

FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Ms. Ikeita Cantu Hinojosa, JD, MSW, LBSW

MAY 08 2009

Wheaton, MD 20902

RE: MUR 5905  
National Association of Social  
Workers, Inc., National Association  
of Social Workers, Inc. Political  
Action for Candidate Election and  
Jacqueline Sheingold, Treasurer

Dear Ms. Cantu Hinojosa:

This is in reference to the complaint you filed with the Federal Election Commission on March 8, 2007 concerning National Association of Social Workers, Inc. ("NASW"), National Association of Social Workers, Inc. Political Action for Candidate Election ("PACE") and Jacqueline Sheingold, Treasurer. The Commission found that there was reason to believe NASW violated 2 U.S.C. § 432(b)(2)(B) and 11 C.F.R. §§ 102.6(c)(4) and 102.8(b), and PACE and Jacqueline Sheingold, as Treasurer violated 11 C.F.R. § 102.6(c)(1) provisions of the Federal Election Campaign Act of 1971, as amended, and conducted an investigation in this matter. On April 30, 2009, a conciliation agreement signed by the respondents was accepted by the Commission in settlement of these violations.

In addition, the Commission found that there is no reason to believe Elizabeth J. Clark, NASW Executive Director; Kathleen Waugh, NASW Chief Operating Officer; Carolyn I. Polowy, NASW General Counsel; and Denise McKenzie, NASW Acting Controller, violated the Act.

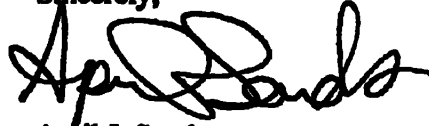
Accordingly, the Commission closed the file in this matter on April 30, 2009. Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). A copy of the agreement with NASW, PACE and Roderick F. O'Connor, Treasurer is enclosed for your information. In addition, copies of the Factual and Legal Analyses, which formed the basis of the Commission's decisions, are attached.

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Ms. Hinojosa, JD, MSW, LBSW  
MUR 5905  
Page 2

If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "April J. Sands". The signature is fluid and cursive, with the first name "April" and last name "Sands" clearly distinguishable.

April J. Sands  
Attorney

Enclosures  
Conciliation Agreement  
Factual and Legal Analyses

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**BEFORE THE FEDERAL ELECTION COMMISSION**

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COMMISSION  
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2009 APR -7 A 11:43

In the Matter of )

National Association of Social Workers, Inc. )

National Association of Social Workers, Inc. )

Political Action for Candidate Election )

and Roderick F. O'Connor, )

in his official capacity as Treasurer )

MUR 5905

2009 APR -8 A 11:33  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

**CONCILIATION AGREEMENT**

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

The Commission found reason to believe that National Association of Social Workers, Inc.

("NASW") violated 2 U.S.C. § 432(b)(2)(B) and 11 C.F.R. §§ 102.6(c)(4) and 102.8 by failing to timely transmit contributions to NASW Political Action for Candidate Election ("PACE").

The Commission also found reason to believe that PACE and its treasurer violated 11 C.F.R. § 102.6(c)(1) by failing to ensure that the transmittal requirements regarding contributions were met. This agreement refers to NASW, PACE, and Roderick O'Connor collectively as "Respondents."

NOW, THEREFORE, the Commission and the Respondents having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

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

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

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III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The National Association of Social Workers ("NASW") is the largest membership organization of professional social workers in the world with 146,000 members.

2. National Association of Social Workers, Inc. Political Action for Candidate Election ("PACE") was formed almost thirty years ago and is the political action arm of NASW. Jacqueline Steingold was the treasurer during 2005-2007. The current treasurer of PACE is Roderick F. O'Connor.

3. As a political action committee, PACE endorses and financially contributes to candidates who support NASW's policy agenda. PACE is funded almost entirely by member contributions and reimburses NASW for virtually all PACE administrative expenses incurred on its behalf, including its share of rent, staff salaries, benefits, and administrative overhead.

