FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1089

Date Filmed 3/21/80 Camera No. --- 2

Cameraman GPC

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Geoffrey G. Peterson
Jeff Peterson for Congress
Committee
4419 45th Street, N.W.
Washington, D.C. 20019

Re: MUR 1089

Dear Mr. Peterson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that you may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that you violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($1,750) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multicandidate committee, on October 1, 1976.

However, in view of the fact that this transaction took place in 1976, that your committee is no longer in existence and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that your committee shall not be required to refund the excessive contribution.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1089
STAFF MEMBER(S) & TEL. NO.
Beverly Brown/Ken Gross
(202) 523-4529

RESPONDENT: Jeff Petterson for Congress Committee

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

As a result of the Audit Division's findings made during the audit of the Connecticut Democratic Federal Candidates Committee ("FCC"), the matter in which Jeff Peterson for Congress Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 from a non-qualified multicandidate committee was referred to the Office of General Counsel.

FACTUAL BASIS AND LEGAL ANALYSIS

The Connecticut Democratic Federal Candidates Committee registered with the Federal Election Commission on October 1, 1976, and terminated on December 2, 1976. The FCC was formed to support the candidacies of those persons running for federal office in the state of Connecticut who had been endorsed by the Democratic Party.

During the review of Committee records, auditors found that the FCC failed to meet the criteria established by the Act to qualify as a multicandidate committee. The Committee was not registered with the Commission for at least six (6) months as required by the Act prior to making transfers in excess of $1,000 as follows:

Recipient Committee	Date	Amount
Jeff Peterson for Congress Committee	9/30/76	$1,750

2 U.S.C. § 441a(a)(2)(A) permits a multicandidate committee to contribute up to, but not in excess of $5,000 in the aggregate to any candidate and his authorized political committees with respect to any election for federal office.

As it appears that the Connecticut Democratic Federal Candidates Committee (FCC) was registered with the Federal Election Commission for less than six months at the time contributions in excess of $1,000 were made to federal candidates, the FCC failed to meet the criteria established by the Act to qualify as a multicandidate political committee under 2 U.S.C. § 441a(a)(4). Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the Jeff Peterson for Congress Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of of $1,000 from a non-qualified multicandidate political committee.

The Office of General Counsel believes, however, that the Commission should take no further action in requiring the candidate committee to refund the excessive contributions as the transaction dates back to the 1976 elections, and both the FCC and this Committee are no longer in existence.

COMMISSION'S DETERMINATION

Based on the foregoing analysis, the Federal Election Commission has found:

1. Reason to believe that the Jeff Peterson for Congress Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 from a non-qualified multicandidate political committee and that no further action should be taken at this time.

2. The Federal Election Commission has approved the attached letter and has closed the file on this matter.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Geoffrey G. Peterson
Jeff Peterson for Congress
Committee
4419 45th Street, N.W.
Washington, D.C. 20019

Re: MUR 1089

Dear Mr. Peterson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that you may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that you violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($1,750) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multicandidate committee, on October 1, 1976.

However, in view of the fact that this transaction took place in 1976, that your committee is no longer in existence and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that your committee shall not be required to refund the excessive contribution.

Sincerely,

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Miles Pennybacker, Treasurer
Gloria Shaffer-Senate '76
Post Office Box 2495
Hartford, Connecticut 06101

Re: MUR 1089

Dear Mr. Pennybacker:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that your committee may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that your committee violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($5,000) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multi-candidate committee, on October 18, 1976.

However, in view of the fact that this transaction took place in 1976, that your committee is no longer in existence and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that your committee shall not be required to refund the excessive contribution.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1089
STAFF MEMBER(S) & TEL. NO.
Beverly Brown/Ken Gross
(202) 523-4529

RESPONDENT: Gloria Shaffer-Senate '76

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

As a result of the Audit Division's findings made during the audit of the Connecticut Democratic Federal Candidates Committee ("FCC"), the matter in which the Gloria Shaffer-Senate '76 Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 from a non-qualified multicandidate committee was referred to the Office of General Counsel.

FACTUAL BASIS AND LEGAL ANALYSIS

The Connecticut Democratic Federal Candidates Committee registered with the Federal Election Commission on October 1, 1976, and terminated on December 2, 1976. The FCC was formed to support the candidacies of those persons running for federal office in the state of Connecticut who had been endorsed by the Democratic Party.

During the review of Committee records, auditors found that the FCC failed to meet the criteria established by the Act to qualify as a multicandidate committee. The Committee was not registered with the Commission for at least six (6) months as required by the Act prior to making transfers in excess of $1,000 as follows:

Recipient Committee	Date	Amount
Gloria Schaffer-Senate '76	9/30/76	$5,000

3 7 7 1 1 1 8 2 6 4 4

2 U.S.C. § 441a(a)(2)(A) permits a multicandidate committee to contribute up to, but not in excess of $5,000 in the aggregate to any candidate and his authorized political committees with respect to any election for federal office.

As it appears that the Connecticut Democratic Federal Candidates Committee (FCC) was registered with the Federal Election Commission for less than six months at the time contributions in excess of $1,000 were made to federal candidates, the FCC failed to meet the criteria established by the Act to qualify as a multicandidate political committee under 2 U.S.C. § 441a(a)(4). Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the Gloria Shaffer-Senate '76 may have violated 2 U.S.C. § 441a(f) by accepting contributions in excess of $1,000 from a non-qualified multicandidate political committee.

The Office of General Counsel believes, however, that the Commission should take no further action in requiring the candidate committee to refund the excessive contributions as the transaction dates back to the 1976 elections, and the FCC and this Committee are no longer in existence.

COMMISSION'S DETERMINATION

Based on the foregoing analysis, the Federal Election Commission has found:

1. Reason to believe that Gloria Shaffer-Senate '76 may have violated 2 U.S.C. § 441a(f) by accepting contributions in excess of $1,000 from a non-qualified multicandidate political committee and that no further action should be taken at this time.

2. The Federal Election Commission has approved the attached letter and has closed the file on this matter.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Miles Pennybacker, Treasurer
Gloria Shaffer-Senate '76
Post Office Box 2495
Hartford, Connecticut 06101

Re: MUR 1089

Dear Mr. Pennybacker:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that your committee may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that your committee violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($5,000) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multi-candidate committee, on October 18, 1976.

However, in view of the fact that this transaction took place in 1976, that your committee is no longer in existence and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that your committee shall not be required to refund the excessive contribution.

Sincerely,

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arline M. Bidwell, Treasurer
Connecticut Democratic Federal
Candidates Committee
Connecticut Democratic State
Central Committee
634 Asylum Avenue
Hartford, Connecticut 06103

Re: MUR 1089

Dear Ms. Bidwell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Connecticut Democratic State Central Committee ("the SCC") may have violated §§ 433 and 434 of the Federal Election Campaign Act of 1971, as amended ("the Act"), by failing to register and report as a political committee in 1976.

Under 2 U.S.C. § 431, a political committee is any committee which receives contributions or makes expenditures in connection with federal elections in an aggregate amount exceeding $1,000 during a calendar year.

During the audit of the Connecticut Democratic Federal Candidates Committee ("the FCC"), auditors noted that the SCC, an unregistered state level party organization, made contributions to the FCC in excess of $1,000 for purposes of influencing federal elections. The SCC's failure to register and report as a political committee in 1976 was found to be in violation of 2 U.S.C. §§ 433 and 434. However, in that the State Central Committee is no longer conducting federal activity and that the source of funds transferred to the FCC has already been disclosed by the FCC, the Commission has determined that the SCC shall not be required to register and report at this time.

The Commission has also found reason to believe that the Connecticut Democratic Federal Candidates Committee may have violated 2 U.S.C. § 441a(a)(1)(A). This section of the Act makes it unlawful for a non-qualified multi-candidate political committee to make contributions in excess of $1,000 to federal candidates and their authorized political committees.

During the review of FCC records, auditors noted that the FCC failed to meet the criteria established by the Act to qualify as a multicandidate committee. The FCC was not registered with the Commission for at least six months, as required by the Act prior to making contributions in excess of $1,000 to federal candidates. 2 U.S.C. § 441a(a)(4). Specifically, it appears that the FCC violated 2 U.S.C. § 441a(a)(1)(A) when it made a $5,000 contribution to Gloria Shaffer-Senate '76, a $1,750 contribution to Jeff Peterson for Congress Committee, and a $1,750 contribution to Adanti for Congress on September 30, 1976. However, as these transactions occurred in 1976, and there is only one remaining recipient committee in existence at this time, the Commission has determined that the FCC shall not be required to request refunds of these excessive contributions.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1089
STAFF MEMBER(S) & TEL. NO.
Beverly Brown/Ken Gross
523-4529

RESPONDENT: Connecticut Democratic Federal Candidates Committee, Connecticut Democratic State Central Committee

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of the Audit Division's findings during the audit of the Connecticut Democratic Federal Candidates Committee.

