



Federal Election Commission
Washington, DC 20463

July 18, 2014

Stephen Kaufman, Esq.
Kaufman Legal Group
777 S. Figueroa Street, Ste 4050
Los Angeles, CA 90017

Re: ADR 682 (RR 12L-42) & ADR 684 (AR 12-09)
Los Angeles County Democratic Central Committee and Mark Gonzalez,
Treasurer

Dear Mr. Kaufman:

Enclosed is the signed copy of the agreement resolving the referral initiated on **January 15, 2014** by the Federal Election Commission ("FEC/Commission") involving the Los Angeles County Democratic Central Committee and Mark Gonzalez, Treasurer ("Respondents"). The consolidated agreement resolving ADR 682 (RR 12L-42) & ADR 684 (AR 12-09) **was approved by the Commission on July 10, 2014** – the effective date of the agreement.

Note the specific time frames for compliance in **paragraph 8** of the agreement. **Please forward to this office, a statement certifying Respondent's compliance with the terms in the aforementioned agreement.** The letter should note the dates on which Respondents satisfied each of the terms listed in paragraph 8, and contain the ADR caption and case number.

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 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



**Federal Election Commission
Washington, DC 20463**

Case Number: ADR 682
Source: RR 12L-42
ADR 684
Source: AR 12-09
Case Name: Los Angeles County
Democratic Central Committee

NEGOTIATED SETTLEMENT

These matters were initiated by the Federal Election Commission (Commission) pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Following review of these matters, and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended, (FECA) and resolve these matters, the Commission entered into negotiations with Stephen J. Kaufman, Esq. and Stacey J. Shin, Esq., representing the Los Angeles County Democratic Central Committee and Mark Gonzalez, 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 these referrals. The parties agree to resolve these matters 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. In ADR 682, the Reports Analysis Division (RAD) referred Respondents for failing to disclose all financial transactions in violation of the FECA. The Committee filed its 2011 Year End Report to disclose apparent unauthorized receipts of \$55,107.88 and disbursements of \$117,343.83.
4. In ADR 684, the Audit Division (Audit) referred Respondents for a misstatement of cash-on-hand, receipts and disbursements in 2007 and 2008, as well as a misstatement of Levin financial activity in 2008. In 2007, the Committee overstated beginning cash-on-hand by \$5,228, understated receipts by \$8,920, understated disbursements by \$9,311 and overstated ending cash-on-hand by \$5,619. In 2008, the Committee understated receipts by \$34,277 and disbursements by \$33,410, and overstated ending cash-on-hand by \$4,752. In a review of Levin activity, the audit revealed that Respondents understated receipts by \$16,328 and disbursements by \$101,669 and

overstated ending cash-on-hand by \$85,341. In response to the Interim Audit Report, the Committee filed amended reports to correct the record.

5. 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).
6. A State, district, or local committee of a political party that is a political committee (*see* 11 CFR § 100.5) must report all receipts and disbursements made for Federal election activity if the aggregate amount of such receipts and disbursements is \$5,000 or more during the calendar year. The disclosure required by this paragraph must include receipts and disbursements of Federal funds and of Levin funds used for Federal election activity. 11 C.F.R. § 300.36(2) (2007).
7. Respondents acknowledge that they discovered the unauthorized financial activities of the Committee's former Treasurer, Kinde Durkee (2000-2011) when she was arrested. The Committee promptly retained a new firm to provide compliance and legal services, and implemented additional internal controls to ensure even more accountability. Respondents believe that the issues identified in Paragraphs 3 and 4 were the result of Ms. Durkee's unauthorized activities.
8. Respondents, in an effort to resolve these matters, agree to: (a) 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; and (b) certify that a representative of the Committee participated in an FEC seminar within twelve (12) months of the effective date of this agreement.
9. Respondents agree that all information provided to resolve these matters 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.
10. 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.
11. 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.
12. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 682 (RR 12L-42) and ADR 684 (AR 12-09), and resolves those issues identified in paragraphs 3 and 4 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



7/10/2014
Date Signed

FOR THE RESPONDENTS:

Mark Gonzalez
Representing the Los Angeles County Democratic
Central Committee and Mark Gonzalez, Treasurer

6/24/14
Date Signed