



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

Case Number ADR 205  
Source RAD 04L-10  
Case Name: Oakland Co Democratic Party

### **NEGOTIATED SETTLEMENT**

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Following a review of the record and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended ("the FECA" or "Act"), and to resolve this matter, the Commission entered into negotiations with Richard Wallace, on behalf of the Oakland County Democratic Party and Richard Wallace, Treasurer (the "Respondents" or "Committee"). 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 the Respondents have addressed all the issues raised in this matter. The parties have agreed to resolve the matter according to the following terms:

1. The Commission has entered into this agreement as part of its responsibility for administering the Federal Election Campaign Act and in an effort to promote compliance with the FECA on the part of the Respondents. The Commission's use of ADR procedures 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. The Respondents have voluntarily entered into this agreement with the Commission.
3. The Reports Analysis Division ("RAD") determined that Respondents disclosed additional disbursements that in the aggregate equaled \$165,581.67 on their 2003 Mid Year Report and \$116,694.76 on the 2003 Year End Report. The aforementioned amounts represented an increase of 46.3% over disbursements reported on Respondents' initial 2003 Mid Year Report and an increase of 29.3% over disbursements reported on the initial 2003 Year End Report.
4. Respondents explained that the additional disbursements listed on the amended 2003 Mid Year Report resulted from an adjustment made following receipt of a letter from the FEC advising of the omission of administrative expenses on their 2003 Mid Year Report. Respondents contend that they believed all the Committee's expenses had been properly disclosed and only after receiving notice from the Commission did they learn that a number of recorded transactions had been omitted or incorrectly reported on their Mid Year Report. Following an internal review, Respondents filed a subsequent amended 2003 Mid Year Report correcting the inaccuracies. Respondents also were later advised via a Request of Additional Information ("RAI") of the need to clarify an

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additional disbursement disclosed on Respondents' amended 2003 Year End report. The Committee advised that the additional disclosure resulted from a review of their 2003 Year End Report during which they discovered that some listed transactions had been omitted. An amended 2003 Year End Report with the omitted transactions was filed two business days after the original report was due.

5. Each treasurer of a political committee shall file reports of receipts and disbursements in accordance with the provisions of the Act. 2 U.S.C. § 434(a)(1).
6. Reports required under provision of 2 U.S.C. § 434 shall disclose for the reporting period and the calendar year, the total amount of all disbursements and *inter alia* the expenditures made to meet candidate or committee operating expenses and transfers to affiliated committees and where the reporting committee is a political party committee, transfers to other political party committees, regardless whether they are affiliated. 2 U.S.C. §§ 434(b)(4)(A) and (C) and 11 C.F.R. §§ 104.3(b)(1)(i)(C) and 104.3(b)(1)(ii).
7. Respondents acknowledged errors in their 2003 Mid Year and Year End Reports. They explained that the Mid Year Report errors were due initially to the fact that the Committee could not open the data file, the need to re-enter a large group of transactions, and subsequently to the Committee's failure to discover, in a lengthy report, that some transactions were not properly re-entered. Upon learning of the omissions, Respondents, under the guidance of a new treasurer, instituted on their own a number of new procedures designed to eliminate future reporting errors. These procedures include monthly rather than quarterly reporting (which allows more comprehensive pre-filing review) and carefully reconciling of the Committee's bank account balances with the closing cash balance on each report. The Committee contends that these new procedures have enabled them to avoid, to date, a repetition of the disbursement omission problems previously encountered.
8. In order to conclude this matter and avoid similar problems in the future, Respondents agree to: 1) prepare and distribute to Committee staff a manual detailing the Committee's financial reporting responsibilities and the procedures for entering and recording Respondents' disbursements; 2) modify their internal procedures to provide for daily backup of all financial data recorded by the Committee's fundraising activities; 3) train two volunteers in the procedures for recording the Committee's financial fundraising activities; and 4) pay a civil penalty of \$1,000.
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 the 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 and/or forward any outstanding civil penalty to the US Treasury for collection.


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11. This agreement will become effective on the date signed by all the parties and approved by the Commission. Respondents shall comply with the terms of settlement listed in paragraph eight (8) above within thirty (30) days following the effective date of this agreement except for item one which shall be adopted and implemented within three (3) months following the effective date of this agreement. Copies of the latter document will be forwarded upon completion to the Commission.

12. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 205/RAD 04L-10 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

  
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Allan D. Silberman

April 7, 2005  
Date

FOR THE RESPONDENTS:

  
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Richard Wallace, Treasurer  
on behalf of the Oakland County  
Democratic Party

3-28-2005  
Date

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