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NAME OF COMMITTEE (In Full)
Visa, Inc. Political Action Committee

FEC IDENTIFICATION NUMBER
C00365122

Mailing Address 325 7th Street, NW
Suite 800

City State ZIP Code
Washington DC 20004

Re:C00365122: Response to FEC Letter of June 24, 2018 Relating to Visas May Monthly Report (04/01/2018 - 04/30/2018)

I am writing in response to your June 24, 2018 letter regarding the report that Visa, Inc. Political Action Committee (Visa PAC or the PAC) filed with the Federal Election Commission (FEC) in May 2018. You requested additional information about unauthorized charges to the PACs account at Bank of America (the Bank) that resulted from fraudulent ACH charges, checks and web payments in April and May of 2018.

As discussed below, Visa PAC was victimized by a 3rd party who stole the PACs bank account information so the Bank has fully refunded all the fraudulent charges. Visa PAC disclosed the fraud on its monthly FEC reports and has taken corrective actions to address the unauthorized transactions. Additional information relating to the fraudulent disbursements, the PACs internal controls and governance mechanisms that led to the rapid discovery of the fraudulent transactions, and the corrective actions that Visa PAC has taken are provided below.

I.Fraudulent Disbursements

As part of the PACs internal controls, Visa Inc. (Visa or the Company) regularly reconciles the PACs bank account in order to prepare the PACs monthly FEC filings. In the course of this reconciliation, Visa initially identified three fraudulent ACH charges drawn from the PAC's account on April 24, 2018. Visa discovered these unauthorized transactions three days after they occurred on April 27, 2018.

Visa acted rapidly in reporting the fraud to the Bank, disputing the charges, and submitting a Stop Payment Request. Having been alerted to the potential account security issue at the Bank, Visa vigilantly monitored the PACs account on a daily basis. Consequently, Visa identified six more fraudulent transactions, this time counterfeit checks, that were cashed from the PACs checking account on May 3, 2018. Visa discovered an additional set of five fraudulent checks and one fraudulent ACH loan payment that cleared on May 4, 2018. Upon discovery of each set of unauthorized transactions, Visa immediately notified the Bank of the fraudulent checks, disputed the transactions, and submitted a Stop Payment Request.

When Visa informed it of the fraud, the Bank initiated the process of reimbursing the PAC for the stolen funds. All stolen funds have since been placed back in the PACs bank account. Visa also sought to have the Bank implement additional account fraud protection services, as discussed in the corrective actions section below. The PAC reported the crime to the police as well and it accurately reported the relevant transactions on its monthly reports to the FEC. Excerpts from redacted copies of the PACs bank statements are attached as Exhibit A, and excerpts from the two FEC reports disclosing the transactions are attached as Exhibit B.

We discuss the PACs governance mechanisms and corrective actions in further detail below.

II.Visa PAC Internal Controls and Governance

Visa PAC takes its obligations to file accurate and complete FEC reports seriously. To that end, Visa PAC has implemented robust internal controls to ensure that its filings with the FEC are accurate and complete. In fact, the PAC discovered the fraudulent transactions through the routine monitoring that is part of its internal control mechanisms.

The PACs internal controls meet the requirements set out in the FECs guidance relating to the safe harbor in the event of misappropriated funds, although the PAC notes that its FEC reports were not incomplete or inaccurate in this case. Each of the relevant elements is addressed below.

A.Separate Bank Account

Visa PAC has its own bank account that is registered in its name (i.e., Visa U.S.A. Inc. PAC) and employer identification number (i.e., 52-2297401). Visa PACs account has been held at Bank of America. (However, following these incidents, Visa PAC

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is in the process of transitioning its account to Wells Fargo, where the PACs account will benefit from additional security protections, as discussed below.)

In addition, Visa PAC limits the number of authorized users on its account to three individuals, none of whom authorized the fraudulent transactions.

B.Monthly Reconciliation and Account Monitoring By Someone Other than Check Signer

The PACs accounts are subject to routine, ongoing monitoring and reconciliation each month to help with the preparation of accurate reports to the FEC and in order to discover any fraudulent activities in a timely fashion. It was through this regular monitoring that the fraudulent transactions were discovered and swiftly handled.

In addition to the routine account monitoring done by Visa personnel, the PAC also engages a third-party vendor to assist it with PAC compliance and monitoring. Democracy Direct assists Visa with monthly account reconciliation and account monitoring prior to the PACs filing of its reports with the FEC. Visas internal audit team also reviews the PACs records on a periodic basis and Visa has had outside counsel review the PACs compliance with relevant legal requirements under the FEC regulations, including reviewing its monthly reports submitted to the FEC.

