



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 19, 2010

Adam Hoover, Treasurer
McGroarty for Congress
15338 Central Avenue
Chino, CA 91710

Re: ADR540 (MUR 6259)

Dear Mr. Hoover:

On March 3, 2010, the Federal Election Commission ("FEC" or "Commission") notified McGroarty for Congress and Adam Hoover, Treasurer of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with the notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and take no action against the Respondents, McGroarty for Congress and Adam Hoover, Treasurer. In its memorandum to the Commission, dated April 27, 2010, this office stated:

Summary of Case: Complainant K. Wilson alleges that McGroarty for Congress and Adam Hoover, Treasurer (Respondents or the Committee) accepted corporate contributions and spent funds raised for the General Election prior to the Primary Election, in violation of the Federal Election Campaign Act, as amended (FECA). This matter should be dismissed due to the fact that the amount in dispute is *de minimis* and Respondents filed amended reports to correct the record.

Specifically, Complainant alleges that RetireAmerica, a corporation, provided in-kind contributions in the form of rent and services, and for the development of a web-site for the Committee. The complaint alleges that although the Committee lists the same address on its statement of organization and its 2009 October Quarterly Report as is listed for RetireAmerica and Chino Executive Offices, there are no disbursements for rent, telephone, facsimile or internet services. In addition, the complaint alleges that the Committee accepted a contribution, prior to the Primary Election, in the amount of \$2,400 designated for the General Election, but failed to maintain sufficient funds to refund the contribution in the event the candidate did not win the Primary Election.

10190290771

10190290772

Respondents contend that the Committee shares office space with the candidate's corporations, 401(k) Administrators, Inc. and RetireAmerica Corporation, as well as a family owned business Chino Executive Offices. The latter, owned by the candidate and his family in a family owned trust, is a business that administers executive offices for numerous business entities. Respondents did not realize that they were required to pay the family owned corporation for use of space, but immediately signed a lease retroactive to September 18, 2009 for \$99 per month and included a copy of the check in payment for September 18, 2009 through March 1, 2010. The lease includes office space, telephone answering and receptionist, assigned telephone number, use of conference room, and copy, fax and internet access, as well as the use of the break-room, kitchen and bathrooms.

Respondents contend that the web-site for the Committee is registered under the candidate, Lee McGroarty. The domain account number was listed under an account that includes RetireAmerica, as the candidate registered that web-site also. To err on the side of caution, the Committee separated McGroartyforcongress.com from RetireAmerica.

As for not maintaining funds sufficient to refund General Election contributions made before the Primary Election, that incorrect reporting was due to human error. The original check was drawn on an account owned by Ronald Day and Jean Day, but only contained one signature, so it was designated to the Primary Election and General Election for just the signer. The Committee communicated with the contributors, and upon their affirmation, reattributed the contribution as \$2,400 from Ronald Day and \$2,400 from Jean Day.

Respondents filed amended reports reflecting the revisions and correcting the record.

Accordingly, the Commission closed its file in this matter on May 13, 2010.

The FEC is obligated by federal regulations to make a finding to terminate its proceedings public, as well as the basis therefore. 11 C.F.R. § 111.20(b). In addition, the Commission will also place on the record copies of the complaint, correspondence exchanged between Respondent(s) and the Commission, and reports prepared for the Commission by this office to assist in its consideration of this matter. Accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC's Public Information Office.

If you have any questions regarding this matter please be in touch. My telephone number is 202-694-1665.

Sincerely,

Lynn M. Fraser, Director,
Alternative Dispute Resolution Office