



Federal Election Commission
Washington, DC 20463

November 16, 2010

Neil Reiff, Esq.
Sandler, Reiff and Young
300 M Street SE, Suite 1102
Washington, DC 20003

Re: ADR 541 (AD 09-03)
Committee to Elect Alan Grayson and Paul Ashcraft, Treasurer

Dear Mr. Reiff:

Enclosed is the signed copy of the agreement resolving the referral initiated on April 5, 2010 by the Federal Election Commission ("FEC/Commission") involving the Committee to Elect Alan Grayson and Paul Ashcraft, Treasurer ("Respondents"). The agreement for ADR 541 (AD 09-03) was approved by the Commission on November 16, 2010 – the effective date of the agreement.

Note the specific time frames for compliance in paragraph 6 of the agreement. Please forward to this office, a statement confirming Respondent's compliance with the terms listed in the aforementioned agreement. The letter should note the dates on which Respondents satisfied each of the terms listed in paragraph 6, and contain the ADR caption and case number. The civil penalty payment should be sent to the attention of the Accounting/Finance Office of the FEC. The civil penalty under the agreement is due on or before December 16, 2010. Please put the ADR case number on the civil penalty check as well, to ensure crediting to the correct case.

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 complaint/referral, 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 matter that was initiated by the Commission pursuant to information ascertained in the normal course of carrying out its supervisory

responsibilities regarding violations of federal election campaign laws. I appreciate your assistance in effectively resolving this matter and bringing the case to a mutually acceptable conclusion.

Sincerely,

Lynn M. Fraser, Director
Alternative Dispute Resolution Office
202-694-1665

Enclosure: Agreement

cc: Chris Wedderburn, Finance and Accounting Office
Room 819

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**Federal Election Commission
Washington, DC 20463**

Case Number: ADR 541
Source: AD 09-03
Case Name: The Committee to
Elect Alan Grayson

NEGOTIATED SETTLEMENT

This matter was initiated by the Federal Election Commission (Commission) pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Following review of the matter, and in an effort to promote compliance with the Federal Election Campaign Act of 1971, as amended, (FECA) and resolve this matter, the Commission entered into negotiations with Neil Reiff, Esq., representing the Committee to Elect Alan Grayson and Paul Ashcraft, in his official capacity as Treasurer (the Committee or 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 referral. The parties agree to resolve the matter according to the following terms:

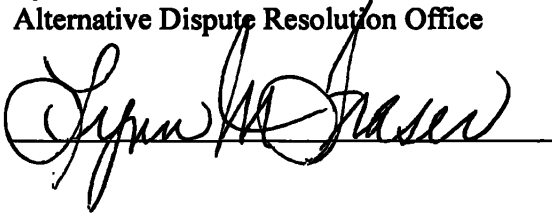
1. The Commission entered into this agreement as part of its responsibility for administering the FECA, and in an effort to promote compliance on the part of Respondents. The Commission's use of alternative dispute resolution procedures (ADR) is guided by "The Administrative Dispute Resolution Act of 1996," 5 U.S.C. § 572 and is an extension of 2 U.S.C. § 437g.
2. Respondents voluntarily enter into this agreement with the Commission.
3. The Audit Division (Audit) referred Respondents after an audit of the 2007-2008 financial transactions found that a comparison of Respondents' reported financial activity to its bank records revealed that cash-on-hand, receipts and disbursements had been misstated for both calendar years 2007 and 2008. Specifically, Audit determined that for 2007, the Committee overstated its beginning cash-on-hand by \$71,286, overstated receipts by \$4,734, overstated disbursements by \$8,308 and overstated ending cash-on-hand by \$67,712. In addition, the audit concluded that in 2008, receipts were overstated by \$178,396, disbursements were overstated by \$77,779 and the ending cash-on-hand was overstated by \$168,329. Audit confirmed that in response to the interim audit report, Respondents amended relevant reports and materially corrected the misstatements.

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4. Treasurers of political committees are required to report all financial activity, including all receipts and all disbursements, pursuant to the FECA. 2 U.S.C. §§ 434(a)(1), 434(b)(2), 434(b)(4), 11 C.F.R. §§ 104.1, 104.3(a), 104.3(b).
5. Respondents contend that the errors or omissions occurred due to the inexperience of staff conducting its first campaign. In addition, the Committee contends it put new financial procedures in place and contracted with FEC Compliance, Inc. to supervise all future FEC reporting and compliance. Respondents assert that they followed the recommendations of the Audit staff, and filed amended reports to correct the record.
6. Respondents, in an effort to avoid similar errors in the future, agree to: (a) draft and implement internal controls procedures consistent with the Commission's Internal Controls Policy (2007) within thirty (30) days of the effective date of this agreement; (b) develop and implement a compliance operations manual for staff reference within thirty (30) days of the effective date of this agreement; (c) verify training of all campaign finance functions by Committee counsel within thirty (30) days of the effective date of this agreement, with semi-annual refreshers thereafter; (d) annual certification of a reconciliation of Committee's financial activity by February 15th of each year and continuing for four years (1st due February 15, 2011); (e) maintain contract with independent compliance vendor; (f) send a Committee representative to a FEC conference within twelve months of the effective date of this agreement; and (g) pay a civil penalty of \$3,000 within thirty (30) days of the effective date of this agreement.
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 submit any unpaid civil penalty to the U.S. Treasury for collection or 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 541 (AD 09-03), 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:

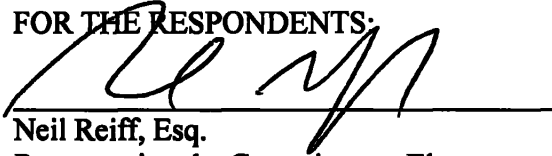
Lynn M. Fraser, Director
Alternative Dispute Resolution Office



11/16/2010
Date Signed

FOR THE RESPONDENTS:

Neil Reiff, Esq.
Representing the Committee to Elect
Alan Grayson and Paul Ashcraft, Treasurer



10/5/10
Date Signed

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