



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MAY 23 2013

Wade S. Williams, Esq.
PAC Outsourcing, LLC
6192 Oxon Hill Road, Suite 601
Oxon Hill, MD 20745

Alex S. Reynolds, Esq.
Marrinan & Mazzola Mardon, P.C.
26 Broadway, 17th Floor
New York, NY 10004

RE: MUR 6737
(formerly Pre-MUR 542)

Dear Mr. Williams and Mr. Reynolds:

On May 21, 2013, the Federal Election Commission accepted the signed conciliation agreement submitted to resolve violations of the reporting and record-keeping requirements of the Federal Election Campaign Act by the International Longshoremen's Association, AFL-CIO, Committee on Political Education and Harold Daggett in his official capacity as treasurer. I have enclosed a copy of the fully executed conciliation agreement for your files. Please note that, as specified in the agreement, the \$51,000 civil penalty is due within 30 days of the agreement's effective date.

The file in this matter is now closed. Therefore, documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003); Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). The Commission will not make public information derived in connection with any conciliation attempt, however, without the written consent of the respondent and the Commission. 2 U.S.C. § 437g(a)(4)(B).

If you have any questions, please contact me at (202) 694-1597.

Sincerely,

A handwritten signature in black ink, appearing to read "LEONARD O. EVANS III".

Leonard O. Evans III
Attorney, Enforcement Division

Enclosure

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of:)
)
International Longshoremen's Association,)
AFL-CIO, Committee on Political)
Education and)
Harold Daggett in his official)
capacity as treasurer,)
)
Respondent.)
_____)

Pre-MUR 542

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OFFICE OF FEDERAL
ELECTION COMMISSION

CONCILIATION AGREEMENT

The International Longshoremen's Association, AFL-CIO, Committee on Political Education and Harold Daggett in his official capacity as treasurer ("ILA-COPE") initiated this matter by filing a *sua sponte* submission with the Federal Election Commission (the "Commission"). After reviewing the matter, the Commission engaged ILA-COPE in Fast-Track Resolution under the Commission's *sua sponte* policy, 72 Fed. Reg. 16,695 (Apr. 5, 2007), and thus has not made a finding that there is reason to believe a violation has occurred.

NOW, THEREFORE, the Commission and ILA-COPE, having participated in informal methods of conciliation before a finding that there is probable cause to believe a violation has occurred, hereby enter into this Conciliation Agreement (the "Agreement"), which provides as follows:

I. The Commission has jurisdiction over ILA-COPE and the subject matter of this proceeding, and this Agreement has the effect of an agreement entered under 2 U.S.C. § 437g(a)(4)(A)(i).

II. ILA-COPE has had a reasonable opportunity to demonstrate that the Commission should take no action in this matter.

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III. ILA-COPE, through its undersigned representatives, who represent that they have the authority to enter into this Agreement on its behalf, voluntarily enters into this Agreement with the Commission.

IV. The parties agree that the pertinent facts are as follows:

1. ILA-COPE is a separate segregated fund and therefore is a political committee within the meaning of 2 U.S.C. § 431(4). *See* 2 U.S.C. §§ 431(4)(B), 441b(b). ILA-COPE first registered with the Commission in 1982, and Harold Daggett is its current treasurer of record.

Reporting Receipts and Disbursements

2. The Federal Election Campaign Act (the "Act") requires committee treasurers to file reports of receipts and disbursements according to the requirements of 2 U.S.C. § 434. *See* 2 U.S.C. § 434(a)(4); 11 C.F.R. § 104.1(a). These reports must disclose, *inter alia*, the total amount of receipts and disbursements and the cash on hand at the beginning of the reporting period. *See* 2 U.S.C. § 434(b); 11 C.F.R. § 104.3. The Act also requires committees to disclose itemized breakdowns of receipts and disbursements, including the disclosure of the name and address of each person who has made any contributions or received any disbursements in an aggregate amount or value greater than \$200 within the calendar year, together with the date and amount of any such contribution or disbursement. *See* 2 U.S.C. § 434(b)(3)-(6); 11 C.F.R. § 104.3(a)(4), (b)(3).

3. ILA-COPE did not report disbursements totaling \$984,689.35 in its disclosure reports filed with the Commission between 2007 and the end of 2011. This

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discrepancy resulted primarily from ILA-COPE's omission of certain administrative expenses — such as legal and accounting fees — totaling almost \$738,000. ILA-COPE also did not report as disbursements certain independent expenditures it made in 2008 totaling \$130,414.26, and it misreported contributions to candidates and political committees.

4. ILA-COPE also misreported receipts by a total of \$659,658.64 in the disclosure reports it filed with the Commission between 2007 and the end of 2011. The primary cause of this discrepancy was that ILA-COPE did not correctly state interest and investment income activity totaling \$629,432.50. ILA-COPE also had a discrepancy of \$13,772.43 between its reported and actual unitemized contributions it received.

5. By the beginning of 2007, ILA-COPE had developed a discrepancy between its reported and actual cash-on-hand balance of \$1,259,565.17. Between 2007 and 2011, ILA-COPE overstated its cash-on-hand by another \$516,542.39 in the disclosure reports it filed with the Commission, which resulted in a total cash-on-hand discrepancy of \$1,776,107.56 by the end of 2011. This discrepancy resulted primarily from the unreported and misreported financial activity described in the preceding paragraphs.

