



Federal Election Commission  
Washington, DC 20463

COMMISSION  
SECRETARIAT

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MEMORANDUM

TO: The Commission

THROUGH: James A. Pehrkon  
Staff Director

FROM: Allan D. Silberman  
Director, ADR Office

BY: Lynn M. Fraser  
Assistant Director, ADR Office

SUBJECT: Negotiated Settlement ADR 175  
Democratic Party of Arkansas and Marcus Vaden, Treasurer

DATE: August 18, 2004

**SENSITIVE**

Attached for your review is a signed agreement for ADR 175 (AR 04-05) - Respondents Democratic Party of Arkansas and Marcus Vaden, Treasurer. This case originated with a referral from Audit on June 4, 2004 and was assigned to the ADR Office on June 21, 2004.

**ADR 175:** An Audit of the 1999-2000 reports and records of the Democratic Party of Arkansas and Marcus Vaden, Treasurer ("Respondents") revealed that the committee accepted 194 filing fees from persons seeking non-federal offices, and deposited the fees into its federal account. Respondents did not deposit these questionable funds into a separate account; however, Audit staff indicated that Respondents consistently maintained sufficient funds in the federal accounts to transfer the filing fees to the non-federal accounts, except for the month of March 2000. The checks for these non-federal filing fees were drawn on personal accounts, raising the possibility that the personal accounts could have been reimbursed with impermissible funds. These funds did not pass through to the State, but were retained in one of Respondents' federal accounts and used for operating expenses. In addition, the filing fees were reported as contributions from "Individuals/Persons Other Than Political Committees." In response to the interim audit report, Respondents provided documentation demonstrating that individuals seeking non-federal offices who paid filing fees from their personal accounts were not reimbursed by their committees with prohibited monies for all but thirty-four (34) of the filing fees in question. The total for the thirty-four questionable contributions was \$34,019.

**ADR Director's Recommendation:** We recommend that the Commission approve the negotiated settlement for ADR 175, and that we subsequently close the file on this matter and send the appropriate letters.

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