

Identification Number: C00029504

Reference: Letter dated April 18, 2008 from Senior Campaign Finance Analyst re amended October Monthly Report (9/1/07-9/30/07)

This letter supplements the International Union of Operating Engineers/Engineers Political Education Committee s (IUOE/EPEC) response to an April 18, 2008 preliminary review letter inquiring about the reasons that additional receipts totaling \$452,717.49 on Line(s) 12 and 17 of the Detailed Summary Page were not disclosed on IUOE/EPEC s original report.

The October Monthly Report referenced above was due three days after the IUOE certified public accountant (CPA) responsible for filing the report terminated his employment with the IUOE with no notice on October 17, 2007. This employee had not started preparation of the October Monthly Report when his employment terminated. At that time, the IUOE Accounting Department had one other CPA who is the IUOE s Chief Financial Officer. The CFO was responsible for either completing the other CPA s work or reassigning the work to the two financial analysts in the department. While making best efforts to complete all high priority matters timely and accurately, the CFO inadvertently overlooked transfers from affiliated committees totaling \$452,500.00 when he prepared and filed the October Monthly Report.

The CPA whose employment ended on October 17, 2008 was responsible for depositing checks representing transfers from affiliated federal PACs and entering these receipts into the Vocus campaign finance software system. The IUOE s goal in assigning this function to a CPA was to avoid the inadvertent deposit of union treasury money into the IUOE s federal PAC since the Accounting Department regularly receives union treasury funds from IUOE Local Unions. The CPA who prepared the report was not aware f that these transfers from affiliated federal PACs had been deposited because the other CPA failed to enter these deposits into the Vocus system before the abrupt termination of his employment.

The problem created by the sudden termination of the employment of one of the IUOE s CPAs has been redressed. The IUOE hired a CPA on January 2, 2008 to fill the position that became vacant on October 17, 2007. The IUOE Accounting Department now has two CPAs and three financial analysts. The IUOE created the additional financial analyst position in January 2008.

In response to the FEC s recent oral inquiry as to the reason that the original report was not amended to correct the inadvertent omissions until November 20, 2007, the CPA who completed the original and amended October Monthly Reports has advised that he discovered the omissions when he was preparing the November Monthly Report, which was due on November 20, 2007, and promptly corrected the error. There was no intent on IUOE/EPEC s part to mislead the public concerning the transfers from affiliated federal PACs to IUOE/EPEC. Indeed, the six affiliated federal PACs that transferred funds to the IUOE during the month of September 2007 reported the transfers on their year end reports in that non-election year.

While IUOE/EPEC agrees that timely disclosure of all receipts is extremely important, IUOE/EPEC believes that the interested public, particularly IUOE members, is aware of the high volume of transfers between IUOE affiliated federal PACs and IUOE/EPEC. The year-to-date total transfers from IUOE affiliated federal PACs to IUOE/EPEC, as reported on IUOE/EPEC s September Monthly Report (2007), was \$490,934.40. Moreover, the total transfers from IUOE affiliated federal PACs to IUOE/EPEC during the calendar year (2006) preceding the September Monthly Report was \$1,185,904.87.

To ensure that reporting errors do not occur in the future, IUOE/EPEC has taken the following additional steps:

1. One of the IUOE s CPAs, Anthony Cain, has been assigned to the newly created position of EPEC Reporting Director within the IUOE Accounting Department. The Chief Financial Officer of the IUOE will assign the EPEC Reporting Director

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additional duties within the Accounting Department only to the extent that such duties do not conflict with Mr. Cain's primary responsibility as EPEC Reporting Director.

2. The EPEC Reporting Director will complete the FEC reports at least five days before FEC reports are due, and the reports will be reviewed by another individual in the Accounting Department to ensure that there are no inadvertent omissions and that the reports are accurate and complete before they are filed.

3. The IUOE has created a second position of EPEC Coordinator to coordinate the activities of the IUOE's Department of Legislative & Political Affairs with the reporting functions of the Accounting Department. Seth Morris who is currently employed by the IUOE as a political analyst in the Department of Legislative & Political Affairs will serve as EPEC Coordinator and will be responsible for ongoing communication with Mr. Cain concerning all contributions to candidates and all receipts.

Finally, the remaining \$217.49 (\$452,717.49 in additional receipts minus the \$452,500 in transfers from affiliated IUOE federal PACs), which was reported on Line 17 of the amended October Monthly Report, represents the receipts from individuals that fall below the \$200 itemization threshold. IUOE/EPEC has filed today an amended October Monthly Report that lists this amount on Line 11(a)(ii).
