



**Federal Election Commission
Washington, DC 20463**

July 23, 2004

William J. McGinley, Esq.
Patton Boggs LLP
2550 M Street N.W.
Washington, DC 20037

Re: ADR 163
John Sullivan for Congress, Gregory T. Colpitts, Treasurer and John Sullivan

Dear Mr. McGinley:

Enclosed is the signed copy of the agreement resolving the complaint filed June 9, 2003 with the Federal Election Commission (FEC/Commission) against John Sullivan for Congress, Gregory T. Colpitts, Treasurer and John Sullivan ("Respondents"). The agreement, ADR 163 (MUR 5368) was approved by the Commission on June 22, 2004 – the effective date of the agreement.

Note that paragraph 6 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, with the exception of term (c) which gives Respondents twelve (12) months for compliance. Please forward to this office, a statement confirming Respondents' compliance with the terms listed in paragraph 6 of the aforementioned agreement. The letter should note the dates on which Respondents satisfied each of the terms listed in the agreement.

As you are aware, the settlement agreement will be made part of the record that is released to the public. In addition, as of January 1, 2004, the Commission will also place on the record copies of the complaint, 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 brought to the attention of the FEC by the Pearson Communication Group, Inc. 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 acceptable conclusion.

Sincerely,

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

Enclosure: Agreement



**Federal Election Commission
Washington, DC 20463**

Case Number: ADR 163
Source: MUR 5368
Case Name: John Sullivan for Congress,
Gregory Colpitts, Treasurer and John Sullivan

NEGOTIATED SETTLEMENT

This matter was initiated by a signed, sworn and notarized complaint filed by Dave L. Pearson. 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 William J. McGinley, Esq., representing John Sullivan for Congress, Gregory Colpitts, Treasurer and John Sullivan ("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. The complaint alleges that Respondents knowingly and willfully filed false disclosure reports before and after the special election held in the 1st Congressional District of Oklahoma on January 8, 2002. Specifically, Complainant alleges that Respondents tried to mislead the public by failing to accurately report debts. The complaint stated that Respondents eventually filed amended reports to disclose some, but not all, debt owed to Complainant. In addition, even when the aggregate debt was reported on the summary page, Respondents often failed to itemize the debt on Schedules C or D as required by the regulations. With no itemization of the debt, the Complainant was unable to

ascertain the balance of the financial obligation to his firm, Pearson Communication Group, Inc., admitted by Respondents.


4. The FECA requires a committee to disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee on Schedules C or D, as appropriate. 2 U.S.C. § 434(b)(8), 11 C.F.R. § 104.3(d). Debts and obligations owed by or to a political committee which remain outstanding shall be continuously reported until extinguished. 11 C.F.R. § 104.11. If the debt or obligation is disputed, the reporting committee shall continue to report the disputed debt if the creditor provided something of value to the committee until the dispute is resolved. In addition, the committee must disclose on the appropriate reports amounts paid to the creditor, any amount the political committee admits it owes and the amount the creditor claims is owed. The political committee may also note that the disclosure of a disputed debt does not constitute an admission of liability or a waiver of any claims the political committee may have against the creditor. 11 C.F.R. § 116.10(a).
5. Respondents acknowledge that inadvertent reporting violations may have occurred when the committee was converting to new compliance software. Respondents contend they made every effort to comply with the reporting requirements, and never intended to file inaccurate information. Respondents also contend they dispute the amount Complainant alleges Pearson Communication Group, Inc. is owed, and that substantial payments have already been made to Complainant with a very small balance remaining.
6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) work with FEC/RAD staff to ensure compliance with reporting requirements, including filing amended reports as necessary; (b) designate an FEC compliance officer from the committee staff, or employ an FEC accounting firm to ensure future compliance with the FECA; and (c) designate committee staff to attend an FEC sponsored seminar within twelve (12) months.
7. Respondents affirm 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.
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 the terms of the settlement within thirty (30) days from the effective date of this agreement, with the exception of term (c) in paragraph 6 above.

10. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 163 (MUR 5368) 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

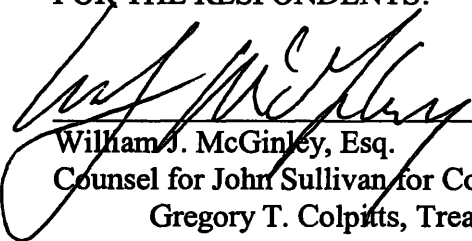
By:



Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office

7-22-04
Date Signed

FOR THE RESPONDENTS:



William J. McGinley, Esq.
Counsel for John Sullivan for Congress,
Gregory T. Colpitts, Treasurer and John Sullivan

7-14-2004
Date Signed

SEE - 3000 - 1