

ETEXT ATTACHMENT**10/04/2005 14 : 11**

The preceding year 2003 amendments and 2004 amendments complete the amendment process begun with the Commission audit of LMEPAC conducted in 2004 on years 2001 and 2002. This audit was triggered by an embezzlement and concealment scheme carried out by the LMEPAC Manager, which was discovered in December 2003. The audit report was released to the public by the Commission on June 13th, 2005. Please reference LMEPAC FEC Form 99 filing dated December 24, 2003 for a full explanation of the embezzlement discovery and scope.

After the termination of the PAC Manager in late 2003, and while the FEC audit was being conducted, at the suggestion of Commission auditors LMEPAC filed reports in a timely manner but with knowledge that these filings would need to be amended with corrections obtained from the audit discoveries. Variations in these amendment filings in receipts and disbursements represent corrections made to 2001, 2002, and 2003 which affected balances carried forward into 2004 and 2005. The changes result from the following types of corrected entries: bank interest and fees which were omitted from the original filings, employee check contributions which were never entered to the database though were deposited to the bank at that time, and entries of unauthorized disbursements to Kenneth Phelps. Also, the original 2003 FEC filings contained mismatching period and year cumulative totals. The LMEPAC database was converted to a more integrated software vendor in 2004 so all report totals now tally correctly in the amendment filings.