

Silberman



FEDERAL ELECTION COMMISSION
Washington, DC 20463

SENSITIVE

DATE & TIME OF TRANSMITTAL: Monday, November 14, 2005 11:00

BALLOT DEADLINE: Thursday, November 17, 2005 4:00

COMMISSIONER: MASON, McDONALD, THOMAS, TONER, WEINTRAUB

SUBJECT: **ADR 227 (AR 03-50) – American Federation of State, County & Municipal Employees PEOPLE and William Lucy, Treasurer. Recommendation to Approve Settlement Agreement. Memorandum from the Director, ADR Office dated November 10, 2005.**

() I approve the recommendation(s)

() I object to the recommendation(s)

() I am recused from voting.

COMMENTS: _____

DATE: _____

SIGNATURE: _____

A definite vote is required. All ballots must be signed and dated. Please return ONLY THE BALLOT to the Commission Secretary. Please return ballot no later than date and time shown above.

FROM THE OFFICE OF THE SECRETARY OF THE COMMISSION

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THE FEDERAL ELECTION COMMISSION
Washington, DC 20463

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SECRETARIAT

2005 NOV 14 A 9:26

SENSITIVE

MEMORANDUM

November 10, 2005

TO: The Commission

THROUGH: Robert J. Costa *RJC*
Acting Staff Director

FROM: Allan D. Silberman *AS*
Director, ADR Office

BY: Lynn M. Fraser *LMF*
Assistant Director, ADR Office

SUBJECT: ADR 227 American Federation of State, County & Municipal Employees
PEOPLE and William Lucy, Treasurer
Recommendation to Approve Settlement Agreement

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 227 (AR 03-50). This case was opened on January 28, 2005 and was assigned to the ADR Office on May 3, 2005.

SUMMARY: The American Federation of State, County & Municipal Employees PEOPLE and William Lucy, Treasurer ("Respondents" or "Committee") were referred after an audit identified disbursements totaling \$2,026,926 that Respondents did not itemize on reports to the Commission on Schedule B. These membership and fund-raising disbursements were made from Respondents' Non-Federal account. The American Federation of State, County & Municipal Employees ("AFSCME") could have paid these expenses from union treasury funds pursuant to 2 USC 441b(b)(2)(C) in which case no disclosure would have been required. The Committee chose to pay these expenditures from funds raised by the separate segregated fund. Respondents contend that on various occasions in 2001 and 2002, Respondents paid some of its administrative and solicitation costs from an affiliated non-federal account, instead of its usual practice of paying for those costs from AFSCME's treasury funds. Respondents note that all of the money in the non-federal account was transferred from the Committee's federal account, and as a consequence, all of the funds in the non-federal account were raised "subject to the prohibitions and limitations of the Act" as those terms are used in 11 C.F.R. § 106.6(a).

RECOMMENDATIONS:

1. Approve the attached settlement agreement with American Federation of State, County & Municipal Employees PEOPLE and William Lucy, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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