SUMMARY OF ALLEGATIONS

That the Connecticut Democratic State Central Committee violated: 2 U.S.C. §§ 433 and 434 by failing to register and report as a political committee; 2 U.S.C. § 441b by accepting contributions from labor organizations; and 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its federal and non-federal accounts.

That the Connecticut Democratic Federal Candidates Committee violated: 2 U.S.C. § 441a(a)(1)(A) by making contributions in excess of $1,000 to federal candidates; and 11 C.F.R. § 102.6(b) by accepting contributions other than those designated for the federal account.

FACTUAL BASIS AND LEGAL ANALYSIS

The Connecticut Democratic State Central Committee

In connection with the audit of the Connecticut Democratic Federal Candidates Committee ("FCC"), a registered federal committee, the Audit Division examined records of the Connecticut Democratic State Central Committee ("SCC"), an unregistered state level party organization which had transactions with the FCC during 1976.

The auditors' review of the SCC disclosed that:

1. The SCC made one transfer of $11,100.00 to the FCC on September 30, 1976. This transfer represents the total sum of funds received by the FCC.

2. The funds transferred from SCC represent proceeds from a biennial "Kick-off Dinner", to the election campaign in Connecticut. 1/ The solicitation material distributed by the SCC did not inform solicitees that their contributions would be used for federal elections.

3. Of the amount of proceeds received by the FCC from the "Kick-off Dinner", $10,000 was derived from individuals and the remaining $1,100 was received from the following questionable sources. 2/

Contributor	Amount	Date
SAPAC '76	$300	9/20/76
CBW-PAC	$800	9/30/76

1/ The source of funds transferred to the FCC was derived via a LIFO (Last in, first out) method starting with a deposit on September 30, 1976 (date on which $11,100 was transferred from the SCC to the FCC) back until $11,100 in total contributions was accounted for.

2/ Although the State of Connecticut prohibits corporate contributions, there is no such restriction on labor union contributions.

4. The SCC paid general administrative expenses allocable to the FCC totaling, by the auditors' estimate, $1,578.92. 3/

The Connecticut Democratic Federal Candidates Committee

The Connecticut Democratic Federal Candidates Committee registered with the Federal Election Commission on October 1, 1976, and terminated on December 2, 1976. The Committee was formed to support the candidacies of those persons running for federal office in the state of Connecticut who had been endorsed by the Democratic party.

During the review of Committee records, auditors found that the Committee failed to meet the criteria established by the Act to qualify as a multicandidate committee. The Committee was not registered with the Commission for at least six (6) months as required by the Act prior to making transfers in excess of $1,000 as follows:

Recipient Committee	Date	Amount
Gloria Schaffer-Senate '76	9/30/76	$5,000
Jeff Peterson for Congress Committee	9/30/76	$1,750
Adanti for Congress	9/30/76	$1,750

In a letter to the Honorable Michael J. Adanti, Mr. James Wade, Counsel for the Committee, states that the statute is inherently ambiguous with regard to the definitions of "person", and "political committee". He further states that the only definitional niche within the statute for the Connecticut Democratic Federal Candidates Committee was that of multi-candidate committee.

3/ This figure was derived from a Commission approved method of allocation using the percentage of receipts raised for federal purposes ($11,100) to the total receipts for federal, state and local purposes ($69,035). This method of allocation was accepted by the Commission on September 8, 1977, and is described further in a guideline entitled, "Formula for Allocation of Administrative Expenses Between Federal and Non-Federal Account." (Attachment I).

ANALYSIS

Registration and Reporting

Under 2 U.S.C. §§ 433 and 434, political committees which have made expenditures in excess of $1,000 for purposes of influencing federal elections must register and report to the Commission. Since it appears that the SCC failed to register and report in 1976, after making expenditures in excess of $1,000 to influence federal elections, the Office of General Counsel recomends that the Commission find reason to believe that the SCC may have violated 2 U.S.C. §§ 433 and 434. We believe, however, that the Commission should not require the SCC to register because the SCC is no longer conducting federal activity, and the auditors have already obtained disclosure regarding the source of funds transferred to the FCC. This disclosure was obtained from the FCC in response to an audit recommendation that the FCC amend their 10 Day Pre-Primary Report to disclose the source of funds received from the SCC as derived via a LIFO (last in, first out) method.

Receipt of Labor Funds

2 U.S.C. § 441b prohibits any candidate, political committee or other person from accepting contributions from labor organizations. Since the SCC qualified as a political committee in 1976, it should not have accepted contributions from labor organizations.

During the audit of the Connecticut Democratic Federal Candidates Committee, the auditors derived the source of funds transferred from the SCC to the FCC via a LIFO method. Out of $11,100 transferred from the SCC to the federal committee, the auditors determined that two contributions, totaling $1,100, were received from SAPAC '76 and CBW-PAC. These organizations were not registered committees at the time they made contributions to the SCC in 1976. At that time, Connecticut State law did not prohibit the SCC, a state level party organization, from accepting contributions from a labor organization.

In that there is no specific evidence to indicate that the SCC received labor funds from SAPAC '76 and CBW-PAC, the Office of General Counsel recommends that the Commission take no further action against the SCC with regard to a violation of 2 U.S.C. § 441b.

Allocation of Administrative Expenses

Under 11 C.F.R. § 106.1(e), party committees which have established a federal campaign committee under 11 C.F.R. § 102.6 shall allocate administrative expenses on a reasonable basis between their federal and non-federal accounts. As noted earlier, the auditors calculated the FCC's share of administrative costs to be $1,578.92. The allocable portion of administrative costs was determined by deriving a ratio of total contributions raised for federal purposes to total contributions raised for federal, state, and local purposes. This method of allocation was accepted by the Commission on September 8, 1977, and is described further in a guideline entitled "Formula for Allocation of Administrative Expenses Between Federal and Non-Federal Accounts".

At the time the Committee was attempting to comply with the law in 1976, the Commission's policy on the allocation of administrative expenses was based on proposed regulations. Since the Commission's regulations were not promulgated until April 13, 1977, the Office of General Counsel recommends that the Commission take no further action against the SCC regarding a violation of 11 C.F.R. § 106.1(e) in 1976.

Solicitation

11 C.F.R. § 102.6(b) prohibits federal committees from accepting contributions other than those designated for the federal account. Solicitations must expressly state that the contribution will be used for federal purposes.

Audit determined that the $11,100 transferred from the SCC to the FCC represented proceeds from a fundraising event. A review of solicitation materials used for this fundraising event, which was held on September 18, 1976, revealed that the SCC failed to inform its solicitees that their contributions would be used, in part, for purposes of influencing federal elections. As the Commission's regulations were not promulgated until April 13, 1977; and, as the FCC and SCC are no longer involved in federal activity, the Office of General Counsel recommends that the Commission take no further action against the FCC regarding a violation of 11 C.F.R. § 102.6(b).

Excessive Contributions

2 U.S.C. § 441a(a)(2)(A) permits a multicandidate committee to contribute up to, but not in excess of $5,000 in the aggregate to any candidate and his authorized political committees with respect to any election for federal office.

As it appears that the Connecticut Democratic Federal Candidates Committee (FCC) was registered with the Federal Election Commission for less than six months at the time contributions in excess of $1,000 were made to federal candidates, the FCC failed to meet the criteria established by the Act to qualify as a multicandidate political committee under 2 U.S.C. § 441a(a)(4). Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the FCC may have violated 2 U.S.C. § 441a(a)(1)(A) by exceeding the $1,000 limitation in its support for Gloria Shaffer-Senate '76 by $4,000 and by $750 each in its support for Jeff Peterson and Adanti for Congress Committees.

The Office of General Counsel believes, however, that the Commission should take no further action in requiring the candidate committees to refund the excessive contributions as the transactions date back to the 1976 elections, and the only committee left in existence at this time is the Adanti for Congress Committee.

COMMISSION'S DETERMINATION

Based on the foregoing analysis, the Federal Election Commission has found:

1. Reason to believe that the Connecticut Democratic State Central Committee may have violated 2 U.S.C. §§ 433 and 434 by failing to register and report as a political committee in 1976 and that no further action should be taken at this time.

2. No further action should be taken against the SCC with regard to a violation of 11 C.F.R. § 106.1(e).

3. No further action should be taken against the SCC with regard to violations of 2 U.S.C. § 441b.

4. No further action should be taken against the FCC with regard to a violation of 11 C.F.R. § 102.6(b).

5. Reason to believe that the Connecticut Democratic Federal Candidates Committee may have violated 2 U.S.C. § 441a (a)(1)(A) by making excessive contributions to Gloria Shaffer-Senate '76, Jeff Peterson for Congress Committee and Adanti for Congress and that no further action should be taken at this time.

