



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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SENSITIVE

MEMORANDUM

March 19, 2010

TO: The Commission

THROUGH: Alec Palmer
Acting Staff Director *AP*

FROM: Patricia Carmona *PC*
Chief Compliance Officer

Lynn M. Fraser *LMF*
Director, ADR Office

SUBJECT: ADR 538 Nantahala Outdoor Center and Sutton Bacon, President,
Informational Memo on Assignment

The Office of General Counsel referred Pre-MUR 496 for processing on March 8, 2010, and the ADR Office designated the matter as ADR 538. We include a summary and discussion of the referral for your information. We anticipate initiating communication with Respondents in ADR 538 on March 24, 2010. Please contact Lynn Fraser if you have any questions or concerns before then.

Summary of Case: The Nantahala Outdoor Center (Respondent NOC) filed a *sua sponte* submission admitting that the Respondent NOC's President, Sutton Bacon (Respondent Bacon) made two contributions and received reimbursement from Respondent NOC in violation of the FECA. Specifically, Respondent Bacon made two contributions to Heath Shuler for Congress in the amounts of \$1,000 each, and a \$250 contribution to the Outdoor Industry Association PAC and authorized reimbursement to himself for these contributions. Respondent NOC reimbursed Respondent Bacon for each of these contributions. Respondent Bacon said that although he knew that corporations could not contribute to federal campaigns, he thought it was acceptable for corporations to reimburse their employees for making such contributions. Respondent NOC contends that their investigation concluded that Respondent Sutton did not knowingly or willfully violate the FECA, but issued a written warning to Respondent Bacon, required him to refund Respondent NOC and instituted modifications to the corporation's Business Code of Conduct, including a comprehensive disbursements policy.

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