



**Federal Election Commission
Washington, DC 20463**

August 21, 2007

Cleta Mitchell, Esq.
Foley & Lardner, LLP
3000 K Street, NW Suite 500
Washington, DC 20007

**Re: ADR # 385
It's My Party and Ronald Gravino, Treasurer**

Dear Ms. Mitchell:

Enclosed is the signed copy of the agreement resolving the referral initiated on February 22, 2007 with the Federal Election Commission (“FEC/Commission”) against It’s My Party and Ronald Gravino, Treasurer (“Respondents”). The agreement for ADR 385 (RR 07L-04) was approved by the Commission on August 17, 2007 – the effective date of the agreement.

Note the specific time frames for compliance in paragraph 8 of the agreement. Please forward to this office, a statement confirming Respondent’s compliance with the terms listed in paragraph 8 of the aforementioned agreement. The letter should note the dates on which Respondents satisfied each of the terms listed in paragraph 8. In addition, your submission to the Commission reflected in paragraph 8, terms (a)-(c) is due forty-five (45) days from the date of the agreement.

As you are aware, the settlement agreement will be made part of the record that is released to the public. The Commission will also place on the record copies of the referral, correspondence exchanged between your office and this office prior to our entry into settlement negotiations and reports prepared for the Commission by this office to assist in its consideration of this matter. The Commission is obliged by Federal statute to place on the public record documents in closed enforcement and alternative dispute resolution cases; accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC’s Public Information Office.

This agreement resolves the matter that was initiated by the Commission pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities regarding violations of federal election campaign laws. I appreciate

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your assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,



Deborah Ruth Kant, Director
Alternative Dispute Resolution Office
202-694-1661

Enclosure: Agreement



**Federal Election Commission
Washington, DC 20463**

Case Number ADR 385
Source RR 07L-04
Case Name It's My Party,
Ronald Gravino, Treasurer

NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. 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 Commission entered into negotiations with the Republican Leadership Council Federal PAC, formerly It's My Party ("the Committee"), and Ronald Gravino, in his official capacity as Treasurer of the Committee ("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 Committee filed an amended 2006 July Quarterly Report on October 10, 2006, disclosing additional receipts totaling \$150,511.54. This amount reflects a 195.6% increase from the receipts reported in the original report. The Respondents contend that this error was primarily because the Committee had converted to new reporting software and the Committee's computers had also crashed, causing a loss of data during this reporting period.
- 4 Respondents also state that any and all errors in capturing and reporting properly the contributions to the Committee were inadvertent and were the result of software problems and mistakes. Respondents assert that none of the reporting issues were the result of knowing or willful intent to wrongfully report the receipts accurately and

contend no report was intentionally filed inaccurately at any time by the Committee or any person on its behalf.

- 5 According to the Committee, it has instituted a number of corrective measures: among other things, it has installed a new accounting system to track all financial activity and to reconcile all bank records; hired an accountant; hired an experienced compliance specialist to enter all data into the new software; and has amended all FEC reports to correct any errors resulting from the Committee's prior problems.
- 6 Respondents state that the Committee has now fully integrated Vocus software into its financial reporting procedures; that bank reconciliations are done regularly, and that the new bank accounts are under the treasurer's direct control. Respondents also state that prior to the changes initiated by the Committee, receipts, disbursements and record retention were under the control of persons unfamiliar with FEC procedures. Respondents further assert that Mr. Gravino now personally supervises the financial operations of the Committee. Respondents state that the Treasurer insures the proper and prompt recording of all contributions and disbursements, the reconciliation of the bank accounts to the FEC reports and maintains basic compliance, accounting and internal controls procedures for the Committee in accordance with Commission policies and regulations.
- 7 Treasurers of political committees are required to report all financial activity, including receipts. 2 U.S.C. § 434(b)(2), 11 C.F.R. §§ 104.1, 104.3(a)
- 8 In an effort to avoid similar errors in the future, Respondents agree to: (a) prepare and issue written compliance procedures specifically employed by the Committee, (b) include in these compliance procedures a statement of the internal controls the Committee has in place, as suggested in the Commission Policy Statement on April 5, 2007; (c) submit these written procedures to the Commission; and (d) pay a civil penalty of \$2500. Respondents shall comply with terms (a) through (c) within forty-five (45) days from the date of this agreement, and term (d) within thirty (30) days from the date of this agreement.
- 9 Respondents agree that all information provided to resolve this matter is true and accurate to the best of its knowledge and that this agreement is signed under penalty of perjury pursuant to 28 U.S.C. § 1746.
10. 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.
- 11 This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms within the time frames set forth in paragraph 8.

12 This Negotiated Settlement constitutes the entire agreement between the parties on ADR 385 (RR 07L-04), and effectively resolves those issues identified in paragraph 3 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
Deborah Ruth Kant, Director
Alternative Dispute Resolution Office

8/20/07

Date Signed

FOR THE RESPONDENTS:

Cleta Mitchell
Cleta Mitchell, Esq.
Counsel to Republican Leadership Council
and Ronald Gravino, in his official capacity
as Treasurer

8.13.07

Date Signed