



FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 25, 2006

Keith Carlson
1903 West Magnolia Boulevard
Burbank, CA 91506

Re: ADR 340 (RR 06L-06)
California Republican Party and Keith Carlson, Treasurer

Dear Mr. Carlson:

The Reports Analysis Division of the Federal Election Commission ("FEC" or "Commission") determined that matters arising from its recent review of the California Republican Party records 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 September 14, 2006 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 California Republican Party and Keith Carlson, in his official capacity as Treasurer, ("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:

Summary: RAD referred the Respondents for failing to disclose all financial activity on their 2003 July Monthly and 2003 September Monthly Reports. Specifically, Respondents filed an amended 2003 July Monthly Report to disclose additional receipts totaling

Federal Election Commission, Alternative Dispute Resolution Office
999 E Street N.W., Washington, DC 20463
Telephone: 202.694.1665 Fax: 202.219.0613
Email: lfraser@fec.gov

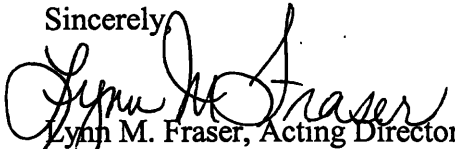
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\$85,000.00, a twenty-one percent (21%) increase. In addition, Respondents filed an amended 2003 September Monthly Report to disclose additional disbursements totaling \$168,223.78, a forty-three percent (43%) increase.

If after reviewing this letter and the enclosed brochure, which describes the ADR program, Respondent(s) 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 340. 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,



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

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

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