



**Federal Election Commission  
Washington, DC 20463**

Case Number ADR 380  
Source P-MUR 446  
Case Name ACRE, Dena G Stoner, Treasurer &  
BEPAC, Sheryl Massey, Treasurer

### **NEGOTIATED SETTLEMENT**

This matter was initiated by a signed submission filed by counsel for the Action Committee for Rural Electrification ("ACRE"), Dena G. Stoner, Treasurer, and the Basin Electric Power Cooperative Political Action Committee ("BEPAC"), Sheryl Massey, Treasurer. Following review of the matter, and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended, ("FECA") and resolve this matter, the Federal Election Commission ("Commission") entered into negotiations with Jan Witold Baran, Esq., representing ACRE, Dena G. Stoner, Treasurer, and William B. Canfield, Esq., BEPAC, Sheryl Massey, Treasurer (collectively "Respondents"). It is understood that this agreement will have no precedential value relative to any other matters coming before the Commission.

Negotiations between the Commission and Respondents addressed the issues raised in this submission. The parties agree to resolve the matter according to the following terms:

- 1 The Commission entered into this agreement as part of its responsibility for administering the FECA, and in an effort to promote compliance on the part of Respondents. The Commission's use of alternative dispute resolution procedures ("ADR") is guided by "The Administrative Dispute Resolution Act of 1996," 5 U.S.C. § 572 and is an extension of 2 U.S.C. § 437g.
2. Respondents voluntarily enter into this agreement with the Commission.
- 3 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.
4. BEPAC and ACRE filed a joint *sua sponte* submission. In the submission, they stated that they had made excessive contributions of approximately \$41,140 over four election cycles, from 2000 to 2006. These excessive contributions arose, ACRE and BEPAC alleged, because BEPAC was not aware that it was affiliated with ACRE and

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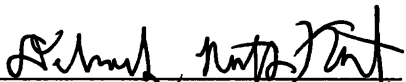
NRECA under Advisory Opinion (AO) 1999-40. In 1999, ACRE had requested an AO to determine whether federal political action committees established by NRECA and its member cooperatives were affiliated. ACRE and BEPAC explained that while AO 1999-40 answered this question in the affirmative, BEPAC was not aware of the AO until May 2006. BEPAC and ACRE also stated that in May 2006, they became aware that their contributions may have exceeded the combined contribution limits for candidates. Thereafter, the PACs asserted that they conducted an internal audit of the affected election cycles. Upon completion, the PACs contended that they requested and received refunds of all the excessive contributions. In addition, Respondents stated that ACRE contributions, BEPAC contributions and those of any other of the fifteen affiliated PACs will be posted on a password protected website accessible to all members and affiliated PACs.

- 5 Under the FECA, Political Action Committees “(PACs”) or SSFs established by the same incorporated membership organization are affiliated and share one combined contribution limit for candidates and other political committees. 11 C.F.R. §§ 100.5(g)((2), (3)(iv). The shared contribution limit for these affiliates registered as multi-candidate committees is \$5000 per candidate, per election. 11 C.F.R. § 110.2(b). Member organizations can be comprised of other membership organizations, including a federated cooperative with national regional, state and local affiliates or cooperatives. 11 C.F.R. §§ 114.1(e)(5), (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).
- 6 In an effort to avoid similar errors in the future, Respondents agree to: (a) utilize the ACRE website to examine contributions to candidates by ACRE and affiliated PACs; (b) attend an annual training program on campaign finance developed by NRECA for all the affiliated PACs; (c) follow new written policy and procedures to be issued annually by NRECA for approval of all contributions by ACRE, BEPAC, and the other affiliated PACs; (d) pay a civil penalty of \$2000. In addition, ACRE will file annual reports to the NRECA Board of Directors regarding compliance with contribution limits by ACRE, BEPAC, and the other affiliated PACs.
- 7 Respondents understand that nothing in this settlement precludes any proceeding or action that might be taken by the U.S. Department of Justice, or any other government entity against Respondents.
- 8 Respondents agree that all information provided to resolve this matter is true and accurate to the best of their knowledge and that they sign this agreement under penalty of perjury pursuant to 28 U.S.C. § 1746.
- 9 The parties agree that if Respondents fail to comply with the terms of this settlement, the Commission may submit any unpaid civil penalty to the U.S. Treasury for collection or undertake civil action in the U.S. District Court for the District of Columbia to secure compliance.

10 This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms within thirty (30) days from the effective date of this agreement.

11 This Negotiated Settlement constitutes the entire agreement between the parties on ADR 380 (P-MUR 446), and effectively resolves those issues identified in paragraph 4 above. No other statement, promise or agreement, either written or oral, made by either party, not included herein, shall be enforceable.

FOR THE COMMISSION:


By:   
Deborah Ruth Kant, Director  
Alternative Dispute Resolution Office

7/2/07  
Date Signed

FOR THE RESPONDENTS:

  
Jan Witold Baran, Esq., Representing ACRE  
and Dena G. Stoner, Treasurer

6/21/07  
Date Signed

  
William B Canfield, Esq.  
Representing BEPAC, and  
Sheryl Massey, Treasurer

6/21/07  
Date Signed

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