



FEDERAL ELECTION COMMISSION
Washington, DC 20463

Sue Schechter, Treasurer
Harris County Democratic Party
2404 Labbranch St.
Houston, TX 77004

April 28, 2000

RE: MUR 4764

Dear Ms. Schechter:

On April 21, 2000, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of the Harris County Democratic Party, in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended, and 11 C.F.R. § 102.5(a)(1)(i). Accordingly, the file has been closed in this matter.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script that reads "Thomas J. Andersen".

Thomas J. Andersen
Attorney

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 4764
Harris County Democratic Party)
and Sue Schechter, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Harris County Democratic Party and its treasurer ("Respondents") violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 102.5(a)(1)(i).

NOW, THEREFORE, the Commission and Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

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

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

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

1. The Harris County Democratic Party is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Sue Schechter became treasurer of the Harris County Democratic Party on July 1, 1999, after the activity described below took place.

3. An organization which is a political committee under the Federal Election Campaign Act of 1971, as amended (the "Act"), must follow prescribed allocation procedures when financing political activity in connection with federal and non-federal elections.

11 C.F.R. §§ 102.5 and 106.5(g)(1). These rules implement the contribution and expenditure limitations and prohibitions established by 2 U.S.C. §§ 441a and 441b.

4. Each political committee, including a party committee, which finances political activity in connection with both federal and non-federal elections is required to establish a separate federal account for all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election, unless it receives only contributions subject to the prohibitions and limitations of the Act. 11 C.F.R. § 102.5(a)(1)(i) and (ii). Where a committee has established both a federal and a non-federal account, "[o]nly funds subject to the limitations and prohibitions of the Act shall be deposited in such separate federal account."

11 C.F.R. § 102.5(a)(1)(i). Except for the limited circumstances provided in 11 C.F.R.

§ 106.5(g) – which come into play only if there are allocable expenses – no transfers may be made to a federal account from any other accounts maintained by the committee for the purpose of financing non-federal election activity. *Id.*

5. Since transfers from a non-federal account to a federal account may be made solely to cover the non-federal share of an allocable expense, transfers to a federal account for the purpose of financing 100% non-federal activity are prohibited.

6. With certain exceptions that appear to correspond with provisions of the Act, Texas law prohibits corporations and labor unions from making political contributions or expenditures. *See* Tex. Elec. Code Ann. §§ 253.104 and 257.002 (West 1997). However, there generally are no limits on contributions from individuals.

7. During 1996, Respondents made transfers totaling \$49,451 to the federal account from the non-federal account to pay for 100% non-federal activity.

V. Respondents transferred \$49,451 in non-federal funds to their federal account to pay for 100% non-federal activity, in violation of 2 U.S.C. § 441a(f) and 11 C.F.R. § 102.5(a)(1)(i).

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

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

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

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

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

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY:

Lois G. Lerner
Lois G. Lerner
Associate General Counsel

Date

4/27/00

FOR THE RESPONDENTS:

Joe Schachter
(Name)
(Position) *Harris County
Dem Party Chair
as of May 1998*

Date

3-31-00