



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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SENSITIVE

MEMORANDUM

February 21, 2012

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia Carmona *PC*
Chief Compliance Officer

Lynn M. Fraser *LMF*
Director, ADR Office

SUBJECT: ADR 596 Minnesota Democratic-Farmer-Labor Party and Thomas Hamilton, Treasurer, Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Verify the annual retention of an independent compliance specialist through the 2014 election cycle; develop and certify implementation of an internal compliance program to review compliance procedures, updates and/or changes in the law or regulations which will occur on a quarterly basis; develop and certify implementation of a compliance operations manual which includes internal controls consistent with the Commission's Best Practices for Committee Management (2009 update) and a process to track receipt of, and response to, communications with the Commission; and pay a civil penalty of \$6,000.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to ADR 596 (RAD 11L-30). The ADR Office received this referral on November 7, 2011.

SUMMARY: The Reports Analysis Division referred the Minnesota Democratic-Farmer-Labor Party and Thomas Hamilton, Treasurer (Respondents or the Committee) for cumulative errors during the 2010 election cycle which disclosed the Committee was not in substantial compliance with the FECA. A political committee may be referred if, after an internal review of reports filed by the committee, the Commission determines the reports do not meet the threshold requirements for substantial compliance with the FECA. 2 U.S.C. § 437(g).

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Respondents acknowledge reporting challenges became more acute during the 2008 election cycle due to the loss of their experienced bookkeeper at the height of the general election activities. While a former bookkeeper returned, Respondents contend the transition created challenges of its own. The Committee made a significant commitment to improving compliance by contracting with an external compliance firm to conduct a reconciliation of financial activities and file amended reports from 2007 to the present time. In addition, the Committee sent a representative to a FEC reporting conference to further increase future compliance.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of the Minnesota Democratic-Farmer-Labor Party and Thomas Hamilton, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.