

# SANDLER REIFF

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*Christal Dennis*

December 15, 2017

**Via E-Mail**

Jeff S. Jordan, Esq.  
Office of the General Counsel  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

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by Christal Dennis  
Date: 2017.12.18  
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**Re: RR 17L-46**

Dear Mr. Jordan:

The undersigned serves as counsel to the Democratic Party of South Carolina ("DPSC") and Kathryn Hensley, in her official capacity as Treasurer. I am writing in response to the Commission's letter of November 30, 2017 in connection with the above-referenced referral. A signed designation of counsel is enclosed with this response.

For the reasons set forth below, the DPSC respectfully requests that OGC recommend that no further action be taken in this matter or, in the alternative, that this matter be referred to the Alternative Dispute Resolution Division for further proceedings.

This matter relates to amendments filed by DPSC 2016 August Monthly Report and to its 2016 12 Day Pre-General Report. Almost all of the amounts included in its amendments relate to transfers received from the Hillary Victory Fund and transfers made to the Democratic National Committee;

In its original report, the DPSC initially omitted two transfers totaling \$1,050,000 received from the Hillary Victory Fund, a joint fundraising committee in which the DPSC was a participant. In addition, the DPSC failed to disclose two transfers totaling \$1,050,000 to the Democratic National Committee.

Initially, these omissions were not discovered due to the fact that the two errors had an offsetting result that caused no net change to the DPSC's cash on hand. Therefore, the omission was not immediately self-evident. The omission of these

transactions was discovered during a comprehensive review of DPSC activity relating to its 2016 joint fundraising activity which was conducted in the Spring of 2017. Although the DPSC had timely filed information regarding other transfers relating to this joint fundraising project, the four transactions were inadvertently omitted due to miscommunications between the committee and the joint fundraising representative.

The failure to report these transactions was in no way intentional and was caused by an inadvertent oversight caused by the large and unprecedented financial activity undertaken by the DPSC in 2016. The error was not immediately self-evident based upon the net zero effect of the errors. In addition, the committee filed an amended report less than three months after the original omission immediately upon discovery of the error. Finally, each omitted transaction was timely and publicly disclosed by the Hillary Victory Fund and the Democratic National Committee. Therefore, the public had access to information regarding these transactions in September of 2016 on the reports of the committees with which the DPSC had received and made transfers.

It should be further noted that the DPSC has instituted significant changes in its compliance process to ensure that such omissions do not occur in the future. In addition, the DPSC has hired new outside consultants to handle FEC filings. The outside consultant has already completed a comprehensive review of 2016 activity and necessary amendments have already been filed with the Commission.

Although DPSC acknowledges this reporting error, based upon the above, the Commission should dismiss this matter or refer this matter to its Alternative Dispute Resolution.

If you have any further questions, please contact me at (202) 479-1111.

Respectfully submitted,



Neil P. Reiff  
Counsel for Democratic Party of  
South Carolina, and Kathryn  
Hensley, in her official capacity as  
Treasurer

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