Attachments: Attachment I

3 0 7 4 1 1 8 2 5 3 4

ATTACHMENT #1

FORMULA FOR ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN FEDERAL AND NON-FEDERAL ACCOUNTS

Federal Election Commission
Instructions-Guideline of September 8, 1977

THE GUIDELINE

The Guideline accepted by the Commission on September 8, 1977, states that:

> The allocable Federal portion of the administrative expenses is determined by the ratio of (1) the total amount which the committee received into its "Federal" account to (2) the total of all receipts.. For example, if total receipts, i.e. sum of receipts placed into both accounts, is $10,000, and the amount placed into the "Federal" account is $1,500, then 15% of administrative expenses during such period must be paid from the "Federal" account.

For the purposes of this formula, the totals of the receipts which are used in determining the percentage of administrative expenses which are to be paid by the Federal campaign committee, are the aggregate year to date totals. Thus, in the example given above, the $10,000 amount and the $1,500 amount represent the receipts of the committee during the course of the year, up to the ending day of the coverage period for which the report is being submitted.

APPLICATION

The design of the Guideline is such that it should be used during each reporting period. Because of this, it is essential that the committee report the use of the allocation formula in each of its Reports of Receipts and Expenditures.

For the purposes of this allocation formula Guideline, the following constitutes what receipts should be used within the formula, and to what expenditures the formula should be applied.

Receipts –

The receipts of the committee which should be used within the allocation formula for determining what percentage of administrative expenses should be paid by the Federal campaign committee are the following:

1. Contributions and other income – these are receipts which would be entered on Lines 14a and 14b of the Detailed Summary of Receipts and Expenditures (Page 2). For the purposes of this Guideline formula, the amount entered on Column B, Line 14d is the amount to be included in the receipts figure.*

2. Transfers In – these are receipts which would be entered on Lines 15a, 15b and 15c of the Detailed Summary of Receipts and Expenditures (Page 2). For the purposes of this Guideline formula, the amount entered on Column B, Line 15d is the amount to be included in the receipts figure.*

Receipts from loans, loan repayments, refunds, and rebates would not be included in the amounts of receipts to be used within the allocation formula.

*Line numbers signify those on FEC Form 3, revised January 1978.

Expenditures –

The expenditures of the committee to which the allocation formula should be applied in order to determine what amount of administrative expenses which should be paid from the Federal campaign committee are the following:

1. Those administrative expenses of the political organization which are associated to both the Federal and non-Federal campaign activity of the committee. Such expenses would include, for example, expenditures made for rent, salary, maintenance, stationary, other supplies, phone, etc. These are expenditures which would be entered on Lines 20a and 20b of the Detailed Summary of Receipts and Expenditures (Page 2).*

Administrative expenditures of the political organization which would not be subject to allocation include the following:

1. These administrative expenses which can legitimately be attributed to those activities of the political organization which affect only State and local elections. Such expenditures would include, for example, the expenses for a fundraising event, where the proceeds from that event are deposited only in the account(s) of the non-Federal campaign committee. Also included in this category would be expenditures for in-kind contributions for candidates running for State and local offices. For such expenditures, the Federal campaign committee need not pay any portion of the expenses.

2. Those administrative expenses which can be attributed to those activities of the committee which affect only Federal elections. Such expenditures would include, for example, the expenses for a fundraising event, where the proceeds from that event are deposited only in the account(s) of the Federal campaign committee. Also included in this category would be expenditures for in-kind contributions and expenditures made in accordance with Section 441a(d) of the Federal Election Campaign Act, as amended, for candidates running for Federal offices. For such expenditures, the Federal campaign committee must pay the entire amount of the expenses.

Please note also that certain categories such as voter registration and get-out-the-vote drives must be funded entirely from the Federal campaign committee and may not be regarded as part of the allocable administrative expenses payable under the formula outlined above, if the non-Federal committee accepts funds from sources which are prohibited by the Act from making contributions in connection with a Federal election. Prohibited sources include national banks, corporations, labor organizations, government contractors and foreign nationals.

It should be noted that the allocation which is required by Section 106.1(e) of the FEC Regulations is a minimum allocation. The Federal campaign committee is not prevented from paying a greater amount for administrative expenses than that amount determined by the allocation formula. For instance, using the example given in the Guideline above, the Federal campaign committee which had total receipts in the amount of $1,500 and total receipts of $10,000 for both the Federal and non-Federal campaign committees, must pay a minimum of 15% of its administrative expenses from its Federal campaign committee. The Federal campaign committee could pay anywhere from 15% to 100% of the administrative expenses. On the other hand, the non-Federal campaign committee may not pay a greater share of administrative expenses than that share determined by the formula. In this example, the non-Federal campaign committee's share is 85%. The non-Federal campaign committee may pay 0% to 85% of the administrative expenses, but it can pay no more.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arline M. Bidwell, Treasurer
Connecticut Democratic Federal
Candidates Committee
Connecticut Democratic State
Central Committee
634 Asylum Avenue
Hartford, Connecticut 06103

Re: MUR 1089

Dear Ms. Bidwell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Connecticut Democratic State Central Committee ("the SCC") may have violated §§ 433 and 434 of the Federal Election Campaign Act of 1971, as amended ("the Act"), by failing to register and report as a political committee in 1976.

Under 2 U.S.C. § 431, a political committee is any committee which receives contributions or makes expenditures in connection with federal elections in an aggregate amount exceeding $1,000 during a calendar year.

During the audit of the Connecticut Democratic Federal Candidates Committee ("the FCC"), auditors noted that the SCC, an unregistered state level party organization, made contributions to the FCC in excess of $1,000 for purposes of influencing federal elections. The SCC's failure to register and report as a political committee in 1976 was found to be in violation of 2 U.S.C. §§ 433 and 434. However, in that the State Central Committee is no longer conducting federal activity and that the source of funds transferred to the FCC has already been disclosed by the FCC, the Commission has determined that the SCC shall not be required to register and report at this time.

The Commission has also found reason to believe that the Connecticut Democratic Federal Candidates Committee may have violated 2 U.S.C. § 441a(a)(1)(A). This section of the Act makes it unlawful for a non-qualified multi-candidate political committee to make contributions in excess of $1,000 to federal candidates and their authorized political committees.

During the review of FCC records, auditors noted that the FCC failed to meet the criteria established by the Act to qualify as a multicandidate committee. The FCC was not registered with the Commission for at least six months, as required by the Act prior to making contributions in excess of $1,000 to federal candidates. 2 U.S.C. § 441a(a)(4). Specifically, it appears that the FCC violated 2 U.S.C. § 441a(a)(1)(A) when it made a $5,000 contribution to Gloria Shaffer-Senate '76, a $1,750 contribution to Jeff Peterson for Congress Committee, and a $1,750 contribution to Adanti for Congress on September 30, 1976. However, as these transactions occurred in 1976, and there is only one remaining recipient committee in existence at this time, the Commission has determined that the FCC shall not be required to request refunds of these excessive contributions.

Sincerely,

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael R. Cavallaro, Treasurer
Adanti for Congress
36 Highland Terrace
Ansonia, Connecticut 06401

Re: MUR 1089

Dear Mr. Cavallaro:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that you may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that you violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($1,750) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multicandidate committee, on October 18, 1976.

However, in view of the fact that this transaction took place in 1976 and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that you shall not be required to refund the excessive contribution.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1089
STAFF MEMBER(S) & TEL. NO.
Beverly Brown/Ken Gross
(202) 523-4529

RESPONDENT: Adanti for Congress Committee

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

As a result of the Audit Division's findings made during the audit of the Connecticut Democratic Federal Candidates Committee ("FCC"), the matter in which the Adanti for Congress Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 from a nonqualified multi-candidate committee was referred to the Office of General Counsel.

FACTUAL BASIS AND LEGAL ANALYSIS

The Connecticut Democratic Federal Candidates Committee registered with the Federal Election Commission on October 1, 1976, and terminated on December 2, 1976. The FCC was formed to support the candidacies of those persons running for federal office in the state of Connecticut who had been endorsed by the Democratic Party.

During the review of Committee records, auditors found that the FCC failed to meet the criteria established by the Act to qualify as a multicandidate committee. The Committee was not registered with the Commission for at least six (6) months as required by the Act prior to making a transfer in excess of $1,000 as follows:

Recipient Committee	Date	Amount
Adanti for Congress	9/30/76	$1,750

In a letter to the Honorable Michael J. Adanti, Mr. James Wade, Counsel for the Committee, states that the statute is inherently ambiguous with regard to the definitions of "person", and "political committee." He further states that the only definitional niche within the statute for the Connecticut Democratic Federal Candidates Committee was that of multi-candidate committee.

2 U.S.C. § 441a(a)(2)(A) permits a multicandidate committee to contribute up to, but not in excess of $5,000 in the aggregate to any candidate and his authorized political committees with respect to any election for federal office.