4. According to its filings with the Commission, PACE holds itself out as the SSF of NASW and has listed NASW as its connected organization. Thus, NASW is an entity that may act as a collecting agent for PACE.<sup>1</sup>

5. The Commission's regulations require collecting agents to follow certain procedures for collecting and transmitting contributions for the SSF in order not to have their own reporting requirements. For purposes of making transmittals of contributions received in forms other than checks made payable to the separate segregated fund, the collecting agent must either: 1) set up a transmittal account to be used solely for the deposit and transmittal of funds

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<sup>1</sup> A "collecting agent" is an organization or committee that collects and transmits contributions to one or more separate segregated funds ("SSFs") to which the collecting agent is related. See 11 C.F.R. § 102.6(b)(1). A parent, subsidiary, branch, division, department, or local unit of the connected organization or the separate segregated fund may act as collecting agent for the separate segregated fund (SSF). See 11 C.F.R. § 102.6(b)(1)(ii).

collected on behalf of the separate segregated fund; 2) deposit such contributions into the agent's treasury account, keeping separate records; or 3) deposit them into an account used only for state and local election activity. See 11 C.F.R. § 102.6(c)(4)(ii). A collecting agent that follows these procedures is not required to register and report as a political committee provided that the organization does not engage in activities such as making contributions or expenditures for the purpose of influencing federal elections. See 11 C.F.R. § 102.6(b)(2).

6. As the collecting agent for PACE, NASW is required to forward contributions of \$50 or less to the treasurer of PACE within 30 days of receipt. See 2 U.S.C. § 432(b)(2)(A) and 11 C.F.R. § 102.8(b). In addition, NASW must forward contributions in excess of \$50 to the treasurer of PACE within 10 days of receipt, along with the name and address of the contributor and the date of receipt of the contribution. See 2 U.S.C. § 432(b)(2)(B) and 11 C.F.R. § 102.8(b)(2).

7. On four occasions in 2005 and 2006, NASW failed to timely remit payments to PACE within the 30-day required period. Specifically, the four late transfers were: (1) June 2005 contributions transferred approximately 26 days late; (2) June 2006 contributions transferred approximately 15 days late; (3) July 2006 contributions transferred approximately 30 days late; and (4) December 2006 contributions transferred approximately 14 days late. The untimely transfers totaled \$127,728: \$35,708 from the June 2005 contributions; \$30,751 from the June 2006 contributions; \$30,836 from the July 2006 contributions; and \$40,433 from the December 2006 contributions.

V. National Association of Social Workers, Inc. violated 2 U.S.C. § 432(b)(2)(B) and 11 C.F.R. §§ 102.8(b) and 102.6(c)(4) by failing to timely forward contributions it received as a

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collecting agent. National Association of Social Workers, Inc. will cease and desist from violating 2 U.S.C. § 432(b)(2)(B) and 11 C.F.R. §§ 102.8(b) and 102.6(c)(4).

VI. National Association of Social Workers, Inc. Political Action for Candidate Election violated 11 C.F.R. § 102.6(c)(1) by failing to ensure that the transmittal requirements regarding contributions were met. National Association of Social Workers, Inc. Political Action for Candidate Election will cease and desist from violating 11 C.F.R. § 102.6(c)(1).

VII. National Association of Social Workers, Inc. will pay a civil penalty to the Federal Election Commission in the amount of eleven thousand dollars (\$11,000), pursuant to 2 U.S.C. § 437g(a)(5)(A). In determining the civil penalty, the Commission took into account the fact that NASW was cooperative during the course of the investigation. In addition, the Commission noted that NASW, when confronted with complainant's accusations, hired forensic accountants as part of their self-audit to determine the veracity of the complainant's claims. Finally, the Commission took into account the fact that NASW has begun using wire transfers to effect transfers of PACE contributions to ensure that accounting burdens or other workload factors at the close and start of the fiscal year do not interfere with its ability to make timely transfers. This voluntary action by NASW, taken even before receiving notice of the complaint in this matter, should significantly reduce the possibility of a transfer delay and prevent these types of violations from recurring.

VIII. National Association of Social Workers, Inc. Political Action for Candidate Election and Roderick O'Connor, in his official capacity as Treasurer, will pay a civil penalty to the Federal Election Commission in the amount of two thousand five hundred dollars (\$2,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.


