



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

MAY 02 2006

**ADVANCE COPY BY FACSIMILE**

John S. Miles, Esq.  
William J. Olson, P.C.  
8180 Greensboro Drive, Suite 1070  
McLean, Virginia 22102-3860

RE: MUR 5616  
Pro-Life Campaign Committee and  
Pablo Gersten, in his official capacity  
as treasurer

Dear Mr. Miles:

On April 25, 2006, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (iv) and 2 U.S.C. §§ 434(b)(2) and (4), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed 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 respondents 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. Your clients have already paid \$100,332.50 of the civil penalty of \$150,000. Please note that a payment of \$9,667.50 of the civil penalty is due within 30 days of the conciliation agreement's effective date. Thereafter, your clients must make four consecutive monthly installment payments of \$10,000 each. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink that reads "Delbert K. Rigsby".

Delbert K. Rigsby  
Attorney

Enclosure  
Conciliation Agreement

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**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of	)	
	)	MUR 5616
Pro-Life Campaign Committee and	)	
Pablo Gersten, in his official capacity as treasurer	)	
	)	

**CONCILIATION AGREEMENT**

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Pro-Life Campaign Committee and Pablo Gersten, in his official capacity as treasurer ("Respondents"), violated 2 U.S.C. § 434(a)(4)(A)(i) and (iv) and 2 U.S.C. § 434(b)(2) and (4).

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

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

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

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

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

1. Pro-Life Campaign Committee is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Pablo Gersten is the treasurer of Pro-Life Campaign Committee.

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3. The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that the treasurer of a political committee shall file reports of receipts and disbursements in accordance with 2 U.S.C. § 434(a).

4. Political committees other than authorized committees of a candidate shall file quarterly reports no later than the 15th day after the last day of each calendar quarter in an election year and in any other calendar year, shall file a report covering the period January 1 to June 30 no later than July 31 and a report covering the period July 1 to December 31 no later than January 31 of the following calendar year. 2 U.S.C. § 434(a)(4)(A)(i) and (iv). Political committees required to file reports with the Commission must file the reports in an electronic format if the political committee has received contributions or has reason to expect to receive contributions aggregating in excess of \$50,000 in any calendar year or the political committee or other person has made expenditures aggregating in excess of \$50,000 in any calendar year. *See* 11 C.F.R. § 104.18(a)(1)(i) and (ii). A report that is filed on paper that should have been filed electronically does not satisfy a committee's filing obligations. 11 C.F.R. § 104.18(a)(2). Additionally, each filed report must disclose, for the reporting period and calendar year, the total amount of all receipts and total amount of all disbursements. *See* 2 U.S.C. § 434(b)(2) and (4).

5. Respondents originally filed the 2001 Mid-Year, 2001 Year-End, 2002 April Quarterly and 2002 July Quarterly Reports on paper when they should have filed the reports electronically because the total receipts or total disbursements on each report exceeded \$50,000. When Respondents finally filed these reports electronically in 2003, they were late by periods ranging from 210 to 650 days, and all had been amended. The 2002 October Quarterly Report, filed electronically on February 10, 2003, was 119 days late.

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6. Respondents reported dramatically increased amounts in both total receipts and disbursements on the amended reports as compared to those that were reported on their initial reports covering the same periods. The vast majority of the increased receipts on each amended report were unitemized contributions, and ninety percent or more of the increased disbursements on each amended report were to Capitol Communications, Inc. ("Capitol"), a now defunct Arizona telemarketing firm contracted by Respondents to conduct fundraising.

7. Specifically, Respondents submitted the 2001 Mid-Year Report on paper on July 31, 2001 and disclosed receipts of \$38,757 and disbursements of \$26,754. Thereafter, on May 12, 2003, Respondents filed the 2001 Mid-Year Report electronically and disclosed receipts of \$839,561 and disbursements of \$828,558. Moreover, the amended report showed unitemized contributions of \$838,586 as opposed to \$35,082 in unitemized contributions shown on the paper report. With respect to disbursements, the electronic report disclosed operating expenditures of \$819,538, as opposed to \$17,234 on the paper report.

Respondents submitted the 2001 Year-End Report on paper on January 29, 2002, which showed receipts of \$55,962 and disbursements of \$11,629. Respondents filed an amended 2001 Year-End Report electronically on February 10, 2003. The amended report showed receipts of \$926,837 and disbursements of \$891,631. On May 9, 2003, Respondents filed another amendment to the 2001 Year-End Report, which showed receipts of \$924,061 and disbursements of \$891,206. From the paper report to the last amended report, the unitemized contributions increased from \$45,028 to \$920,537. With respect to disbursements, the last amended report showed operating expenditures of \$891,206, in contrast to the \$11,629 found on the paper report.

8. Respondents filed the April 2002 Quarterly Report on paper on July 21, 2002 with receipts of \$46,458 and disbursements of \$20,723. Respondents filed an amended April 2002

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Quarterly Report electronically on February 11, 2003. The amended report showed receipts of \$1,004,813 and disbursements of \$975,014. Respondents amended the electronic report again on May 13, 2003 to reflect receipts of \$996,671. Thus, Respondents reported an increase of approximately \$950,000 in both receipts and disbursements from the paper report to the last amended report. Unitemized contributions on the last amended report were \$991,334 as compared to \$40,921 on the paper report. On the disbursements side, the operating expenditures increased to \$965,014 on the last amended report from \$15,724 on the paper report.

