



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 8, 2012

Frank Colvett, Jr.
Tennessee Republican Party Federal Election Account
2424 21st Avenue, Suite 200
Nashville, TN 37212

Re: ADR 563 (A 07-05)
Tennessee Republican Party Federal Election Account and Frank Colvett, Jr.,
Treasurer

Dear Mr. Colvett:

Enclosed is the signed copy of the agreement resolving the referral initiated on July 25, 2011, by the Federal Election Commission ("FEC/Commission") involving the Tennessee Republican Party and Frank Colvett, Jr., Treasurer ("Respondents"). The agreement for ADR 563 (A 07-05) was approved by the Commission on February 6, 2012 – 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 certifying 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 payment of the civil penalty under the agreement is due on or before May 6, 2012.¹ 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

¹ Please note, if the Commission refers an unpaid civil penalty to the US Treasury or third party collection agent, additional costs and fees will be assessed.

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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 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,


Krista J. Roche, Assistant Director
Alternative Dispute Resolution Office

cc: Troy Brewer (via e-Mail)

Enclosure: Negotiated Settlement

cc: Gwen Holmes, Finance and Accounting Office

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Federal Election Commission
Washington, DC 20463

Case Number: ADR 563
Source: A07-05
Case Name: Tennessee Republican Party
Federal Election Account

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 Troy Brewer representing the Tennessee Republican Party Federal Election Account and Frank Colvett, 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 Audit Division referred Respondents for violations occurring in the 2005-2006 election cycle, specifically Findings 1 and 2 of the Final Audit Report of the Commission approved on January 20, 2011. Finding 1 concludes that Respondents underreported receipts by \$2,227,811 and disbursements by \$1,440,129 for calendar year 2006, according to amended reports. It is also concluded that Respondents misstated receipts, disbursements, and cash on hand based on a reconciliation of amended reports to the Committee's bank records. For 2005, the Committee overstated beginning cash on hand by \$33,780, understated receipts by \$117,371, understated disbursements by \$77,948, and understated ending cash on hand by \$5,643. In 2006, receipts were understated by \$459,963, disbursements understated by \$159,582, and ending cash on hand was understated by \$294,475. Finding 2 concludes that Respondents accepted \$114,395 in contributions from unregistered political organizations that may have been made with impermissible funds.

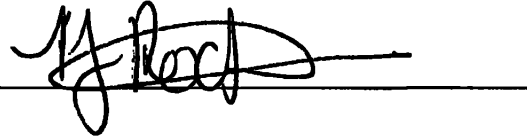
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4. Treasurers of political committees are required to report, in the manner and time set forth, all financial activity in accordance with the FECA. 2 U.S.C. § 434(a)(1)-(2), 11 C.F.R. §§ 104.1, 104.5, 104.18. A party committee may not receive a total of more than \$10,000 per year from any individual except that a multicandidate committee may not contribute more than \$5,000. 2 U.S.C. §441a(a)(1)(D) and 11 C.F.R. §§110.1(a) and (c)(5), 110.2(d) and 110.9.
 5. The Committee amended its reports in response to the Interim Audit Report to materially correct the misstatements detailed in Finding 1 described above. In addition, Respondents have refunded all but \$100 of the contributions questioned in Finding 2. Respondents contend that since the audit, substantial changes have been made by the Committee, including attendance at an FEC Conference each year, hiring of a compliance specialist, hiring a staff member whose sole role is to enter receipts, discontinuing the contract for the external vendor who previously posted receipts, additional procedural changes to the methods by which receipts and disbursements are processed, and monthly reconciliations of the reported data to both the bank statements and accounting software.
 6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) send a representative to an FEC Conference once per year for two years from the effective date of this agreement; (b) review Committee procedures and update and implement a revised compliance operations manual which includes internal controls consistent with the Commission's Internal Controls and Political Committees Guidance (2007) and a process to track receipt of and response to communications with the Commission within sixty (60) days of the effective date of this agreement; (c) provide cross-training in FECA reporting requirements and Committee procedures to an additional Committee staff member; (d) file an annual certification of Committee's audit of reports and banking records for calendar years 2011 and 2012 by May 15, 2012 for calendar year 2011 and by May 15, 2013 for calendar year 2012; and (e) pay a civil penalty of \$30,000 within ninety (90) days 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, and shall certify compliance with the above settlement terms in writing to the Alternative Dispute Resolution Office on or before the date each term becomes due.

10. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 563 (A07-05), 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:

Krista J. Roche, Assistant Director
Alternative Dispute Resolution Office



A handwritten signature in black ink, appearing to read 'K. Roche', is written over a horizontal line.

2/6/12
Date Signed

FOR THE RESPONDENTS:

Troy Brewer
Representing the Tennessee Republican Party
Federal Election Account and Frank Colvett,
Treasurer



A handwritten signature in black ink, appearing to read 'Troy Brewer', is written over a horizontal line.

12-15-11
Date Signed

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