



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 2010

Deborah J. Livesay
Taylor English Duma LLP
1600 Parkwood Circle, Suite 400
Atlanta, GA 30339

Re: ADR 538 (PMUR 496) Nantahala Outdoor Center and Sutton Bacon

Dear Ms. Livesay:


Enclosed please find the executed Negotiated Settlement for the above shown matter. The Negotiated Settlement resolving this matter was approved by the Commission on June 25, 2010, the effective date of the agreement.

Please forward to this office a statement confirming Respondent's compliance with the terms listed in Paragraph 6 of the aforementioned agreement as each of the terms are due. The letter should indicate the date on which Respondents satisfied the term, provide a detailed account of how the term was satisfied, and reference the ADR 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 *sua sponte* submission minus exhibits, 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 issues involved in the *sua sponte* submission. I appreciate your assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,


Krista J. Roche, Assistant Director
Alternative Dispute Resolution Office
202-694-1661

Enclosure: Negotiated Settlement

cc: Gwendolyn Homes, Finance and Accounting Office

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Federal Election Commission
Washington, DC 20463

Case Number: ADR 538
Source: PMUR 496
Case Name: Nantahala Outdoor Center
and Sutton Bacon

NEGOTIATED SETTLEMENT

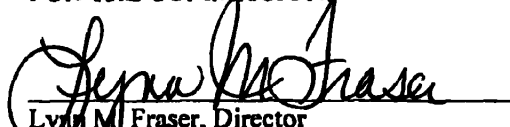
This matter was initiated *sua sponte* by Nantahala Outdoor Center. Following review of the matter and in an effort to promote compliance with the Federal Election Campaign Act of 1971 ("FECA"), as amended, and resolve this matter, the Federal Election Commission ("Commission") entered into negotiations with Deborah J. Livesay, Esq., representing Nantahala Outdoor Center ("NOC") and Sutton Bacon (collectively "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 this submission. The parties agree to resolve the matter 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 Respondent. 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 entered into this agreement with the Commission.
3. Respondents filed a *sua sponte* submission admitting Respondent Bacon made three political contributions and received reimbursement from Respondent NOC for each. Respondent Bacon made two One Thousand Dollar (\$1,000) contributions to Heath Shuler for Congress as well as a Two Hundred Fifty Dollar (\$250) contribution to the Outdoor Industry Association PAC. He subsequently authorized his own reimbursement for all three contributions. Respondent Bacon stated that although he knew corporations could not contribute to federal campaigns, he believed it was acceptable for corporations to reimburse employees for making such contributions.
4. In response to receiving notice of the impermissible reimbursements for contributions, Respondent NOC's Board of Directors conducted an internal audit. At the conclusion of the audit, Respondent NOC's Board of Directors met with Respondent Bacon, who later that same date issued personal checks to refund the impermissible reimbursements. Respondent NOC's Board of Directors also promptly began modifying their Business Code of Conduct to address political contributions and developing internal controls for corporate disbursements.

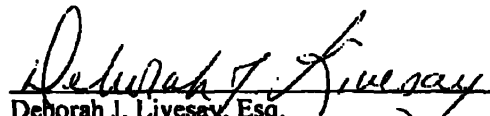
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5. Pursuant to the FECA, corporations are prohibited from making a contribution in connection with any election to any political office. 2 U.S.C. 441b, 11 C.F.R. 114.2(a). The FECA further states that no person shall make a contribution in the name of another person. 2 U.S.C. 441f, 11 C.F.R. 110.4(b).
 6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) disseminate NOC's amended Business Code of Conduct with cover memo alerting staff specifically of the prohibition on corporate political contributions within thirty (30) days of the effective date of this agreement; (b) implement internal controls which substantially comport with the Commission's Internal Controls Policy (2007) within thirty (30) days of the effective date of this agreement; and (c) members of Respondent NOC's audit committee will conduct an audit to ensure internal controls are operating effectively and certify those results to the Commission by December 31, 2010.
 7. Respondents agree that all information provided to resolve this matter 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.
 8. 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.
 9. 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.
 10. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 538 (PMUR 496), and resolves those issues identified in paragraph 3 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

6/25/2010
Date Signed

FOR THE RESPONDENT:


Deborah J. Livesey, Esq.
Representing Nantahala Outdoor Center

6/10/2010
Date Signed