



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MJR # 1600

DATE FILMED 1/29/92 CAMERA NO. 1

CAMERAMAN AL

22040391511

## REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 15 September 1983ANALYST: R. Todd Johnson

I. COMMITTEE: Rhoads for Congress Committee  
(C00148239)  
William E. Naegel, Treasurer  
4365 Lawn Avenue  
Western Springs, IL 60558  
(Candidate in Illinois' 13th District)

II. RELEVANT STATUTE: 2 U.S.C. 441a(f)

## III. BACKGROUND:

## A. Receipt of Excessive Contributions

The 1982 12 Day Pre-Primary Report filed by the Rhoads for Congress Committee ("the Committee") disclosed contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MAC-PAC") designated for the Primary election. A \$2,000 contribution was received on February 24, 1982 and a \$890 in-kind contribution of mailing lists and services was received on February 11, 1982. MAC-PAC was not a qualified multi-candidate committee at the time the contributions were made; therefore, MAC-PAC exceeded the contribution limit by \$1,890 (Attachment 2).

A Request for Additional Information ("RFAI") was sent to the Committee on October 5, 1982 requesting that a refund be made to MAC-PAC for the amount in excess of \$1,000 (Attachment 3). A Second Notice was sent to the Committee on October 29, 1982 for failure to respond to the RFAI (Attachment 4).

The Committee's response, received on November 16, 1982, stated that a refund was to be mailed to MAC-PAC on November 15, 1982 and would be disclosed on the Committee's 1982 Year End Report (Attachment 5). A refund of \$1,890 was made on November 15, 1982 as disclosed on Schedule B of the Committee's 1982 Year End Report (Attachment 6)). A Schedule A filed as part of the 1982 Year End Report disclosed a contribution from MAC-PAC to the Committee for

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RAD REFERRAL TO OGC  
RHOADS FOR CONGRESS COMMITTEE  
PAGE 2

\$1,890, on November 15, 1982 (Attachment 7). On March 7, 1983, a Reports Analysis Division ("RAD") analyst contacted the Committee's treasurer, Mr. Bill Naegel, regarding the additional \$1,890 received on November 15, 1982 (Attachment 8). Mr. Naegel informed the analyst that upon consultation with a MAC-PAC staff member, it had been determined that MAC-PAC now qualified as a multi-candidate committee, and that the contribution had been reissued. The RAD analyst informed the treasurer that MAC-PAC was not qualified and the excessive amount would have to be refunded.

On March 29, 1983, the Committee was sent an RFAI requesting the refund of the second excessive contribution (Attachment 9). The Committee failed to respond to the RFAI and was sent a Second Notice on April 21, 1983 (Attachment 10).

On May 9, 1983, Mr. Rhoads called RAD to inform the analyst that he had recently been in contact with Mr. Leroy Corey, the Director of MAC-PAC. Mr. Rhoads stated that MAC-PAC was a qualified committee and would submit documentation supporting that claim (Attachment 11). He was informed that until MAC-PAC filed such amendments and the Commission determined their status to be multi-candidate, the contribution in question would be considered excessive. Mr. Rhoads assured the analyst that the Committee would comply with Commission requests for a refund and that he would send a mailgram to that effect.

A mailgram was received from the candidate on May 11, 1983, in which he stated that MAC-PAC was a multi-candidate committee and would be sending documentation to support that claim (Attachment 12).<sup>1/</sup> The mailgram made no mention of a refund and to date no further information has been received. Additionally, the Committee's 1983 Mid-Year Report made no mention of a refund of the \$1,890 to MAC-PAC.

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<sup>1/</sup> According to the reports and statements filed by MAC-PAC, the committee has been registered for six months and has received contributions from more than fifty (50) people, but has contributed to only one federal candidate; Mark Rhoads.

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RAD REFERRAL TO OGC  
RHOADS FOR CONGRESS COMMITTEE  
PAGE 3

Schedule C of the Committee's 1982 12 Day Pre-Primary Report disclosed the receipt of a \$17,000 loan on January 2, 1982, that was designated for the Primary election (Attachment 13).<sup>2/</sup> The loan from the 1st National Bank of LaGrange, showed Mark Rhoads (the candidate) as the intermediary and Mary G. Rhoads as the sole guarantor. The due date was listed as April 2, 1982 with an interest rate of 16-3/4%. It was further noted during the normal course of review, that the candidate had repaid \$1,000 of the loan on March 19, 1982, which was reported on the Committee's 1982 April Quarterly Amendment (Attachment 14).

An RFAI was mailed on February 2, 1983 requesting that the Committee refund the amount in excess of \$1,000 (Attachment 15).

On February 7, 1983, Mr. Naegel called the RAD analyst and requested an extension of time in which to respond to the RFAI of February 2, 1983 (Attachment 16). Mr. Naegel was informed that the Commission does not grant extensions. He was further told that if no response to the original RFAI was received within the allotted time, the Committee would be sent a Second Notice requesting a response within fifteen (15) days. During a discussion of the contribution in question, Mr. Naegel also informed the analyst that the guarantor of the loan was the candidate's mother.

On February 11, 1983, the candidate called the RAD analyst and requested a meeting (Attachment 17). Mr. Mark Rhoads met with RAD analysts on February 14, 1983, and expressed his concern with the time allotted for an adequate response to the RFAI (Attachment 18). The candidate noted that the loan had been guaranteed by the candidate's mother because of a banking procedure for a loan of that amount. He further stated that he had personally paid all the interest on the loan from his personal funds, but that to date, no payments had been made on the principal. Finally, the candidate noted that the loan had been renewed four times and that the amount of the loan had been increased to include some interest. As of July 1, 1982, the total amount

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<sup>2/</sup> A note on Schedule C indicated the candidate received an \$18,000 loan, but only \$17,000 was forwarded to the committee.

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of the loan owed by the Committee was \$18,776.71. The candidate said that the Committee had insufficient funds to repay the loan, and a renegotiation with the bank might take more than the allowed time for an adequate response. The analyst requested that the candidate submit an outline detailing the Committee's compliance efforts. The candidate was told that this would not constitute an adequate response, but would clarify the public record.

On February 24, 1983, a Second Notice was sent to the Committee for failure to provide an adequate, written response to the RFAI (Attachment 19).

The candidate provided an inadequate response on March 3, 1983, in which he outlined the history of the loan and stated his intention to renegotiate the loan with himself as the sole guarantor (Attachment 20).

The Committee's 1983 Mid-Year Report filed on July 21, 1983 disclosed a new due date and interest rate; however, Mary Rhoads was still listed as sole guarantor (Attachment 21).

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None

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FEDERAL ELECTION COMMISSION  
1981-1982

DATE 22A0083

CANDIDATE INDEX OF SUPPORTING DOCUMENTS - (C)

PAGE 1

CANDIDATE/COMMITTEE/DOCUMENT	OFFICE SOUGHT/	PARTY	RECEIPTS		DISBURSEMENTS		COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
			PRIMARY	GENERAL	PRIMARY	GENERAL			
RHOADS, MARK W	HOUSE 13	REPUBLICAN PARTY					1982 ELECTION	104	021113021
1. STATEMENT OF CANDIDATE									
1981 STATEMENT OF CANDIDATE							20DEC01	1	01HSE/206/1021
2. CANDIDATE REPORTS OF RECEIPTS & EXPENDITURES									
3. PRINCIPAL CAMPAIGN COMMITTEE									
RHOADS FOR CONGRESS COMMITTEE							104 000140239	HOUSE	
1981 STATEMENT OF ORGANIZATION							20DEC01	1	01HSE/206/1020
YEAR-END			1,745		935		20DEC01 - 31DEC01	4	02HSE/209/4157
YEAR-END - AMENDMENT			5,023		4,213		20DEC01 - 31DEC01	4	02HSE/211/0715
YEAR-END - AMENDMENT							20DEC01 - 31DEC01	1	03HSE/244/1458
1ST LETTER INFORMATIONAL NOTICE							20DEC01 - 31DEC01	1	03FEC/263/0407
1982 40 HOUR CONTRIBUTION NOTICE							11MAR02	1	02HSE/211/1719
40 HOUR CONTRIBUTION NOTICE							12MAR02	1	02FEC/211/2075
PRE-PRIMARY			34,179		29,316		11JAN02 - 24FEB02	10	02HSE/211/0775
PRE-PRIMARY - AMENDMENT							11JAN02 - 24FEB02	1	02HSE/236/1068
PRE-PRIMARY - AMENDMENT							11JAN02 - 24FEB02	3	02HSE/244/4355
PRE-PRIMARY - AMENDMENT			34,179		29,316		11JAN02 - 24FEB02	10	02HSE/245/1134
REQUEST FOR ADDITIONAL INFORMATION							11JAN02 - 24FEB02	3	02FEC/245/2378
REQUEST FOR ADDITIONAL INFORMATION 2ND							11JAN02 - 24FEB02	4	02FEC/253/2206
REQUEST FOR ADDITIONAL INFORMATION							11JAN02 - 24FEB02	3	03FEC/264/0712
REQUEST FOR ADDITIONAL INFORMATION 2ND							11JAN02 - 24FEB02	4	03FEC/267/0736
REQUEST FOR ADDITIONAL INFORMATION							11JAN02 - 24FEB02	3	03FEC/279/5150
APRIL QUARTERLY			46,544		47,286		11JAN02 - 31MAR02	14	02HSE/213/3829
APRIL QUARTERLY - AMENDMENT			12,365		12,969		25FEB02 - 31DEC02	10	02HSE/244/1994
REQUEST FOR ADDITIONAL INFORMATION							11JAN02 - 31MAR02	2	03FEC/264/0709
JULY QUARTERLY			1,305		1,344		11APR02 - 30JUN02	0	02HSE/223/1076
OCTOBER QUARTERLY			3,023		3,033		11JUL02 - 30SEP02	0	02HSE/231/1768
OCTOBER QUARTERLY - AMENDMENT			3,023		3,033		11JUL02 - 30SEP02	0	02HSE/245/1126
REQUEST FOR ADDITIONAL INFORMATION							11JUL02 - 30SEP02	1	03FEC/265/4998
REQUEST FOR ADDITIONAL INFORMATION 2ND							11JUL02 - 30SEP02	2	03FEC/267/1958
YEAR-END			3,320		3,320		11OCT02 - 31DEC02	11	03HSE/242/2654
YEAR-END - AMENDMENT							11OCT02 - 31DEC02	1	03HSE/245/4827
REQUEST FOR ADDITIONAL INFORMATION							11OCT02 - 31DEC02	3	03FEC/268/5034
REQUEST FOR ADDITIONAL INFORMATION 2ND							11OCT02 - 31DEC02	4	03FEC/270/4920
TOTAL			59,215	0	59,195	0		126	TOTAL PAGES
4. AUTHORIZED COMMITTEES									
4B. TRANSFERS IN FROM JOINT FUNDRAISING COMMITTEES									

