

RECEIVED

November 9, 2004

Office of the Secretary of State  
Elections Division  
Jennifer Hertel  
Compliance Specialist

2004 NOV 15 PM 1:26

GILL BRADBURY  
SECRETARY OF THE STATE

Subject: Case Number NT8064

Dear Ms. Hertel

In response to your letter dated November 4, 2004, I would like to point out that Norm Thomas was not the treasure of the Lane County Republican Central Committee (LCRCC) during the period that the 2004 primary first pre-election was to be filed nor during the period the amendments were to be filed. The LCRCC has previous submitted documents to your office showing Sondra Jameson's election to the position of Treasurer in October, 2003 and her subsequent resignation in July of 2004.

The LCRCC is required to file its C & E reports electronically. The LCRCC has purchased Capitol On Ramp a software program approved by the Secretary of State office for electronic filling. The LCRCC filed two amendments to the 1<sup>st</sup> pre-election contribution and expenditure report (C & E) for the 2004 primary election. The LCRCC filed these amendments to comply with the intent of ORS 260.063, ORS 260.083 and OAR 165-012-0005 that contributions and expenditure of political action committees be made available for public scrutiny.

The fines calculated under this case number are based on 2 different amendments filed with the Secretary of States office. The first amendment file filed July 30, 2004 was filed in response to the examination letter sent by your office dated July 16, 2004 giving the LCRCC until July 30, 2004 to respond. Your office was contacted about the discrepancy that the LCRCC discovered after Ms. Jameson's resignation. We were told to file the first amendment on July 30, 2004 then make additional amendments.

In the first amendment the LCRCC reported that \$7,957.00 that was reported as cash contributions in the original report were reported incorrectly. The items were actually credit card transactions that were not processed by the LCRCC treasurer and therefore were not cash contributions. If the LCRCC did not reclassify these items as accounts receivable, then the LCRCC would have either double reported contributions when the transactions were collected after the close of the accounting period, or would have been forced not to report cash transactions in future accounting periods. The software program, Capitol On Ramp forced the LCRCC to reclassify these items so, the software could correctly handle the reporting when the credit card transactions were run or written off. The software only allowed the committee to delete the contributions and report them as new transactions in accounts receivable in the same accounting period the original transaction occurred. **We are asking for a waiver of penalty based on the direct result of a professional delivery service (Capitol On Ramp) to deliver a file that allowed**

**for the correct reporting of these items in future periods without first deleting the contributions that were misreported originally.**

The first amendment the LCRCC amended previously reported expenditures of \$625.25. This amount was consist of two items. The first is a check for \$640.25 that was voided during the accounting period but was reported as an expense item on the original filing. The LCRCC corrected this on the first amendment to correctly reflect the cash balance position of the LCRCC as we understood it at the time of filing. Jennifer and Dennis Morgan discussed this issue on Aug. 19, 2004 and you said the LCRCC should have shown the void transaction on the first pre-election report for the general election since we discovered the error during that period. The software program Capitol On Ramp creates a deletion record when a voided check is removed from the expenditures. **We are asking for a waiver of penalty based on the direct result of a professional delivery service (Capitol On Ramp) to deliver a file that allowed for the correct reporting of this item.**

The second item that made up the amended amount was clearly a new transaction of \$15.00 in bank charges. We agree that this item is a new transaction under the rules and do not believe it should be modified.

The second amendment was originally filed August 18, 2004 with your office. Because of a error in Capitol On Ramp your office was not able to post the electronic file. The vendor, Capitol On Ramp, worked with our data and your office to repair the data. The file was returned to us on August 23, 2004 with a report created on August 20, 2004 by the vendor. The LCRCC was led to believe that vendor in working closely with your office had provided your office with the August 20 file. It was not until Dennis Morgan contacted your office on November 3, 2004 to discuss the posted files and your investigation that it was discovered that the software vendor had not forwarded the August 20, 2004 file to your office. **The LCRCC is asking for a waiver on penalties calculated after Aug 18, 2004 base on the direct failure of the professional delivery service (Capitol On Ramp) to deliver a file readable by your office.**

The second amendment deleted \$14,200.15 reported contributions and reclassified them as items sold at fair market value. After discussions with your office, LCRCC determined that these items had been erroneously reported as cash contributions and believed that to truly reflect the financial status of the committee, these items should be reclassified. The reclassification of these items also resulted in a more accurate portrayal of the aggregated contributions of several individuals and the committees' ability to send correct contribution receipts to those contributors that actually made a contribution. Again, the software would only allow the reclassification of these items by deleting the original contribution and then adding new fair market value transactions. This results in Capitol On Ramp reporting deleted contributions. The movement of \$14,200.15 from contributions to other receipts does not materially impact the PC 1 summary sheet of the C& E report, lines 1, 5 and 12 go down and line 13 goes up. **The LCRCC is asking for a waiver on penalties base on the direct failure of the professional delivery service**

**(Capitol On Ramp) to deliver a file that correctly handle these transactional corrections.**

The second amendment added in-kind contributions totaling \$4294.95. The LCRCC agrees that these are new transactions that are reported after the deadline since the contributors of these in-kind items had not been previously reported. The dollar amount of the in-kind items were previously reported as contributions by individuals who purchased the donated items.

