



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Charles H. Bell, Jr., Esq.
Bell, McAndrews & Hiltachk, LLP
455 Capitol Mall, Suite 801
Sacramento, California 95814

OCT 29 2010

RE: MUR 6301
(California Republican Party/V8 and
Keith Carlson, in his official capacity
as treasurer)

Dear Mr. Bell:

On October 27, 2010, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 441b(a) and 441a(f), and 11 C.F.R. §§ 102.5(a)(1)(i) and 106.7(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and Commission regulations. 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) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). 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. Please note that the initial \$50,000 civil penalty payment is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Kasey S. Morgenheim
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 6301
California Republican Party/V8,)
and Keith Carlson, 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 the California Republican Party/V8 and Keith Carlson, in his official capacity as treasurer, ("Respondents") violated 2 U.S.C. §§ 441b(a) and 441a(f), and 11 C.F.R. §§ 102.5(a)(1)(i) and 106.7(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations.

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 law in this matter is as follows:

1. The California Republican Party/V8 is a political committee within the meaning of 2 U.S.C. § 431(4).

- 1 2. Keith Carlson is the treasurer of the committee.
- 2 3. The Act prohibits state political party committees from knowingly accepting
- 3 contributions from corporate or labor organizations in connection with a federal
- 4 election. 2 U.S.C. § 441b(a).
- 5 4. The Act further prohibits state political party committees from accepting
- 6 contributions to their federal accounts which in aggregate exceed \$10,000 in a
- 7 calendar year. 2 U.S.C. § 441a(a), (f).
- 8 5. State party committees may allocate their administrative expenses between their
- 9 federal and non-federal accounts. 11 C.F.R. § 106.7(c)(2). If the committee
- 10 allocates these expenses, it must do so according to a set ratio; in California's
- 11 2005-2006 election cycle, committees were required to allocate at least twenty-
- 12 one percent of their administrative expenses to their federal accounts.
- 13 11 C.F.R. § 106.7(d)(2).
- 14 6. State party committees may transfer funds from their non-federal to their federal
- 15 accounts only to cover the non-federal share of the allocable expenses, and these
- 16 transfers must be made no more than ten days before and no more than sixty days
- 17 after the payments for which they are designated are made from the federal
- 18 account. 11 C.F.R. § 106.7(f).
- 19 7. When committees have a separate federal and non-federal account, only funds
- 20 subject to the prohibitions and limitations of the Act may be deposited into the
- 21 federal account. 11 C.F.R. § 102.5(a)(1)(i).
- 22 8. California law permits corporate contributions to non-federal candidates and
- 23 committees. California Political Reform Act §§ 82047, 85303. Additionally,

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1 California law permits individuals to contribute \$25,000 per calendar year to party
2 committees' non-federal accounts. CPRA § 85303.

3 V. The pertinent facts in this matter are as follows:

- 4 1. Respondents' amended 2006 12-Day Pre-General Report, filed on August 23,
5 2007, disclosed that Respondents had transferred an excess of \$80,735.83 from
6 the non-federal account to the federal account for allocated administrative
7 expenses.
- 8 2. Respondents' amended 2006 30-Day Post-General Report, filed on August 23,
9 2007, disclosed that Respondents had transferred an excess of \$375,155.68 from
10 the non-federal account to the federal account for allocated administrative
11 expenses.
- 12 3. Respondents' amended 2006 Year-End Report, filed on August 27, 2007,
13 disclosed that Respondents had transferred an excess of \$14,772.01 from the non-
14 federal account to the federal account for allocated administrative expenses.
- 15 4. Respondents' 2007 June Monthly Report included \$84,318.50 in corrective
16 transfers from the federal account to the non-federal account.
- 17 5. On October 2009, Respondents made corrective transfers of \$160,000 from the
18 federal account to the non-federal account.
- 19 6. Based on the figures above, Respondents transferred a total excess of \$386,345.02
20 in non-federal funds into its federal account.
- 21 7. In transferring excess non-federal funds into its federal account, the Committee
22 may have transferred non-federal funds containing excessive and prohibited

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1 contributions in connection with a federal election. See 2 U.S.C. §§ 441a(a)
2 and (f) and 441b(a).