C.Check Authorization Must Be In Writing and from Two Individuals

Only three people (the PAC Treasurer, the PAC Vice Chairman, and in instances when the Treasurer or Vice Chairman are not available, the Assistant PAC Treasurer) are authorized to sign PAC contribution checks. The PAC prohibits the use of signature stamps or facsimile signatures on its checks and requires that the signatories execute checks in person.

Every PAC contribution request requires two separate approvals, regardless of the contribution amount. The first approval is granted in writing through email from the Vice Chairman of the PACs Board of Directors. The second approval is provided electronically from the PAC Treasurer into the Democracy Direct platform. Only after Democracy Direct receives notice of approval from the PAC Treasurer, Democracy Direct will then cut the checks and send them to Visas Washington DC office for signature by an authorized PAC representative as noted above.

The PAC mails its checks promptly and directly to payees. In some circumstances, a PAC representative may hand deliver a contribution or use a courier to deliver a check. When a third-party courier service is used to deliver a check, it is tracked to confirm receipt.

D.Two Individuals Must Authorize Wire Transfers

Although the PAC generally does not use the wire transfer process to disburse funds, any contribution request to be fulfilled via wire would go through the same two-step authorization process as the check contribution request described above, in addition to processes set forth by the Bank to initiate a wire transfer. The first approval would be granted in writing via email from the PACs Vice-Chairman, and the second approval would be provided electronically by the PAC Treasurer.

E.Separate Responsibilities for Receiving Checks, Accounting/Banking, and Monitoring

Visa PACs payment and accounting procedures provide for monitoring and oversight of all PAC expenditures by multiple levels of reviewers. In addition to the PAC Treasurer and the Assistant PAC Treasurer who have primary responsibility for tracking PAC payments and receipts, the PACs third party vendor (i.e., Democracy Direct) also monitors all expenditures from the PACs bank account and assists with account reconciliation ahead of a monthly FEC filings, as discussed above. Moreover, Arnold & Porter reviews Visa PACs FEC filings and associated PAC expenditures when helping prepare the PACs monthly FEC reports.

From a process perspective, many of Visa PACs payment functions are automatic, which minimizes the chance for human error or misappropriation. The overwhelming

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majority of Visa PACs receipts are made through payroll deductions, which are deposited in the Visa PAC bank account electronically through ACH transfer or via credit card contributions that are also automatically deposited electronically in the Visa PAC bank account. In the event Visa PAC receives a contribution via personal check from an eligible employee, any such check would be received by Visa PAC at the Companys office in Washington, DC and promptly deposited into the Visa PAC bank account in accordance with FEC requirements. A record of the check is made electronically and shared with Democracy Direct for monitoring and compliance purposes. Pursuant to the FECs guidelines, Visa PAC does not accept cash deposits.

F.Petty Cash

The element of the FECs safe harbor guidance that relates to petty cash is not applicable to Visa PAC because the PAC does not use petty cash. All debits from the PACs bank account are made by check with the exception of bank fees that are automatically debited.

III. Corrective Actions

Upon discovering that it was a victim of fraud, the PAC promptly took steps to address the issue, secure the return of the unauthorized disbursements, and prevent such actions from occurring again. As discussed below, the corrective actions taken by Visa PAC included: immediate notification to Bank of America (including filing Stop Payment Requests and Unauthorized Payment Request Forms for reimbursement); filing a police report; discussing the fraud and appropriate next steps with the PACs Board of Directors; timely and accurately reporting the misappropriated funds to the FEC; and ultimately opening a new account with Wells Fargo Bank with additional security features. We provide more detail on these actions below.

A. Notification to Bank of America

Following its initial discovery of the first instance of fraud through routine monthly reconciliation efforts, the PAC promptly reached out to Bank of America to notify them of the fraud, completed Stop Payment Requests, and filed Unauthorized Payment Request Forms to ensure reimbursement of the stolen funds. Visa PAC repeated this process when it discovered two more sets of fraudulent activities, as discussed above. Visa PAC personnel had lengthy discussions with the Bank about remediating the fraud, including several teleconferences and meeting with Bank personnel at a local branch.

B. Filing Police Report

The PAC also reported these crimes to the Metropolitan Police Department of the District of Columbia and the case has been assigned Police File number CCN 077-519. Visa PAC representatives met with Police Officer Charles Johnson (Badge No. 4090) on May 14, 2018 at the Visa offices to report the fraud and Visa has since had follow up communications with Officer Johnson about this matter.

C. Board of Directors Briefing

The next business day after it discovered the initial fraud, the PAC Treasurer provided a full briefing to the PACs Board of Directors in order to ensure transparency and keep PAC leadership apprised of the incidents. At that time, the Board discussed possible remedies for ensuring the security of the account, which included the opening of a new bank account. The PAC Treasurer has since updated the Board by sending Board members a memorandum on June 30, 2018 summarizing the unauthorized transactions that were discovered and relevant corrective actions.

