



**Federal Election Commission
Washington, DC 20463**

Case Number ADR 152
Source RR 03L-06
Case Name Libertarian Party of Illinois
and David Lee, Treasurer

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 Federal Election Commission ("Commission") entered into negotiations with David Lee, representing the Libertarian Party of Illinois and David Lee, Treasurer ("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 authorized in "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. A review by the Reports Analysis Division ("RAD") of Respondents' reports filed for the 2001 and 2002 calendar years disclosed that Respondents accepted excessive contributions from two (2) individuals totaling \$76,270 during the 2001 calendar year and \$65,749 during the 2002 calendar year. After notification by RAD of the prohibited acceptance of these contributions, Respondents failed to refund, reattribute or transfer-out excessive funds.
4. Under the section of the statute in effect at the time, no person shall make contributions to a political committee, which are not political committees established and maintained by a national political party and are not the

authorized political party of any candidate, which in the aggregate, exceed \$5000. 2 U.S.C. § 441a(a)(1)(B) and (C) (2000) and 11 C.F.R. § 110.1(d). In addition, no political committee shall knowingly accept any contribution in violation of the FECA. 2 U.S.C. § 441a(f) (2000).

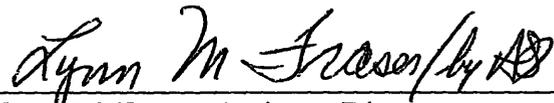
5. Political committees under the FECA shall establish a separate federal account and comply with the registration and reporting requirements of the FECA. 11 C.F.R. § 102.5(a)(1). Political committees that make disbursements in connection with federal and non-federal elections shall make those disbursements entirely from accounts established pursuant to 11 C.F.R. § 102.5, and shall allocate expenses between these accounts according to these regulations. 11 C.F.R. § 106.5(a).
6. Respondents acknowledge that a violation of the FECA occurred due to the fact that the committee had only one bank account for both federal and non-federal activities. Respondents contend that the contributions at issue should have been deposited in, or transferred to, a non-federal account. Respondents' reported non-federal expenditures in both 2001 and 2002 that exceeded the amount of the reported excessive contributions. Respondents further contend that they had no federal election activity in 2001, and the main expenditure in 2002 was for petition efforts to get six (6) state candidates and one (1) federal candidate on the general election ballot in Illinois.
7. Respondents stated that David Lee was not the Treasurer at the time of the activities which led to this referral. In addition to appointing David Lee Treasurer, the committee added other staff and changed bookkeeping methods. Respondents' efforts have been to ensure that all reports are filed accurately and timely.
8. Respondents, in an effort to avoid similar errors in the future, agree to: (a) set up separate bank accounts for federal and non-federal funds; (b) file all amended reports required to accurately reflect the contributions and expenditures for both federal and non-federal activities; (c) appoint a member of the staff to serve as the FEC compliance officer; (d) develop an FEC compliance manual; and (e) pay a civil penalty of \$1,000.
9. The parties agree that if Respondent fails 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.
10. This agreement shall become effective on the date signed by all parties and approved by the Commission. Respondent shall comply with the terms of the settlement within thirty (30) days from the effective date of this agreement, with the exception of term (e) above. The civil penalty shall be paid in four

payments of \$250 each, with the first payment due within thirty (30) days of the effective date of the agreement, and each subsequent payment of \$250 within thirty (30) days thereafter until paid in full.

11. This Negotiated Settlement constitutes the entire agreement between the parties on ADR 152 (RAD 03L-06) and effectively resolves this matter. No other statement, promise or agreement, either written or oral, made by either party, not included herein, shall be enforceable.

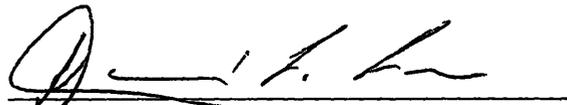
FOR THE COMMISSION:

Allan D. Silberman, Director
Alternative Dispute Resolution Office

By: 
Lynn M. Fraser, Assistant Director
Alternative Dispute Resolution Office

May 21, 2004
Date Signed

FOR THE RESPONDENTS:


David L. Lee
Treasurer, Libertarian Party of Illinois

5/13/2004
Date Signed