

1
2
3 **BEFORE THE FEDERAL ELECTION COMMISSION**

4 In the Matter of)

5 The Alabama Republican Party and)
6 Timothy R. Baer, as treasurer)

MUR 4538

7
8 **CONCILIATION AGREEMENT**
9

10 This matter was initiated by a signed, sworn, and notarized complaint filed by U.S.
11 Representative Robert "Bud" Cramer. An investigation was conducted, and the Federal Election
12 Commission ("Commission") found probable cause to believe that the Alabama Republican
13 Party and Timothy R. Baer, as treasurer ("Respondents"), violated 2 U.S.C. § 434(b) and
14 11 C.F.R. §§ 104.10(b)(4) and 106.5(g).

15 NOW, THEREFORE, the Commission and Respondents, having duly entered into
16 conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

17 I. The Commission has jurisdiction over Respondents and the subject matter of this
18 proceeding.

19 II. Respondents have had a reasonable opportunity to demonstrate that no action
20 should be taken in this matter.

21 III. Respondents enter voluntarily into this agreement with the Commission.

22 IV. The pertinent facts in this matter are as follows:

23 1. The Alabama Republican Party ("the ARP") is a political committee within the
24 meaning of 2 U.S.C. § 431(4) and a multi-candidate committee within the meaning of 2 U.S.C.
25 § 441a(a)(4).

26 2. Timothy R. Baer is the current treasurer of the Alabama Republican Party.

6081-504-40-77

3. Wayne Parker, Jr. was a candidate for U.S. Representative in Alabama's 5th Congressional District during the 1996 primary and general elections.

4. Parker for Congress is the principal campaign committee of Wayne Parker, Jr. and a political committee within the meaning of 2 U.S.C. § 431(4).

5. The Strategy Group for Republican Politics & Business, LLC, a/k/a The Strategy Group, LLC ("The Strategy Group"), is a media vendor with offices in Columbus, Ohio, Montgomery, Alabama, and Austin, Texas.

6. National Media, Inc., is a media placement vendor located in Alexandria, Virginia.

7. The Federal Election Campaign Act of 1971, as amended ("the Act"), requires treasurers of political committees to file reports of receipts and disbursements with the Commission. 2 U.S.C. § 434(a). Each report must disclose for the reporting period and calendar year the total amount of receipts and disbursements by certain identified categories. 2 U.S.C. § 434(b)(2) and (b)(4).

8. Under FEC regulations effective January 1, 1991, a state party committee, such as the ARP, that has established separate federal and non-federal accounts must pay the entire amount of an allocable expense from its federal account and then transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense. 11 C.F.R. § 106.5(g)(1)(i). Accordingly, such a committee must report each disbursement from its federal account in payment for a joint federal and non-federal expense or activity, as required by 11 C.F.R. § 104.10(b)(4).

9. On Schedule B of its 1996 Pre- and Post-General Reports, the ARP disclosed a total of \$161,684.50 in federal funds disbursed to The Strategy Group for allocable activity in

1 connection with its advertising campaign in Alabama's 5th District in 1996. For each
2 disbursement, the ARP paid The Strategy Group identical amounts directly from its non-federal
3 account, rather than making all of the disbursements from the federal account and reimbursing
4 the allocable portion from the non-federal account. Although the ARP reported the federal share
5 of these disbursements on its Schedule B, it did not report the federal share of these
6 disbursements as an allocable activity, and did not disclose any of the non-federal share in its
7 FEC reports. Disbursements from the non-federal account were reflected in reports filed with the
8 Alabama Secretary of State.

9 10. In September 1996, the ARP paid National Media, Inc. \$46,080 for placing
10 5th District advertisements by disbursing \$23,040 from its federal account and \$23,040 directly
11 from its non-federal account. On Schedule H4 of its 1996 October Quarterly Report, the ARP
12 disclosed a \$23,040 expense to National Media, Inc. as an allocable activity, split evenly into
13 federal and non-federal shares of \$11,520. Thus, the ARP failed to report \$11,520 of the federal
14 share and \$11,520 of the non-federal share, in its FEC reports. The ARP contends that the failure
15 to report these expenses was inadvertent.

16 V. As a result of the reporting and payment violations described in paragraphs IV.9
17 and IV.10:

18 1. The ARP and its treasurer failed to report as an allocable expense the federal
19 portion of allocable advertising expenses in the amount of \$161,684.50, and failed to report the
20 federal portion of allocable advertising expenses in the amount of \$11,520, in violation of.

21 2 U.S.C. § 434(b).

1184-504-40-22

1 2. The ARP and its treasurer failed to disclose in their FEC reports the non-
2 federal share of allocable advertising expenses in the amount of \$173,204.50, in violation of
3 11 C.F.R. § 104.10(b)(4).

4 3. The ARP and its treasurer paid for \$184,724.50 in allocable expenses directly
5 out of a non-federal account, in violation of 11 C.F.R. § 106.5(g).

6 VI. 1. Respondents will pay a civil penalty to the Federal Election Commission in the
7 amount of Ten-Thousand Dollars (\$10,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

8 2. Respondents will amend their disclosure reports so as to properly disclose all
9 allocable advertising expenses in 1996.

10 VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
11 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance
12 with this agreement. If the Commission believes that this agreement or any requirement thereof
13 has been violated, it may institute a civil action for relief in the United States District Court for
14 the District of Columbia.

15 VIII. This agreement shall become effective as of the date that all parties hereto have
16 executed same and the Commission has approved the entire agreement.

17 IX. Respondents shall have no more than 30 days from the date this agreement
18 becomes effective to comply with and implement the requirements contained in this agreement
19 and to so notify the Commission.
20

22-04-405-4812

1 X. This Conciliation Agreement constitutes the entire agreement between the parties
2 on the matters raised herein, and no other statement, promise, or agreement, either written or
3 oral, made by either party or by agents of either party, that is not contained in this written
4 agreement shall be enforceable.

5 FOR THE COMMISSION:

6
7
8 Lawrence H. Norton
9 General Counsel
10

11 BY:

12 *Rhonda J. Vosdingh*
13 Rhonda J. Vosdingh
14 Acting Associate General Counsel
15

10/23/01
Date

16 FOR THE RESPONDENTS:

17 *Edward S. Allen*
18 Edward S. Allen
19 Attorney
20

October 12, 2001
Date

22-04-405-4813