



Federal Election Commission
Washington, DC 20463

May 10, 2010

Jack A. Blum, Esq.
1676 Homewood Landing Road
Annapolis, MD 21409

Re: ADR 532 (RR 09L-50)
Americans for Democratic Action Inc. PAC and Valerie Dulk Jacobs, Treasurer

Dear Mr. Blum:

Enclosed is the signed copy of the agreement resolving the referral initiated on – **December 23, 2009** – by the Federal Election Commission (“FEC/Commission”) involving Americans for Democratic Action Inc. PAC and Valerie Dulk Jacobs, Treasurer (“Respondents”). The agreement for **ADR 532 (RR 09L-50)** was approved by the Commission on **May 5, 2010** – the effective date of the agreement.

Note the specific time frames for compliance in **paragraph 6** of the agreement. **Please forward to this office, a statement confirming Respondent’s compliance with the terms listed in the aforementioned agreement.** The letter should note the dates on which Respondents satisfied each of the terms listed in **paragraph 6**, 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 or before — **November 5, 2010**. 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 complaint/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.

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This agreement resolves the matter that was initiated by the Commission pursuant to information ascertained in the normal course of carrying out its supervisory 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, Director
Alternative Dispute Resolution Office
202-694-1665

Enclosure: Agreement

cc: Chris Wedderburn, Finance and Accounting Office
Room 819

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**Federal Election Commission
Washington, DC 20463**

Case Number: ADR 532
Source: RR 09L-50
Case Name: Americans For Democratic
Action, Inc. Political Action Committee

NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission (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 this matter, the Commission entered into negotiations with Jack A. Blum, Esq., representing the Americans for Democratic Action Inc. Political Action Committee and Don Kusler, 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 Respondents. 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 (RAD) referred Respondents for activities which appeared to be intended to circumvent the Administrative Fines Program (AFP) during the 2007-2008 election cycle. The Committee disclosed no financial activity during the period July 1, 2008 through December 31, 2008. On November 16, 2009, Respondents filed amended reports for 2008 August Monthly through 2008 Year-End that disclosed total receipts of \$36,490.19 and total disbursements of \$38,641.73. The amended reports showed activity that would have resulted in the Committee's inclusion in the AFP.
4. Treasurers of political committees are required to report, in the manner and time set forth, all financial activity in accordance with the FECA. 2 U.S.C. § 434(a)(1)-(2). 11 C.F.R. §§ 104.1, 104.5, 104.18. Under the AFP, the Commission may assess civil

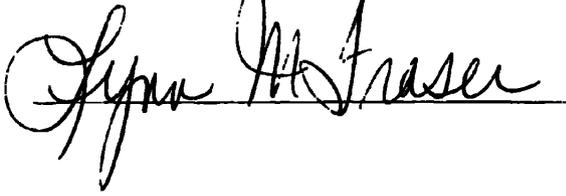
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monetary penalties for violations of the reporting requirements of the FECA and the implementing regulations. 11 C.F.R. §§ 111.30 – 111.46.

5. Respondents acknowledge inadvertently violating the FECA by not filing their reports timely for the relevant time period. The late filing of these reports resulted from the sudden resignation of the former Treasurer, and her refusal to respond to inquiries from the Committee about its reporting history and the procedures she followed. At the same point in time, the Committee's Executive Director terminated his employment, and the Committee was suffering from a serious financial crisis. In response to all of these events, Respondents laid off half of their staff, moved to a less expensive office space and hired a new Treasurer and an Executive Director. In addition, Respondents are reorganizing the Committee structure, conducting an internal reconciliation of financial records to reports, revising financial procedures and conducting extensive cross-training of staff.
6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) appoint a Compliance Specialist within thirty (30) days of the effective date of this agreement; (b) develop and maintain a compliance operations manual within thirty (30) days of the effective date of this agreement; (c) develop and implement internal controls consistent with the Commission's Internal Controls Policy within thirty (30) days of the effective date of this agreement; (d) send a representative to a FEC conference within twelve (12) months of the effective date of this agreement; and (e) pay a civil penalty of \$1,000 within six (6) months of the effective date of this agreement.
7. Respondents agree that all information provided to resolve this matter is true and accurate to the best of their knowledge and that they sign this agreement under penalty of perjury pursuant to 28 U.S.C. § 1746.
8. 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.
9. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondents shall comply with the terms of this agreement as set out in paragraph 6 above.
10. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 532 (RR 09L-50), and resolves those issues identified in paragraph 3 above. No other statement, promise or agreement, either written or oral, made by either party, not included herein, shall be enforceable.

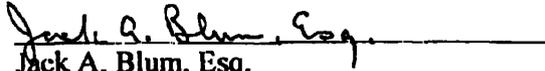
FOR THE COMMISSION:

Lynn M. Fraser, Director
Alternative Dispute Resolution Office



5/5/10
Date Signed

FOR THE RESPONDENTS:



Jack A. Blum, Esq.
Representing the Americans for Democratic Action
Inc. Political Action Committee and
Don Kusler, Treasurer

March 3, 2010
Date Signed

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