



Federal Election Commission  
Washington, DC 20463

September 3, 2013

Stephen J. Kaufman  
Kaufman Legal Group  
777 S. Figueroa St., Ste 4050  
Los Angeles, CA 900017

Re: ADR 627  
Sherman for Congress and Stephen J. Kaufman, Treasurer

Dear Mr. Kaufman:

Enclosed is the signed copy of the Negotiated Settlement resolving the referral initiated on February 21, 2013 by the Federal Election Commission ("FEC/Commission") involving the above-shown Respondents. The Negotiated Settlement was approved by the Commission on August 29, 2013 – 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.

As you are aware, the Negotiated Settlement 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 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 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

Enc: Negotiated Settlement

cc: Gwendolyn Holmes, Finance and Accounting Office

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Federal Election Commission  
Washington, DC 20463

Case Number: ADR 627  
Source: RAD 13L-04  
Case Name: Sherman 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 Stephen J. Kaufman, Esq., representing Sherman for Congress and Stephen J. Kaufman, 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 Reports Analysis Division (RAD) referred Respondents for failing to disclose all outstanding debts and obligations owed by the political committee at the time it filed its October Quarterly Report on October 15, 2012. On October 25, 2012, the Committee amended its 2012 October Quarterly Report, initially filed on October 15, 2012, to disclose additional debts of \$86,679.35.
4. Treasurers are required to disclose the amount and nature of outstanding debts and obligations owed by or to the political committee. 2 U.S.C. § 434(b)(8). A debt or obligation, including a loan, written agreement to make an expenditure, the amount of which is over \$500 shall be reported as of the date on which the debt or obligation is incurred. 11 C.F.R. § 104.11(b).
5. Respondents acknowledge that the debts were not disclosed in the originally-filed 2012 October Quarterly Report. Respondents contend that the relevant invoices were not received by the Committee until after it filed the original report. The Committee

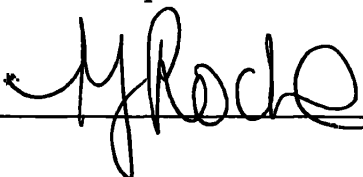
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indicates it amended the report immediately upon receipt of the invoices to ensure that the debts were disclosed prior to the election.

6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) circulate a memo to all Committee staff reiterating the policies and procedures for requesting vendor invoices, within thirty (30) days of the effective date of this agreement; (b) 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 within sixty (60) days of the effective date of this agreement; (c) have a Committee staff member attend an FEC seminar within twelve (12) months 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. 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.
9. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 627 (RAD 13L-04), 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

  
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8/20/13  
Date Signed

FOR THE RESPONDENTS:

  
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Stephen J. Kaufman, Esq.  
Representing Sherman for Congress and  
Stephen J. Kaufman, Treasurer

7/8/13  
Date Signed