XI. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Thomasenia P. Duncan  
General Counsel

BY:

  
Ann Marie Terzaken  
Associate General Counsel  
for Enforcement

Date

5/5/09

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FOR THE RESPONDENTS:

Elizabeth J. Clark  
(Name) Elizabeth J. Clark  
(Position) Executive Director  
National Association of Social Workers, Inc.

April 3, 2009  
Date

FOR THE RESPONDENTS:

Roderick F. O'Connor  
(Name) Roderick F. O'Connor  
(Position) Treasurer  
National Association of Social Workers, Inc.  
Political Action for Candidate Election  
and Roderick O'Connor, in his official  
capacity as Treasurer

March 26, 2009  
Date

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**MUR 5905**

**RESPONDENTS:**

**National Association of Social Workers, Inc**

**National Association of Social Workers, Inc**

**Political Action for Candidate Election and**

**Jacqueline Stengold, in her official capacity  
as Treasurer**

According to its website, the National Association of Social Workers ("NASW") is the largest membership organization of professional social workers in the world with 150,000 members. National Association of Social Workers, Inc. Political Action for Candidate Election ("PACE") was formed almost thirty years ago and is the political action arm of NASW. As a political action committee, PACE endorses and financially contributes to candidates who support NASW's policy agenda. PACE is funded almost entirely by member contributions and reimburses NASW for virtually all PACE administrative expenses incurred on its behalf, including its share of rent, staff salaries, benefits, and administrative overhead.

As Assistant Treasurer for PACE, the Complainant's job responsibilities included keeping the PACE board informed regarding PACE's financial position and PACE political activities. According to the complaint, the Complainant began having a number of accounting questions regarding PACE in September 2006. One month later, the Complainant became a whistleblower regarding her concerns to NASW auditors, a NASW Finance Committee member, and the NASW President. To assess the Complainant's allegations, the respondents hired a forensic accounting firm, Financial Corporate Legal Advisors, Int'l, Inc (FCL Advisors) that "reviewed and tested each of the allegations" in the complaint filed with the Commission.

NASW Response at 2 FCL Advisors also "conducted a general, thorough analysis of NASW and PACE financial data" for calendar year 2006 *Id* In a Report signed by two CPAs, FCL Advisors confirmed the late transfers of funds from NASW to PACE but found no evidence to support the complainant's other allegations

The Complainant alleged that NASW failed to forward contributions from members intended for deposit into the PACE account While NASW admits that there were four occasions in which NASW failed to timely remit payments to PACE within the 30-day required period, all money intended for PACE appears to have eventually been transferred to PACE

A "collecting agent" is an organization or committee that collects and transmits contributions to one or more separate segregated funds to which the collecting agent is related *See* 11 C F R § 102 6(b)(1) A parent, subsidiary, branch, division, department, or local unit of the connected organization or the separate segregated fund may act as collecting agent for the separate segregated fund (SSF) *See* 11 C F R § 102 6(b)(1)(u) According to its filings with the Commission, PACE holds itself out as the SSF of NASW and has listed NASW as its connected organization Thus, NASW appears to be an entity that may act as a collecting agent for PACE *See id*

The Commission's regulations require collecting agents to follow certain procedures for collecting and transmitting contributions for the SSF in order not to have their own reporting requirements For purposes of making transmittals of contributions received in forms other than checks made payable to the separate segregated fund, the collecting agent must either 1) set up a transmittal account to be used solely for the deposit and transmittal of funds collected on behalf of the separate segregated fund, 2) deposit such contributions into the agent's treasury account, keeping separate records, or 3) deposit them into an account used only for state and local election

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activity See 11 C F R § 102 6(c)(4)(u) A collecting agent that follows these procedures is not required to register and report as a political committee provided that the organization does not engage in activities such as making contributions or expenditures for the purpose of influencing federal elections See 11 C F R § 102 6(b)(2)

