

MISCELLANEOUS TEXT (FEC Form 99)

Ms. Rosa Lewis
Senior Campaign Finance Analyst
Reports Analysis Division

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2013 MAR 13 AM 11:24

FEC MAIL CENTER

RE : The ASCAP Legislative Fund for the Arts #C00228296

Dear Ms. Lewis :

This is in response to your letter dated February 14, 2013, requesting clarifying information pertaining to the disbursement made to J P Morgan Chase Bank in the amount of \$12,137.28, reported on Schedule B supporting Line 21 (b) of our Year-End Report (11/27/2012 - 12/31/2012) as follows : 'Purpose of Disbursement, credit card fraud - FBI notified.' With this information, we trust you will agree that this disbursement was made for an 'adequate purpose' as listed on the FEC's website - specifically, a 'Bank fee/ bank charge' - and properly reported in accordance with 11 CFR 104.3 (b).

Our Committee accepts contributions via credit card from applicants for writer and publisher membership in the American Society of Composers, Authors and Publishers ('the Society') as part of the Society's on-line application process through the Society's website (www.ascap.com). Several years ago a direct link was also established to accept credit card contributions from others who were not applying for membership in the Society. It was believed that this link was removed in 2009, but this turned out to be incorrect.

Our Committee historically receives a low volume / dollar amount of credit card contributions. Thus, it has been the practice to access the computerized transaction reports it receives from Chase Paymentech - a wholly owned subsidiary of J P Morgan Chase Bank - on a monthly, rather than a daily, basis to record contributions and perform the necessary accounting functions in order to comply with the FEC's rules and regulations. So it was that, in mid-September 2012, fraudulent contributions were identified as having been received beginning August 26, 2012 from sources other than those applying on-line for membership in the Society. The direct link for credit card contributions, thought to have been previously removed, had been accessed by unauthorized credit card holders who were using the direct link to make thousands of contributions of small denominations, apparently in order to determine that they could use the cards to make fraudulent purchases. Immediately upon confirming that the transactions were fraudulent, the direct link was shut down permanently. Chase Paymentech had already processed some chargebacks initiated by the legitimate cardholders. We worked with the bank for three months, from mid-September 2012 through mid-December 2012, to reverse all remaining of the 4,630 separate transactions that had resulted in fraudulent contributions totaling \$277,955.00. After reversal of the transactions and application of various bank fees, the net result was bank charges totaling \$12,137.28, the amount reported on Schedule B supporting Line 21(b) of our year-end 2012 report. On October 4, 2012, the matter was reported to the Civilian Crime Reports Unit of the U.S. Attorney's office for the Southern District of New York, and the FBI has subsequently been provided with backup information to assist in their investigation.

Because the fraudulent transactions were never legitimate contributions, we did not consider the reversals to be 'refunds'. Instead, we reported as a disbursement only the net bank charges after we were assured by the bank that all claims had been processed, which was at year-end.

Finally, you should note that because we were able to identify the fraudulent credit card contributions very soon after they reached our bank, none of those contributions were disbursed to any candidates, committees or other recipients. Based on information provided by the bank, none of the fraudulent credit card contributions remain in our bank account and all have now been reversed.

Please let me know if you need any further details, explanation or documentation.

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Sincerely,

Susan Boltersdorf
Treasurer

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Federal Election Commission
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