MISCELLANEOUS TEXT (FEC Form 99)

NAME OF COMMITTEE (In Full) FEC IDENTIFICATION NUMBER

American Israel Public Affairs Committee Political Action Committee C00797670

Mailing Address 251 H St NW

City	State	ZIP Code
Washington	DC	20001-2604

April 24, 2024
The Federal Election Commission Reports Analysis Division
Aaron Carrell
1050 First Street, NE
Washington, DC 20463

Re:
2024 February Monthly: 202403140300205368.pdf (fec.gov);
2023 Year End Monthly: 202402220300203987.pdf (fec.gov);
2023 November Monthly: 202401220300198745.pdf (fec.gov)

Dear Mr. Carrell,

I am the outside legal counsel to AIPAC (the Committee) which has asked me to reply to recent RFAIs regarding the Committees reports.

The Committee agrees with RAD that several of the Committees recent reports disclosed earmarked contributions as being delivered by our vendor to the designated candidates beyond the 10-day period permitted for forwarding these donations. Upon closer examination, the Committee found the lions share of the contributions delivered outside the 10-day period fell into two buckets. The first bucket relates to an unprecedented event related to $550,000 of donations made in error by a donor that the Committee refunded. These donations appear to be late transfers on the Committees FEC filings but are not in fact late since they were immediately refunded to donor and never transferred to the committees. The second bucket relates to donations that were transferred to committees between 11 and 14 days late due to the timing of batching contributions to committees as discussed below.

By way of background: the Committee, itself, does not process earmarked donations. Instead, the Committee relies on Democracy Engine to collect and forward contributions that our donors have earmarked to clearly identified candidates. As stated in Advisory Opinion 2022-03, Democracy Engine deposits the donations it receives from the Committees contributors into a segregated account and then sorts and forwards those funds in batches to the recipient candidate committees, after subtracting Democracy Engines processing charge, any solicitation costs, and the fees levied by the donors banks. This arrangement is pursuant to a contract which states that Democracy Engine must adhere to the Commissions 10-day rule for forwarding earmarked donations. (Not only is this a legal requirement, but the Committee has a great political interest in seeing that its donors contributions are sent to the benefiting candidates as quickly as possible).

In addition to being responsible for forwarding funds out of the Committees conduit account, Democracy Engine also generates a large amount of data, including: the IDs of the donors, dates of contributions, aggregate limits and dates of transfers. Democracy Engine also connects our conduit account with the individual candidate campaign accounts to ensure earmarked contributions (and the data) are received by the right candidate committees, and on time. This data is also given to our reporting and compliance vendor Aristotle who reviews the data and our FEC reports for legal accuracy, and then formats the information and files it with the FEC. The Committee would, of course, like to perform all these functions itself, but the growing size and complexity of conduit reporting requires the Committee to pay for these consulting services.

This system has worked very well over the last three years. The only routine issue that reoccurs is when contributions to candidates are forwarded in batches (candidate treasurers prefer it this way), sometimes the Committees reports will disclose contributions as having been forwarded in 11 to 13 days, especially over a long weekend. We believe this is a minor functional problem that many earmarking committees occasionally face.

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The Committee experienced, however, an unprecedented event caused by a donor which delayed Democracy Engines ability to
process some earmarked donations - and complicated the Committees reporting platform. Several months ago, one of the committees donors accidentally made over 1,100 earmarked contributions in one evening to several hundred candidates totaling more than $500,000. (This mistake probably occurred when the donor repeatedly hit the Donate button for each candidate). Fortunately, the Committee caught the donors mistake the next morning and was able to return the money that was donated in error. But the sheer volume of the mistaken donations caused a wave of data errors (not actual financial errors, just data errors) through the Committees reports which has taken the Committee several months to resolve.

For example, the Committee had to work with Democracy Engine to begin reversing its data and discuss with Aristotle if there was any need to reverse any of our reporting. The difficulty in reversing the data was complicated by the credit card processors assessing their fees on donations that were immediately refunded and never received by the candidates. (Recall that pursuant to our contract with Democracy Engine and its candidate agreements, the candidate committees are ultimately responsible for the bank fees). This required the Committee to perform a reconciliation with candidates over fees they may have paid for contributions they may not have received. Eventually, the Committee was able to finish this reconciliation, but the process slowed the delivery of subsequent earmarked contributions to those same candidates until new contributions could be batched to net out the old fees. The candidate committees understood this, but it caused delays in following the 10-day forwarding rule for new contributions. The good news is as of the end of April, 2024, this mammoth and painstaking reconciliation process is complete and current contributions are being processed in a timely manner.

The Committee also believes that it may have over-reported this donors error which may have caused data imbalances between the Committees bank balances and its FEC reports. These are not actual imbalances - all the committees money is
accounted for - but temporary paper imbalances that occurred during the on-going reconciliation process. The Committee has worked with its reporting and compliance vendor Aristotle to determine if any amendments are needed to our previous reports. At present their recommendation is that no amendments are required.

The Committee is, however, taking this RFAI opportunity to review all of its internal processes to ensure it: does not forward earmarked donations beyond the 10 day limit; manages the data effects of refunded earmarked contributions; and more quickly accounts for bank fees that are levied on returned contributions. This review will involve Democracy Engine and Aristotle may require clarifications to their contracts, if needed. We do not have any reason to believe anything is amiss, but the Committee will make any amendments to its reports if necessary.

Signed,

Craig Engle

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