



FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, DC 20463

August 14, 2001

Bob Kline, Esq.
37 Fellowship Drive
Halifax, PA 17032

Dear Mr. Kline:

Enclosed is the signed copy of the agreement between the Federal Election Commission (FEC) and your clients, the Van Horne for Congress Committee and John J. Palochik, treasurer, regarding MUR 5088 and subsequently numbered ADR 036. This agreement, which was approved by the Federal Election Commission today – the effective date of the agreement – resolves the matter brought to the attention of the FEC by Donald F. McGahn II on behalf of the national Republican Congressional Committee.

As you are aware, the settlement agreement along with documents exchanged between your office and the FEC, prior to the commencement of negotiations, will be made part of the record that is released to the public. The Commission is obliged by Federal statute to make public all settlement agreements. Accordingly, the file on this case, including the above mentioned document, will be forwarded next month to the FEC's Public Information Office.

This agreement effectively resolves the issues raised in the complaint filed against the Committee which is the subject of this case.

I appreciate your assistance in resolving this matter and helping to bring this case to a mutually satisfactory conclusion.

Sincerely,

Allan D. Silberman,
Director, ADR Office

Enclosure

21-19-025-1537



FEDERAL ELECTION COMMISSION
Washington, DC 20463

Case Number ADR 036
Source MUR 5088
Case Name Van Horne for Congress

NEGOTIATED SETTLEMENT

This matter was initiated by a signed, sworn and notarized complaint filed by Donald F. McGahn II on behalf of the National Republican Congressional Committee. Following a review of the record and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended ("the FECA"), and to resolve this matter, the Federal Election Commission ("the Commission") entered into negotiations with Bob Kline, Esq. on behalf of "the Respondents", Van Horne for Congress and John J. Palochik, treasurer. 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 the Respondents have addressed all the issues raised in this matter. The parties have agreed to resolve the matter according to the following terms:

1. The Commission has entered into this agreement as part of its responsibility for administering the Federal Election Campaign Act and in an effort to promote compliance of the FECA on the part of the Respondents. The Commission's use of ADR procedures 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. The Respondents have voluntarily entered into this agreement with the Commission.
3. The complaint alleges that the Respondents reported receipt of at least \$37,000 for its debt retirement that exceeded the debt reported by the Van Horne for Congress Committee ("the Committee"). In addition, the complaint alleges that the Committee's reports failed to identify when listed debts were incurred, failed to account for and date in-kind contributions of \$1,980 for computer services and did not appropriately attribute contribution of \$2,000 to either the primary or general elections.
4. Debts and obligations in excess of \$500 shall be reported as of the date on which the obligation is incurred. 11 C.F.R. § 104.11(b). Political committees may receive and retain contributions only to the extent that those contributions for a particular election, but made after that election, exceed net debt outstanding from the designated election. 11 C.F.R. § 110.1(b)(3)(i). The treasurer of an authorized political committee, in order to determine whether there are net debts outstanding from a particular election, is required to calculate net debts outstanding as of the date of the election. 11 C.F.R. § 110.1(b)(3)(ii). The amount of the net debts outstanding shall be adjusted as additional funds are received and expenditures are made. 11 C.F.R. § 110.1(b)(3)(iii).

5. Treasurers of an authorized political committee shall report each in-kind contribution received by the Committee. 11 C.F.R. § 104.13(a)(1) and § 104.3(a)(3). In-kind contributions includes anything of value, including the payment for personal services of another person. 11 C.F.R. § 100.7(a)(1)(iii) and 100.7(a)(3).
6. Authorized political committees are required to report itemized contributions from individuals. 11 C.F.R. § 104.3(a)(3)(A).
7. The Respondents acknowledge errors in the entries contained on Schedule D in the reports filed with the Commission. Data was mistakenly entered into the "Outstanding Balance" column rather than the "Amount Incurred" column in its second quarter report (Q2) filed with the Commission. The aforementioned errors were subsequently corrected in an amended report including the listing of the Committee's debt obligation and the portion of its debt attributed to the primary election. The aforementioned amended report correctly attributed the referenced in-kind reimbursement to a contribution and allocated the subject \$2,000 contribution equally to the primary and general election
8. The Respondents acknowledge the clerical mistakes in its reports filed with the Commission and although those errors have been corrected and accepted by the Reports Analysis Division (RAD), the Committee has agreed to attend, during the next twelve months, from the effective date of this agreement, an FEC sponsored workshop for candidates to obtain a better understanding of the requirements and responsibilities placed on federal election campaign committees. The Committee subsequently will work with RAD to prepare for filing a request for termination with the Commission.
9. The parties agree that if the Respondents fail 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.
10. This agreement will become effective on the date signed by all the parties and approved by the Commission.
7. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 036/MUR 5088 and effectively resolves this matter. No other statement, promise or agreement, either written or oral, made by either party, not included in herein, shall be enforceable.


FOR THE COMMISSION

Allan D. Silberman,
 Director, Alternative Dispute Resolution Office


 Allan D. Silberman

8-14-01
 Date

FOR THE RESPONDENTS


 (Name) ROBERT J. KLINE
 (Position) CONSULTANT

7-10-2001
 Date