AMERICAN SOCIETY
OF ANESTHESIOLOGISTS

Office of Governmental Affairs
1101 Vermont Avenue, N.W.
Suite 606
Washington, DC 20005
(202) 289-2222
FAX (202) 371-0384
mail@ASAwash.org

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:

On behalf of the American Society of Anesthesiologists (ASA), I thank you for the opportunity to submit comments regarding the Federal Election Commission's Proposed Embezzlement Policy dated October 20, 2006. ASA is a national medical society consisting of approximately 41,000 physicians and other scientists engaged or especially interested in the medical practice of anesthesiology. It is a not-for-profit association exempt from income tax under 26 U.S.C. 501(c)(6) and incorporated in the state of New York.

Since 1991, ASA has maintained the American Society of Anesthesiologists Political Action Committee (ASAPAC) as a separate segregated fund (SSF). It is registered with the Commission as a multicandidate committee.

ASA supports the notion of a safe harbor to protect those political action committees that implement reasonable internal controls that would serve to prevent embezzlement and unintentional reporting errors. 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.

With regard to the minimum safeguards proposed by the Commission in the October 20, 2006 draft, ASA would urge 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. We believe that medical association political committees can establish sufficient policies and procedures applicable to checks in excess of $1,000 and all wire transfers without requiring two manual signatures for these expenditures.

520 N. Northwest Highway • Park Ridge, IL 60068-2573
(847) 825-5586 • Fax: (847) 825-1692 • E-mail: mail@ASAhq.org • www.ASAhq.org

Therefore, ASA urges the Commission to modify the language in the Minimum Safeguards to Prevent Misappropriation under Section A. "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."

Additionally, with regard to the adoption of the proposed Internal Control Guidance for Political Committees, the ASA urges a revision. Under the Selected Procedures for Internal Controls, Disbursements, item F states: "Mail all checks promptly and directly to the payee. The person mailing the check should be independent of those requesting, writing, and signing it." ASA believes that compliance with this procedure would conflict with a practice common among membership and trade association SSFs whereby disbursements, in lieu of being mailed to candidate committees, are sent directly to association members or executives for hand delivery to the candidate or committee. ASA believes that a significant portion of disbursements among membership and trade association SSFs are conveyed to candidates and candidate committees in this fashion. In addition, in situations where the association executive is the person hand delivering the check, it is often the same person in the membership or trade association who requests that the check be written.

An intrinsic feature of a membership or trade association is the involvement of members in various aspects of its operations. Delivery of SSF disbursements to candidates and candidate committees is frequently one of those aspects in which members seek to be involved. ASA believes that compliance with item F, if adopted as proposed, would disrupt this important membership function while adding very little to the overall safeguards intended by the proposal. If modified slightly, the procedures in item F would still accomplish the intended goal, but at the same time permit hand delivery of checks. Therefore, ASA strongly urges the Commission to modify the language in item F to indicate that committees "Mail *or assure delivery of* all checks promptly and directly to the payee. The person mailing *or delivering* the check should be independent of those ~~requesting,~~ writing and signing it."

In conclusion, we urge the Commission to keep the enforcement process fair and transparent so that political action committees will more willingly comply with the Commission's requirements. Such an approach is clearly in the public's best interest.

Sincerely,

Ronald Szabat, JD, LLM
Director of Governmental Affairs & General Counsel