



THE FEDERAL ELECTION COMMISSION
Washington, DC 20463

SENSITIVE

MEMORANDUM

June 22, 2007

TO: The Commission

THROUGH: Patrina M. Clark *PMC*
Staff Director

FROM: John D. Gibson *JDG*
Acting Chief Compliance Officer

Deborah Ruth Kant *DK*
Director, ADR Office

SUBJECT: ADR 380 Action Committee for Rural Electrification ("ACRE"), Dena G. Stoner, Treasurer, & Basin Electric Power Cooperative Political Action Committee ("BEPAC"), Sheryl Massey, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Annual audits; training; annual reports on contributions; new policy; website for review of contributions; and payment of civil penalty of \$2000 (amount in dispute -- \$41,400).

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 380 (P-MUR 446)**. This case was received by the ADR Office on March 3, 2007, and was assigned to the ADR Office on April 17, 2007.

SUMMARY: The National Rural Electric Cooperative Association ("NRECA") is a federated membership organization, generally consisting of state and regional electric power cooperatives. Basin Electric Power Cooperative ("BEPC") is a regional cooperative and a member of NRECA. Both cooperatives have established Separated Segregated Funds ("SSFs"). ACRE is the SSF established by NRECA, and BEPAC is the SSF established by BEPC. Both BEPAC and ACRE are registered as multi-candidate committees. Under the FECA, Political Action Committees ("PACs") or SSFs established by the same incorporated membership organization, like those established by corporations

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and labor unions, are affiliated and share one combined contribution limit for candidates and other political committees. 11 C.F.R. §§ 100.5(g)(2), (3)(iv). Moreover, member organizations can be comprised of other membership organizations, including a federated cooperative with national, regional, state and local affiliates, or cooperatives, like the cooperatives involved in this matter. 11 C.F.R. §§ 114.1(e)(5), 114.7(k). A federated cooperative may solicit the members of any of its affiliated member cooperatives at the regional, state or local levels so long as all of the PACs established by these cooperatives are treated as one political committee for purposes of the FECA's contribution limits. 11 C.F.R. § 114.7(k). PACs established by affiliated cooperatives and registered as multi-candidate committees share one combined contribution limit up to \$5000 per candidate, per election 11 C.F.R. § 110.2(b).

RECOMMENDATIONS:

1. Approve the attached settlement agreement of Action Committee for Rural Electrification ("ACRE"), Dena G. Stoner, Treasurer, Basin Electric Power Cooperative Political Action Committee ("BEPAC"), Sheryl Massey, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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