Respondents filed the July Quarterly 2002 Report on July 19, 2002 on paper with receipts of \$41,406 and disbursements of \$12,778. Respondents filed the July 2002 Quarterly Report electronically on February 10, 2003. The electronic report disclosed receipts of \$733,049 and disbursements of \$706,144. Respondents amended this report on May 9, 2003 to show receipts of \$737,525 and disbursements of \$706,329, or an increase of approximately \$695,000 in both receipts and disbursements from the paper report to the last amended report. The last amended report showed unitemized contributions of \$734,028 compared to unitemized contributions of \$35,916 shown on the paper report. Respondents' operating expenditures increased to \$706,329 on the last amended report from \$12,778 on the paper report.

9. Respondents' fundraising contract with Capitol provided that Capitol would develop scripts, make telephone calls, send follow-up letters, create program reports and maintain a database. Respondents also entered into a contract with Norwest Bank in which Norwest Bank would receive and process contributions raised by Capitol and deposit them into a demand deposit account controlled by an escrow agent, Arizona Escrow & Financial Corporation ("Arizona Escrow"). Arizona Escrow distributed the funds raised by Capitol partially to Respondents, and partially to Capitol and other vendors, for other expenses incurred in

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connection with the fundraising program, such as printing, mailing and rental fees for telephone call lists. Arizona Escrow distributed the funds in the following order: five percent of the funds were disbursed to the Respondents, all invoices (including amounts due to Capitol) were paid directly by Arizona Escrow and any remaining funds were then disbursed to Respondents.

10. Respondents originally reported as unitemized receipts only the amounts it received from Arizona Escrow and some relatively small amounts it raised independently of Capitol, all of which were deposited in its First Union bank account, and as itemized, those contributions raised by Capitol that were over \$200. As Capitol's compensation was a large percentage of the funds it raised, and this compensation was paid to Capitol by the escrow agent, prior to a final settlement of the monies distributed to Respondents by Arizona Escrow, the contributions under \$200, which constituted the bulk of the funds raised by Capitol, were not reflected in Respondents' original unitemized reporting. On the disbursement side, in addition to a few other minor omissions, Respondents originally failed to report the contractual payments to Capitol made by Arizona Escrow on Respondents' behalf, which, during the relevant time period, constituted ninety percent or more of the funds Capitol raised, and other expenditures related to the fundraising program, such as printing, mailing and rental fees for telephone call lists. The treasurer did not realize that all of the funds raised by Capitol were "contributions" within the meaning of 2 U.S.C. § 431(8) and all payments to Capitol were "expenditures" within the meaning of 2 U.S.C. § 431(9) that had to be reported.

11. In early 2003, after continuing difficulties in filing reports electronically, Respondents retained legal counsel to assist the Committee, and, after a review by legal counsel, the reporting errors were discovered, electronic reports were prepared, and amended reports were filed. Respondents voluntarily amended their 2001 and 2002 reports.

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12. The Commission has made no findings that the violations in this matter were knowing and willful.

13. Respondents contend that the Committee employee who prepared the original reports had some experience in filing paper reports but was unable to prepare electronic reports, the requirement for which became effective for all reporting periods starting on or after January 1, 2001.

V. 1. Respondents failed to file timely the 2001 Mid-Year Report, 2001 Year-End Report, 2002 April Quarterly Report, 2002 July Quarterly Report and 2002 October Quarterly Report, in violation of 2 U.S.C. §§ 434(a)(4)(A)(i) and (iv).

2. Respondents failed to disclose all receipts and disbursements on their initial 2001 Mid-Year Report, 2001 Year-End Report, 2002 April Quarterly Report and 2002 July Quarterly Report, in violation of 2 U.S.C. §§ 434(b)(2) and (4).

3. Respondents will cease and desist from violating 2 U.S.C. §§ 434(a)(4)(A)(i) and (iv) and 434(b)(2) and (4).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of One Hundred and Fifty Thousand dollars (\$150,000), pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondents have already paid \$100,332.50. The remaining amount of the civil penalty will be paid as follows:

1. A payment of Nine Thousand Six Hundred and Sixty-Seven dollars and fifty cents (\$9,667.50) is due no more than thirty (30) days from the date this Agreement becomes effective;

2. Thereafter, four consecutive monthly installment payments of Ten Thousand (\$10,000) each;

3. Each such installment shall be paid within thirty (30) days of the previous installment;

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4. In the event that any installment payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the Respondents. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to further overdue installments.

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

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

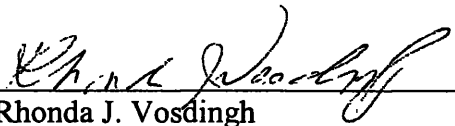
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IX. This Conciliation Agreement constitutes the entire agreement among the parties on the matters raised herein, and no other statement, promise or agreement, either written or oral, made by any party or by agents of any party, that is not contained in this written agreement shall be enforceable.

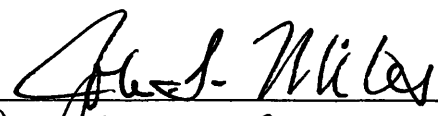
FOR THE COMMISSION

Lawrence H. Norton  
General Counsel

BY:   
Rhonda J. Vosdigh  
Associate General Counsel  
for Enforcement

4/22/06  
Date

FOR THE RESPONDENTS

  
(Name)  
(Position) Counsel for Respondents

March 9, 2006  
Date

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