D. Reporting to the FEC

The PAC timely filed relevant reports with the FEC. Details regarding the fraudulent transactions were included in Schedule B Supporting Lines 16 and 21(b) of its April 2018 and May 2018 reports.

E. Opening New Account with Different Bank

As an additional step to prevent the criminals from using the stolen ACH and other account information in future, Visa decided to open an entirely new bank account, which has new numbers that have not been compromised. Ultimately, the PAC elected to transition its money

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to a new account at Wells Fargo, which has additional security enhancements designed to help avoid and detect any fraudulent transactions or the misappropriation of funds. Once the transition of all funds, including payroll and recurring credit card contribution migration, is complete, the PAC will move all remaining funds to the Wells Fargo account and close the Bank of America account.

The new security features that the Wells Fargo account includes an alert function that pushes several notifications to a specified email address. The new account is configured to send an email alert to the PAC Treasurer with the notification of deposits, checks posted (from the previous day) and any withdrawal that posts to the account.

Visa PAC appreciates the FEC giving us an opportunity to provide additional information relating to these fraudulent charges. Throughout this process, the PACs main focus has been compliance with all relevant legal requirements, securing the PACs account against fraud, and ensuring the reimbursement of the stolen funds. We are happy to provide any further information that you require.

If you have any questions regarding this letter or would like to discuss any issues related to the fraud, please contact our counsel at Arnold & Porter, Mr. Nicholas Townsend, by email Nicholas.Townsend@arnoldporter.com or by telephone 202-942-5249.

Sincerely,

R. Pace Bradshaw
Visa PAC Treasurer

1. Visa submitted a copy of this letter to the FEC electronically on Form 99 and is also sending a hardcopy via courier.
2. Visa filed its monthly report for April 2018 on May 20, 2018, and it filed its report for May 2018 on June 20, 2018. These reports note the misappropriation of funds in Schedule B (supporting Line 21(b)).
3. These three charges were the following: a payment of \$2,266.94 to Station Townhouse Web Payment on April 24, 2018, a payment of \$2,250.00 to Station Townhouse Web Payment on April 24, 2018, and a payment of \$438.79 to Sprint ACH Bill Pay on April 24, 2018. These payments are reported in Schedule B supporting Line 21(b) of Visa PACs May 2018 report.
4. These six fraudulent checks were the following: a payment of \$812.99 to Kervin Alexis (Coral Spring, FL) (Check 5797); a payment of \$816.50 to Kervin Alexis (Coral Spring, FL) (Check 5799); a payment of \$1280.99 to Malcolm Thompson (Coral Springs, FL) (Check 5801); a payment of \$927.60 to Tyler Gaskins (no address) (Check 5803); a payment of \$911.07 to Tyler Gaskins (no address) (Check 5804); and a payment of \$411.12 to Tyler Gaskins (no address) (Check 5805). These checks are reported in Schedule B supporting Line 21(b) of Visa PAs June 2018 report.
5. These five fraudulent checks were all made out to Elizabeth Cooper (Alexandria, VA) for the following payments: \$398.29 (Check 6342); \$398.40 (Check 6371); \$398.06 (Check 6408); \$398.83 (Check 6749); and \$398.05 (Check 6800). The fraudulent ACH loan payment was to the Democracy Federal Credit Union for \$393.02. These checks are reported in Schedule B supporting Line 21(b) of Visa PAC's June 2018 report.
6. \$4,955.73 (relating to the three fraudulent ACH charges) was placed back into the PAC's account on May 8, 2018. \$5,160.27 (relating to the six fraudulent checks) was refunded to the PACs account on May 4, 2018. \$1,991.63 (relating to the five additional fraudulent checks) was placed back into the PACs account on May 9, 2018. Finally, \$393.02 (relating to the final ACH charge) was refunded to the PACs account on June 11, 2018. (See Copies of PAC Account Statements Reflecting Reimbursements, Attachment B).
7. It is not possible to include attachment with FEC Form 99 so the relevant exhibits could not be submitted electronically, but all exhibits referenced herein were included with the paper version of this letter that Visa submitted to the FEC.
8. See FEC, Campaign Guide for Corporations and Labor Organizations (2018) at

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66-67, available at

<https://www.fec.gov/resources/cms-content/documents/colagui.pdf>; FEC, Policy Statement on Misappropriated Funds, <https://www.fec.gov/help-candidates-and-committees/keeping-records/misappropriated-funds/> (last visited July 2, 2018).

9. The PAC opened its new account on June 8, 2018. The PAC team has been working with Visa Finance and our outside credit card processor First Data on the transition of funds. The first payroll deposit into the Wells Fargo account occurred on June 29, 2018 and the first recurring credit card deposits began on July 6, 2018.