



**Federal Election Commission
Washington, DC 20463**

Case Number ADR 083
Source MUR 5241
Case Name. Craig Schelske, Craig Schelske
for Congress, and Lesley Lyons, Treasurer

NEGOTIATED SETTLEMENT

This matter was initiated by a signed, sworn and notarized complaint filed by the Democratic Party of Oregon. 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 Donald McGahn, Esq., representing Craig Schelske, Craig Schelske for Congress and Lesley Lyons, Treasurer ("Respondents"). 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 Respondents addressed the issues raised in this complaint. The parties agree 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 Respondents. 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. Respondents voluntarily enter into this agreement with the Commission.
3. Complainant alleges that Respondents failed to disclose campaign activity by not filing a statement of candidacy with the Commission in a timely manner. The complaint also alleges that the Respondents received in-kind corporate contributions. Finally, the complaint also alleges that mailers sent out by Respondents did not contain disclaimers as to the identity of persons who paid for and, where required, authorized the communication.
4. Federal law requires an individual to file a Statement of Candidacy with the Commission within fifteen days of receiving over \$5,000 in contributions or making over \$5,000 in expenditures. 11 C.F.R. §§ 101.1(a) and 100.3, 2 U.S.C. § 431(2)(A). The authorized campaign committee shall file a statement of organization with the Commission within ten days of

designation. 2 U.S.C. § 433(a), 11 C.F.R. § 102.1(a). The term contribution does not include funds received solely for the purpose of determining whether an individual should become a candidate. Examples of activities permissible under this exemption include, but are not limited to, conducting a poll, telephone calls and travel. This exemption does not apply to funds received for activities indicating that an individual has decided to become a candidate for a particular office or for activities relevant to conducting a campaign. 11 C.F.R. § 100.7(b)(1)(i)-(ii).

5. The FECA prohibits corporations from making a contribution or expenditure in connection with an election for Federal office. 2 U.S.C. § 441b.
6. Respondents acknowledge that inadvertent violations of the FECA occurred while the candidate was holding a series of "testing the waters" events designed to gauge support and raise limited funds. Respondents contend that the communications regarding the events were provided to a limited audience, and that both the sender and intent of funds raised were clearly indicated. Respondents further contend that no prohibited corporate funds were used.
7. In order to resolve this complaint, Respondents agree to (a) have a member of the committee's staff attend a FEC sponsored educational conference for House and Senate Campaigns within twelve months of the effective date of this agreement, and (b) pay a civil penalty of \$500.
8. The parties agree that if 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.
9. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with term (a) of the settlement within twelve months of the effective date of this agreement, and with term (b) within thirty (30) days from the effective date of this agreement.
10. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 083 (MUR 5241), 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.

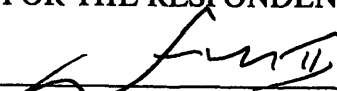
FOR THE COMMISSION:

Allan D. Silberman, Director
Alternative Dispute Resolution Office

By: 
Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office

3-4-03
Date Signed

FOR THE RESPONDENTS:


Donald F. McGahn II, Esq.
Counsel for Respondents

2-20-03
Date Signed

11/11/03 10:00 AM