As it appears that the Connecticut Democratic Federal Candidates Committee (FCC) was registered with the Federal Election Commission for less than six months at the time contributions in excess of $1,000 were made to federal candidates, the FCC failed to meet the criteria established by the Act to qualify as a multicandidate political committee under 2 U.S.C. § 441a(a)(4). Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the Adanti for Congresss Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of of $1,000 from a non-qualified multicandidate political committee.

The Office of General Counsel believes, however, that the Commission should take no further action in requiring the candidate committee to refund the excessive contributions as the transaction dates back to the 1976 elections, and the FCC is no longer conducting federal activity.

COMMISSION'S DETERMINATION

Based on the foregoing analysis, the Federal Election Commission has found:

1. Reason to believe that the Adanti for Congress Committee may have violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 from a non-qualified multicandidate political committee and that no further action should be taken at this time.

2. The Federal Election Commission has approved the attached letter and has closed the file on this matter.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael R. Cavallaro, Treasurer
Adanti for Congress
36 Highland Terrace
Ansonia, Connecticut 06401

Re: MUR 1089

Dear Mr. Cavallaro:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that you may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that you violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($1,750) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multicandidate committee, on October 18, 1976.

However, in view of the fact that this transaction took place in 1976 and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that you shall not be required to refund the excessive contribution.

Sincerely,

7L1

MEMORANDUM

TO: THE FILE

FROM: Beverly Brown

SUBJECT: MUR 1089 - Correction
Notification of RTB Finding
RE: The Connecticut Democratic
Federal Candidates Committee &
the Connecticut Democratic State
Central Committee

Pages 3 and 5 of the Commission's Notification of Reason to Believe Findings have been corrected to reflect an accurate estimate of general administrative expenses allocable to the Connecticut Democratic Federal Candidates Committee. The former estimate of $9,868.20 has been replaced by a figure of $1,578.92 as noted in the minutes of the Executive Session held on February 5, 1980.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1089
Connecticut Democratic Federal	)	
Candidates Committee	)	
Connecticut Democratic State	)	
Central Committee	)	
Gloria Shaffer - Senate '76	)	
Jeff Peterson for Congress Committee	)	
Adanti for Congress	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on February 5, 1980, the Commission decided by a vote of 6-0 to take the following actions regarding MUR 1089:

1. Find REASON TO BELIEVE that the Connecticut Democratic State Central Committee may have violated 2 U.S.C. §§ 433 and 434 by failing to register and report as a political committee in 1976 and take no further action.

2. Take no further action against the SCC with regard to a violation of 11 C.F.R. § 106.1(e).

3. Take no further action against the SCC with regard to a violations of 2 U.S.C. § 441b.

4. Take no further action against the FCC with regard to a violation of 11 C.F.R. § 102.6(b).

5. Find REASON TO BELIEVE that the Connecticut Democratic Federal Candidates Committee may have violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to Gloria Shaffer-Senate '76, Jeff Peterson for Congress Committee and Adanti for Congress and take no further action.

(Continued)

6. Find REASON TO BELIEVE that Gloria Shaffer-Senate '76, Jeff Peterson for Congress Committee and Adanti for Congress may have violated 2 U.S.C. §441a(f) by accepting contributions in excess of $1,000 from a non-qualified multicandidate political committee and take no further action.

7. Close the file in this matter.

8. Approve and send the notifications of reason to believe findings and letters as attached to the above-named report.

Attest:

2-7-80
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Received in Office of the Commission Secretary: 1-31-80, 11:40
Circulated on 48 hour vote basis: 1-31-80, 4:00
Objection filed. Vote taken in Executive Session of 2-5-80.

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY

DATE: FEBRUARY 4, 1980

SUBJECT: MUR 1089 - First General Counsel's Report dated 1-31-80: Received in OCS 1-31-80, 11:40

The above-named document was circulated on a 48 hour vote basis at 4:00, January 31, 1980.

Commissioner Harris submitted an objection at 10:42, February 4, 1980, thereby placing MUR 1089 on the Amended Agenda for the Executive Session of February 5, 1980.

January 31, 1980

MEMORANDUM TO: Marjorie W. Emmons

FROM: Jane Colgrove

SUBJECT: MUR 1089

Please have the attached First General Counsel's Report on MUR 1089 distributed to the Commission on a 48 hour tally basis.

Thank you.

3 0 0 4 1 1 8 2 5 5 7

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY OGC TO COMMISSION JAN 31 1980

MUR NO. 1089 80 JAN 31 A11:40

STAFF MEMBER(S) Beverly Brown

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS NAMES: Connecticut Democratic Federal Candidates Committee
Connecticut Democratic State Central Committee
Gloria Shaffer - Senate '76
Jeff Peterson for Congress Committee
Adanti for Congresss

RELEVANT STATUTE: 2 U.S.C. §§ 433, 434, 441b, 441a(a)(1)(A), 441a(f); 11 C.F.R. §§ 102.6(b), 106.1(e)

INTERNAL REPORTS CHECKED: Audit Findings

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter was referred to the Office of General Counsel as a result of the Audit Division's findings made during the audit of the Connecticut Democratic Federal Candidates Committee.

SUMMARY OF ALLEGATIONS

That the Connecticut Democratic State Central Committee violated: 2 U.S.C. §§ 433 and 434 by failing to register and report as a political committee; 2 U.S.C. § 441b by accepting contributions from labor organizations; and 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its federal and non-federal accounts.

That the Connecticut Democratic Federal Candidates Committee violated: 2 U.S.C. § 441a(a)(1)(A) by making contributions in excess of $1,000 to federal candidates; and 11 C.F.R. § 102.6(b) by accepting contributions other than those designated for the federal account.

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That Gloria Shaffer - Senate '76, Jeff Peterson for Congress Committee and Adanti for Congress violated 2 U.S.C. § 441a(f) by accepting contributions in excess of $1,000 from a non-qualified multicandidate political committee.

EVIDENCE

The Connecticut Democratic State Central Committee

In connection with the audit of the Connecticut Democratic Federal Candidates Committee ("FCC"), a registered federal committee, the Audit Division examined records of the Connecticut Democratic State Central Committee ("SCC"), an unregistered state level party organization which had transactions with the FCC during 1976.

The auditors' review of the SCC disclosed that:

1. The SCC made one transfer of $11,100.00 to the FCC on September 30, 1976. This transfer represents the total sum of funds received by the FCC.

2. The funds transferred from SCC represent proceeds from a biennial "Kick-off Dinner", to the election campaign in Connecticut. 1/ The solicitation material distributed by the SCC did not inform solicitees that their contributions would be used for federal elections (See Attachment II).

3. Of the amount of proceeds received by the FCC from the "Kick-off Dinner", $10,000 was derived from individuals and the remaining $1,100 was received from the following questionable sources. 2/

Contributor	Amount	Date
SAPAC '76	$300	9/20/76
CBW-PAC	$800	9/30/76

1/ The source of funds transferred to the FCC was derived via a LIFO (Last in, first out) method starting with a deposit on September 30, 1976 (date on which $11,100 was transferred from the SCC to the FCC) back until $11,100 in total contributions was accounted for.

2/ Although the State of Connecticut prohibits corporate contributions, there is no such restriction on labor union contributions.

9 0 0 4 1 1 3 2 5 5 9

4. The SCC paid general administrative expenses allocable to the FCC totaling, by the auditors' estimate, ~~$9,868.20~~. 3/
$1,578.92

The Connecticut Democratic Federal Candidates Committee

The Connecticut Democratic Federal Candidates Committee registered with the Federal Election Commission on October 1, 1976, and terminated on December 2, 1976. The Committee was formed to support the candidacies of those persons running for federal office in the state of Connecticut who had been endorsed by the Democratic party.

During the review of Committee records, auditors found that the Committee failed to meet the criteria established by the Act to qualify as a multicandidate committee. The Committee was not registered with the Commission for at least six (6) months as required by the Act prior to making transfers in excess of $1,000 as follows:

Recipient Committee	Date	Amount
Gloria Schaffer-Senate '76	9/30/76	$5,000
Jeff Peterson for Congress Committee	9/30/76	$1,750
Adanti for Congress	9/30/76	$1,750

In a letter to the Honorable Michael J. Adanti, Mr. James Wade, Counsel for the Committee, states that the statute is inherently ambiguous with regard to the definitions of "person", and "political committee". He further states that the only definitional niche within the statute for the Connecticut Democratic Federal Candidates Committee was that of multi-candidate committee. (See Attachment I, pages 3,4).

3/ This figure was derived from a Commission approved method of allocation using the percentage of receipts raised for federal purposes ($11,100) to the total receipts for federal, state and local purposes ($69,035). This method of allocation was accepted by the Commission on September 8, 1977, and is described further in a guideline entitled, "Formula for Allocation of Administrative Expenses Between Federal and Non-Federal Account." (Attachment III).

