Federal Election Commission
Washington, DC 20463

July 1, 2014

Scott E. Thomas, Esq.
Dickstein Shapiro LLP
1825 Eye Street NW
Washington, DC 20006-5403

Re: ADR 681 (RR 12L-71)
        Democratic Foundation of Orange County and Xavier R. Martinez, Treasurer

Dear Mr. Thomas:

Enclosed is the signed copy of the Negotiated Settlement resolving the above
shown matter. The Negotiated Settlement was approved by the Federal Election
Commission (Commission) on June 24, 2014 – 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
term listed in the aforementioned agreement.

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 this matter. 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

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 Scott E. Thomas, Esq. representing the Democratic Foundation of Orange County and Xavier R. Martinez, 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 referred Respondents for failing to disclose all financial transactions in violation of the FECA. The Committee's 2011 Year End Report referenced possible unauthorized activity by a former Treasurer.

4. Treasurers of political committees are required to report all financial activity, including all receipts, disbursements, and debts, pursuant to the FECA. 2 U.S.C. §§ 434(b)(2), (4), and (8), 11 C.F.R. §§ 104.3(a), (b), and (d).

5. Respondents, for purposes of this agreement, do not contest that a former Treasurer, Kinde Durkee, may have misappropriated Committee funds at various times during her tenure, February 2004 · September 2011. The Committee states it's 2011 Year End Report included a transaction to reflect that its bank funds had been seized pursuant to an interpleader court proceeding stemming from Durkee's actions and to deal with the related absence of bank records for part of the reporting period. Respondents contend that since discovery of the possible misappropriation, the

Committee implemented many of the internal controls recommended in the Commission's Best Practices for Committee Management (2009 update).

6. Respondents, in order to prevent any misappropriation in the future, agree to: certify the implementation of internal controls consistent with the Commission's Best Practices for Committee Management (2009 update) 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 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 681 (RR 12L-71), 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

6/24/14
Date Signed

FOR THE RESPONDENTS:

6/3/14
Date Signed

Scott E. Thomas, Esq.
Representing Democratic Foundation of Orange County and Xavier R. Martinez, Treasurer

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