



FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 5, 2005

Tom Hannigan, Treasurer
Mike Thompson for Congress
5429 Madison Avenue
Sacramento, CA 95841

Dear Mr. Hannigan:

The Reports Analysis Division (RAD) of the Federal Election Commission ("FEC" or "Commission") determined that matters arising from its recent review of reports filed by the Mike Thompson for Congress committee and you as Treasurer (the "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 June 30, 2005 to assign this matter to the FEC's Alternative Dispute Resolution (ADR) office 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 the Committee decides to participate in the Program, i.e., negotiation and/or mediation, it should: 1) indicate in writing a willingness to have their 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.

The issues referred to the ADR Office and the focus of our subsequent negotiations are described as follow:

Summary: RAD determined that Respondents failed to report a 49.19% increase -- or \$65,115 -- in disbursements on the Committee's Third Quarter 2004 Report. The Committee's initial report filed on 10/15/04, for the period from 7/1/04 to 9/30/04 disclosed \$132,361.05 in operating expenses. An amended Third Quarter Report, dated 10/20/04 disclosed disbursements of \$197,476.05 -- an increase of \$65,115.

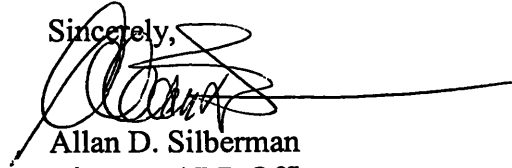
If after reviewing this letter and the enclosed brochure, which describes the ADR program, the Committee would like the matter processed in ADR, you, as Treasurer, need to affirmatively indicate that on the enclosed Commitment to Submit Matter to ADR Program form. **Failure to respond affirmatively within 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, either your case will be sent to the FEC's Office of General

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Counsel or the likelihood that the Committee will be audited during the next election cycle will increase.

This matter has been designated as **ADR 261/RR 05L-07**. Please refer to this number in future correspondence with the FEC. If you have questions about the ADR Program, please contact the ADR Office at 202-694-1670.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allan D. Silberman', with a long horizontal line extending to the right.

Allan D. Silberman
Director, ADR Office

Enclosures:

1. ADR Brochure
2. ADR Commitment Statement

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