

August 22, 2005

Benjamin L. Ginsberg
bginsberg@pattonboggs.com
(202) 457-6405

VIA FACSIMILE AND FIRST CLASS MAIL

Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: ADR 262 (Chicago Board of Options Exchange, Inc. PAC)

Dear Ms. Fraser:

On behalf of our clients, Chicago Board of Options Exchange, Inc. PAC ("Committee") and Alan J. Dean, as treasurer (collectively "Respondents"), this responds to your request for any additional information and proposed stipulations or settlement terms in the above-captioned matter. Eric Brown will contact you to arrange a mutually convenient time to discuss how to proceed.

Background

On July 1, 2005, the Federal Election Commission assigned this matter to the Commission's Alternative Dispute Resolution Office and Respondents consented to submit this matter to resolution through that office. The matter was generated by the Reports Analysis Division's analysis of Respondents' reports, some of which were voluntarily amended to disclose additional activity.

Discussion

Software errors that were not caught caused Respondents' admitted failure to file complete reports for some reports. Upon finding the errors, Respondents voluntarily amended the reports. These amendments came both before the Commission's inquiries and before the November 2004 general election. Respondents are prepared to accept remedial terms of settlement, including the payment of a reasonable civil money penalty, to close this matter.

In early 2003, Respondents changed their FEC reporting system to Aristotle PAC Manager. The Committee's reports were filed timely and smoothly until mid-2004. At that time, a routine

25190262987

Lynn M. Fraser, Assistant Director
August 22, 2005
Page 2

internal audit disclosed activity that appeared to have been omitted from the Committee's reports. Upon diligent investigation, Respondents discovered that certain data was indeed present in the database, yet had mistakenly appeared for the wrong year. For example, data for disbursements actually made and credited in July 2003 were inadvertently coded as 2004 transactions. This error was the product of a software default that automatically populated the date field when no year was entered by the operator. Upon information and belief, this default was created when the software was originally installed. Respondents did not catch this error until the routine audit.

In October 2004 Respondents voluntarily amended these reports accurately and completely to reflect all activity. Committee personnel then worked with helpful representatives of the Reports Analysis Division to provide an explanation for the public record, which has become part of the file in this matter. There was no intention to fail to disclose the Committee's activity and Respondents voluntarily amended the reports as soon as feasible upon discovery of this basic software error.

For the foregoing reasons and given our interest in settling this matter in a mutually agreeable manner, Respondents respectfully request to discuss the matter with you further at your soonest convenience.

Sincerely,



Benjamin L. Ginsberg
Eric S. Brown

25190262988