



Federal Election Commission  
Washington, DC 20463

March 9, 2004

Thomas E. Gauthier, Esq.  
Olson Hagel & Fishburn LLP  
555 Capitol Mall, Suite 1425  
Sacramento, CA 95814-4602

Re: ADR 147 (MUR 5371)

Dear Mr. Gauthier:

On June 30, 2003, the Federal Election Commission ("Commission") notified Friends of Farr of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with the notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the Respondents, Friends of Farr and Sidney Slade, Treasurer. In its memorandum to the Commission, dated March 1, 2004, this office stated:

**ADR 147/MUR 5371:** Complainant alleges that Respondents repaid a \$10,000 loan to the candidate, which Complainant does not believe was ever made by the candidate. The reason that the Complainant does not believe a loan was ever made by the candidate is based upon two contributions of excess funds to the Democratic Congressional Campaign Committee (DCCC) in the amount of \$7,500 each several months after the alleged loan. Complainant also raises issues of alleged fraudulent payment of payroll taxes by Respondents for an employee of the Committee, and the purchase of two computers after the election was over.

Respondents reply that the loan made by the candidate and the repayment of the loan was disclosed on the Mid-Year 2001 report to the Commission. Respondents contend there is no link between the candidate's loan to the authorized campaign committee and Respondents' contributions of excess funds to the DCCC months after the loan was repaid.

Respondents also contend they used a payroll service to ensure that all required employee taxes were paid and reported all transactions to the Commission as required.

Accordingly, the Commission closed its file in this matter on March 5, 2004.

The FEC is obligated by federal regulations to make a finding to terminate its proceedings public, as well as the basis therefore. 11 C.F.R. § 111.20(b). In addition, as of

January 1, 2004, the Commission will also place on the record copies of the complaint, correspondence exchanged between Respondents and this office, and reports prepared for the Commission by this office to assist in it's consideration of this matter. Accordingly, copies of documents relative to this matter will be forwarded shortly to the FEC's Public Information Office.

If you have any questions regarding this matter please be in touch. My telephone number is 202-694-1665.

Sincerely,

Lynn M. Fraser  
Assistant Director, ADR Office