All reports have received condensed review except the 1981 Year End, which received basic review.

Cash-on-Hand as of the 1982 Year End Report -- \$18.26

Debts owed by the committee as of the 1982 Year End Report -- \$41,311.96

(ATTACHMENT 1)  
2 Pages

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FEDERAL ELECTION COMMISSION  
1975-1984

DATE 22AUG83

CARDINAL INDEX OF SUPPORTING DOCUMENTS - (C)

PAGE 1

CANDIDATE/COMMITTEE/DOCUMENT	OFFICE SOUGHT/	PARTY	RECEIPTS		DISBURSEMENTS		COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
			PRIMARY	GENERAL	PRIMARY	GENERAL			
RHOADS, MARK Q	HOUSE 13	REPUBLICAN PARTY					1982 ELECTION	104	82J115021
1. STATEMENT OF CANDIDATE									
2. CANDIDATE REPORTS OF RECEIPTS & EXPENDITURES									
3. PRINCIPAL CAMPAIGN COMMITTEE									
RHOADS FOR CONGRESS COMMITTEE									
1983 MID-YEAR REPORT			5,714		5,714		104 (00)40239 HOUSE 1JAN83 -30JUN83	8	83HSE/247/1754
TOTAL			5,714	0	5,714	0		8	TOTAL PAGES
4. AUTHORIZED COMMITTEES									
4B. TRANSFERS IN FROM JOINT FUNDRAISING COMMITTEES									

THE FOLLOWING INFORMATION IS AS REPORTED BY PARTY AND NON-PARTY COMMITTEES OR OTHER FILERS OUTSIDE THE CAMPAIGN

5. OTHER SUPPORTING DOCUMENTS									
6. 434E/ INDEPENDENT			CONTRIBUTIONS TO		EXPENDITURES ON BEHALF OF				
7. 434E/ DELEGATE			INDEPENDENT CONTRIBUTIONS		INDEPENDENT EXPENDITURES				
8. COMMUNICATIONS			DELEGATE CONTRIBUTIONS		DELEGATE EXPENDITURES				
9. UNAUTHORIZED SINGLE CANDIDATE COMMITTEES			CONTRIBUTIONS TO		EXPENDITURES ON BEHALF OF				

The 1983 Mid-Year Report has not been reviewed.

Cash-on-Hand as of the 1983 Mid-Year Report -- \$18.26

Debts owed by the committee as of the 1983 Mid-Year Report -- \$35,891.52

ITEMIZED RECEIPTS

RECEIPTS FOR CONGRESS COMMITTEE

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<p>NOTE: This information is for the use of the Committee and may not be printed or otherwise made available to the public. It is to be used only for the purpose of reporting contributions to the Committee.</p> <p>The name and address of any political committee to which contributions from such committee are being made should be included.</p>			
<p>A. Full Name, Mailing Address and ZIP Code                      National Conservative PAC 111                      1500 Wilson Blvd., Suite 513                      Falls Church, VA 22009</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer                      N/A</p> <p>Occupation</p>	<p>Date (month, day, year)                      1-19-82</p>	<p>Amount of Each Receipt This Period                      1,000.00</p>
<p>Aggregate Year-to-Date—\$ 1,000.00</p>			
<p>B. Full Name, Mailing Address and ZIP Code                      Water Valley Corp. Government                      Employees Association                      10000 National Plaza                      Falls Church, VA 22046</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer                      N/A</p> <p>Occupation</p>	<p>Date (month, day, year)                      2-12-82</p>	<p>Amount of Each Receipt This Period                      250.00</p>
<p>Aggregate Year-to-Date—\$ 250.00</p>			
<p>C. Full Name, Mailing Address and ZIP Code                      Mid America Conservative PAC                      P. O. Box 1645                      Waterloo, Iowa 50704</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer                      N/A</p> <p>Occupation</p>	<p>Date (month, day, year)                      2-11-82                      2-24-82</p>	<p>Amount of Each Receipt This Period                      890.00                      2,000.00</p>
<p>Aggregate Year-to-Date—\$ 2,890.00</p>			
<p>D. Full Name, Mailing Address and ZIP Code                      National Life Life PAC                      101 Park Washington Ct.                      Falls Church, Va. 22046</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer                      N/A</p> <p>Occupation</p>	<p>Date (month, day, year)                      2-17-82</p>	<p>Amount of Each Receipt This Period                      250.00</p>
<p>Aggregate Year-to-Date—\$ 250.00</p>			
<p>E. Full Name, Mailing Address and ZIP Code                      Realtors PAC                      430 N. Michigan                      Chicago, IL 60611</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer                      N/A</p> <p>Occupation</p>	<p>Date (month, day, year)                      2-24-82</p>	<p>Amount of Each Receipt This Period                      1,000.00</p>
<p>Aggregate Year-to-Date—\$ 1,000.00</p>			
<p>F. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer</p> <p>Occupation</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt This Period</p>
<p>Aggregate Year-to-Date—\$</p>			
<p>G. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General  <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer</p> <p>Occupation</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt This Period</p>
<p>Aggregate Year-to-Date—\$</p>			
<p>SUBTOTAL of Receipts This Page (optional)</p>			<p>5,390.00</p>
<p>TOTAL This Period (last page this line number only)</p>			<p>5,390.00</p>

Any person who has received this Statement may not be entitled to claim any portion for the purpose of soliciting contributions to the committee. It is the responsibility of the donor to verify the accuracy of the information provided and to ensure that contributions are made to the correct committee.

**HEADS FOR CONGRESS COMMITTEE**

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Bill's Company, Inc. 107 N. Carolina Avenue S.E. Washington, D.C.	Political consulting Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	1-12-82	1,500.00
B. Full Name, Mailing Address and ZIP Code The [unclear] 1111 N. [unclear] Washington, Va.	Purpose of Disbursement Production of Fund Building Letters Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 1-25-82	Amount of Each Disbursement This Period 2,400.00
C. Full Name, Mailing Address and ZIP Code S. Schaller & Company 6043 Clarendon Hills Road Clarendon Hills, Il. 60514	Purpose of Disbursement Art Work Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 1-8-82	Amount of Each Disbursement This Period 340.00
D. Full Name, Mailing Address and ZIP Code [unclear] Construction PAC [unclear] Waterloo, Iowa 50704	Purpose of Disbursement Marketing Lists & Services Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 1-22-82 2-11-82	Amount of Each Disbursement This Period 800.00 In Hand
E. Full Name, Mailing Address and ZIP Code Fred Mann 120 2nd Street, S.E. Washington, DC 20003	Purpose of Disbursement Research Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 2-1-82	Amount of Each Disbursement This Period 250.00
F. Full Name, Mailing Address and ZIP Code Theatre of Western Springs P. O. Box 29 Western Springs, Il. 60558	Purpose of Disbursement Theatre rental Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 2-11-82	Amount of Each Disbursement This Period 450.00
G. Full Name, Mailing Address and ZIP Code Tempo Players, Inc. P. O. Box 93 Broadview, Il. 60153	Purpose of Disbursement Performance Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 2-11-82	Amount of Each Disbursement This Period 250.00
H. Full Name, Mailing Address and ZIP Code Republican Party Troviso Township 1419 Roosevelt Road Broadview, Il. 60153	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 1-20-82	Amount of Each Disbursement This Period 500.00
I. Full Name, Mailing Address and ZIP Code DuPage County Rep. Central Committee 224 S. Washington St. Wheaton, Il. 60187	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year) 2-12-82	Amount of Each Disbursement This Period 400.00
SUBTOTAL of Disbursements This Page (optional) .....			7,780.00
TOTAL This Period (last page this line number only) .....			