ANALYSIS

Registration and Reporting

Under 2 U.S.C. §§ 433 and 434, political committees which have made expenditures in excess of $1,000 for purposes of influencing federal elections must register and report to the Commission. Since it appears that the SCC failed to register and report in 1976, after making expenditures in excess of $1,000 to influence federal elections, the Office of General Counsel recomends that the Commission find reason to believe that the SCC may have violated 2 U.S.C. §§ 433 and 434. We believe, however, that the Commission should not require the SCC to register because the SCC is no longer conducting federal activity, and the auditors have already obtained disclosure regarding the source of funds transferred to the FCC. This disclosure was obtained from the FCC in response to an audit recommendation that the FCC amend their 10 Day Pre-Primary Report to disclose the source of funds received from the SCC as derived via a LIFO (last in, first out) method.

Receipt of Labor Funds

2 U.S.C. § 441b prohibits any candidate, political committee or other person from accepting contributions from labor organizations. Since the SCC qualified as a political committee in 1976, it should not have accepted contributions from labor organizations.

During the audit of the Connecticut Democratic Federal Candidates Committee, the auditors derived the source of funds transferred from the SCC to the FCC via a LIFO method. Out of $11,100 transferred from the SCC to the federal committee, the auditors determined that two contributions, totaling $1,100, were received from SAPAC '76 and CBW-PAC. These organizations were not registered committees at the time they made contributions to the SCC in 1976. At that time, Connecticut State law did not prohibit the SCC, a state level party organization, from accepting contributions from a labor organization.

In that there is no specific evidence to indicate that the SCC received labor funds from SAPAC '76 and CBW-PAC, the Office of General Counsel recommends that the Commission take no further action against the SCC with regard to a violation of 2 U.S.C. § 441b. In audition, we recommend that no further action be taken to investigate the source of funds received from SAPAC '76 and CBW-PAC as these transactions took place in 1976, and the time and cost involved in the investigation of this matter would not be the best allocation of Commission resources.

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Allocation of Administrative Expenses

Under 11 C.F.R. § 106.1(e), party committees which have established a federal campaign committee under 11 C.F.R. § 102.6 shall allocate administrative expenses on a reasonable basis between their federal and non-federal accounts. As noted earlier, the auditors calculated the FCC's share of administrative costs to be ~~($9,868.20)~~ $1,578.92 The allocable portion of administrative costs was determined by deriving a ratio of total contributions raised for federal purposes to total contributions raised for federal, state, and local purposes. This method of allocation was accepted by the Commission on September 8, 1977, and is described further in a guideline entitled "Formula for Allocation of Administrative Expenses Between Federal and Non-Federal Accounts".

At the time the Committee was attempting to comply with the law in 1976, the Commission's policy on the allocation of administrative expenses was based on proposed regulations. Since the Commission's regulations were not promulgated until April 13, 1977, the Office of General Counsel recommends that the Commission take no further action against the SCC regarding a violation of 11 C.F.R. § 106.1(e) in 1976.

Solicitation

11 C.F.R. § 102.6(b) prohibits federal committees from accepting contributions other than those designated for the federal account. Solicitations must expressly state that the contribution will be used for federal purposes.

Auditors determined that the $11,100 transferred from the SCC to the FCC represented proceeds from a fundraising event. A review of solicitation materials used for this fundraising event, which was held on September 18, 1976, revealed that the SCC failed to inform its solicitees that their contributions would be used, in part, for purposes of influencing federal elections. As the Commission's regulations were not promulgated until April 13, 1977; and, as the FCC and SCC are no longer involved in federal activity, the Office of General Counsel recommends that the Commission take no further action against the FCC regarding a violation of 11 C.F.R. § 102.6(b).

Excessive Contributions

2 U.S.C. § 441a(a)(2)(A) permits a multicandidate committee to contribute up to, but not in excess of $5,000 in the aggregate to any candidate and his authorized political committees with respect to any election for federal office.

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As it appears that the Connecticut Democratic Federal Candidates Committee (FCC) was registered with the Federal Election Commission for less than six months at the time contributions in excess of $1,000 were made to federal candidates, the FCC failed to meet the criteria established by the Act to qualify as a multicandidate political committee under 2 U.S.C. § 441a(a)(4). Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the FCC may have violated 2 U.S.C. § 441a(a)(1)(A) by exceeding the $1,000 limitation in its support for Gloria Shaffer-Senate '76 by $4,000 and by $750 each in its support for Jeff Peterson and Adanti for Congress Committees. In addition, the Office of General Counsel recommends that the Commission find reason to believe that the Gloria Shaffer-Senate '76, Adanti for Congress Committee and the Jeff Peterson for Congress Committee may have violated 2 U.S.C. § 441a(f) by accepting contributions in excess of $1,000 from a non-qualified multicandidate political committee.

The Office of General Counsel believes, however, that the Commission should take no further action in requiring the candidate committees to refund the excessive contributions as the transactions date back to the 1976 elections, and the only committee left in existence at this time is the Adanti for Congress Committee.

RECOMMENDATIONS

1. Find reason to believe that the Connecticut Democratic State Central Committee may have violated 2 U.S.C. §§ 433 and 434 by failing to register and report as a political committee in 1976 and take no further action.

2. Take no further action against the SCC with regard to a violation of 11 C.F.R. § 106.1(e).

3. Take no further action against the SCC with regard to violations of 2 U.S.C. § 441b.

4. Take no further action against the FCC with regard to a violation of 11 C.F.R. § 102.6(b).

5. Find reason to believe that the Connecticut Democratic Federal Candidates Committee may have violated 2 U.S.C. § 441a (a)(1)(A) by making excessive contributions to Gloria Shaffer-Senate '76, Jeff Peterson for Congress Committee and Adanti for Congress and take no further action.

6. Find reason to believe that Gloria Shaffer-Senate '76, Jeff Peterson for Congress Committee and Adanti for Congress may have violated 2 U.S.C. § 441a(f) by accepting contributions in excess of $1,000 from a non-qualified multicandidate political committee and take no further action.

7. Close the file in this matter.

8. Approve and send the attached notifications of reason to believe findings, and letters.

Attachments: I, II and III
Notification of Reason to believe findings (4)
Letters (4)

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ATTACHMENT #1
PAGE 1

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 16, 1979

MEMORANDUM

TO : BILL OLDAKER

THROUGH : ORLANDO B. POTTER
STAFF DIRECTOR

FROM : BOB COSTA/JOANNE MCSORLEY

SUBJECT : MATTER NOTED DURING THE AUDIT OF THE CONNECTICUT DEMOCRATIC FEDERAL CANDIDATES COMMITTEE

The Connecticut Democratic Federal Candidates Committee ("the Committee") registered with the Federal Election Commission on October 1, 1976. The Committee was formed to support the candidacies of those persons running for Federal office in the State of Connecticut who had been endorsed by the Democratic Party, and was not intended to be a continuing political committee.

During our review of Committee records, we found that the Committee received one (1) transfer from the Connecticut Democratic State Central Committee (CDSCC), an unregistered committee, totaling $11,100.00. This transfer represents the only funds received by the Committee. Although, the State of Connecticut prohibits corporate contributions, there is no such restriction on labor union contributions.

At the conclusion of fieldwork, we recommended that the Committee amend its reports to show the original source of funds received from the unregistered Committee. We derived the source of funds via a LIFO (Last In First Out) method which identified specific contributions to be itemized from CDSCC records. Subsequent to the close of fieldwork, the Committee filed an amended report showing the original source of funds as recommended. Both the Committee activity and the audit transpired before approval of procedures noted in Commission Directive number 19.

We are forwarding this matter to your office for an opinion as to whether: 1) we should recommend that the Committee obtain documentation from an official of the unregistered committee indicating whether the account from which the transfer was made contained any funds prohibited by the Act or 2) refer the matter to the Reports Analysis Division (per Directive 19).

Additionally, during the review of Committee records, we found that the Committee made six (6) transfers to Federal candidates totaling $11,000.00. Of this total, three (3) transfers were in excess of $1,000.00, as follows:

Schaffer - Senate '76	9/30/76	$5,000.00
Jeff Peterson For Congress Committee	9/30/76	1,750.00
Adanti For Congress	9/30/76	1,750.00

We found that the Committee failed to meet the criteria established by the Act to qualify as a multicandidate political committee. The Committee was not registered with the Federal Election Commission for at least six (6) months as required. Therefore, we feel that the Committee exceeded the limitation in its support of Federal candidates in the first instance by $4,000.00 and in the two remaining instances by $750.00 each.

Mr. James A. Wade, Counsel for the Committee, stated that the Connecticut Democratic Federal Candidates Committee qualified as a multicandidate committee under the Act and carried on activity as such in its support of Federal candidates. In a letter to the Honorable Michael J. Adanti (Attachment I), Mr. Wade states that the statute is inherently ambiguous with regards to the definitions of "person" and "political committee". He further states that the only definitional niche within the statute for the Connecticut Democratic Federal Candidates Committee was that of multicandidate committee.

