



Federal Election Commission
Washington, DC 20463

November 25, 2008

Mr. Michael Toner
700 13th Street NW
Washington, DC 20005

Re: ADR 456 (RAD 08L-17)
South Dakota Republican Party Committee and Paul Knecht, Treasurer

Dear Mr. Toner:

Enclosed is the signed copy of the agreement resolving the referral initiated on March 7, 2008 with the Federal Election Commission ("FEC/Commission") against South Dakota Republican Party Committee and Paul Knecht, Treasurer ("Respondents"). The agreement for ADR 456 (RAD 08L-17) was approved by the Commission on November 13, 2008 – 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 5 of the aforementioned agreement. The letter should note the dates on which Respondents satisfied each of the terms listed in paragraph 5 and contain the ADR caption and case number. **The civil penalty payment should be sent to the attention of the Accounting/Finance Office of the FEC. The civil penalty under the agreement is due on December 26, 2008. Please put the ADR case number on the civil penalty check as well, to ensure crediting to the correct case.**

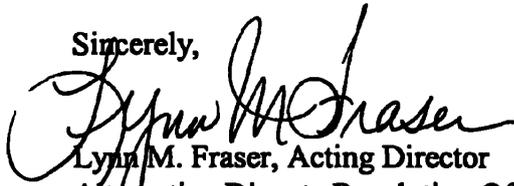
As you are aware, the settlement agreement will be made part of the record that is released to the public. The Commission will also place on the record copies of the referral, correspondence exchanged between your office and this office prior to our entry into settlement negotiations and reports prepared 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

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responsibilities regarding violations of federal election campaign laws. I appreciate your assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,



Lynn M. Fraser, Acting Director
Alternative Dispute Resolution Office
202-694-1665

Enclosure: Agreement

cc: Angela Dillard, Finance and Accounting Office
Ken Pezzella, Finance and Accounting Office
Room 819

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**THE FEDERAL ELECTION COMMISSION
Washington, DC 20463**

Case Number: ADR 456
Source: RAD 08L-17
Case Name: South Dakota
Republican Party

NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission ("FEC" or "the 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 these matters, the Federal Election Commission (Commission) entered into negotiations with Michael Toner, representing the South Dakota Republican Party and Paul Knecht, in his official capacity as Treasurer, ("the Committee" or "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 referral. 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 Respondent. 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 Reports Analysis Division referred the Respondents for the cumulative nature of deficiencies on reports filed with the Commission in the 2005-2006 cycle. A committee may be referred for audit if the cumulative nature of the reporting errors reveals the committee is not in substantial compliance with the law. 2 U.S.C. 437g.
4. In response to the referral, the Committee acknowledged that there were reporting errors. The Committee also explained that the finance director who was responsible for filing the reports at issue was no longer employed by the committee and the Committee had hired a new finance director. The Committee stated that there is currently more oversight over FEC filings and responding to

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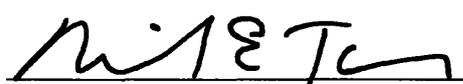
Requests for Additional Information and it has filed amendments to all of its reports for the 2005-2006 election cycle.

- 5. Respondents, in an effort to avoid similar errors in the future, agree to: (a) issue an internal controls policy consistent with the Commission's April 5, 2007 guidance in this area; (b) certify to the Commission the issuance of this policy; (c) retain a campaign finance firm to review reports prior to filing; (d) send staff members responsible for FEC compliance to an FEC seminar; and (e) pay a civil penalty of \$12,000.
- 6. Respondents agree that all information provided to resolve this matter is true and accurate to the best of its knowledge and that it signs this agreement under penalty of perjury pursuant to 28 U.S.C. § 1746.
- 7. 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.
- 8. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms (a) through (c) and (e) set forth in paragraph 5 within thirty (30) days of the effective date of this agreement and shall comply with term (d) within one year from the effective date of this agreement.
- 9. This Negotiated Settlement constitutes the entire agreement between the parties on the resolution of ADR 456 (RAD 08L-17), and effectively resolves only those issues identified in paragraph 3 above. No other statement, promise or agreement, either written or oral, made by either party that is not included herein shall be enforceable.

FOR THE COMMISSION:

By:  11-13-08
 Deborah Ruth Kant, Director Date Signed
 Alternative Dispute Resolution Office

FOR THE RESPONDENTS:

 6/4/08
 Michael Toner, representing the Date Signed
 South Dakota Republican Party,
 and Paul Knecht, Treasurer