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## FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

5 October 1982

William E. Naegel, Treasurer  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, IL 60558

Identification Number: C00148239

Reference: Pre-Primary Report (1/1/82-2/24/82)

Dear Mr. Naegel:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report (pertinent portion attached) discloses a contribution(s) which appears to exceed the limits set forth in the Act. An individual or a political committee, other than a multicandidate committee may not make contributions to a candidate for Federal office in excess of \$1,000 per election. If you have received a contribution(s) which exceeds the limits, the Commission recommends that you refund to the donor(s) the amount in excess of \$1,000. The Commission should be notified in writing if a refund is necessary. In addition, any refund should appear on Line 20(c) of the Detailed Summary Page of your next report. (2 U.S.C. 441a(a) and (f))

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

If you find the contribution(s) in question was disclosed incompletely or incorrectly, please amend your original report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of an excessive contribution(s), prompt action by you to refund the excessive amount will be taken into consideration by the Commission.

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An amendment to your original report(s) correcting the above problem(s) should be filed with the Clerk of the House of Representatives, 1036 Longworth House Office Building, Washington, DC 20515 within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 523-4172.

Sincerely,

A handwritten signature in cursive script that reads "R. Todd Johnson". The signature is written in dark ink and is positioned above the typed name.

R. Todd Johnson  
Reports Analyst  
Reports Analysis Division

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Any information furnished hereon from such financial statements may not be used or used by any person for the purpose of soliciting contributions from any contributor to a political committee, other than using the name and address of the political committee to inform the contributor of the political committee's activities.

Name of Contributor (Print):

RECEIPT FOR CONGRESS COMMITTEE

A. Full Name, Mailing Address and ZIP Code National Conservative PAC III 1500 Wilson Blvd., Suite 513 Arlington, Va. 22209	Name of Employer  N/A	Date (month, day, year) 1-19-82	Amount of Each Receipt This Period 1,000.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$ 1,000.00	
B. Full Name, Mailing Address and ZIP Code First Chicago Corp. Government Affairs Association One First National Plaza Chicago, Ill. 60670	Name of Employer  N/A	Date (month, day, year) 2-12-82	Amount of Each Receipt This Period 250.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$ 250.00	
C. Full Name, Mailing Address and ZIP Code Mid America Conservative PAC P. O. Box 1645 Waterloo, Iowa 50704	Name of Employer  N/A	Date (month, day, year) 2-11-82 2-24-82	Amount of Each Receipt This Period 890.00 (2) 2,000.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$ 2,890.00	
D. Full Name, Mailing Address and ZIP Code National Pro Life PAC 101 Park Washington Ct. Falls Church, Va. 22046	Name of Employer  N/A	Date (month, day, year) 2-17-82	Amount of Each Receipt This Period 250.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$ 250.00	
E. Full Name, Mailing Address and ZIP Code Realtors PAC 430 N. Michigan Chicago, Ill. 60611	Name of Employer  N/A	Date (month, day, year) 2-24-82	Amount of Each Receipt This Period 1,000.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$ 1,000.00	
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$	
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation: Aggregate Year-to-Date-\$	
SUBTOTAL of Receipts This Page (optional) .....			5,390.00
TOTAL This Period (last page this line number only) .....			5,390.00

1466 15277  
3-9-82  
6-4-82  
2-1-82



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

October 29, 1982

William E. Naegel, Treasurer  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, IL 60558

Identification Number: C00148239

Reference: 12 Day Pre-Primary Report (1/1/82-2/24/82)

Dear Mr. Naegel:

This letter is to inform you that as of this date, the Commission has not received your response to our request for additional information, dated October 5, 1982. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact R. Todd Johnson on our toll-free number (800) 424-9530 or our local number (202) 523-4172.

Sincerely,

*John D. Gibson*  
John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

Enclosure

92040391523

CERTIFIED MAIL

ATTACHMENT 5

NOV 16 12:12

NOV 12 1982

WILLIAM E. NAEGEL  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
ILLINOIS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4199 LAWN AVENUE  
WESTERN SPRINGS, ILLINOIS 60558

(312) 246-0940

November 12, 1982

Federal Election Commission  
Mr. R. Todd Johnson  
1325 K Street, N.W.  
Washington, D. C. 20463

098019

Re: Identification Number C00148239  
Reference: Pre-Primary Report (1/1/82-2/24/82)

Dear Mr. Johnson:

Your letter of October 5, 1982 called to our attention that the contributions of \$2,890.00 that the Rhoads for Congress Committee received last February from Mid-America Conservative PAC were in excess of the \$1,000 limitation. We and Mr. Corey thought that the donor qualified at that time as a multicandidate committee.

We now understand that although they now qualify as a multicandidate committee, they did not qualify last February.

Therefore, we are issuing a check to the Mid America Conservative PAC dated November 15, 1982, for \$1,890.00 as a full refund of the excess contributions we received from them last February. We will also show this refund on Line 20(c) of the Detailed Summary Page of our next report.

Thank you for your help in this matter.

Very truly yours,

*William E. Naegel*

WEN/d

CK  
11

*WEN*  
*11/24*

92040391524H  
0201236106H

RECEIVED  
NOV 16 1982

ARTICLE B

ITEMIZED DISBURSEMENTS

Form No. 2800-10-80  
 This schedule should be filed with  
 Schedule C of the Federal  
 Summary Page 1

Any amount cash received from such meetings and statements may not be sold or used in any account for the purpose of purchasing more securities or for other purposes other than paying the name and address of any political committee to which contributions are made.

Name of Committee or Club

MEMBERS FOR CONGRESS COMMITTEE

1982 YEAR END REPORT

92040391525  
 83012422660

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
M.J. America's Conservative PAC P. O. Box 1845 Waterloo, Iowa 50704	Refund of 2-24-82 contribution in excess of \$1000.00 Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-15-82	1,890.00
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

118

TOTAL of disbursements This Year (add only) ..... 1,890.00

TOTAL This Period (add only) ..... 1,890.00

• The Public Law 94-409  
 • All receipts are subject to audit  
 • See instructions on the enclosed  
 Summary Page

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions on such resources.

RECORDS FOR CONGRESS COMMITTEES 1982 YEAR END REPORT

8230410234921256467

Name of Contributor (in Full)		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
A. Full Name, Mailing Address and ZIP Code Mid America Conservative PAC P. O. Box 1645 Waterloo, Iowa 50704		Name of Employer NA	Date (month, day, year) 11-15-82	Amount of Each Receipt This Period 1,890.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
B. Full Name, Mailing Address and ZIP Code		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
C. Full Name, Mailing Address and ZIP Code		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
D. Full Name, Mailing Address and ZIP Code		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
E. Full Name, Mailing Address and ZIP Code		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
F. Full Name, Mailing Address and ZIP Code		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
G. Full Name, Mailing Address and ZIP Code		Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Occupation	Aggregate Year-to-Date-\$	
SUBTOTAL of Entries This Page (optional)				1,890.00
TOTAL This Period (see page six line number only)				1,890.00

27



MEMORANDUM FOR FILES

SUBJECT: Apparent 441a violation

DATE: March 7, 1983

FROM: R. Todd Johnson, Reports Analyst *RTJ*

TO: Mr. William E. Naegel, Treasurer

NAME OF COMMITTEE: Rhoads for Congress Committee (C00148239)  
Illinois

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Schedule B of the Committee's 1982 Year End Report disclosed a refund to the Mid-American Conservative Political Action Committee ("MAC-PAC") in the amount of \$1,890 as requested in a previous Request for Additional Information ("RFAI"). On Schedule A of the same report, the Committee disclosed a contribution from MAC-PAC on November 15, 1982 in the amount of \$1,890. I called Mr. Naegel after checking and noting that MAC-PAC was not qualified, to insure proper reporting of the monies in question. Mr. Naegel assured me the contribution was accepted with the understanding that MAC-PAC was now qualified.

I informed Mr. Naegel that MAC-PAC was not qualified as of the last report filed with the Commission, and that until such time as they do qualify, the Rhoads Committee would have to refund the excessive portion of the contribution. Further, I told him that he would receive an RFAI requesting the aforementioned refund. Mr. Naegel said that he would speak with the Committee's lawyers, but that he was "not about to spend (his) career dotting 'I's' and crossing 'T's' for the Commission." He ended our conversation by stating that he would have "to let this one go and leave the Commission to take whatever action necessary."

