



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SEP 9 11 37

SENSITIVE

MEMORANDUM

September 9, 2008

TO: The Commission

THROUGH: Joseph E. Stoltz *JES*
Acting Staff Director

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

Lynn M. Fraser *LMF*
Acting Director, ADR Office

SUBJECT: ADR 443 21st Century Democrats and Bill Combs, Treasurer,
Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Develop a quarterly compliance training program for Committee staff, and pay a civil penalty of \$2,500.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 443 (RAD 08L-03). This case was received by the ADR Office on January 22, 2008, and was activated by the ADR Office on March 3, 2008.

SUMMARY: The Reports Analysis Division referred the 21st Century Democrats and Bill Combs, Treasurer (Respondents or the Committee) for cumulative errors during the 2006 election cycle. Some of the errors involved mathematical discrepancies, missing schedules, and failures to itemize contributions. The Committee, in response, explained that they made extensive changes to their financial procedures, and retained the services of professional compliance specialists.

A committee may be referred for audit under the Act if the cumulative nature of the reporting errors reveals the committee is not in substantial compliance with the law. 2 U.S.C. § 438(b). RAD referred this case to ADR pursuant to the 2007-2008 Review and Referral Procedures, which provides for such referrals when committees are audit eligible but will not be audited due to resources.

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RECOMMENDATIONS:

1. Approve the attached settlement agreement of 21st Century Democrats and Bill Combs, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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