

BY EMAIL to embezzlepolicy@fec.gov

November 30, 2006

Joseph Stoltz,
Audit Division Director
Federal Election Commission
999 E Streets, NW
Washington, DC 20463

RE: Federal Election Commission Proposed Embezzlement Policy

Dear Mr. Stoltz:

The undersigned medical associations welcome the opportunity to offer comments regarding the Federal Election Commission's Proposed Embezzlement Policy dated October 20, 2006. Our association political action committees are independent state-based political action committees and state-based political action committees affiliated with the American Medical Association's PAC (AMPAC) at the national level.

We support the issuance of guidance by the Commission that offers a *safe harbor* to political action committees that implement reasonable internal controls to protect against embezzlements and unintentional reporting errors. The guidance as proposed is helpful because it would not only provide standards to assist Committees with procedures to protect their assets but, in doing so, the Commission will have created standards which acknowledge the reasonable efforts made by Committees to comply with FEC reporting and filing requirements.

Second, we strongly encourage the Commission to retain the enforcement philosophy that no one set of controls can be universally applicable to every Committee. We also encourage the Commission to continue to take into consideration the totality of the circumstances and any mitigating facts in making its enforcement decisions. We urge the Commission, in considering the totality of the circumstances, to bear in mind the fact that comparatively small operations have significantly fewer resources than large corporate or union separate, segregated funds with large staffs and access to internal auditors.

Next, we note that historically there have not been widespread instances of embezzlement activity as evidenced by the fact that this is the first time that the Commission has needed to adopt a policy about this topic. The vast majority of physicians and their connected organizations are run by competent, well-intentioned men and women of integrity.

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In closing, the undersigned medical associations support the adoption of the policy as proposed by the Commission in the October 20, 2006 draft, with one clarification. We ask that the Commission make clear that the proposed policy, relative to checks in excess of \$1,000 and all wire transfers, is intended to require that two individuals authorize these expenditures and that the policy does not require two individuals manually sign such checks or complete wire transfer instructions. Based upon consultation with financial staff and external accounting firms, we believe that medical association political action committees can establish sufficient written policies and procedures applicable to checks in excess of \$1,000 and all wire transfers without requiring two manual signatures for these expenditures.

Therefore, the undersigned urge the Commission to modify the language in the second proposal under the heading "Internal Controls" so that it would now read:

"Checks in excess of \$1,000 and all wire transfers are authorized in writing by two individuals, who are identified in writing in the committee's internal policies. This policy is not intended to require that both individuals manually sign checks or wire transfer instructions."

Last, we ask that the enforcement process be applied fairly and that the process be a transparent one that helps political action committees comply with the Commission's requirements. This approach is in the public's best interest. A policy that is primarily punitive is not in anyone's best interest.

Sincerely,

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