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Federal Election Commission  
Washington, DC 20463

MEMORANDUM

**SENSITIVE**

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: Case for ADR Activation

DATE: April 13, 2005

On January 19, 2005, the ADR Office received from AUDIT the following case to review and determine its appropriateness for ADR processing. Based on that review, we determined that the case, ADR 227/Audit 03-50, is appropriate for ADR and recommend that it be assigned to the ADR Office.

**ADR 227/Audit 03-50:** The Audit staff identified disbursements totaling \$2,026,926 that Respondents American Federation of State, County and Municipal Employees ("AFSCME") People and William Lucy, Treasurer ("Respondents") did not report on Schedules B (Itemized Disbursements). The audit identified that these disbursement were made from Respondents' Non-Federal account and the purpose of these disbursements included federal activity that required disclosure. In addition, the audit identified debts and obligations totaling \$19,276 that were not adequately disclosed (reported on Schedules D) as required.

Attached for the Commission's review is the *ADR Case Analysis Report* on ADR 227. The *ADR Case Analysis Report* includes an analysis of the case and a description of the issues that the ADR Office anticipates addressing if the case is assigned to ADR. In addition, the *ADR Case Analysis Report* has been reviewed by OGC, which concurs in the description of the case.

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If the Commission concurs in the recommendation to assign the matter to the ADRO, the above case description will be provided to Respondents as part of ADRO's notification package sent to Respondents.

**ADR Director's Recommendation:** We recommend that ADR 227/Audit 03-50 be assigned to the ADR Office for processing.

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## ADR CASE ANALYSIS REPORT

**ADR Case:** 227

**Respondents:**  
AFSCME People  
William Lucy, Treasurer

**Audit Referral:** Audit 03-50

**Date Audit Approved:** 1/7/05

**Respondents' Rep.:** Robert D. Lenhard,  
Associate General Counsel

**Date Forwarded to ADRO:** 1/19/05

**Committee Type:** Qualified

**Date Reviewed by ADRO:** 2/4/05

**Committee Name:** AFSCME People

**District & State:** N/A

**Election Cycle:** 2002

**Summary of Referral:** The Audit staff identified disbursements totaling \$2,026,926 that the American Federation of State, County and Municipal Employees People and William Lucy, Treasurer ("Respondents" or "AFSCME People") did not itemize on Schedule B. These disbursements were made from AFSCME People's Non-Federal account. The purpose of these disbursements included federal activity that required disclosure. In addition, the audit identified debts and obligations totaling \$19,276 that were not reported on Schedule D.

**Alleged Violations:** 2 U.S.C. §§ 434(b)(5)(A), 434(b)(8), 11 C.F.R. §§ 104.3(b)(3)(i), 104.3(d), 104.11(a), 104.11(b)

**Respondents' Reply to Audit:** The Audit staff confirmed that Respondents complied with Audit staff recommendations by filing amended reports correctly disclosing the disbursements and correctly disclosing the debts and obligations at issue.

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**Issues:**

- Disclosure of disbursements 2 U.S.C. § 434(b)(5)(A), 11 C.F.R. § 104.3(b)(3)(i)
- Reporting of debts and obligations 2 U.S.C. § 434(b)(8), 11 C.F.R. §§ 104.3(d), 104.11(a), 104.11(b)

**ADR Director's Recommendation: Assign to ADRO**

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