22040391527



## FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

RQ-2

29 March 1982

William E. Naegel, Treasurer  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, IL 60558

Identification Number: C00148239

Reference: Year End Report (10/1/82-12/31/82)

Dear Mr. Naegel:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report (pertinent portion attached) discloses a contribution(s) which appears to exceed the limits set forth in the Act. An individual or a political committee, other than a multicandidate committee may not make contributions to a candidate for Federal office in excess of \$1,000 per election. If you have received a contribution(s) which exceeds the limits, the Commission recommends that you refund to the donor(s) the amount in excess of \$1,000. The Commission should be notified in writing if a refund is necessary. In addition, any refund should appear on Line 20(c) of the Detailed Summary Page of your next report. (2 U.S.C. 441a(a) and (f))

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

If you find the contribution(s) in question was disclosed incompletely or incorrectly, please amend your original report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of an excessive contribution(s), prompt action by you to refund the excessive amount will be taken into consideration by the Commission.

22040391528

An amendment to your original report(s) correcting the above problem(s) should be filed with the Clerk of the House of Representatives, 1036 Longworth House Office Building, Washington, DC 20515 within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 523-4172.

Sincerely,



R. Todd Johnson  
Reports Analyst  
Reports Analysis Division

22040391529

Any information received from such Reports or Statements may not be used or sold by any person for the purpose of collecting contributions or for commercial purposes, other than using the name and address of any political committee to obtain contributions for such purposes.

Name of Committee (in Full)  
**BROADS FOR CONGRESS COMMITTEE**

2 2 08 43 On 31 92 14 52 32 06 F 7

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Mid America Conservative PAC P. O. Box 1645 Waterloo, Iowa 50704	NA	11-15-82	1,800.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregates Year-to-Date - \$	

**EX-TOTAL of Receipts This Page (optional)** ..... 1,800.00

**TOTAL This Period (fill over the line number only)** ..... 1,800.00



## FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

RQ-3

April 21, 1983

William E. Naegel, Treasurer,  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, IL 60558

Identification Number: C00148239

Reference: Year End Report (10/1/82-12/31/82)

Dear Mr. Naegel:

This letter is to inform you that as of April 20, 1983, the Commission has not received your response to our request for additional information, dated March 29, 1983. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact R. Todd Johnson on our toll-free number (800) 424-9530 or our local number (202) 523-4172.

Sincerely,

John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

Enclosure

92040391531

## MEMORANDUM FOR FILES

SUBJECT: Apparent 441a violation and RFAI

DATE: May 9, 1983

FROM: Mark Rhoads, candidate

TO: R. Todd Johnson, Reports Analyst 

NAME OF COMMITTEE: Rhoads for Congress Committee (C00148239)  
Illinois

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Mr. Rhoads called concerning the Request for Additional Information (RFAI) surrounding the reissuance of the \$1,890 from the Mid-America Conservative Political Action Committee (MAC-PAC). Mr. Rhoads explained that the reason for not responding to the RFAI was that he and Mr. Bill Naegel (treasurer) had been out of town and thus, had not received the RFAI or provided the timely response. He further informed me that he had recently been in touch with Mr. Leroy Corey, the Director of MAC-PAC, who had informed him that MAC-PAC was a qualified, multi-candidate committee. I asked Mr. Rhoads if he would have Mr. Corey contact Mr. Mark Kleinman (analyst for the Unauthorized Branch). I further reminded him that until MAC-PAC filed reports or amendments with the Commission to show that they were in fact a qualified committee, the contribution in question would be considered an excessive contribution. Mr. Rhoads assured me that his committee would comply with the Commission's request for a refund and that he would send a mailgram to that effect.

92040391532

HERBERT G RHOADS  
4224 GRAND AVE  
WESTERN SPRINGS IL 60558



4-0124729129 05/09/83 ICS IPMBNGZ CSP WSHB  
3122461282 MGM TDBN WESTERN SPRINGS IL 85 05-09 1012A EST

ATTACHMENT 12

JOHN D GIBSON  
FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

DEAR MR GIBSON

THIS IS IN REPLY TO YOUR LETTER OF APRIL 21 CONCERNING IDENTIFICATION NUMBER: C00148239. THE RHOADS FOR CONGRESS COMMITTEE HAS BEEN INFORMED BY MR LEROY COREY, DIRECTOR OF THE MID AMERICA CONSERVATIVE PAC, THAT HE HAS DOCUMENTATION TO SHOW HIS PAC IS A MULTI CANDIDATE PAC.

MR COREY TELEPHONED MARK KLINEMAN AT THE F.E.C. AT 930AM CDT ON MONDAY MAY 9. HE WILL SEND SUPPORTING DOCUMENTATION TO YOU.

SINCERELY YOURS  
MARK G RHOADS

10113 EST

MGMCOMP

22540891533

5241 (R. 7/82)

LOANS

Name of Committee (in Full) **RHOADS FOR CONGRESS COMMITTEE** 1982 12 Day Pre-Primary Report

A. Full Name, Mailing Address and ZIP Code of Loan Source Original Source: 1st Nat. Bank of LaGrange 620 W. Burlington LaGrange, Il. 60525 Intermediary: Mark Q. Rhoads (Candidate) Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Original Amount of Loan 17,000.00 (The loan from the bank to the Candidate is for \$18,000, but only \$17,000.00 was loaned by the Candidate to the Committee).	Cumulative Payment To Date 1,000.00	Balance Outstanding at Close of This Period 16,000.00
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Terms: Date Incurred 1-2-82 Date Due 4-2-82 Interest Rate 16-3/4 % (apr)  Secured

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code Mary G. Rhoads 4224 Grand Western Springs, Il. 60558	Name of Employer Self employed Occupation Realtor Amount Guaranteed Outstanding \$18,000.00
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			

Terms: Date Incurred \_\_\_\_\_ Date Due \_\_\_\_\_ Interest Rate \_\_\_\_\_ % (apr)  Secured

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$

SUBTOTALS This Period This Page (optional) .....  
TOTALS This Period (last page in this line only) ..... **16,000.00**

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

22040391534c

1996 Form 990  
 (Use separate schedule for each category of the following Summary Page)

Any information copied from such Reports and Statements may not be used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)

RHOADS FOR CONGRESS COMMITTEE

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Mark Q. Rhoads 4224 Grand Avenue Western Springs, IL 60558	Loan Reimbursement Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	7-14-92	1,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
SUBTOTAL of Disbursements This Page (notations) .....			
TOTAL This Period (last page this line number only) .....			1,000.00

92040891535  
 83012442000



## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-2

2 February 1983

William E. Naegel, Treasurer  
Rhoads For Congress Committee  
4365 Lawn Avenue  
Western Springs, IL 60558

Identification Number: C00148239

Reference: 12 Day Pre-Primary Report (1/1/82-2/24/82)

Dear Mr. Naegel:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Please provide a Schedule A to support the amount reported on Lines 13(a), 13(b), and/or 13(c) of the Detailed Summary Page. Each person who makes a loan to your committee or to the candidate acting as an agent of the committee, must be listed on Schedule A and Schedule C. The itemization on Schedule A must include the person's full name, mailing address, and zip code, along with the name of his/her employer, the date of the contribution/loan and the aggregate year-to-date amount of contributions made by the person. Schedule C must include any endorser or guarantor of the loan, the date the loan was made and all other terms of the loan. If the loan is from the candidate, please indicate if it is from his/her personal funds. (11 CFR 104.3(a)(4)(iv))

-Schedule C of your report (pertinent portion attached) discloses a contribution(s) which appears to exceed the limits set forth in the Act. An individual or a political committee, other than a multicandidate committee may not make contributions to a candidate for Federal office in excess of \$1,000 per election. If you have received a contribution(s) which exceeds the limits, the Commission recommends that you refund to the donor(s) the amount in excess of \$1,000. The Commission should be notified in writing if a refund is necessary. In addition, any refund should appear on Line 19(b) of the Detailed Summary Page of your next report. (2 U.S.C. 441a(a) and (f))

9 2 0 4 0 3 9 1 5 3 6

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

If you find the contribution(s) in question was disclosed incompletely or incorrectly, please amend your original report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of an excessive contribution(s), prompt action by you to refund the excessive amount will be taken into consideration by the Commission.

-Each in-kind contribution must be reported as both a contribution (on Schedule A) and as an expenditure (on Schedule B). Please provide a Schedule B for in-kind contributions reported on this report and adjust the affected figures on your Summary and Detailed Summary Pages. (11 CFR 104.3(a) and (b)).

An amendment to your original report(s) correcting the above problem(s) should be filed with the Clerk of the House of Representatives, 1036 Longworth House Office Building, Washington, DC 20515 within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 523-4172.

