



FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 13, 2007

Dr. Robert Percy
P.O. Box 247
Redlands, CA 92373

Re: ADR 424 (RR 07L-39)
Lewis for Congress Committee and Dr. Robert Percy, Treasurer

Dear Dr. Percy:

The Reports Analysis Division of the Federal Election Commission (FEC/Commission) determined that matters arising from its recent review of reports filed by the Lewis for Congress Committee 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 November 7, 2007 to assign this matter to the FEC's Alternative Dispute Resolution Office (ADR Office) 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 Lewis for Congress Committee and Dr. Robert Percy, Treasurer (Respondents or Committee). The ADR Program provides Respondents with an opportunity to negotiate, and if appropriate, 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 appropriate, 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 ADR Office, and the focus of our subsequent negotiations are summarized as follows:

Summary: Treasurers of political committees are required to report all financial activity, including receipts. 2 U.S.C. §§ 434(a), 434(b)(2), 11 C.F.R. § 104.3(a). In this case, Respondents (or "the Committee") failed to disclose \$276,614.66 in additional receipts

on its 2006 30 Day Post-General Report (a 191% increase in financial activity). The Committee filed the original report on December 7, 2007, and filed the amended report disclosing the increase in activity on April 15, 2007.

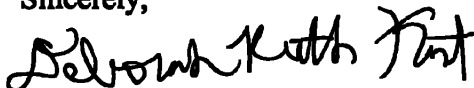
Respondents explained that increase resulted from capital gains on a sale of stock during the reporting period. According to the Committee, a transfer of funds to the National Republican Congressional Committee of \$335,000 triggered the sale. The Committee further explained that did not learn of the amount of the capital gain until 2007 when the Committee received a 1099B tax form reflecting this gain.

If after reviewing this letter and the enclosed brochure, which describes the ADR program, Respondents 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 for further processing, and the likelihood that the Committee will be audited may increase.

If you decide to participate in the ADR Program, please provide any additional responses Respondents would like to make, including proposed stipulations or terms to resolve the matter. **Please also provide some dates and times when you'd be available to discuss this matter in detail on a separate sheet of paper.** I will then review my calendar, so that a time can be scheduled.

This matter has been designated as ADR 424. Please refer to this number in future correspondence with the FEC. If you have any questions about the ADR Program, please contact me directly at the number given below.

Sincerely,



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

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