



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

Craig Engle, Esq.  
Arent Fox, PLLC  
1050 Connecticut Avenue, NW  
Washington, D.C 200036-5539

AUG 22 2005

RE: MUR 5322  
Gordon Smith for U.S. Senate, Inc. (96)  
and Stan Huckaby in his official  
capacity as treasurer

Dear Mr. Engle:

By letter dated November 23, 2004, the Federal Election Commission notified you that on November 9, 2004, it found reason to believe that Gordon Smith for U.S. Senate, Inc. (96) and Stan Huckaby, as treasurer, violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(8), provisions of the Federal Election Act of 1971, as amended ("the Act"), and authorized an investigation of the matter. The Factual and Legal Analysis, which formed a basis for the Commission's findings, was attached for your information.

On August 16, 2005, the Commission additionally found reason to believe that Gordon Smith for U.S. Senate, Inc. (96) and Stan Huckaby, in his official capacity as treasurer, violated 2 U.S.C. § 434(b)(3)(E) by failing to report that the receipt of \$589,321 in proceeds that was used to pay off the line of credit from U.S. Bank was derived from a home equity loan. The discussion at page 9 of the Factual and Legal Analysis that accompanied the notification of the previous reason to believe findings provides the factual and legal basis for the additional finding.

The Commission also determined on August 16, 2005 to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved. If your clients agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

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If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Delbert K. Rigsby, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott E. Thomas", with a long, sweeping horizontal line extending to the right.

Scott E. Thomas  
Chairman

Enclosure  
Conciliation Agreement

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