Sincerely,



R. Todd Johnson  
Reports Analyst  
Reports Analysis Division

92040391537

LOANS

Part 1. Loans

Part 1. Loans

**REVENUE FOR CONGRESS COMMITTEE**

A. Full Name, Mailing Address and ZIP Code of Loan Source  
 Original Source: 1st Nat. Bank of LaGrange  
 620 W. Burlington  
 LaGrange, IL 60525

Intermediary: Mark Q. Rhoads (Candidate)  
 Election  Primary  General  Other (Specify)

Original Amount of Loan: 17,000.00  
 (The loan from the bank to the candidate is for \$18,000, but only \$1,000.00 was by the candidate to the Committee).

Committed to Payment To Date: None

Balance Outstanding at Close of This Period: 17,000.00

Terms: Date Incurred 1-2-82 Date Due 4-2-82 Interest Rate 16-3/4% Secured

List All Endorsers or Guarantors (if any) to Part A

1. Full Name, Mailing Address and ZIP Code Mary G. Rhoads 424 Grand Western Springs, IL 60558	Name of Employer Self Employed Occupation Realtor Amount Guaranteed Outstanding \$ 18,000.00
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$

B. Full Name, Mailing Address and ZIP Code of Loan Source

Original Amount of Loan

Committed to Payment To Date

Balance Outstanding at Close of This Period

Election  Primary  General  Other (Specify)

Terms: Date Incurred \_\_\_\_\_ Date Due \_\_\_\_\_ Interest Rate \_\_\_\_\_ % Secured

List All Endorsers or Guarantors (if any) to Part B

1. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$

SUBTOTALS This Period This Page (optional):

TOTALS This Period (next page in this line only): 17,000.00

Carry outstanding balances only to LINE 2, Schedule D, for this line. If no Schedule D, carry forward to appropriate end of Summary.

92040391538  
 0201210732

caned

MEMORANDUM FOR FILES

SUBJECT: RFA for apparent 441(a) violation  
DATE: February 7, 1983  
FROM: Mr. William E. Naegel, Treasurer  
TO: R. Todd Johnson, Reports Analyst  
NAME OF COMMITTEE: Rhoads for Congress Committee (C00148239)  
Illinois

Mr. Naegel called the Reports Analysis Division ("RAD") analyst, requesting an extension for the Committee's response to a Request for Additional Information ("RFAI") sent on February 2, 1983. He explained that he was a CPA and that it was his peak business season. I informed him that he would not be permitted an extension, but that if the Committee was unable to respond within the allotted time frame, that they would receive a Second Notice which would request a response to the original RFAI within fifteen (15) days. Although Mr. Naegel was uncertain whether he would be able to respond until the middle of April, he asked how the situation might be rectified.

The RFAI was sent concerning an apparent excessive contribution. The Committee received a loan from the 1st National Bank of LaGrange with a sole guarantor other than the candidate. I informed him that there were four possible courses of action which would comply with the Act.

- 1) The Committee could immediately repay the loan:
- 2) The loan could be renegotiated with the candidate as the sole guarantor:
- 3) The Committee could secure any number of guarantors, each endorsing a portion of the loan, not to exceed the \$1,000 per election limitation on contributions: or,
- 4) The Committee could secure a number of endorsers in combination with the candidate as a guarantor.

Mr. Naegel informed me that it would be virtually impossible to secure sixteen (16) endorsers because the candidate had lost the primary. He further explained that the Committee had insufficient funds to repay the loan immediately. Finally, he said that he would speak with the candidate about the possibility of renegotiating the loan with the candidate, rather than the candidate's mother, as the sole guarantor.

22040391539

MEMORANDUM FOR FILES

SUBJECT: Request for a meeting with reports analyst

DATE: February 11, 1983

FROM: Mr. Mark Q. Rhoads, Candidate

TO: R. Todd Johnson, Reports Analyst *RTJ*

NAME OF COMMITTEE: Rhoads for Congress Committee (C00148239)  
Illinois

Mr. Rhoads called the Reports Analysis Division ("RAD") analyst to request a meeting with the analyst for the next week. His concern was compliance with Section 441a of the Act as it pertained to a \$17,000 loan made to the Committee by the 1st National Bank of LaGrange with the candidate as the intermediary and the candidate's mother as the sole guarantor. A meeting was set for 10:00 am on Monday, February 14, 1983.

92040391540

SUBJECT: Meeting with the candidate concerning apparent 441a violation

DATE: February 14, 1983

FROM: Mr. Mark Q. Rhoads, Candidate

TO: R. Todd Johnson and Benita Adler, Reports Analysts 

NAME OF COMMITTEE: Rhoads for Congress Committee (C00148239)  
Illinois

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Mr. Rhoads met with the Reports Analysis Division ("RAD") analysts, to discuss the \$17,000 loan received by the Committee from the 1st National Bank of LaGrange and guaranteed by the candidate's mother. Mr. Rhoads explained that he had previously borrowed money from the aforementioned institution without endorsers, however, the amount requested for this loan required a guarantor. He further stated that the original amount of the loan was \$18,000 to himself, with \$17,000 loaned to the Committee.

Mr. Rhoads asked what the time frame would be for the Committee's response and what an adequate response would entail. I explained that the Committee would receive a Second Notice at the end of February, requesting a response within fifteen (15) days if they failed to respond to the original Request for Additional Information ("RFAI"). I also explained that the Committee could repay the loan or renegotiate with the bank so that the candidate and/or any number of individuals were listed as endorsers.

Mr. Rhoads told us that he was in contact with the bank and he felt he would be able to renegotiate the loan with himself as the sole guarantor. Benita told him that any response to the original RFAI, although it might not be adequate, would be helpful in clarifying the matter for the public record.

92040391541



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20461

RQ-3

February 24, 1983

William E. Naegel, Treasurer  
Rhoads For Congress Committee  
4365 Lawn Avenue  
Western Springs, IL 60558

Identification Number: C00148239

Reference: 12 Day Pre-Primary Report (1/1/82-2/24/82)

Dear Mr. Naegel:

This letter is to inform you that as of February 23, 1983, the Commission has not received your response to our request for additional information, dated February 2, 1983. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact R. Todd Johnson on our toll-free number (800) 424-9530 or our local number (202) 523-4172.

Sincerely,

A handwritten signature in cursive script that reads "John D. Gibson".

John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

Enclosure

22540391542

CERTIFIED MAIL



83 MAR 8 RH:

MAR 3 1983

Rhoads for Congress Committee  
225 East Ogden Avenue Hinsdale Illinois 60521. 312/887-7479

Committee Information  
Rich Port Chairman  
William E. Naege Treasurer  
Robert F. Peck Counselor  
Mrs. A. C. Burdick Volunteer Chairman

RECEIVED  
DIRECTOR OF RECEPTION  
1983 MAR -5 PM 3:26  
U.S. HOUSE OF REPRESENTATIVES

098019  
Re: Your letter February 24, 1983  
ID #CO0148239

February 28th, 1983

Mr. R. Todd Johnson  
Reports Analysis Division  
Federal Election Commission  
Washington, D. C.

Dear Mr. Johnson:

This is in reply to your recent letter regarding the status of a personal loan made to me by the First National Bank of LaGrange, Illinois in January of 1982.

Pursuant to our conversation in your Washington office on February 14th, 1983, I am making an effort to renegotiate this loan with the bank so that I will be the sole guarantor or endorser and no other individual will be involved. This will require filling out a new financial statement for the bank this week. I want to emphasize that my treasurer and I are making absolutely every effort to comply with FEC regulations as best as we can understand them and we have sought the advice of counsel who is knowledgeable in the field of election laws on several occasions. We believe that we have tried to follow a prudent course in providing the FEC with all information it has requested.

However, as I stated to you in your office on February 14th, I do not believe that any prudent individual would necessarily be led to the conclusions you have come to regarding the purview of the Commission given a careful reading of the regulations you cited. To my reading, these regulations are not clear at all but are very ambiguous.

As they might apply to my campaign, I will take this opportunity to reconstruct as carefully as I can the chronology of events regarding a personal loan of \$18,000.00 made to me by the First National Bank of LaGrange on January 2, 1982.

1. On January 2, 1982 I signed a 90 day note with the bank for the sum of \$18,000.00 at a rate of interest of 16.75% due on April 2, 1982. While I was the sole signature on the note, my Mother, Mary G. Rhoads, was listed as a guarantor.

VOTE REPUBLICAN

A copy of our report will be filed with and will be available for purchase from the Federal Election Commission, Washington, D.C.

