

**SANDLER, REIFF, LAMB, ROSENSTEIN &  
BIRKENSTOCK, P.C.**

June 24, 2014

Mr. Thomas Hintermeister  
Assistant Staff Director  
Audit Division  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Dear Mr. Hintermeister:

This letter will serve as the response of the South Dakota Democratic Party ("SDDP") to the Interim Audit Report ("IAR") of the Federal Election Commission's Audit Division ("the Audit Division") for the period covering the NDP's financial activities for 2009 and 2010.

The response to each of the Audit Division's three findings is as follows:

**Finding #1**

The IAR's first finding involves the misstatement of committee activities for the calendar years 2009 and 2010. The committee had previously filed comprehensive amendments to the 2009 reports. In response to the IAR, the SDDP has filed comprehensive amendments to its 2010 reports. Please note that the amended reports will vary from the Audit Report based upon our recent communication regarding a few small discrepancies noted between our research and the numbers provided in the IAR.

**Finding #2**

The IAR's second finding involved recordkeeping for payroll. The committee has amended its reports to disclose all payroll expenses on Line 30b. Based upon these amendments, it is our understanding that there is no further action required and the Audit Division considers this issue to be resolved.

### Finding #3

The IAR's third finding involves an apparent excessive coordinated party expenditure on behalf of the SDDP's nominee for House of Representatives, Stephanie Herseth Sandlin. As the SDDP stated during the exit conference, the committee did not exceed the coordinated expenditure limit. The SDDP inadvertently disclosed a volunteer exempt mailing on Line 25 of its reports. The mailing, in the amount of \$19,529, should have been disclosed on Line 30b. During the Audit field work, the SDDP provided photographs that it believes were related to the mailing in question. In response to the Audit Division's recommendation, the SDDP is also providing a declaration from its former Executive Director (Attached as Exhibit A) that confirms that all exempt mail (including the mailing that was misreported on Line 25) was undertaken with significant volunteer activity. In addition, the SDDP has amended its reports to move this payment to Line 30b.

Based upon the uncertainty of the amount of volunteer involvement required to satisfy the exemption, and based upon the information provided to the Audit Division by the SDDP, the Audit Division should consider this matter resolved.

### Finding #4

The IAR's fourth finding involves the apparent receipt of contributions and receipts of \$9,940 from non-political committees. The IAR recommended that the SDDP demonstrate that the contributions or payments were from permissible sources, or refund the remaining amount to the U.S. Treasury.

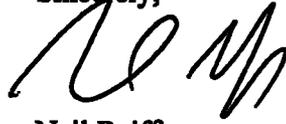
In response to the IAR, the committee has obtained letters from donors certifying that \$3,440 of the contributions were from permissible sources (Attached as Exhibit B) (One of those contributions was for \$1,300. Therefore the SDDP intends to refund the amount in excess of \$1,000). In addition, the committee is attaching an invoice to demonstrate that the \$5,000 receipt from Hediprim for Governor was intended to pay for the door hangers (the invoice for the door hangers are attached as Exhibit C) and the payment was not intended as a contribution. In addition, the SDDP has obtained a certification that the funds received by the Heidprim campaign to pay for the door hangers were from permissible sources. Based upon the above, the SDDP will refund \$1,800 to the United States Treasury (attached as Exhibit D), which consists of two contributions totaling \$1,500 where the donors could not be reached to confirm that the contributions consisted of permissible funds and an additional \$300 for a contribution which exceeded the \$1,000 registration threshold by that amount.

### Finding #5

The IAR's fifth finding involves the reporting of occupation and employer for contributions received by the SDDP. The IAR states that the SDDP, during the audit period, had taken corrective action to materially correct any deficiencies in its disclosure of occupation and employers of SDDP donors and that no additional action was necessary. In addition, the SDDP has no further comment on this issue at this time.

If you require any further information, or have any other questions, please call me at (202) 479-1111.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Reiff', written in a cursive style.

Neil Reiff  
Counsel to the South Dakota Democratic Party