We refer these matters to your office for further consideration. If you have any questions, please do not hesitate to contact Joanne McSorley or Patrick Parrish on extension 3-4155.

Attachment

LAW OFFICES
ROBINSON, ROBINSON & COLE
799 MAIN STREET
HARTFORD, CONNECTICUT 06103
TELEPHONE 278-0700
AREA CODE 203

January 3, 1977

Honorable Michael J. Adanti
Mayor's Office
City Hall
Ansonia, Connecticut 06401

Dear Mike:

Bill O'Neill, Chairman of the Connecticut Democratic State Central Committee, has forwarded to me for review and comment the letter of December 3, 1976, sent by Edmund L. Henshaw, Jr., Clerk of the U.S. House of Representatives, addressed to your Treasurer, Michael R. Cavallaro. There are conclusions contained in that letter with which I take issue because of the inherent ambiguity of the Federal Elections Law.

While it is true that 2 U.S.C. §441a(a)(1) limits contributions by any "person" to any candidate and his authorized political committee with respect to any election for federal office to $1,000, the statute is not clear that "person" is defined to include a "political committee". "Political committee" is a term of art within the statute and is defined in 2 U.S.C. §431(d). "Person" is separately defined in 2 U.S.C. §431(h). The terms are used variously throughout the Act. As the term "political committee" is used, it carries with it a distinct connotation from the term "person". In addition, 26 U.S.C. §9002(9) also defines "political committee" in a different manner from that included in 2 U.S.C. §431(d). Since a "political committee" is not a "person" within the meaning of the statute yet is recognized as a distinct entity, the only definitional niche within the statute for the Connecticut Democrat Candidates Committee was that of multicandidate committee.

COPY

It is believed that the Connecticut Democratic Federal Candidates Committee from which you received a contribution of $1,750 towards your campaign qualifies as a multicandidate committee under the Act. This committee received all of its funds from the Connecticut Democratic State Central Committee as reflected in its registration statement filed with the Federal Elections Commission. These contributions came from more than 10 contributors throughout the State of Connecticut. Contributions by it were made to more than five federal candidates. While this committee was not registered with the Commission for six months, it was organized and registered within 10 days of the date it had information to anticipate that it would receive contributions and make expenditures in excess of $1,000 as required by 2 U.S.C. 433. Contributions were made to you in the belief that this committee, since it was not a "person" under the definition contained within the statute, it therefore had to qualify as a multicandidate committee whose contribution limitation was $5,000 for each federal candidate. Since the statute was vague and ambiguous in this regard, a reasonable construction on the totality of the language that both the Committee and you as a candidate were eligible to receive funds in excess of $1,000. Full disclosure having been made by both your Treasurer and the Committee of the sums given and received certainly is evidence of a lack of intent to conceive or misapply funds.

I trust that the foregoing explains the situation.

Sincerely,

James A. Wade

cc: Mr. William A. O'Neill

CHAIRMAN – WILLIAM O'NEILL
VICE CHAIRMAN – ARLINE BIDWELL

PERMANENT ARRANGEMENTS COMMITTEE
MRS. BEATRICE HOLT ROSENTHAL

Democratic KICK-OFF '76 Dinner

525 MAIN STREET HARTFORD, CONN. 06103

ELECTION DAY is less than three months away - NOVEMBER 2.

The biennial KICK-OFF DINNER to the ELECTION CAMPAIGN in Connecticut will be held at the Hartford Hilton Hotel in Hartford on Saturday evening, September 18th, at 6:30 o'clock. Subscription - one hundred dollars.

This Dinner is strictly a "Fund-Raising" operation. It is the State Central Committee's chief source of revenue to finance the Campaign in the weeks prior to the Election Day Drive.

As you know, we have Sponsor's tables at one thousand dollars each - ten persons at each table.

We appreciate your support in past campaigns and feel sure that we can count on you in '76. You can help immeasurably by subscribing to this dinner now, when the money is most needed, rather than toward the end of the Campaign.

Enclosed are reservation card and self-addressed, stamped envelope for your convenience in replying. Kindly make check payable to the Democratic State Central Committee.

Sincerely yours,

Bea — Bill — Arline

Beatrice H. Rosenthal
Arrangements Committee

William A. O'Neill
State Chairman

Arline Bidwell
Vice Chairman

Postage Will Be Paid by Addressee

No Postage Stamp Necessary If Mailed in the United States

BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO. 2401, HARTFORD, CONN.

Democratic Kick-Off Dinner

525 Main Street, Room 4
Hartford, Conn. 06103

Democratic KICK-OFF *Dinner*

Saturday, September 18, 1976
Hartford Hilton Hotel, Hartford, Connecticut

I desire to subscribe to this Fund - Raising Dinner. Enclosed is check in the amount of $. for which send me . . . . . tickets at $100.00 each. I do / do not wish my name to appear in program.

Name . . . . . .
Please Print

Address 5

Post Prandial

GENERAL CHAIRMAN ..... MRS. BEATRICE HOLT ROSENTHAL

INVOCATION ..... REV. PATRICK J. SPEER
CHAPLAIN, STATE SENATE

NATIONAL ANTHEM ..... HON. J. EDWARD CALDWELL
COMPTROLLER, STATE OF CONNECTICUT

WELCOME ..... HON. GEORGE A. ATHANSON
MAYOR, CITY OF HARTFORD

TOASTMASTER ..... HON. WILLIAM A. O'NEILL
MAJORITY LEADER, HOUSE OF REPRESENTATIVES, STATE OF CONNECTICUT
CHAIRMAN, DEMOCRATIC STATE CENTRAL COMMITTEE

INTRODUCTION OF CANDIDATES
FOR CONGRESS ..... HON. WILLIAM A. O'NEILL

HONORABLE WILLIAM R. COTTER, 1st Congressional District
HONORABLE CHRISTOPHER J. DODD, 2nd Congressional District
HONORABLE ~~GEOFFREY PETERSON~~, 4th Congressional District
HONORABLE MICHAEL J. ANDANTI, 5th Congressional District
HONORABLE TOBY MOFFETT, 6th Congressional District

INTRODUCTION OF GUESTS
HEAD TABLE ..... HON. WILLIAM A. O'NEILL

REMARKS ..... HON. JOSEPH J. FAULISO
PRESIDENT PRO TEMPORE, STATE SENATE

REMARKS ..... HON. ELLA T. GRASSO
GOVERNOR, STATE OF CONNECTICUT

REMARKS ..... HON. ABRAHAM A. RIBICOFF
UNITED STATES SENATOR, STATE OF CONNECTICUT

GUEST SPEAKER ..... HON. PATRICK J. LEAHY
UNITED STATES SENATOR, STATE OF VERMONT

ADDRESS ..... HON. GLORIA SCHAFFER
SECRETARY OF THE STATE, STATE OF CONNECTICUT

BENEDICTION ..... REV. MICHAEL A. GALASSO
CHAPLAIN, HOUSE OF REPRESENTATIVES

GOD BLESS AMERICA ..... HON. J. EDWARD CALDWELL

HONORARY GUESTS

CARL R. AJELLO, Attorney General, State of Connecticut
HENRY D. ALTOBELLO, Secretary, Democratic State Central Committee
MRS. ALBERTA BARBASH, Treasurer, Democratic State Central Committee
MISS ARLINE BIDWELL, Vice Chairman, Democratic State Central Committee
JOHN N. DEMPSEY, Former Governor, State of Connecticut
~~JAMES DYER~~, President, Young Democratic Clubs of Connecticut, Inc.
PETER G. KELLY, National Committeeman
JAMES J. KENNELLY, Speaker, House of Representatives
ROBERT K. KILLIAN, Lieutenant Governor, State of Connecticut
JOSEPH I. LIEBERMAN, Majority Leader, State Senate
BRUCE L. MORRIS, Deputy Speaker, House of Representatives
HENRY E. PARKER, Treasurer, State of Connecticut
MRS. MAUREEN SATTI, President, Connecticut Federation of Democratic Women's Clubs
MRS. MARY SULLIVAN, National Committeewoman
ROBERT VICINO, Deputy Majority Leader, House of Representatives

Dear Friend:

Our biennial State Central Committee Campaign KICK-OFF DINNER will be held on Saturday evening, September 18th, at the Hartford Hilton Hotel in Hartford at 6:30 P.M. Subscription - One Hundred Dollars.

This dinner is strictly a "Fund-Raising" operation. It is the Party's chief source of revenue to finance the State Central's part of the Campaign - television - radio - advertising, etc. - in the weeks prior to the ELECTION DAY DRIVE.

