

October 24, 2016

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**Via E-mail (to Audit@fec.gov)**

Federal Election Commission  
Audit Division  
Ms. Zuzana Pacious  
999 E. Street N.W.  
Washington, D.C. 20463

RE: Response of the Colorado Republican Committee to DFAR dated October 5, 2016

Dear Ms. Pacious:

This firm represents the Colorado Republican Committee (the "Committee"). This letter will serve as the Committee's response to the Commission's Draft Final Audit Report dated October 5, 2016. I address the Committee's response to each of the Audit Division's interim Findings and recommendations in turn.

**Finding 1 – "Misstatement of Financial Activity"**

The Committee agrees with the Audit Division's recommendations regarding Finding 1(A) and Finding 1(B). The misstatements were inadvertent. As the Draft Final Audit Report notes, the Committee has filed amendments to the relevant 2011 reports to address these recommendations. The Committee inadvertently failed to file amendments for 2012. These amendments will be filed on or before October 31, 2016 and will complete the Committee's compliance with the Audit Division's recommendations.

As to Finding 1(C), the Committee continues to disagree with the Audit Division's recommendations and conclusion that the matter is unresolved. The Committee has previously provided documentation—as noted in the Interim Audit Report and the Draft Final Audit Report—demonstrating that the account in question (the "Colorado RNC Host account") is not controlled by the Committee and is therefore not an unreported federal account. The Committee's position is that it has by its prior correspondence, including its response to the Interim Audit Report, and cooperation with Commission staff sufficiently demonstrated that it does not control the Colorado RNC Host account.

**Finding 2 – "Reporting of Apparent Independent Expenditures"**

The Committee partially disagrees with the Audit Division's recommendations as to Finding 2. The Committee has—as noted in the Interim Audit Report and Draft Final Audit Report—consistently asserted that the communications at issue are not reportable as independent expenditures because they are subject to the volunteer material exemption. The Committee has provided documentation substantiating volunteer involvement including the volunteer names, the location the work was done, and the date of the volunteer involvement. The Committee appreciates the Audit Division's acknowledgment in the Draft Final Audit Report that the Committee has never before been requested to provide volunteer timesheets and photographs and its revision of its recommendation regarding the \$93,090.00 in direct mailers to conclude that these are

not properly considered independent expenditures. The Committee believes it has provided enough information to substantiate application of the volunteer material exemption as to the remaining \$110,905.00 in expenditures of the same nature. As a result, the Committee will not make any amendments to disclose these disbursements as independent expenditures, and continues to believe that no 24/48 hour report was necessary these disbursements.

This said, the Committee agrees with the Audit Division that the \$153,900.00 spent on radio advertising does not qualify for the volunteer materials exemption. The Committee will file amendments to the relevant reports on or before Friday, November 11, 2016 in compliance with the Audit Division's recommendations.

Finding 3 – "Recordkeeping for Communications"

The Committee continues to disagree with the Audit Division's recommendations as to Finding 3. After Audit staff provided the Committee with a schedule of disbursements for which it required further documentation, the Committee provided all documentation in its possession in a series of letters, USB thumb-drives and online file site links between January 31, 2014 and August 11, 2014. The Committee continues to work to associate the already provided invoices and communications with each other. This is a time-consuming task that has not been possible in advance of the November 8, 2016 election. The Committee will complete this work and provide the Audit Division with a final record associating all communications with invoices on or before December 31, 2016.

Finding 4 – "Failure to Itemize Debts and Obligations"

The Committee maintains that it has done all that is necessary to comply with the Audit Division's recommendations as to Finding 4. Given the Commission's determination that the amounts owed to the Committee's former legal counsel were not privileged from disclosure, the Committee amended its reports for the applicable period to reflect these amounts as debt. The Committee has appropriately declined to amend its reports to the amounts allegedly owed to its former get-out-the-vote ("GOTV") vendor, as that contract was terminated and the amounts disputed by CRC. The amounts were never paid and the statute of limitations for any breach of this agreement has run, hence the CRC cannot amend its reports as any amounts allegedly owed to this vendor were and are not properly debt.

Request for Hearing

The CRC hereby requests a hearing before the Commission to present legal arguments regarding Finding 1 (the status of the "Colorado RNC Host Account") and Finding 4 (the status of disputed and unpaid amounts as reportable "debt").

Thank you for your attention to this response; please do not hesitate to contact me should you have any questions regarding it.

Regards,



Christopher O. Murray

cc. Mary Moss, Federal Election Commission  
Steve House, Colorado Republican Committee  
Marty Neilson, Colorado Republican Committee  
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