



FEDERAL ELECTION COMMISSION
Washington, DC 20463

March 8, 2006

Francis Ellis, Treasurer
Committee to Elect Patsy Keever
17 Braddock Way
Asheville, NC 28803

Dear Ms. Ellis:

The Audit Division of the Federal Election Commission ("FEC" or "Commission") determined that matters arising from its recent review of record of the Committee to Elect Patsy Keever 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 March 6, 2006 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:

Audit determined that the Committee to Elect Patsy Keever and Francis Ellis, Treasurer (the "Respondents") received, prior to the primary election of 2004, excessive contributions from twelve individuals in the amount \$18,890. Copies of contributors' checks located by the Audit staff carried no election designation. In addition, no other supporting documentation regarding the aforementioned contributions was made available. Respondents presumptively re-designated the excessive portions of the subject contributions, but failed to notify contributors of its actions or offer a refund.

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Respondents contend that the Committee to Elect Patsy Keever ("the Committee") was unaware of its potential liability until after the primary election, by which time the Candidate had already donated much of her excess campaign funds. The Candidate maintained that had she known about the need to make refunds, she would have held back sufficient funds to make the subject payments. The Candidate further explained that by the time they were advised of Audit's review it was too late to contact the contributors regarding disposition of the excessive funds.

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

This matter has been designated as **ADR 309/AD 05-01**. 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,

Allan D. Silberman
Director, ADR Office

Enclosures:

1. ADR Brochure
2. ADR Commitment Statement