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2. On January 4, 1982 I wrote a personal check for \$17,000.00 to the Rhoads for Congress Committee as a loan from me personally to the Committee. It was and is my intention that there be no interest charged by me to the Committee and that if the Committee is not able to repay at some time in the future it will be shown as a donation by the candidate. As you can see from the lesser amount above, not all of the proceeds of my note were loaned in turn by me to the Committee but the bank note was the primary source of those funds.
3. Shortly after the Illinois Primary Election on March 16th, my Committee repaid to me \$1,000.00 of the original \$17,000.00 loan. That amount has not changed to date and the Committee still owes me \$16,000.00.
4. On April 2, 1982, I paid the First National Bank of LaGrange \$743.42 in interest and renewed my note for an additional 90 days until July 1st, 1982, at an interest rate of 17.50%.
5. On July 1st, 1982, I increased the amount of the note to the bank to the new sum of \$18,776.71 and renewed it for 90 days to September 29, 1982 at an interest rate of 17.50%.
6. On September 29, 1982 I paid the First National Bank of LaGrange \$810.23 in interest and renewed the note for 90 days until December 28th, 1982 at an interest rate of 15.50%.
7. On December 28th, 1982 I paid the bank \$717.63 in interest and renewed the note for 90 days until March 28th, 1983 at an interest rate of 14.00%. That is the current status of the note. The principal balance due is \$18,776.72.
8. While there has been no reduction in principal since January of 1982 and one increase in July of \$776.72, I have paid all interest payments out of my personal funds. My Mother, Mary G. Rhoads, has not at any time made any payments on either interest or principal. She has not in any way direct or indirect donated to my campaign either cash or in kind donations which would place her over the maximum contribution of \$1,000.00.
9. Even after reading the regulations you cited, I still assumed that since there was no loan from the bank to the Committee, I would still be entitled to treat this loan as I have any other that I have made with this bank where I have been doing business since 1966 and where I have had many previous notes for a wide variety of personal and business purposes. The only reason the bank in this case asked for a guarantor was that the note was larger than the ones I usually made which were normally about half that amount.

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February 28, 1983 to F. E. C. R. Todd Johnson

Page Three

10. As soon as I am able to arrange a new note, or reduce this one, so that I am the sole guarantor, I will notify the Commission.

Sincerely yours,



MARK Q. RHOADS

Former Congressional Candidate

92640391545  
83012444357

Name of Committee (or Fund)		1983 Mid-Year Report		
RHOADS FOR CONGRESS COMMITTEE				
A. Full Name, Mailing Address and ZIP Code of Lender Source Original Source: 1st Nat. Bank of LaGrange 620 W. Burlington LaGrange, IL. 60525 Intermediary: Mark O. Rhoads (Candidate) (Elector: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify))		Original Amount of Loan 17,000.00 (The loan from the bank to the Candidate is for \$17,000, but only \$17,000.00 was loaned by the Candidate to the Committee)	Cumulative Payment To Date 1,000.00	Balance Outstanding at Close of This Period 16,000.00
Terms: Date Incurred <u>1-2-82</u> Date Due <u>10-1-83</u>		Interest Rate <u>1 3/4%</u>		
List All Endorsers or Guarantors (if any) to Item A				
1. Full Name, Mailing Address and ZIP Code Mary G. Rhoads 4224 Grand Avenue Western Springs, IL. 60558		Name of Employer Self Employed		
		Occupation Realtor		
		Amount Guaranteed Outstanding \$16,000.00		
2. Full Name, Mailing Address and ZIP Code		Name of Employer		
		Occupation		
		Amount Guaranteed Outstanding		
3. Full Name, Mailing Address and ZIP Code		Name of Employer		
		Occupation		
		Amount Guaranteed Outstanding		
B. Full Name, Mailing Address and ZIP Code of Lender Source		Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Elector: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):				
Terms: Date Incurred _____ Date Due _____		Interest Rate _____ % (year)	<input type="checkbox"/> Secured	
List All Endorsers or Guarantors (if any) to Item B				
1. Full Name, Mailing Address and ZIP Code		Name of Employer		
		Occupation		
		Amount Guaranteed Outstanding		
2. Full Name, Mailing Address and ZIP Code		Name of Employer		
		Occupation		
		Amount Guaranteed Outstanding		
3. Full Name, Mailing Address and ZIP Code		Name of Employer		
		Occupation		
		Amount Guaranteed Outstanding		
SUBTOTALS This Period This Page (optional)				
TOTALS This Period (last page in this line only)				16,000.00
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary				

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 83012471759

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FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

NOV 15 9:52

November 15, 1983

MEMORANDUM

**SENSITIVE**

TO : The Commission  
FROM : Charles N. Steele  
General Counsel  
BY: Kenneth A. Gross  
Associate General Counsel  
SUBJECT: RAD Referral 83L-35  
Rhoads for Congress Committee

The Office of General Counsel has prepared for Commission review six (6) critiques of referrals from the Reports Analysis Division.

Attached to this referral is a critique prepared by this Office, a copy of the referral from the Reports Analysis Division, and a 48-hour tally vote sheet. The OGC critique summarizes the facts, presents an analysis of the legal issues involved, and makes a recommendation as to the disposition of the referrals. The copy of the RAD referral is attached for informational purposes, and the separate vote sheet provides for a vote on this referral.

Attachments  
Critique and Referral

92040391547

RAD REFERRAL NUMBER: 83L-35

SUBJECT: Rhoads for Congress Committee

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BACKGROUND

1. Date of referral: September 15, 1983

2. Financial background:

a. Total 1981-1982 receipts:	\$ 59,215.00
b. Total 1981-1982 disbursements:	\$ 59,195.00
c. Cash on hand (12/31/82):	\$ 18.26
d. Debts owed to the committee:	0
e. Debts owed by the committee (12/31/82):	\$ 41,312.00

3. Status of candidate:

Lost.

SUMMARY OF RAD ACTIONS

Referral category 3: (receipt of contributions exceeding the limitations under 2 U.S.C. § 441a(f)).

The 1982 12 Day Pre-Primary Report filed by the Rhoads for Congress Committee ("the Committee") disclosed contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MAC-PAC") designated for the primary election. A \$2,000 contribution was received on February 24, 1982, and a \$890 in-kind contribution of mailing lists and services was received on February 11, 1982. MAC-PAC was not a qualified multicandidate committee at the time the contributions were made; therefore, MAC-PAC exceeded the contribution limit by \$1,890.

A Request for Additional Information ("RFAI") was sent to the Committee on October 5, 1982, requesting that a refund be

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made to MAC-PAC for the amount in excess of \$1,000. A Second Notice was sent to the Committee on October 29, 1982, for failure to respond to the RFAI.

The Committee's response, received on November 16, 1982, stated that a refund was to be mailed to MAC-PAC on November 15, 1982, and would be disclosed on the Committee's 1982 Year End Report. A refund of \$1,890 was made on November 15, 1982, as disclosed on Schedule B of the Committee's 1982 Year End Report. A Schedule A filed as part of the 1982 Year End Report disclosed a contribution from MAC-PAC to the Committee for \$1,890 on November 15, 1982. On March 7, 1983, a Reports Analysis Division ("RAD") analyst contacted the Committee's treasurer, Mr. Bill Naegel, regarding the additional \$1,890 received on November 15, 1982. Mr. Naegel informed the analyst that upon consultation with a MAC-PAC staff member, it had been determined that MAC-PAC now qualified as a multicandidate committee, and that the contribution had been reissued. The RAD analyst informed the treasurer that MAC-PAC was not qualified and the excessive amount would have to be refunded.

On March 29, 1983, the Committee was sent an RFAI requesting the refund of the second excessive contribution. The Committee failed to respond to the RFAI and was sent a Second Notice on April 21, 1983.

On May 9, 1983, Mr. Rhoads called RAD to inform the analyst that he had recently been in contact with Mr. Leroy Corey, the

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Director of MAC-PAC. Mr. Rhoads stated that MAC-PAC was a qualified committee and would submit documentation supporting that claim. He was informed that until MAC-PAC filed such amendments and the Commission determined their status to be multicandidate, the contribution in question would be considered excessive. Mr. Rhoads assured the analyst that the Committee would comply with Commission requests for a refund and that he would send a mailgram to that effect.

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A mailgram was received from the candidate on May 11, 1983, in which he stated that MAC-PAC was a multicandidate committee and MAC-PAC would be sending documentation to support that claim. 1/ The mailgram made no mention of a refund and to date no further information has been received. Additionally, the Committee's 1983 Mid-Year Report made no mention of a refund of the \$1,890 to MAC-PAC.

Schedule C of the Committee's 1982 12 Day Pre-Primary Report disclosed the receipt of a \$17,000 loan on January 2, 1982, that was designated for the primary election. 2/ The loan from the 1st National Bank of LaGrange, showed Mark Rhoads (the candidate) as the intermediary and Mary G. Rhoads as the sole guarantor.

---

1/ According to the reports and statements filed by MAC-PAC, the committee has been registered for six months and has received contributions from more than fifty (50) people, but has contributed to only one federal candidate, Mark Rhoads.

2/ A note on Schedule C indicated the candidate received an \$18,000 loan, but only \$17,000 was forwarded to the committee.