6. These types of errors concerning ILA-COPE's reporting of receipts, disbursements, and cash-on-hand date back to at least 2005. And ILA-COPE understands they likely began many years earlier.

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Independent Expenditure Reporting and Record-Keeping

7. The Act and Commission regulations also require committees to disclose and keep records concerning independent expenditures. A committee must report all of its independent expenditures on Schedule E as part of its regular reports to the Commission. *See* 2 U.S.C. § 434(b)(6)(B)(iii), (d), (g); 11 C.F.R. §§ 104.3(b)(3)(vii), 104.4, 109.10(a). If a committee's independent expenditures aggregate to \$10,000 or more during the calendar year up to and including the 20th day before an election, the committee must disclose the activity within 48 hours. *See* 2 U.S.C. § 434(g); 11 C.F.R. § 104.4(b)(2). During the 20-day window before an election, a committee must disclose within 24 hours any independent expenditure activity that aggregates to \$1,000 or more. *See* 2 U.S.C. § 434(g); 11 C.F.R. § 104.4(c). Finally, committees must maintain records with sufficiently detailed information so that their reports can be verified. *See* 11 C.F.R. § 104.14(b).

8. During the 2008 election cycle, ILA-COPE made independent expenditures totaling \$130,414.26, but it did not disclose them to the Commission in its periodic reports or in 48- or 24-hour notices. Nor did ILA-COPE keep records concerning these expenditures.

9. Finally, ILA-COPE's erroneous reporting of receipts, disbursements, and independent expenditures, as described in this Agreement, resulted from ILA-COPE's incomplete and inaccurate record-keeping, ILA-COPE personnel's lack of familiarity with disclosure and reporting requirements, and a lack of communication with external compliance personnel.

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V. ILA-COPE violated the Act and Commission regulations as follows:

1. Between 2007 and 2011, ILA-COPE failed to accurately disclose to the Commission financial activity totaling \$1,644,347.99 (based on disbursements totaling \$984,689.35 and receipts totaling \$659,658.64) and overstated its cash-on-hand by \$516,542.39, both in violation of 2 U.S.C. § 434(b); and

2. In 2008, ILA-COPE failed to disclose to the Commission or keep records concerning independent expenditures totaling \$130,414.26, in violation of 2 U.S.C. §§ 434(b) and (g) and 11 C.F.R. § 104.14(b).

VI. Having acknowledged the violations of the Act set forth in this Agreement, ILA-COPE will do the following to fully resolve and settle this matter:

1. Pay to the Commission a civil money penalty in the amount of Fifty-One Thousand Dollars (\$51,000), under 2 U.S.C. § 437g(a)(5);

2. Amend the relevant disclosure reports in accordance with instructions from the Commission's Reports Analysis Division to reflect accurately ILA-COPE's financial activity and cash-on-hand;

3. Cease and desist from violating 2 U.S.C. § 434(b) or any other provision of the Act;

4. Train its treasurer and any other ILA-COPE personnel involved in carrying out ILA-COPE's disclosure obligations concerning the Commission's reporting and record-keeping requirements; and

5. Direct its outside accountant or compliance consultant to conduct a review of ILA-COPE's financial activity and disclosure reports each calendar year for the next

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five years, beginning with calendar year 2012, and have the reviewer submit to the Commission's Reports Analysis Division a letter certifying its review and disclosing its findings by May 1 of the following year.

VII. Within no more than thirty days from the effective date of this Agreement, ILA-COPE will do the following:

1. Fully implement and comply with the requirements of this Agreement; and
2. Notify the Commission in writing that it has fully implemented, is complying with, and will continue to comply with the requirements of the Agreement.

VIII. This Agreement is effective as of the date that all parties have executed it and the Commission has given its final approval.

IX. At the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue in this case, or on its own motion, the Commission may review compliance with this Agreement. If the Commission finds that ILA-COPE has violated any requirement set forth in this Agreement, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This Agreement constitutes the entire agreement between the parties concerning this matter. No other statement, promise, or agreement, whether oral or written, made by either party or by agents of either party will be enforceable as part of this Agreement.

XI. This Agreement may be executed in counterparts, each of which constitutes an original and all of which collectively constitute one and the same Agreement.

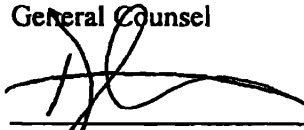
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FOR THE COMMISSION:

Anthony Herman
General Counsel

Dated: 5/24/13

BY:


Daniel A. Petalas
Associate General Counsel for Enforcement

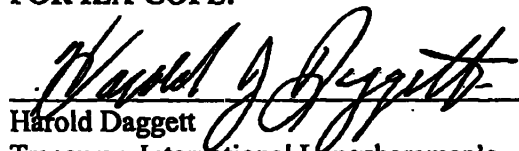
Peter Blumberg
Assistant General Counsel

Leonard O. Evans III
Attorney, Enforcement Division


FOR ILA-COPE:

Dated: 12/12/12

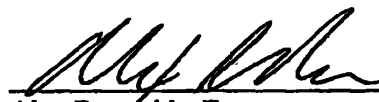
BY:


Harold Daggett
Treasurer, International Longshoremen's
Association, AFL-CIO, Committee on
Political Education

Dated: 12-20-2012


Wade Williams, Esq.
President, PAC Outsourcing LLC
Counsel to ILA-COPE

Dated: 12/14/12


Alex Reynolds, Esq.
Marrinan & Mazzola Mardon, P.C.
Counsel to ILA-COPE

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