The second amendment deleted expenditures of \$400.04 which was a combination of voiding a duplicate reported expenditure (same check reported twice in the original report) for \$400.00 and a correction of a previous expenditure of \$0.04. Again, the software Capitol On Ramp creates a deletion record when a voided check is removed from the expenditures. . **We are asking for a waiver of penalty based on the direct result of a professional delivery service (Capitol On Ramp) deliver a file to allow for the correct reporting of this item.**

The second amendment deleted \$350.00 in previously reported accounts receivable which was a non-processed credit card transaction that was reported twice in the first amendment. This particular receivable was created in February, 2004 and was corrected in August 2004; Capitol On Ramp requires the user to delete the receivable if it corrected or written off, then generates an amendment for the accounting period the receivable was created. The committee would have preferred to report the write off in the current accounting period but the software created the entry for the amendment. **We are asking for a waiver of penalty based on the direct result of a professional delivery service (Capitol On Ramp) to deliver a file to allow for the correct reporting of this item.**

In summary, the committee believes that your office should reduce or waive the penalties reported in your letter of November 3, 2004. The committee believes your office should propose a civil penalty of  $[\$15 \times 1\% \times 57 \text{ days}] + [\$4294.95 \times 1\% \times 70 \text{ days}] = \$3015.02$ .

We have enclosed the sum of \$10,000 the original penalty. If your office agrees with our request for waivers and reductions then your office can refund the balance to the committee.

Sincerely,

Hal Reed  
Treasurer  
Lane County Republican Central Committee □



11/9/04

Notary  
exp: 6-6-08



-1/14 Fax to 503-~~578~~-7414  
3 pages EXHIBIT B

November 28, 2004

Jennifer Hertel  
Elections Division – Oregon Secretary of State Office  
141 State Capitol  
Salem, OR 97310

Re: Proposed Fine - Case # NT8064

Dear Jennifer,

Our former Treasurer Hal Reed, submitted a letter dated 11/9/04 requesting the waving and reduction of penalties, dated 11/9/04. Please consider this as additional written testimony in this matter.

We ask that you take the following into consideration when considering our case.

You will recall from prior correspondence that the person we recognized as Treasurer through the period in question was Sondra Jamison.

One of the grounds for "Reduction or Waiver of Penalty" is essentially criminal or civil actions of the Treasurer. The reason for this as a mitigating circumstance is that the Committee would have had no knowledge of the malfeasance or gave sanction to the activity that lead to the fine.

While we did not file criminal or civil action, we believe this case has similar mitigating circumstances and results from non-feasance. We believe that to file charges or pursue civil action would NOT be beneficial to the citizens of Oregon or any of the parties involved at this time.

Sondra lead our committee to believe that various actions had occurred, including the processing of the Credit Card charges which were incorrectly reported as cash contributions in our first Pre-Election Primary report. (We later amended to report as Account Receivable). She had included these items in reports given to the committee and to your office. Clearly this was misrepresenting the facts, and hid the true nature of our accounts from us. We had no way of knowing this had occurred.

When we began to have concerns we attempted to reach her, she did not return phone calls and essentially froze up.

We subsequently learn that in addition to these problems, she also had difficulty in her personal life on top of which she had substantial pressure at work due to major systems changes.

2004 NOV 29 PM 3:22  
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ELECTIONS DIVISION  
SECRETARY OF THE STATE

Jennifer Hertel  
Elections Division – Oregon Secretary of State

November 28, 2004  
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We chose not to pursue charges against this single mom, who until this problem appeared to be the model volunteer. Filing Civil or Criminal charges against a volunteer, single mom would not help the citizens of Oregon, the election process, or the Lane County Republican Party.

Upon learning of these problems we took immediate action to rectify the situation, including filing the various reports and amendments in question.

Please take these into account when determining final penalty.

Secondly, we ask that you reduce or waive the penalties resulting from the Second set of amendments. As argued in Hal Reed's letter the substantial majority of those transactions were the result of re-classification of contributions as Sale of Fair Market value. If anything we over reported the information on these items. The spirit of the law was followed in giving full disclosure to the people of Oregon on the nature of our finances. We ask that you wave or reduce any penalties from these transactions.

In summary, our committee has not done anything to hide, cover up, or avoid penalties. In fact we are having these discussion because as soon as we learned of problems we over reported the corrections. We respectfully ask that where ever possible, you wave or reduce the proposed Civil Penalty.

Thank you for your assistance in this matter. We await your reply.

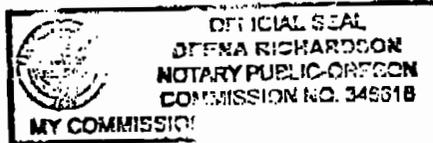
Sincerely,

Bob Avery  
Chairman  
Lane County Republican Central Committee



STATE OF OREGON  
COUNTY OF LANE

Accepted and agreed to this 29 day of November, 2005, before me, Deena Richardson, a Notary Public in and for said County and State, personally appeared Bob Avery, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



(Official Seal)

Signature \_\_\_\_\_

Commission expires June of 2005

Description of the attached document:

Re: Proposed Fine - Case # NT 8064

Number of pages in attached document (excluding Notary attachment): 2

REQUIRED NOTARY PUBLIC INFORMATION

Notary Public's business address: 4257 Barger Drive  
Eugene, Oregon 97402

Notary Public's business phone: (541) 607-0707