3 VI. Respondents committed the following violations:

- 4 1. Respondents received funds improperly transferred from a non-federal account in
5 violation of 11 C.F.R. §§ 102.5(a)(1)(i) and 106.7(f). The improperly transferred
6 funds may have contained corporate contributions, in violation of 2 U.S.C.
7 § 441b(a), and may have contained excessive contributions, in violation of
8 2 U.S.C. § 441a(f).

9 VII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of
10 Seventy-Five Thousand Dollars (\$75,000), pursuant to 2 U.S.C. § 437g(a)(5)(A), such
11 penalty to be paid as follows:

- 12 1. An initial payment of \$50,000 due within 30 days from the date this agreement
13 becomes effective.
14 2. A payment of \$25,000 due within 60 days from the date the initial payment is
15 due.
16 3. In the event that the initial payment is not received by the Commission by the
17 fifth day after it is due, the Commission may, at its discretion, accelerate the
18 remaining payment and cause the entire amount to become due upon ten days
19 written notice to the respondents.

20 VIII. Respondents will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441a(f), and
21 11 C.F.R. §§ 102.5(a)(1)(i) and 106.7(f).

22 IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1)
23 concerning the matters at issue herein or on its own motion, may review compliance with

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1 this agreement. If the Commission believes that this agreement or any requirement
2 thereof has been violated, it may institute a civil action for relief in the United States
3 District Court for the District of Columbia.

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

6 XI. Respondents shall have no more than 30 days from the date this agreement becomes
7 effective to comply with and implement the requirements contained in this agreement and
8 to so notify the Commission.

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

13
14 FOR THE COMMISSION:

15
16 Christopher Hughey
17 Acting General Counsel

18
19 BY: K. H. M. Guith
20
21 Kathleen M. Guith
22 Acting Associate General Counsel
23 for Enforcement

10/28/10
Date

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26 FOR THE RESPONDENTS:

27
28 Charles H. Bell, Jr.
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30 (Name) Charles H. Bell, Jr.
31 (Position) Designated Counsel

10/1/10
Date

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FEDERAL ELECTION
COMMISSION

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BEFORE THE FEDERAL ELECTION COMMISSION

CELA

In the Matter of)
)
California Republican Party/V8) MUR 6301

CERTIFICATION

I, Shawn Woodhead Werth, Secretary and Clerk of the Federal Election Commission, do hereby certify that on October 27, 2010, the Commission decided by a vote of 5-1 to take the following actions in MUR 6301:

1. Accept the conciliation agreement with the California Republican Party/V8 and Keith Carlson, in his official capacity as treasurer, as recommended in the General Counsel's Memorandum dated October 20, 2010.
2. Approve the appropriate letter.
3. Close the file.

Commissioners Bauerly, Hunter, McGahn II, Petersen, and Weintraub voted affirmatively for the decision. Commissioner Walther dissented.

Attest:

October 28, 2010
Date

Shawn Woodhead Werth
Shawn Woodhead Werth
Secretary and Clerk of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FEDERAL ELECTION COMMISSION
SECRETARIAT

2010 OCT 20 A 8:42

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Christopher Hughey
Acting General Counsel

Kathleen M. Guith
Acting Associate General Counsel for Enforcement

BY: Mark Allen *MA*
Assistant General Counsel

Kasey Morgenheim *KM*
Attorney

SUBJECT: MUR 6301 (California Republican Party/V8)

RE: _____

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FEDERAL ELECTION
COMMISSION

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Attached is a signed conciliation agreement with the California Republican Party/V8 and Keith Carlson, in his official capacity as treasurer ("Committee"). _____

Accordingly, we recommend that the Commission accept this agreement to resolve this matter.

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RECOMMENDATIONS:

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1. Accept the attached conciliation agreement with the California Republican Party/V8 and Keith Carlson, in his official capacity as treasurer.
 2. Approve the appropriate letter.
 3. Close the file.

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