While the raising of funds is an important function in any campaign, in this - the o976 PRESIDENTIAL ELECTION - campaign it is MOST IMPORTANT. For the success of this dinner, we must depend upon individuals, like yourself, who are sufficiently interested in Complete Democratic Victory in November - returning Democrats to the White House in 1977, carrying Connecticut for JIMMY CARTER-WALTER MONDALE, Gloria Schaffer for U. S. Senate, our Six Congressional Candidates - and a majority in both the State Senate and the House of Representatives.

We appreciate your financial support in past Campaigns and feel sure that we can "count on you in "76."

As seating assignments are made in the order in which reservations are received, we urge you to send in your subscription as early as possible. Enclosed are reservation card and self-addressed, stamped envelope for your convenience in replying.

Kindly make check payable to Democratic State Central Committee.

Sincerely yours,

FORMULA FOR ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN FEDERAL AND NON-FEDERAL ACCOUNTS

Federal Election Commission
Instructions-Guideline of September 8, 1977

THE GUIDELINE

The Guideline accepted by the Commission on September 8, 1977, states that:

> The allocable Federal portion of the administrative expenses is determined by the ratio of (1) the total amount which the committee received into its "Federal" account to (2) the total of all receipts. For example, if total receipts, i.e. sum of receipts placed into both accounts, is $10,000, and the amount placed into the "Federal" account is $1,500, then 15% of administrative expenses during such period must be paid from the "Federal" account.

For the purposes of this formula, the totals of the receipts which are used in determining the percentage of administrative expenses which are to be paid by the Federal campaign committee, are the aggregate year to date totals. Thus, in the example given above, the $10,000 amount and the $1,500 amount represent the receipts of the committee during the course of the year, up to the ending day of the coverage period for which the report is being submitted.

APPLICATION

The design of the Guideline is such that it should be used during each reporting period. Because of this, it is essential that the committee report the use of the allocation formula in each of its Reports of Receipts and Expenditures.

For the purposes of this allocation formula Guideline, the following constitutes what receipts should be used within the formula, and to what expenditures the formula should be applied.

Receipts –

The receipts of the committee which should be used within the allocation formula for determining what percentage of administrative expenses should be paid by the Federal campaign committee are the following:

1. Contributions and other income -- these are receipts which would be entered on Lines 14a and 14b of the Detailed Summary of Receipts and Expenditures (Page 2). For the purposes of this Guideline formula, the amount entered on Column B, Line 14d is the amount to be included in the receipts figure.*

2. Transfers In -- these are receipts which would be entered on Lines 15a, 15b and 15c of the Detailed Summary of Receipts and Expenditures (Page 2). For the purposes of this Guideline formula, the amount entered on Column B, Line 15d is the amount to be included in the receipts figure.*

Receipts from loans, loan repayments, refunds, and rebates would not be included in the amounts of receipts to be used within the allocation formula.

*Line numbers signify those on FEC Form 3, revised January 1978.

Expenditures –

The expenditures of the committee to which the allocation formula should be applied in order to determine what amount of administrative expenses which should be paid from the Federal campaign committee are the following:

1. Those administrative expenses of the political organization which are associated to both the Federal and non-Federal campaign activity of the committee. Such expenses would include, for example, expenditures made for rent, salary, maintenance, stationary, other supplies, phone, etc. These are expenditures which would be entered on Lines 20a and 20b of the Detailed Summary of Receipts and Expenditures (Page 2).*

Administrative expenditures of the political organization which would not be subject to allocation include the following:

1. These administrative expenses which can legitimately be attributed to those activities of the political organization which affect only State and local elections. Such expenditures would include, for example, the expenses for a fundraising event, where the proceeds from that event are deposited only in the account(s) of the non-Federal campaign committee. Also included in this category would be expenditures for in-kind contributions for candidates running for State and local offices. For such expenditures, the Federal campaign committee need not pay any portion of the expenses.

2. Those administrative expenses which can be attributed to those activities of the committee which affect only Federal elections. Such expenditures would include, for example, the expenses for a fundraising event, where the proceeds from that event are deposited only in the account(s) of the Federal campaign committee. Also included in this category would be expenditures for in-kind contributions and expenditures made in accordance with Section 441a(d) of the Federal Election Campaign Act, as amended, for candidates running for Federal offices. For such expenditures, the Federal campaign committee must pay the entire amount of the expenses.

Please note also that certain categories such as voter registration and get-out-the-vote drives must be funded entirely from the Federal campaign committee and may not be regarded as part of the allocable administrative expenses payable under the formula outlined above, if the non-Federal committee accepts funds from sources which are prohibited by the Act from making contributions in connection with a Federal election. Prohibited sources include national banks, corporations, labor organizations, government contractors and foreign nationals.

It should be noted that the allocation which is required by Section 106.1(e) of the FEC Regulations is a minimum allocation. The Federal campaign committee is not prevented from paying a greater amount for administrative expenses than that amount determined by the allocation formula. For instance, using the example given in the Guideline above, the Federal campaign committee which had total receipts in the amount of $1,500 and total receipts of $10,000 for both the Federal and non-Federal campaign committees, must pay a minimum of 15% of its administrative expenses from its Federal campaign committee. The Federal campaign committee could pay anywhere from 15% to 100% of the administrative expenses. On the other hand, the non-Federal campaign committee may not pay a greater share of administrative expenses than that share determined by the formula. In this example, the non-Federal campaign committee's share is 85%. The non-Federal campaign committee may pay 0% to 85% of the administrative expenses, but it can pay no more.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Miles Pennybacker, Treasurer
Gloria Shaffer-Senate '76
Post Office Box 2495
Hartford, Connecticut 06101

Re: MUR 1089

Dear Mr. Pennybacker:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that your committee may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that your committee violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($5,000) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multi-candidate committee, on October 18, 1976.

However, in view of the fact that this transaction took place in 1976, that your committee is no longer in existence and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that your committee shall not be required to refund the excessive contribution.

Sincerely,

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Geoffrey G. Peterson
Jeff Peterson for Congress
Committee
4419 45th Street, N.W.
Washington, D.C. 20019

Re: MUR 1089

Dear Mr. Peterson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that you may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that you violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($1,750) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multicandidate committee, on October 1, 1976.

However, in view of the fact that this transaction took place in 1976, that your committee is no longer in existence and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that your committee shall not be required to refund the excessive contribution.

Sincerely,

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arline M. Bidwell, Treasurer
Connecticut Democratic Federal
Candidates Committee
Connecticut Democratic State
Central Committee
634 Asylum Avenue
Hartford, Connecticut 06103

Re: MUR 1089

Dear Ms. Bidwell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Connecticut Democratic State Central Committee ("the SCC") may have violated §§ 433 and 434 of the Federal Election Campaign Act of 1971, as amended ("the Act"), by failing to register and report as a political committee in 1976.

Under 2 U.S.C. § 431, a political committee is any committee which receives contributions or makes expenditures in connection with federal elections in an aggregate amount exceeding $1,000 during a calendar year.

During the audit of the Connecticut Democratic Federal Candidates Committee ("the FCC"), auditors noted that the SCC, an unregistered state level party organization, made contributions to the FCC in excess of $1,000 for purposes of influencing federal elections. The SCC's failure to register and report as a political committee in 1976 was found to be in violation of 2 U.S.C. §§ 433 and 434. However, in that the State Central Committee is no longer conducting federal activity and that the source of funds transferred to the FCC has already been disclosed by the FCC, the Commission has determined that the SCC shall not be required to register and report at this time.

The Commission has also found reason to believe that the Connecticut Democratic Federal Candidates Committee may have violated 2 U.S.C. § 441a(a)(1)(A). This section of the Act makes it unlawful for a non-qualified multi-candidate political committee to make contributions in excess of $1,000 to federal candidates and their authorized political committees.

During the review of FCC records, auditors noted that the FCC failed to meet the criteria established by the Act to qualify as a multicandidate committee. The FCC was not registered with the Commission for at least six months, as required by the Act prior to making contributions in excess of $1,000 to federal candidates. 2 U.S.C. § 441a(a)(4). Specifically, it appears that the FCC violated 2 U.S.C. § 441a(a)(1)(A) when it made a $5,000 contribution to Gloria Shaffer-Senate '76, a $1,750 contribution to Jeff Peterson for Congress Committee, and a $1,750 contribution to Adanti for Congress on September 30, 1976. However, as these transactions occurred in 1976, and there is only one remaining recipient committee in existence at this time, the Commission has determined that the FCC shall not be required to request refunds of these excessive contributions.

Sincerely,

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael R. Cavallaro, Treasurer
Adanti for Congress
36 Highland Terrace
Ansonia, Connecticut 06401

Re: MUR 1089

Dear Mr. Cavallaro:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has found reason to believe that you may have violated § 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act"). This section of the Act makes it unlawful for any candidate and his authorized political committees to accept contributions in violation of the provisions of 2 U.S.C. § 441a. Specifically, it appears that you violated 2 U.S.C. § 441a(f) by accepting a contribution in excess of $1,000 ($1,750) from the Connecticut Democratic Federal Candidates Committee, a non-qualified multicandidate committee, on October 18, 1976.

