



Federal Election Commission  
Washington, DC 20463

Case Number ADR 187  
Source RR 04L-07  
Case Name Victory 2004/  
California Republican Party

### NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission ("Commission" or "FEC") 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 Fred T. Arjani, CPA and Chuck Bell, General Counsel for the California Republican Party representing Victory 2004/California Republican Party and Douglas Boyd, Treasurer ("the committee" or "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. The Reports Analysis Division ("RAD") referred the committee due to an amended 2003 February Monthly Report filed on October 20, 2003. The amended report disclosed additional receipts, reimbursements and debts totaling \$1,172,337.05 that were not disclosed in the original 2003 February Monthly Report. In addition, on January 30, 2004 Respondents filed an Amended 2003 December Monthly Report that disclosed revised allocable operating expenditures and contributions to federal candidates and

committees. These amendments resulted in additional disbursements totaling \$182,987.84 not disclosed on the original 2003 December Monthly Report.

- 4 The FECA requires a committee to report, both for the reporting period and the calendar year, the total of all contributions and disbursements, including expenditures made to meet committee operating expenses or contributions made to other political committees. 2 U.S.C. §§ 434(b)(2)(A), 434(b)(2)(D) 434(b)(4)(A), 434(b)(4)(H)(i), 11 C.F.R. §§ 104.3(b)(1)(i)(A) and (B), 104.3(b)(1)(v), 104.3(b)(1)(ix)(A) and (B). A political committee that pays allocable expenses shall report each disbursement from its federal account for allocable expenses, or each payment from an allocation account for such federal election activity. 11 C.F.R. § 104.17(b)(3)(i).
- 5 Respondents acknowledge that continuing software problems resulted in inadvertent violations of the FECA. Respondents contend they have been working consistently with the software vendor, but cannot always resolve the problems prior to the deadline for filing the reports. While the committee recognizes a form 99 should have been filed with the original 2003 February monthly report to inform the FEC of the reporting problems, their first concern was in getting the report filed timely. Respondents state that their first amendment to the 2003 February monthly report, filed one month following the original, disclosed \$1,170,921.60 of the \$1,172,337.05 referred to by RAD. The report index on the Commission website confirms receipt of the first amended report on March 21, 2003, months prior to receiving the RFAI from the RAD.
6. Respondents further contend that the amendment to the December 2003 report again resulted from problems with the software. Due to a box not being checked on the electronic form, certain categories of financial data were not captured and reported correctly. Here again, Respondents recognized the error quickly and filed an amended report on January 30, 2004.
7. Respondents argue the committee had a proactive attitude towards reporting errors and continued to take steps to address inaccuracies in reporting. Respondents assert that in early 2004 the committee hired a firm experienced in campaign finance to monitor compliance with the FECA and conduct an internal audit of all 2003 reports. The committee's compliance firm sent a representative to a FEC campaign finance seminar and designed a review process for all reports before filing with the Commission. In addition, a detailed reconciliation is now conducted each month to ensure transactions are accurately disclosed.
- 8 Respondents, in an effort to avoid similar errors in the future, agree to: (a) have committee staff attend a FEC sponsored seminar within twelve (12) months of the effective date of this agreement; and (b) work with a RAD

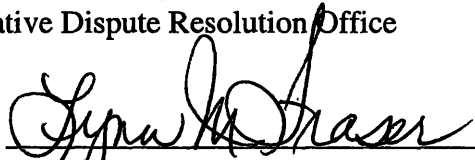
analyst to ensure all reports are accurate; and (c) pay a civil penalty of \$15,000.

- 9 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.
10. 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.
11. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with term (a) in paragraph 8 above within twelve (12) months of the effective date of this agreement, and term (c) of paragraph 8 within thirty (30) days of the effective date of this agreement.
12. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 187 (RR 04L-07), 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:

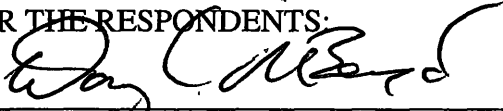
Allan D. Silberman, Director  
Alternative Dispute Resolution Office

By:

  
Lynn M. Fraser, Assistant Director  
Alternative Dispute Resolution Office

  
Date Signed

FOR THE RESPONDENTS:

  
Douglas Boyd  
Treasurer, Victory 2004/California  
Republican Party

  
Date Signed