



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FEDERAL ELECTION
COMMISSION
SECRETARIAT

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SENSITIVE

MEMORANDUM

February 23, 2010

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TO: The Commission
THROUGH: Alec Palmer *[Signature]*
Acting Staff Director
FROM: Lynn M. Fraser *[Signature]*
Director, ADR Office
SUBJECT: ADR 495 & ADR 502 *Ciro Rodriguez For Congress and Luis R. Vera, Treasurer,*
Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Conduct an independent review of Committee's financial procedures and conduct staff training on best practices to maintain compliance; based upon recommendations arising from the independent review of financial procedures, develop and maintain a compliance manual for staff reference; send a representative to a FEC conference; and pay a civil penalty of \$6,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 495 (RAD 09L-18) and ADR 502 (AD 07-28)**. The ADR Office received the referral resulting in ADR 495 on June 2, 2009 and the referral resulting in ADR 502 on July 9, 2009.

SUMMARY: In ADR 495, the Reports Analysis Division (RAD) referred *Ciro Rodriguez For Congress and Luis R. Vera, Treasurer (Respondents)* for a series of reporting errors and other FECA violations during the 2008 election cycle. A political committee may be referred if, after an internal review of reports filed by the committee, the Commission determines the reports do not meet the threshold requirements for substantial compliance with the FECA.

In ADR 502, the Audit Division (Audit) referred the Committee following an audit of the 2006 election cycle. Audit referred the Committee for a misstatement of financial activity, a failure to

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file 48-Hour Notices, and impermissible contributions. Specifically, Respondents understated disbursements in 2006 in the amount of \$382,827. Respondents also failed to file 48-Hour Notices for forty-nine (49) contributions totaling \$75,200. In addition, Audit identified contributions totaling \$89,150, received in 2004, and impermissibly redesignated to the 2006 Primary election.

Respondents acknowledge some reporting challenges over the 2004 and 2006 election cycles due to a mid-decade redistricting of their congressional district. After the US Supreme Court invalidated part of the 2003 Texas redistricting, the Congressman ran in an all-Party primary election in the newly drawn Congressional District in November 2006, and then won the subsequent runoff election in December 2006. Respondents assert that some of the errors or omissions during the 2006 cycle contributed to the discrepancies in the 2008 cycle.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of **Ciro Rodriguez For Congress and Luis R. Vera, Treasurer.**
2. Approve the appropriate letters.
3. Close the file on this matter.

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