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November 29, 2012

Mr. Edward Ryan  
Senior Campaign Finance Analyst  
Federal Elections Commission  
999 E Street, NW  
Washington, DC 20463

Dear Mr. Ryan:

This letter is in response to the letter the National Corn Growers Association PAC (PAC) received on October 28, 2012. The separate segregated fund's (SSF's) identification number is C00376343. The Federal Elections Commission (FEC) has requested further information regarding an entry in Schedule B of the Amended 2011 Year-End Report, which was refiled with the FEC on June 26, 2012. The entry in question was a reimbursement made by the PAC to its connected organization, the National Corn Growers Association (NCGA) on August 1, 2011 in the amount of \$5,873.23. The PAC makes every effort to be and remain compliant and welcomes the opportunity to clarify the situation in question.

The letter will first provide background on the reason for the reimbursement and clarify how the activity was and is compliant with FEC regulation, and then explain the measures the PAC and its connected organization, NCGA, will take to ensure that future activities will both remain compliant and avoid the appearance of noncompliance.

**BACKGROUND**

Each July, NCGA hosts its annual summer meeting in Washington, D.C. This meeting involves several hundred grower members and spans an entire week. As part of the activities, the PAC has often hosted an evening reception and fundraiser. This event is used as an opportunity to educate and update PAC members about their SSF as well as raise funds for the SSF through a small auction. The SSF pays for the space and decorations for the event, and the connected organization, NCGA, has from time to time provided limited financial support by covering the food costs. For the July 2011 reception, event decorations were intended to be paid for by the PAC itself.

The July 2011 event was strictly a reception for PAC members and an opportunity to raise funds for the PAC. The event did not invite, host or acknowledge any candidate for federal office, their campaign or any election. Consistent with FEC regulations, the event did not benefit any federal candidate or election. Further, no federal candidates or representatives of any election or political party were at the event serving a fundraising or campaign-related capacity.

Due to an error within the organization at the time of reconciling the costs for the annual summer meeting, which included the costs of the PAC's event, NCGA paid \$5,873.23 for the event decorations intended to be paid for by the PAC directly. When the mistake was noticed, the PAC reimbursed NCGA the full and fair market cost for the items paid for by NCGA. This transaction took place on August 1, 2011. This was disclosed on the 2011 Year-End Report. The explanation on the report was for August reimbursement for event decorations. However, it is now clear that the PAC's actions were insufficiently clear and require further explanation.

**CLARIFICATION**

The FEC has questioned whether the PAC was in violation of 11 CFR 114.2(f), which states that connected organizations are prohibited from facilitating the making of contributions to candidates or political committees, except in specific circumstances.

NCGA and the PAC did not violate 11 CFR 114.2(f) because the event was not connected in any way to any political candidate or party. It did not promote or provide financial benefit to any federal candidate or party. The sole benefactor of the event was the PAC itself. The connected organization, NCGA, did not facilitate the making of contributions to candidates or political committees at this event because the event did not provide any such activity. Additionally, the provision of funds to the PAC are compliant under 11 CFR 114.5(b), which permit the connected organization to provide support for operating costs and raising money for the SSF. While in the end, the connected organization was reimbursed for the costs

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associated with the SSF's fundraiser, it would have been within the law for that expenditure to have taken place. However, we recognize that the disclosure made on the Schedule B of the amended 2011 Year-End Report was unclear and required further explanation. We also recognize that the PAC and NCGA need to develop steps to ensure that this miscommunication is avoided in the future.

**ACTION**

The PAC and its managing members understand that the appearance of impropriety is counterproductive to the goal of managing and growing a successful and compliant organization. Therefore, while the actions that took place on August 1, 2011 were not illegal, it is best that they are not repeated.

Therefore, the PAC has taken several measures to clarify the past events and to avoid their repetition in the future. Simultaneous with this response, the PAC will file an amended 2011 Year End Report to clarify the purpose of the itemized disbursement.

Additionally, the PAC has established procedures to prevent a mistake such as this from occurring again. The PAC will maintain more consistent communication with the appropriate staff within NCGA while planning PAC fundraising activities that run during larger organization-wide events. Before the date of the event, a member of the PAC will communicate with a member of NCGA regarding expenses that are covered by the connected organization to provide support for operating costs and raising money for the SSF. Any costs that are not covered by 11 CFR ?114.5(b) will be paid directly by the PAC. It will also be made clear that the PAC must pay their portion of expenses directly to the vendor and not to the connected organization. If mistakes are made wherein the PAC's expenses are inadvertently paid by NCGA, steps will be taken to work with the vendor to reimburse NCGA and have the PAC pay the costs directly to the vendor.

If the PAC foresees an event that will require the connected organization to finance a portion of the PAC's costs, they will pay for those costs in advance of the event, and will file the appropriate explanatory forms such as the F-99 with the FEC to ensure that the entire intent and scope of the event is understood at the point of review and does not require additional information requests by the FEC.

The PAC works diligently to maintain the highest level of compliance with FEC regulation, and to maintain proper and thorough procedures for managing the PAC. The vague filing on the Schedule B of the 2011 Year-End Report has provided the PAC with the opportunity to review its filing procedures and to build better safeguards against noncompliance and poor reporting.

If there are any additional questions or requirements for further information, please do not hesitate to ask.

Sincerely,

Rodger Mansfield