



Federal Election Commission
Washington, DC 20463

December 15, 2011

Neil P. Reiff, Esq.
Sandler Reiff, Young & Lamb
1025 Vermont Avenue, NW, Suite 300
Washington, DC 20005

Re: ADR 586 (Audit 09-16)
Democratic Party of Arkansas and Karen Garcia, Treasurer

Dear Mr. Reiff:

Enclosed is the signed copy of the agreement resolving the referral initiated on August 16, 2011 by the Federal Election Commission ("FEC/Commission") involving the Democratic Party of Arkansas and Karen Garcia, Treasurer ("Respondents"). The agreement for **ADR 586 (Audit 09-16)** 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 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

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.

11190291988

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

11190291989



**Federal Election Commission
Washington, DC 20463**

Case Number: ADR 586
Source: AD 09-16
Case Name: Democratic Party of Arkansas

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 Neil Reiff, Esq., representing the Democratic Party of Arkansas and Karen Garcia, 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 Audit Division (Audit) referred the Committee for misstatement of financial activity during calendar year 2007. During fieldwork, Audit made a comparison of Respondent's reported activity with its bank records. The comparison revealed a misstatement of receipts by \$148,974 and disbursements by \$146,561 during 2007.
4. Treasurers of political committees are required to report all financial activity, including all receipts and all disbursements, pursuant to the FECA. 2 U.S.C. §§ 434(a)(1), 434(b)(2), 434(b)(4), 11 C.F.R. §§ 104.1, 104.3(a), 104.3(b)
5. Respondent acknowledge inadvertently failing to disclose certain funds which passed through their accounts during the 2008 election cycle. The Committee believed that these non-federal revenues were not required to be disclosed. Respondents promptly followed the recommendation of Audit and filed amended reports to correct the record.

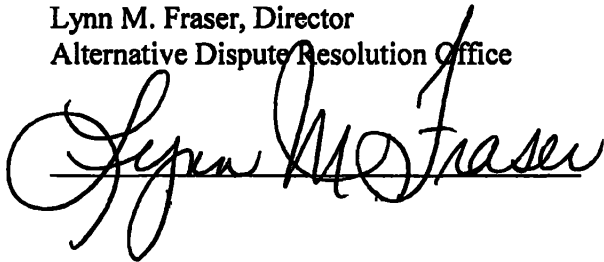
11190291990

11190291991

- 6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) send a representative to a FEC conference within twelve (12) months of the effective date of this agreement; (b) continue to retain an independent compliance consultant throughout the 2012 and 2014 election cycles; (c) develop and implement a monthly staff compliance training program within thirty (30) days of the effective date of this agreement; (d) develop and implement an updated and expanded compliance operations manual within thirty (30) days of the effective date of this agreement; and (e) pay a civil penalty of \$4,000 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 586 (AD 09-16), 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:

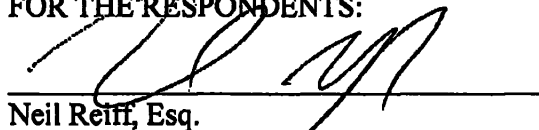
Lynn M. Fraser, Director
Alternative Dispute Resolution Office



12/13/2011
Date Signed

FOR THE RESPONDENTS:

Neil Reiff, Esq.
Representing Democratic Party of Arkansas and
Karen Garcia, Treasurer



11/2/11
Date Signed