



FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 4, 2005

Larry Hicks, Treasurer
Harris County Republican Party
3311 Richmond Avenue, Suite 218
Houston, TX 77098

Re: ADR 299 (RR 05L-52)
Harris County Republican Party and Larry Hicks, Treasurer

Dear Mr. Hicks:

The Reports Analysis Division ("RAD") of the Federal Election Commission ("FEC" or "Commission") determined that matters arising from RAD reports filed by the Harris County Republican Party 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 October 7, 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.

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

RAD referred the Harris County Republican Party and Larry M. Hicks, Treasurer Respondents for failing to disclose adequate payments for administrative expenses when

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they filed their 2004 30 Day Post-General Report. RAD stated that Respondents disclosed a total of \$88,493.49 in disbursements for the reporting period, but failed to disclose adequate payments for administrative expenses. In reply to the RFAI and repeated telephone calls to the Committee, an amended 30 Day Post-General Report was filed on May 18, 2005. The amended report disclosed \$4,720.44 in telephone service on schedule B, and in a text memo the Committee stated "No paid staff member spent more than 25% of his or her time on federal activities." Although RAD explained to Respondents that further disclosure was needed as to administrative costs for such things as rent, no further reports or communications were received on clarifying this issue.

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 299. 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,

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

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