



**Federal Election Commission
Washington, DC 20463**

August 16, 2001

Kathryn Donovan, Esq.
Pillsbury Madison & Sutro, LLP
400 Capitol Mall, Suite 1700
Sacramento, CA 95814-4419

Re: ADR 027 (MUR 5062)

Dear Ms. Donovan:

Enclosed please find a signed copy of the agreement between GWF Power Systems Company, Inc. and the Federal Election Commission (FEC/Commission) regarding ADR 027 (MUR 5062). The agreement was approved by the Commission on August 14, 2001.

I need to remind you that the settlement agreement, along with the exchange of correspondence, will be made part of the public record. The FEC is obligated by federal statute to put settlement agreements on the public record. 11 C.F.R. § 111.20(b). Accordingly, the appropriate portions of this file will be forwarded to the Commission's Public Information Office to be placed on the public record.

This agreement resolves the matter that was brought to the attention of the FEC by David Plouffe, Executive Director of the Democratic Congressional Campaign Committee, regarding an alleged violation of the federal election campaign laws. I appreciate your assistance in effectively resolving this matter and bringing the case to a mutually satisfactory conclusion.

Sincerely,

Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office
202-694-1665

Enclosure: Agreement

Recipients: Friends & Farmers for Rich Rodriguez for Congress, Craig Boone, Treasurer
Rich Rodriguez
Danell Brothers, Inc.
Tres Panoche Land Company
Sierra Vista Pharmacy
Willemina Dairy
Peggy Stefanopoulos
Panoche Ginning Company
The Grapery
Tiemersma Dairy
Richard D. Altimus, Esq., Manzanillo Ranch
Paul Sullivan, Esq., Gilkey Enterprises
Kathryn E. Donovan, Esq.,
GWF Power Systems Co., Inc.

21-19-025-1070



Federal Election Commission
Washington, DC 20463

Case Number: ADR 027
Source: MUR 5062
Case Name: Friends and Farmers for
Rich Rodriguez for Congress, et al

NEGOTIATED SETTLEMENT

This matter was initiated by a signed, sworn and notarized complaint filed by David Plouffe, Executive Director, Democratic Congressional Campaign Committee. Following review of the matter, and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended, ("FECA") and resolve this matter, the Federal Election Commission ("Commission") entered into negotiations with Kathryn E. Donovan, Esq., representing GWF Power Systems Company, Inc., ("respondent"). It is understood that this agreement will have no precedential value relative to any other matters coming before the Commission.

Negotiations between the Commission and respondent addressed all the issues raised in this matter. The parties agreed to resolve the matter according to the following terms:

1. The Commission entered into this agreement as part of its responsibility for administering the FECA, and in an effort to promote compliance on the part of Respondent. The Commission's use of alternative dispute resolution procedures (ADR) is authorized in "The Administrative Dispute Resolution Act of 1996," 5 U.S.C. § 572 and is an extension of 2 U.S.C. § 437g.
2. Respondent voluntarily entered into this agreement with the Commission.
3. Complainant alleged that GWF Power Systems Company, Inc. made a \$200.00 contribution from corporate funds to Friends and Farmers for Rich Rodriguez for Congress Committee in violation of the FECA. The FECA states that it is unlawful for a corporation to make a contribution or expenditure in connection with any election for Federal office. 2 U.S.C. § 441b.
4. Respondent acknowledged that an employee made a contribution based on the belief that the contribution was legal. Respondent received a full refund of the contribution. In an effort to resolve this matter, respondent agreed to issue a corporation directive by July 1, 2001 to senior management concerning the FECA

21-19-025-1094

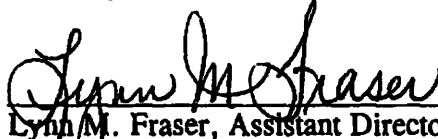
prohibition on corporations making contributions or expenditures in connection with any election for Federal office.

5. The parties agreed that if Respondent fails to comply with the terms of this settlement, the Commission may undertake civil action in the U.S. District Court for the District of Columbia to secure compliance.
6. This agreement shall become effective on the date signed by respondent and approved by the Commission.
7. This Negotiated Settlement constitutes the entire agreement between the respondent GFW Power Systems Company, Inc. and the Commission on ADR 027 (MUR 5062), and effectively resolves this matter. No other statement, promise or agreement, either written or oral, made by either party, not included herein, shall be enforceable.

FOR THE COMMISSION:

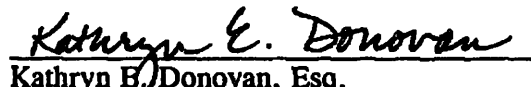
Allan D. Silberman, Director
Alternative Dispute Resolution Office

By:


Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office

8-14-01
Date Signed

FOR THE RESPONDENT:


Kathryn E. Donovan, Esq.
Counsel for GFW Power Systems Company, Inc.

June 26, 2001
Date Signed

CORPORATE DIRECTIVE CONCERNING CAMPAIGN CONTRIBUTIONS

Under federal law, corporations like GWF Power Systems Company and its affiliates, including Hanford L.P., are prohibited from making any contributions of money or anything else of value to candidates for federal office or federal political action committees. This prohibition is broad and prohibits the expenditure of any corporate money "in connection with" any federal election. In addition, federal and state laws prohibit the Company and its affiliates from reimbursing employees for any federal, state or local campaign contributions made from personal funds. The Company and its affiliates may, from time to time and in strict compliance with applicable limits and other laws, make campaign contributions to candidates for state or local elected office or for ballot measure campaigns.

In accordance with these prohibitions, the following policies apply to the Company, its affiliates, and employees:

- The use of Company funds (including funds of affiliates) to make contributions to candidates in federal election campaigns, and any use of Company assets or resources for federal election campaigns, is prohibited.
- Employees may not engage in federal election campaign activities during work hours. This policy does not limit the right of employees to engage in political activities on their own time and with their own funds.
- Company funds or other Company resources (including funds or resources of affiliates) may be used to make contributions to state or local candidates or ballot measures candidates or ballot measures, subject to any limits, prohibitions and disclosure requirements contained in applicable state or local law. All such expenditures, however, including compensated employee time for state or local election campaigns, must be approved *in advance* by the President of the Company.
- Under no circumstances will the Company or its affiliates reimburse any employee or contractor for expenses incurred for contributions to any federal, state, or local candidate for elected office, political party, political committee or ballot measure campaign.

Any questions about this directive should be addressed to Duane Nelsen, President.