The due date was listed as April 2, 1982, with an interest rate of 16 3/4%. It was further noted during the normal course of review that the candidate had repaid \$1,000 of the loan on March 19, 1982, which was reported on the Committee's 1982 April Quarterly Amendment.

An RFAI was mailed on February 2, 1983, requesting that the Committee refund the amount in excess of \$1,000.

On February 7, 1983, Mr. Naegel called the RAD analyst and requested an extension of time in which to respond to the RFAI of February 2, 1983. Mr. Naegel was informed that the Commission does not grant extensions. He was further told that if no response to the original RFAI was received within the allotted time, the Committee would be send a Second Notice requesting a response within fifteen (15) days. During a discussion of the contribution in question, Mr. Naegel also informed the analyst that the guarantor of the loan was the candidate's mother.

On February 11, 1983, the candidate called the RAD analyst and requested a meeting. Mr. Mark Rhoads met with RAD analysts on February 14, 1983, and expressed his concern with the time allotted for an adequate response to the RFAI. The candidate noted that the loan had been guaranteed by the candidate's mother because of a banking procedure for a loan of that amount. He further stated that he had personally paid all the interest on the loan from his personal funds, but that to date, no payments had been made on the principal. Finally, the candidate noted that the

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loan had been renewed four times and that the amount of the loan had been increased to include some interest. As of July 1, 1982, the total amount of the loan owed by the Committee was \$18,776.71. The candidate said that the Committee had insufficient funds to repay the loan, and a renegotiation with the bank might take more than the allowed time for an adequate response. The analyst requested that the candidate submit an outline detailing the Committee's compliance efforts. The candidate was told that this would not constitute an adequate response, but would clarify the public record.

On February 24, 1983, a Second Notice was sent to the Committee for failure to provide an adequate, written response to the RFAI.

The candidate provided an inadequate response on March 3, 1983, in which he outlined the history of the loan and stated his intention to renegotiate the loan with himself as the sole guarantor.

The Committee's 1983 Mid-Year Report filed on July 21, 1983, disclosed a new due date and interest rate; however, Mary Rhoads was still listed as sole guarantor.

OGC ANALYSIS

As set forth in 2 U.S.C. § 441a, an individual or a political committee, other than a multicandidate committee, may not make contributions to a candidate for Federal office in

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excess of \$1,000 per election. Because MAC-PAC does not appear to be a multicandidate committee, it has exceeded the limitations by \$1,890 in contributions to the Rhoads committee.

Additionally, the term "contribution" includes any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election for federal office. Thus, the \$18,776.71 loan guaranteed by Mary Rhoads, the candidate's mother, exceeds her individual limitation of \$1,000.

Because of the large amount of funds involved in the loan transaction, we believe this matter warrants further action.

RECOMMENDATION

Open a MUR.

Staff Assigned: Suzanne Callahan

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee ) RAD Referral 83L-35

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 18, 1983, the Commission decided by a vote of 6-0 to open a MUR in the above-captioned matter.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

11-18-83

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

22040391554

Received in Office of Commission Secretary:  
Circulated on 48 hour tally basis:

11-15-83, 9:52  
11-16-83, 11:00

FEDERAL ELECTION COMMISSION  
1325 K Street, N.W.  
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY  
OGC TO THE COMMISSION \_\_\_\_\_

MUR NO. 1600  
STAFF MEMBER  
Suzanne Callahan

**SENSITIVE**

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

RESPONDENTS' NAMES: Rhoads for Congress Committee  
William E. Naegel, Treasurer  
MAC-PAC  
Leroy Corey, Treasurer  
Mary Rhoads

RELEVANT STATUTE: 2 U.S.C. § 441a

INTERNAL REPORTS CHECKED: Respondent's Reports

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter was referred to the Office of General Counsel by the Reports Analysis Division.

SUMMARY OF ALLEGATIONS

The 1982 12 Day Pre-Primary Report filed by the Rhoads for Congress Committee ("the Committee") disclosed contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MAC-PAC") designated for the primary election. A \$2,000 contribution was received on February 24, 1982, and a \$890 in-kind contribution of mailing lists and services was received on February 11, 1982. MAC-PAC was not a qualified multicandidate committee at the time the contributions were made; therefore, MAC-PAC exceeded the contribution limit by \$1,890.

A Request for Additional Information ("RFAI") was sent to the Committee on October 5, 1982, requesting that a refund be

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made to MAC-PAC for the amount in excess of \$1,000. A Second Notice was sent to the Committee on October 29, 1982, for failure to respond to the RFAI.

The Committee's response, received on November 16, 1982, stated that a refund was to be mailed to MAC-PAC on November 15, 1982, and would be disclosed on the Committee's 1982 Year End Report. A refund of \$1,890 was made on November 15, 1982, as disclosed on Schedule B of the Committee's 1982 Year End Report. A Schedule A filed as part of the 1982 Year End Report disclosed a contribution from MAC-PAC to the Committee for \$1,890 on November 15, 1982. On March 7, 1983, a Reports Analysis Division ("RAD") analyst contacted the Committee's treasurer, Mr. Bill Naegel, regarding the additional \$1,890 received on November 15, 1982. Mr. Naegel informed the analyst that upon consultation with a MAC-PAC staff member, it had been determined that MAC-PAC now qualified as a multicandidate committee, and that the contribution had been reissued. The RAD analyst informed the treasurer that MAC-PAC was not qualified and the excessive amount would have to be refunded.

On March 29, 1983, the Committee was sent an RFAI requesting the refund of the second excessive contribution. The Committee failed to respond to the RFAI and was sent a Second Notice on April 21, 1983.

On May 9, 1983, Mr. Rhoads called RAD to inform the analyst that he had recently been in contact with Mr. Leroy Corey, the Director of MAC-PAC. Mr. Rhoads stated that MAC-PAC was a

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qualified committee and would submit documentation supporting that claim. He was informed that until MAC-PAC filed such amendments and the Commission determined their status to be multicandidate, the contribution in question would be considered excessive. Mr. Rhoads assured the analyst that the Committee would comply with Commission requests for a refund and that he would send a mailgram to that effect.

A mailgram was received from the candidate on May 11, 1983, in which he stated that MAC-PAC was a multicandidate committee and MAC-PAC would be sending documentation to support that claim. 1/ The mailgram made no mention of a refund and to date no further information has been received. Additionally, the Committee's 1983 Mid-Year Report made no mention of a refund of the \$1,890 to MAC-PAC.

Schedule C of the Committee's 1982 12 Day Pre-Primary Report disclosed the receipt of a \$17,000 loan on January 2, 1982, that was designated for the primary election. 2/ The loan from the 1st National Bank of LaGrange, showed Mark Rhoads (the candidate) as the intermediary and Mary G. Rhoads as the sole guarantor. The due date was listed as April 2, 1982, with an interest rate of 16 3/4%. It was further noted during the normal course of

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- 1/ According to the reports and statements filed by MAC-PAC, the committee has been registered for six months and has received contributions from more than fifty (50) people, but has contributed to only one federal candidate, Mark Rhoads.
- 2/ A note on Schedule C indicated the candidate received an \$18,000 loan, but only \$17,000 was forwarded to the committee.

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review that the candidate had repaid \$1,000 of the loan on March 19, 1982, which was reported on the Committee's 1982 April Quarterly Amendment.

An RFAI was mailed on February 2, 1983, requesting that the Committee refund the amount in excess of \$1,000.

On February 7, 1983, Mr. Naegel called the RAD analyst and requested an extension of time in which to respond to the RFAI of February 2, 1983. Mr. Naegel was informed that the Commission does not grant extensions. He was further told that if no response to the original RFAI was received within the allotted time, the Committee would be sent a Second Notice requesting a response within fifteen (15) days. During a discussion of the contribution in question, Mr. Naegel also informed the analyst that the guarantor of the loan was the candidate's mother.

On February 11, 1983, the candidate called the RAD analyst and requested a meeting. Mr. Mark Rhoads met with RAD analysts on February 14, 1983, and expressed his concern with the time allotted for an adequate response to the RFAI. The candidate noted that the loan had been guaranteed by the candidate's mother because of a banking procedure for a loan of that amount. He further stated that he had personally paid all the interest on the loan from his personal funds, but that to date, no payments had been made on the principal. Finally, the candidate noted that the loan had been renewed four times and that the amount of the loan had been increased to include some interest. As of July 1, 1982, the total amount of the loan owed by the Committee

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was \$18,776.71. The candidate said that the Committee had insufficient funds to repay the loan, and a renegotiation with the bank might take more than the allowed time for an adequate response. The analyst requested that the candidate submit an outline detailing the Committee's compliance efforts. The candidate was told that this would not constitute an adequate response, but would clarify the public record.

On February 24, 1983, a Second Notice was sent to the Committee for failure to provide an adequate, written response to the RFAI.

