



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

May 5, 2005

William Lucy, Treasurer  
AFSCME-PEOPLE, Qualified  
1625 L Street NW  
Washington, DC 20036

Re: ADR 227 (Audit 03-50)  
American Federation of State County & Municipal Employees-People, Qualified and  
William Lucy, Treasurer

Dear Mr. Lucy:

The Audit Division of the Federal Election Commission ("FEC" or "Commission") determined that matters arising from its recent review of the financial records of American Federation of State County & Municipal Employees-People and William Lucy, Treasurer ("Respondents") warranted further examination for possible violation of the Federal Election Campaign Act of 1971, as amended. The Commission, thereafter, reviewed the file and voted on May 3, 2005 to assign this matter to the FEC's Alternative Dispute Resolution Office ("ADRO") for processing.

The FEC established the ADR Program to provide an informal means for resolving matters that come before the Commission and to facilitate negotiations directly with Respondents. The ADR Program provides Respondents with an opportunity to negotiate, and if necessary, mediate settlement of a matter that is mutually agreeable. The negotiations occur prior to any Commission consideration of whether there is reason to believe a violation has occurred. If negotiations and/or mediation are successful, the resulting settlement would conclude the matter.

The Commission, in referring the matter to the ADR office, determined that the case is eligible for processing in the ADR program. If Respondents decide to participate in the Program, i.e., negotiation and/or mediation, you must: 1) indicate in writing a willingness to have your case submitted to the ADR process; 2) agree to participate in the bilateral negotiations and if necessary, mediation; and 3) waive the statute of limitations while the matter is being processed under the FEC's ADR program.

FEDERAL ELECTION COMMISSION, ALTERNATIVE DISPUTE RESOLUTION OFFICE  
999 E STREET N.W., WASHINGTON, DC 20463  
TELEPHONE: 202.694.1665 FAX: 202.219.0613  
EMAIL: lfraser@fec.gov

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The issues referred to the ADRO and the focus of our subsequent negotiations are summarized as follows:

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.

If after reviewing this letter and the enclosed brochure, which describes the ADR program, Respondents would like this case selected for ADR processing, you need to affirmatively indicate that on the enclosed Commitment to Submit Matter to ADR Program form. **Failure to respond affirmatively within fifteen (15) business days of receipt of this letter will be taken as a notice of disinterest in the program and your case will be dropped from further consideration for ADR.** In that event, your case will be sent to the FEC's Office of General Counsel and the likelihood that the Committee will be audited during the next election cycle will increase.

This matter has been designated as ADR 227. Please refer to this number in future correspondence with the FEC. If you have questions about the ADR Program, please contact the ADRO at my direct dial as indicated below

Sincerely,

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

Enclosures: Brochure  
Commitment to Submit Matter to ADR  
Designation of Representative/Counsel

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