



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

JUL 5 2005

ADVANCE COPY BY FACSIMILE

Richard J. Lewandowski, Esq.
Whyte Hirschboeck Dudek S.C.
One East Main Street
Suite 300
Madison, WI 53703-3300

RE: MUR 5426
Dale Schultz for Congress *et al.*

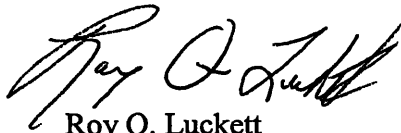
Dear Mr. Lewandowski:

On June 23, 2005, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of your clients, Dale Schultz, Friends and Neighbors of Dale Schultz and Dennis Hamilton, in his official capacity as treasurer, and Dale Schultz for Congress and Joseph J. Hasler, in his official capacity as treasurer, in settlement of a violation of 2 U.S.C. § 441i(e)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act") and 11 C.F.R. § 110.3(d), a regulation promulgated pursuant to the Act. Accordingly, the Commission has closed the file in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). 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).

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,


Roy Q. Lockett
Attorney

Enclosure:
Conciliation Agreement

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3
4 In the Matter of)
5) MUR 5426
6)
7 Dale Schultz)
8 Dale Schultz for Congress and)
9 Joseph J. Hasler,)
10 in his official capacity as treasurer)
11 Friends and Neighbors of Dale Schultz and)
12 Dennis Hamilton,)
13 in his official capacity as treasurer)
14

15 **CONCILIATION AGREEMENT**

16
17 This matter was initiated by a signed, sworn, and notarized complaint by Seth Boffeli.

18 The Federal Election Commission ("Commission") found reason to believe that Dale Schultz,
19 Friends and Neighbors of Dale Schultz and Dennis Hamilton, in his official capacity as treasurer,
20 and Dale Schultz for Congress and Joseph J. Hasler, in his official capacity as treasurer
21 (collectively "Respondents"), violated 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).

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

25 I. The Commission has jurisdiction over the Respondents and the subject matter of this
26 proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C.
27 § 437g(a)(4)(A)(i).

28 II. Respondents have had a reasonable opportunity to demonstrate that no action should
29 be taken in this matter.
30

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

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

3 1. Dale Schultz, a member of the Wisconsin State Senate, ran for Wisconsin's Third
4 Congressional District seat in the 2004 primary and general elections.

5 2. Friends and Neighbors of Dale Schultz ("the Schultz state committee") is Dale
6 Schultz's state campaign committee.

7 3. Dennis Hamilton is the treasurer of the Schultz state committee.

8 4. Dale Schultz for Congress ("the Schultz federal committee"), is a political
9 committee within the meaning of 2 U.S.C. § 431(4), and was Dale Schultz's principal authorized
10 campaign committee for his Congressional race.

11 5. Joseph J. Hasler is the treasurer of the Schultz federal committee.

12 6. The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits a
13 federal candidate, a candidate's agent, and entities established, financed, maintained or controlled
14 by, or acting on behalf of, a candidate from soliciting, receiving, directing, transferring or
15 spending funds in connection with a Federal election unless the funds are subject to the
16 limitations, prohibitions and reporting requirements of the Act. 2 U.S.C. § 441i(e)(1)(A).

17 7. Transfers of funds or assets from a candidate's campaign committee or account
18 for a nonfederal election to his or her principal campaign committee or other authorized
19 committee for a federal election are prohibited. 11 C.F.R. § 110.3(d).

20 8. In the period from October 24, 2003 through December 30, 2003, the Schultz state
21 committee made expenditures to Ben Lewis for consulting, mileage and other miscellaneous

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expenses in the amounts of \$1,010.87, \$638.37, \$500, and \$1,142.41, respectively, for a total of \$3,291.65. These expenditures were not subject to the Act's reporting requirements. *See* 2 U.S.C. § 441i(e)(1)(A). The Schultz federal committee should have made these expenditures.

9. In November and December of 2003, Dale Schultz submitted reimbursement requests that went to the Schultz state committee for mileage and cell phone expenses in the amounts of \$642.89 and \$870.75, respectively, for a total of \$1,513.64, and it paid such amounts to him. These expenditures were not subject to the Act's reporting requirements. *See* 2 U.S.C. § 441i(e)(1)(A). The Schultz federal committee should have made these expenditures.

V. 1. Friends and Neighbors of Dale Schultz and Dennis Hamilton, in his official capacity as treasurer, impermissibly paid for \$4,805.29 in expenditures that should have been paid for by Dale Schultz for Congress, in violation of 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d). Friends and Neighbors of Dale Schultz and Dennis Hamilton, in his official capacity as treasurer, will cease and desist from violating 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).

2. Dale Schultz for Congress and Joseph J. Hasler, in his official capacity as treasurer, received impermissible funds when Friends and Neighbors of Dale Schultz paid \$4,805.29 in federal expenditures, in violation of 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d). Dale Schultz for Congress and Joseph J. Hasler, in his official capacity as treasurer, will cease and desist from violating 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).

3. Dale Schultz received impermissible funds when Friends and Neighbors of Dale Schultz reimbursed him for the amounts referenced in paragraph IV.9 that should have been

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1 reimbursed by Dale Schultz for Congress, in violation of 2 U.S.C. § 441i(e)(1)(A) and 11 C.F.R.
2 § 110.3(d). Dale Schultz will cease and desist from violating 2 U.S.C. § 441i(e)(1)(A) and
3 11 C.F.R. § 110.3(d).

4 VI. Respondents will pay a civil penalty to the Federal Election Commission in the
5 amount of One Thousand Two Hundred Dollars (\$1,200) pursuant to 2 U.S.C. § 437g(a)(5)(A).

6 VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
7 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance
8 with this agreement. If the Commission believes that this agreement or any requirement thereof
9 has been violated, it may institute a civil action for relief in the United States District Court for
10 the District of Columbia.

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

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

16 X. This Conciliation Agreement constitutes the entire agreement between the parties on
17 the matters raised herein, and no other statement, promise, or agreement, either written or oral,

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1 made by either party or by agents of either party, that is not contained in this written agreement
2 shall be enforceable.

3 FOR THE COMMISSION:

4 Lawrence H. Norton
5 General Counsel

6 BY: Rhonda J. Vosdingh
7 Rhonda J. Vosdingh
8 Associate General Counsel
9 for Enforcement

2/1/05
Date

10 FOR THE RESPONDENTS:

11

12 Richard J. Lewandowski
13 Richard J. Lewandowski
14 Counsel for Respondents

3/29/05
Date

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