



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

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2008 JUL 14 P 4:09

**SENSITIVE**

**MEMORANDUM**

July 14, 2008

TO: The Commission

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

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

SUBJECT: ADR 444 Montana Republican State Central Committee and Shirley J. Warehime, Treasurer, Recommendation to Approve Settlement Agreement

**RESOLUTION TERMS:** Internal controls statement; external audits and certifications; additional staff to review FEC reports; FEC training; and implementation of a tracking and priority system for RFAs.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 444 (RAD 08L-04). This case was received by the ADR Office on January 23, 2008, and was assigned to the ADR Office on February 28, 2008.<sup>1</sup>

**SUMMARY:** 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). The Reports Analysis Division referred the Respondents (or "the Committee") for cumulative errors during the 2006 election cycle. These errors included mathematical discrepancies, excessive contributions and/or prohibited contributions, and failures to disclose disbursements. Other reporting issues revolved around whether the Committee reported disbursements for wages and salary with respect to Federal Election Activity ("FEA") and whether certain types of disbursements constituted FEA public communications.

<sup>1</sup> On this date, the ADR assignment process was modified. Assignments are automatic without a Commission vote.

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**RECOMMENDATIONS:**

1. Approve the attached settlement agreement of the Montana Republican State Central Committee and Shirley J. Warehime, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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