjury that the foregoing is true and correct. Executed on 1/27/17.


Ken A. Crerar