



**Federal Election Commission
Washington, DC 20463**

December 15, 2011

Thomas J. Josefiak, Esq.
Holtzman Vogel PLLC
45 North Hill Drive, Suite 100
Warrenton, VA 20186

Re: ADR 584 (RAD 11L-20)
Ed Royce For Congress and Kelly Lawler, Treasurer

Dear Mr. Josefiak:

Enclosed is the signed copy of the agreement resolving the referral initiated on July 27, 2011 by the Federal Election Commission ("FEC/Commission") Ed Royce For Congress and Kelly Lawler, Treasurer ("Respondents"). The agreement for **ADR 584 (RAD 11L-20)** was approved by the Commission on December 13, 2011 – 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 January 13, 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 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

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

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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,

Lynn M. Fraser, Director
Alternative Dispute Resolution Office
202-694-1665

Enclosure: Agreement

cc: Gwen Holmes, Finance and Accounting Office
Room 819

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**Federal Election Commission
Washington, DC 20463**

Case Number: ADR 584
Source: RAD 11L-20
Case Name: Ed Royce For Congress

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 Thomas J. Josefiak, Esq. and Michael Bayns, Esq., representing Ed Royce For Congress and Kelly Lawler, in her 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.

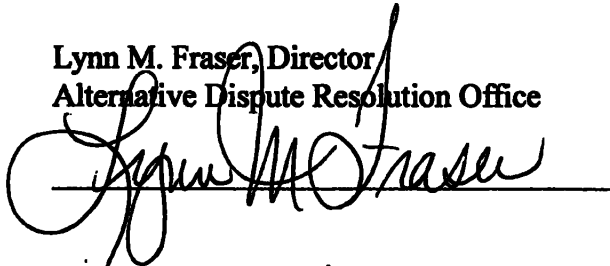
Negotiations between the Commission and Respondents addressed the issues raised in this referral. The parties agree to resolve the matter according to the following terms:

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 failing to disclose all financial activity on their 2010 October Quarterly Report based on amended reports to correct the record. The Committee filed three amended 2010 October Quarterly Reports beginning on January 24, 2011. The second amended 2010 October Quarterly Report disclosed additional disbursements in the amount of \$161,581.07.
4. The FECA requires Treasurers of political committees to report all financial activity, including all disbursements. 2 U.S.C. §§ 434(a)(1), 434(b)(4), 11 C.F.R. §§ 104.1, 104.3(b).
5. Respondents acknowledge inadvertently omitting three disbursements on the original 2010 October Quarterly Report, which were subsequently disclosed on amended filings. Respondents contend that the omissions occurred when they were transitioning to a new accounting system. When the omissions were discovered, the Committee retained a new treasurer, Kelly Lawler, who prepared and filed amended reports to correct the record.

6. Respondents, in an effort to prevent the occurrence of similar omissions in the future, agree to: (a) appoint an Assistant Treasurer within thirty (30) days of the effective date of this agreement to protect the Committee's ability to function should its Treasurer become unavailable; (b) develop and implement a compliance operations manual which includes the codification of internal controls consistent with the Commission's Internal Controls Policy (2007) and a process to track the receipt of, and responses to, communications with the Commission within sixty (60) days of the effective date of this agreement; (c) conduct an internal reconciliation of the Committee's records to the reports filed with the FEC covering the period November 2, 2010 through December 31, 2011, and certify the results of that reconciliation with the Commission by March 1, 2012; and (d) pay a civil penalty of \$2,000 within thirty (30) 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.
10. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 584 (RAD 11L-20), 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



12/13/2011
Date Signed

FOR THE RESPONDENTS:

Thomas J. Josefik, Esq.
Representing Ed Royce For Congress and
Kelly Lawler, Treasurer



10/28/11
Date Signed

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