



THE FEDERAL ELECTION COMMISSION
Washington, DC 20463

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SENSITIVE

MEMORANDUM

January 10, 2007

TO: The Commission

THROUGH: Patrina M. Clark
Staff Director

FROM: Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office

SUBJECT: ADR 340 California Republican Party and Keith Carlson, Treasurer,
Recommendation to Approve Settlement Agreement

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 340 (RR 06L-06)**. This case was opened on June 22, 2006, and was assigned to the ADR Office on September 14, 2006.

SUMMARY: RAD referred the California Republican Party and Keith Carlson, in his official capacity as Treasurer, ("Respondents" or the "Committee") 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 \$85,000.00. In addition, Respondents filed an amended 2003 September Monthly Report to disclose additional disbursements totaling \$168,223.78.

Respondents contend the Committee undertook a complete overhaul of its accounting procedures following staff changes, and as a result filed numerous amended reports in 2003. Respondents resolved ADR 187 in January 2005, which resulted from a referral because Respondents filed an amended 2003 February Monthly Report, and an amended 2003 December Monthly Report. The 2003 July Monthly and the 2003 September Monthly Reports were part of that process of correcting all earlier reporting errors.

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After discussing the matter with RAD, and reviewing both case files, no civil penalty was assessed. The two amended reports referred in ADR 340 were part of the same overall correction of Respondents' reports that resulted in ADR 187. It was not possible to determine why all four reports were not referred initially, and thus, resolved collectively. To resolve ADR 187, Respondents paid a \$15,000 civil penalty and sent four (4) representatives to a FEC seminar. The Respondents agreed to develop a compliance desk manual for Committee staff reference on reporting and disclosure requirements.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of California Republican Party and Keith Carlson, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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