



**Federal Election Commission  
Washington, DC 20463**

September 13, 2004

Michael Battles  
62 Kay Boulevard  
Newport, RI 02840

Re: ADR 159  
Battles for Congress and Gil Baird, Treasurer

Dear

Enclosed is the signed copy of the agreement resolving the referral initiated on March 18, 2004 with the Federal Election Commission (FEC/Commission) against Battles for Congress and Gil Baird, Treasurer ("Respondents"). The agreement for, ADR 159 (AR 04-02), was approved by the Commission on September 9, 2004 – the effective date of the agreement.

Note that paragraph 10 of the agreement specifies that Respondents shall comply with the terms of this settlement within thirty (30) days of the effective date of the agreement. Please forward to this office, a statement confirming Respondents' compliance with the terms listed in paragraph 7 of the aforementioned agreement. The letter should note the dates on which Respondents satisfied each of the terms listed in paragraph 7.

As you are aware, the settlement agreement will be made part of the record that is released to the public. The Commission will also place on the record copies of the referral, correspondence exchanged between your office and this office prior to our entry into settlement negotiations and reports prepared for the Commission by this office to assist in its consideration of this matter. The Commission is obliged by Federal statute to place on the public record documents in closed enforcement and alternative dispute resolution cases; accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC's Public Information Office.

This agreement resolves the matter that was initiated by the Commission pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities regarding violations of federal election campaign laws. I appreciate your

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assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,

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

Enclosure: Agreement

24.19.025.3641



Federal Election Commission  
Washington, DC 20463

Case Number. ADR 159  
Source. AR 04-02  
Case Name Battles for Congress  
and Gil Baird, Treasurer

### NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. 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 Commission entered into negotiations with Michael J. Battles, representing Battles for Congress and Gil Baird, 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 referral. 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. An audit identified, in a review of contributions following the 2002 election, thirteen (13) individuals that exceeded the limitation for the Primary Election for a total of \$8,350. In addition, since the candidate was not involved in the General Election, Respondents were required to refund contributions totaling \$4,425 designated for the General Election by contributors who contributed the maximum to the Primary Election.
4. The statute and regulations in effect at the time of these contributions prohibited any person from making a contribution to any candidate or his authorized political committees with respect to any federal election which, in the aggregate, exceeded

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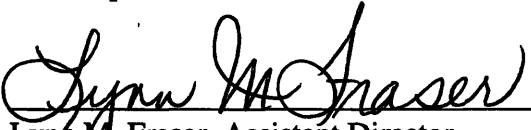
\$1,000. 2 U.S.C. § 441a(a)(1)(A) (2000), 11 C.F.R. 110.1(b) (2002). The FECA also prohibits a candidate or political committee from knowingly accepting any contribution which violates the limitation imposed on contributions under this section. 2 U.S.C. § 441a(f), 11 C.F.R. § 110.9(a). Federal regulations require the treasurer of a political committee to examine all contributions for evidence of illegality, and if the contribution cannot be determined to be legal, refund the contribution within thirty (30) days. 11 C.F.R. § 103.3(b).

5. The implementing regulations in effect at the time required that if a candidate, or the authorized committee, receives contributions prior to the date of the primary election, which contributions are designated in writing by the contributor for use in connection with the general election, such candidate shall use an acceptable accounting method to distinguish between contributions received for each election. If the candidate is not a candidate in the general election, any contributions made for that election shall be refunded, redesignated or reallocated, in accordance with the regulations. 11 C.F.R. § 102.9(e).
6. Respondents acknowledge that an inadvertent violation of the FECA occurred, but at the time of the audit had insufficient funds to refund the identified contributions. Respondents, in compliance with the recommendations of the auditors, reported the amounts required to be refunded as debts beginning on the 2003 July Quarterly Report. The 2004 July Quarterly Report disclosed that refunds were made for all excessive contributions during the reporting period.
7. Respondents, in an effort to resolve this matter, agree to: a) work with Commission staff to terminate the committee; and b) pay a civil penalty of \$1,000.
8. Respondents agree that all information provided to resolve this matter is true and accurate to the best of their knowledge, and that they sign this agreement under penalty of perjury pursuant to 28 U.S.C. § 1746.
9. The parties agree that if Respondents fail to comply with the terms of this settlement, the Commission may submit any unpaid civil penalty to the U.S. Treasury for collection or undertake civil action in the U.S. District Court for the District of Columbia to secure compliance.
10. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms of the settlement within thirty (30) days from the effective date of this agreement.
11. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 159 (AR 04-02) 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.

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FOR THE COMMISSION:

Allan D. Silberman, Director  
Alternative Dispute Resolution Office

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

  
Date Signed

FOR THE RESPONDENTS:

  
Michael J. Battles  
Representing Battles for Congress and  
Gil Baird, Treasurer

  
Date Signed

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