However, in view of the fact that this transaction took place in 1976 and that the Connecticut Democratic Federal Candidates Committee is no longer conducting federal activity, the Commission has determined that you shall not be required to refund the excessive contribution.

Sincerely,

3 0 7 4 1 1 3 2 5 3 2

A-469

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

September 10, 1979

MEMORANDUM

TO: Robert J. Costa

THROUGH: Orlando B. Potter

FROM: William C. Oldaker

RE: Matter Noted During Audit of the Connecticut Democratic Federal Candidates Committee

The Office of General Counsel has reviewed the Audit Division's memorandum on the above-referenced matter, and we recommend further investigation of several of the Audit Division's findings in the MUR track.

We do not recommend referring the Connecticut Democratic State Central Committee (CDSCC) to the Reports Analysis Division because we believe that the amended report filed by the Connecticut Democratic Federal Candidates Committee ("the Committee") provides sufficient disclosure, in this instance, of the funds comprising the transfer in question. The CDSCC should have been requested to register and report initially; but, in light of the disclosure obtained since the audit referral to Reports Analysis, it would be superfluous at this juncture. We will, however, address in the MUR the CDSCC's acceptance of labor organization contributions.

The Office of General Counsel will also address the Committee's excessive contributions to Federal candidates. Since the Committee was not registered with the Commission for six months at the time it made the contributions in question, it did not qualify for multicandidate status. Any contributions in excess of $1,000 by the Committee to Federal candidates were, therefore, excessive contributions.

Attachment: Audit Report

re: A-469

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 13, 1979

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER
STAFF DIRECTOR

FROM: ROB COSTA/JOANN MCSORLEY

SUBJECT: MATTER NOTED DURING THE AUDIT OF THE CONNECTICUT DEMOCRATIC FEDERAL CANDIDATE COMMITTEE

Attached please find your memo of June 15, 1979 in response to our memo of April 16, 1979. While your memo does address one item we referred to your office, there still remain unanswered questions. Although your memo provides guidance regarding the Federal activity of the Committee and referral to the Reports Analysis Division, it should be noted that we had not reached this "conclusion" but rather presented alternatives for your consideration (as noted on page 2 of our memo). The question of contributions in excess of limitations, and the status of the Committee as a multicandidate committee have not been addressed.

Therefore, we refer the memo of April 16, 1979 regarding these matters to your office for further consideration and a legal opinion. If you have any questions, contact Joann McSorley or Patrick Parrish on 3-4155.

Attachment as stated

re: A - 409

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

June 15, 1979

MEMORANDUM

TO: Robert J. Costa

THROUGH: Orlando B. Potter

FROM: William C. Oldaker

SUBJECT: Matter Noted During the Audit of the Connecticut Democratic Federal Candidates Committee

We have no objections to the conclusions reached in the above-referenced audit report. However, we would recommend that the matter of the unregistered committee, the Connecticut Democratic State Central Committee, be referred to the Division of Reports Analysis in order for the Commission to obtain a more complete picture of the Committee's federal campaign financial activity. (See Attachment).

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A-469

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 16, 1979

MEMORANDUM

TO : BILL OLDAKER

THROUGH : ORLANDO B. POTTER
STAFF DIRECTOR

FROM : RJC BOB COSTA/JOANNE MCSORLEY JMC

SUBJECT : MATTER NOTED DURING THE AUDIT OF THE CONNECTICUT DEMOCRATIC FEDERAL CANDIDATES COMMITTEE

The Connecticut Democratic Federal Candidates Committee ("the Committee") registered with the Federal Election Commission on October 1, 1976. The Committee was formed to support the candidacies of those persons running for Federal office in the State of Connecticut who had been endorsed by the Democratic Party, and was not intended to be a continuing political committee.

During our review of Committee records, we found that the Committee received one (1) transfer from the Connecticut Democratic State Central Committee (CDSCC), an unregistered committee, totaling $11,100.00. This transfer represents the only funds received by the Committee. Although, the State of Connecticut prohibits corporate contributions, there is no such restriction on labor union contributions.

At the conclusion of fieldwork, we recommended that the Committee amend its reports to show the original source of funds received from the unregistered Committee. We derived the source of funds via a LIFO (Last In First Out) method which identified specific contributions to be itemized from CDSCC records. Subsequent to the close of fieldwork, the Committee filed an amended report showing the original source of funds as recommended. Both the Committee activity and the audit transpired before approval of procedures noted in Commission Directive number 19.

We are forwarding this matter to your office for an opinion as to whether: 1) we should recommend that the Committee obtain documentation from an official of the unregistered committee indicating whether the account from which the transfer was made contained any funds prohibited by the Act or 2) refer the matter to the Reports Analysis Division (per Directive 19).

Additionally, during the review of Committee records, we found that the Committee made six (6) transfers to Federal candidates totaling $11,000.00. Of this total, three (3) transfers were in excess of $1,000.00, as follows:

Schaffer - Senate '76	9/30/76	$5,000.00
Jeff Peterson For Congress Committee	9/30/76	1,750.00
Adanti For Congress	9/30/76	1,750.00

We found that the Committee failed to meet the criteria established by the Act to qualify as a multicandidate political committee. The Committee was not registered with the Federal Election Commission for at least six (6) months as required. Therefore, we feel that the Committee exceeded the limitation in its support of Federal candidates in the first instance by $4,000.00 and in the two remaining instances by $750.00 each.

Mr. James A. Wade, Counsel for the Committee, stated that the Connecticut Democratic Federal Candidates Committee qualified as a multicandidate committee under the Act and carried on activity as such in its support of Federal candidates. In a letter to the Honorable Michael J. Adanti (Attachment I), Mr. Wade states that the statute is inherently ambiguous with regards to the definitions of "person" and "political committee". He further states that the only definitional niche within the statute for the Connecticut Democratic Federal Candidates Committee was that of multicandidate committee.

We refer these matters to your office for further consideration. If you have any questions, please do not hesitate to contact Joanne McSorley or Patrick Parrish on extension 3-4155.

Attachment

ATTACHMENT I

LAW OFFICES
ROBINSON, ROBINSON & COLE
799 MAIN STREET
HARTFORD, CONNECTICUT 06103
TELEPHONE 278-0700
AREA CODE 203

January 3, 1977

Honorable Michael J. Adanti
Mayor's Office
City Hall
Ansonia, Connecticut 06401

Dear Mike:

Bill O'Neill, Chairman of the Connecticut Democratic State Central Committee, has forwarded to me for review and comment the letter of December 3, 1976, sent by Edmund L. Henshaw, Jr., Clerk of the U.S. House of Representatives, addressed to your Treasurer, Michael R. Cavallaro. There are conclusions contained in that letter with which I take issue because of the inherent ambiguity of the Federal Elections Law.

While it is true that 2 U.S.C. §441a(a)(1) limits contributions by any "person" to any candidate and his authorized political committee with respect to any election for federal office to $1,000, the statute is not clear that "person" is defined to include a "political committee". "Political committee" is a word of art within the statute and is defined in 2 U.S.C. §431(d). "Person" is separately defined in 2 U.S.C. §431(h). The terms are used variously throughout the Act. As the term "political committee" is used, it carries with it a distinct connotation from the term "person". In addition, 26 U.S.C. §9002(9) also defines "political committee" in a different manner from that included in 2 U.S.C. §431(d). Since a "political committee" is not a "person" within the meaning of the statute yet is recognized as a distinct entity, the only definitional niche within the statute for the Connecticut General Candidates Committee was that of multicandidate committee.

COPY

It is believed that the Connecticut Democratic Federal Candidates Committee from which you received a contribution of $1,750 towards your campaign qualifies as a multicandidate committee under the Act. This committee received all of its funds from the Connecticut Democratic State Central Committee as reflected in its registration statement filed with the Federal Elections Commission. These contributions came from more than 50 contributors throughout the State of Connecticut. Contributions by it were made to more than five federal candidates. While this committee was not registered with the Commission for six months, it was organized and registered within 10 days of the date it had information to anticipate that it would receive contributions and make expenditures in excess of $1,000 as required by 2 U.S.C. §433. Contributions were made to you in the belief that this committee, since it was not a "person" under the definition contained within the statute, it therefore had to qualify as a multicandidate committee whose contribution limitation was $5,000 for each federal candidate. Since the statute was vague and ambiguous in this regard, a reasonable construction on the totality of the language that both the Committee and you as a candidate were eligible to receive funds in excess of $1,000. Full disclosure having been made by both your Treasurer and the Committee of the sums given and received certainly is evidence of a lack of intent to divert or misapply funds.

I trust that the foregoing explains the situation.

Sincerely,

James A. Wade

cc: Mr. William A. O'Neill

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1089

Date Filed 3/21/80 Camera No. --- 2

Cameraman: GDC