As the collecting agent for PACE, NASW is required to forward contributions of \$50 or less to the treasurer of PACE within 30 days of receipt See 2 U S C § 432(b)(2)(A) and 11 C F R § 102 8(b)(1) In addition, NASW must forward contributions in excess of \$50 to the treasurer of PACE within 10 days of receipt, along with the name and address of the contributor and the date of receipt of the contribution See 2 U S C § 432(b)(2)(B) and 11 C F R § 102 8(b)(2) The respondents admit that on four occasions in 2005 and 2006, NASW failed to timely remit payments to PACE within the 30-day required period Specifically, the four late transfers were (1) June 2005 contributions transferred approximately 26 days late, (2) June 2006 contributions transferred approximately 15 days late, (3) July 2006 contributions transferred approximately 30 days late, and (4) December 2006 contributions transferred approximately 14 days late With respect to the December 2006 contributions, FCL Advisors stated that while it determined this transfer to be "technically late, we noted that the check date was January 4, 2007 (timely), but because it was not timely mailed (due to a sick leave issue) we found that the item is technically not a deposit in transit and thus should be considered a late deposit "

Therefore, the Commission finds reason to believe that NASW violated 2 U S C § 432(b)(2)(B) and 11 C F R §§ 102 8(b) and 102 6(c)(4) by failing to timely forward to PACE contributions NASW received as a collecting agent Because PACE is charged with ensuring that the transmittal requirements regarding contributions received by its collecting agent are met,

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1 the Commission finds reason to believe that PACE and Jacqueline Steingold, in her official  
2 capacity as Treasurer, violated 11 C F R §102 6(c)(1)

3 The Commission finds no reason to believe that PACE and Jacqueline Steingold, in her  
4 official capacity as Treasurer, violated 2 U S C § 434(b) by failing to timely disclose  
5 expenditures The complaint alleged that expenses paid for by NASW and eventually  
6 reimbursed by PACE were expensed during one fiscal year but were not reported on PACE's  
7 disclosure reports until the following fiscal year At issue here are reoccurring, administrative  
8 expenses incurred by PACE in May and June of 2006, for items such as rent, postage,  
9 photocopying, administrative overhead, and courier services These expenses were paid for by  
10 NASW when they were incurred (in its efforts to establish, administer and financially support a  
11 political committee), reimbursed by PACE to NASW in August 2006, and disclosed by PACE in  
12 its September 2006 monthly disclosure report A connected organization can legally pay all  
13 administrative expenses incurred by a PAC, and the PAC has no legal obligation to reimburse the  
14 connected organization for those expenses or disclose the payments made by the connected  
15 organization for administrative expenses See 11 C F R §§ 100 6(a) and 114 5(b) Therefore, if  
16 a PAC chooses to reimburse its connected organization for such expenses, such reimbursement  
17 need not occur within any specified period of time, although the PAC must timely disclose any  
18 disbursements it makes to reimburse the connected organization Because it appears that PACE  
19 timely reported the disbursements that it made to reimburse NASW, there does not appear to be a  
20 violation of the Act

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**MUR 5905**

**RESPONDENTS:**

Elizabeth J Clark, NASW Executive Director  
Kathleen Waugh, NASW Chief Operating Officer  
Carolyn I Polowy, NASW General Counsel  
Denise McKenzie, NASW Acting Controller

Complainant, the former assistant treasurer of National Association of Social Workers, Inc Political Action for Candidate Election ("PACE"), makes several allegations against her former employer. Specifically, the complaint alleges (1) that National Association of Social Workers, Inc ("NASW") may not be depositing member donations to PACE within 30 days of receipt, (2) that NASW is using PACE contributions for administrative overhead and to help pay NASW pension costs, (3) that PACE is not timely reporting its expenses, and (4) that NASW is billing PACE for inappropriate non-PACE expenses and overcharged PACE for administrative overhead.<sup>1</sup>

The complaint named several NASW officers as "respondents." However, because there are no specific allegations as to them and there is no information suggesting a basis upon which any officers may be held personally liable, the Commission finds no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, occurred with respect to Elizabeth J Clark, NASW Executive Director, Kathleen Waugh, NASW Chief Operating

<sup>1</sup> According to its website, NASW is the largest membership organization of professional social workers in the world with 150,000 members. PACE was formed almost thirty years ago and is the political action arm of NASW. As a political action committee, PACE endorses and financially contributes to candidates who support NASW's policy agenda. PACE is funded almost entirely by member contributions and reimburses NASW for virtually all PACE administrative expenses incurred on its behalf, including its share of rent, staff salaries, benefits, and administrative overhead.

- 1 Officer, Carolyn I Polowy, NASW General Counsel, and Denise McKenzie, NASW Acting**
- 2 Controller**

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