The candidate provided an inadequate response on March 3, 1983, in which he outlined the history of the loan and stated his intention to renegotiate the loan with himself as the sole guarantor.

The Committee's 1983 Mid-Year Report filed on July 21, 1983, disclosed a new due date and interest rate; however, Mary Rhoads was still listed as sole guarantor.

FACTUAL AND LEGAL ANALYSIS

As set forth in 2 U.S.C. § 441a(a)(1)(A), an individual or a political committee, other than a multicandidate committee, may not make contributions to a candidate for Federal office in excess of \$1,000 per election. Because MAC-PAC does not appear to be a multicandidate committee, it has exceeded the limitations by \$1,890 in contributions to the Rhoads committee in violation of § 441a(a)(1)(A).

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Additionally, the term "contribution" includes any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election for federal office. Thus, the \$18,776.71 loan guaranteed by Mary Rhoads, the candidate's mother, exceeds her individual limitation of \$1,000 in violation of § 441a(a)(1)(A).

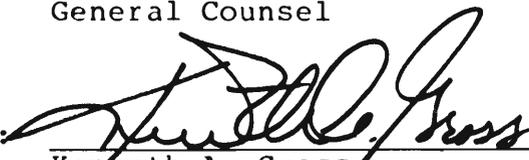
The Rhoads Committee's acceptance of excessive funds is a violation of 2 U.S.C. § 441a(f).

RECOMMENDATIONS

1. Find reason to believe that MAC-PAC and Leroy Dale Corey as its treasurer, violated 2 U.S.C. § 441a(a)(1)(A).
2. Find reason to believe the Rhoads for Congress Committee and William E. Naegel as treasurer, violated 2 U.S.C. § 441a(f).
3. Find reason to believe that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A).
4. Approve and send the attached notification letters to MAC-PAC, the Rhoads for Congress Committee, and Mary Rhoads.
5. Approve and send the attached Legal and Factual Analysis Reports to MAC-PAC, the Rhoads for Congress Committee and Mary Rhoads.

Charles N. Steele  
General Counsel

December 29, 1983  
Date

BY:   
Kenneth A. Gross  
Associate General Counsel

Attachments

- Letters (3)
- General Counsel's Factual and Legal Analysis (3)

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1600
Rhoads for Congress Committee	)	
William E. Naegel, Treasurer	)	
MAC-PAC	)	
Leroy Corey, Treasurer	)	
Mary Rhoads	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 4, 1984, the Commission decided by a vote of 6-0 to take the following actions in MUR 1600:

1. Find reason to believe that MAC-PAC and Leroy Dale Corey, as its treasurer, violated 2 U.S.C. § 441a(a)(1)(A).
2. Find reason to believe the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f).
3. Find reason to believe that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A).
4. Approve and send the notification letters to MAC-PAC, the Rhoads for Congress Committee, and Mary Rhoads.
5. Approve and send the Legal and Factual Analysis Reports to MAC-PAC, the Rhoads for Congress Committee and Mary Rhoads as attached to the First General Counsel's Report.

Commissioners Aikens, Elliott, Harris, McGarry, McDonald and Reiche voted affirmatively in this matter.

Attest:

1-4-84  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

Received in Office of Commission Secretary:	12-29-83, 2:10
Circulated on 48 hour tally basis:	12-30-83, 2:00

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 9, 1984

Leroy Dale Corey, Treasurer  
Mid-America Conservative PAC  
P.O. Box 1645  
Waterloo, Indiana 50704

RE: MUR 1600

Dear Mr. Corey:

On January 4, 1984, the Federal Election Commission determined that there is reason to believe that you and your committee violated 2 U.S.C. § 441a, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against you and your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A),

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Leroy Dale Corey, Treasurer  
Page 2

unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Suzanne Callahan, the staff member assigned to this matter, at (202) 523-4529.

Sincerely,



Lee Ann Elliott  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement

cc: Mark Rhoads

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT   MAC-PAC  
              Leroy Dale Corey,  
              Treasurer

MUR NO.    1600  
STAFF MEMBER & TELEPHONE NO.  
Suzanne Callahan  
(202) 523-4529

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

SUMMARY OF ALLEGATIONS

The 1982 12 Day Pre-Primary Report filed by the Rhoads for Congress Committee ("the Committee") disclosed contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MAC-PAC") designated for the primary election. A \$2,000 contribution was received on February 24, 1982, and a \$890 in-kind contribution of mailing lists and services was received on February 11, 1982. MAC-PAC was not a qualified multicandidate committee at the time the contributions were made; therefore, MAC-PAC exceeded the contribution limit by \$1,890.

A Request for Additional Information ("RFAI") was sent to the Committee on October 5, 1982, requesting that a refund be made to MAC-PAC for the amount in excess of \$1,000. A Second Notice was sent to the Committee on October 29, 1982, for failure to respond to the RFAI.

The Committee's response, received on November 16, 1982, stated that a refund was to be mailed to MAC-PAC on November 15, 1982, and would be disclosed on the Committee's 1982 Year End Report. A refund of \$1,890 was made on November 15, 1982, as disclosed on Schedule B of the Committee's 1982 Year End Report.

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A Schedule A filed as part of the 1982 Year End Report disclosed a contribution from MAC-PAC to the Committee for \$1,890 on November 15, 1982. On March 7, 1983, a Reports Analysis Division ("RAD") analyst contacted the Committee's treasurer, Mr. Bill Naegel, regarding the additional \$1,890 received on November 15, 1982. Mr. Naegel informed the analyst that upon consultation with a MAC-PAC staff member, it had been determined that MAC-PAC now qualified as a multicandidate committee, and that the contribution had been reissued. The RAD analyst informed the treasurer that MAC-PAC was not qualified and the excessive amount would have to be refunded.

On March 29, 1983, the Committee was sent an RFAI requesting the refund of the second excessive contribution. The Committee failed to respond to the RFAI and was sent a Second Notice on April 21, 1983.

On May 9, 1983, Mr. Rhoads called RAD to inform the analyst that he had recently been in contact with Mr. Leroy Corey, the Director of MAC-PAC. Mr. Rhoads stated that MAC-PAC was a qualified committee and would submit documentation supporting that claim. He was informed that until MAC-PAC filed such amendments and the Commission determined their status to be multicandidate, the contribution in question would be considered excessive. Mr. Rhoads assured the analyst that the Committee would comply with Commission requests for a refund and that he would send a mailgram to that effect.

A mailgram was received from the candidate on May 11, 1983, in which he stated that MAC-PAC was a multicandidate committee and MAC-PAC would be sending documentation to support that claim. \*/ The mailgram made no mention of a refund and to date no further information has been received. Additionally, the Committee's 1983 Mid-Year Report made no mention of a refund of the \$1,890 to MAC-PAC.

#### FACTUAL AND LEGAL ANALYSIS

As set forth in 2 U.S.C. § 441a, an individual or a political committee, other than a multicandidate committee, may not make contributions to a candidate for Federal office in excess of \$1,000 per election. Because MAC-PAC does not appear to be a multicandidate committee, it has exceeded the limitations by \$1,890 in contributions to the Rhoads committee in violation of § 441a.

Therefore, the Office of General Counsel recommends the Commission find reason to believe that MAC-PAC violated 2 U.S.C. § 441a.

#### RECOMMENDATION

1. Find reason to believe MAC-PAC and Leroy Dale Corey as its treasurer, violated 2 U.S.C. § 441a.

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\*/ According to the reports and statements filed by MAC-PAC, the committee has been registered for six months and has received contributions from more than fifty (50) people, but has contributed to only one federal candidate, Mark Rhoads.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 9, 1984

William E. Naegel, Treasurer  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, Illinois 60558

RE: MUR 1600

Dear Mr. Naegel:

On January 4, 1984, the Federal Election Commission determined that there is reason to believe that you and your committee violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against you and your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A),

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William E. Naegel, Treasurer  
Page 2

unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Suzanne Callahan, the staff member assigned to this matter, at (202) 523-4529.

Sincerely,



Lee Ann Elliott  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement

cc: Mark Rhoads

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT	Rhoads for Congress William E. Naegel, Treasurer	MUR NO. 1600 STAFF MEMBER & TELEPHONE NO. <u>Suzanne Callahan</u> <u>(202) 523-4529</u>
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SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

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The 1982 12 Day Pre-Primary Report filed by the Rhoads for Congress Committee ("the Committee") disclosed contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MAC-PAC") designated for the primary election. A \$2,000 contribution was received on February 24, 1982, and a \$890 in-kind contribution of mailing lists and services was received on February 11, 1982. MAC-PAC was not a qualified multicandidate committee at the time the contributions were made; therefore, MAC-PAC exceeded the contribution limit by \$1,890.

A Request for Additional Information ("RFAI") was sent to the Committee on October 5, 1982, requesting that a refund be made to MAC-PAC for the amount in excess of \$1,000. A Second Notice was sent to the Committee on October 29, 1982, for failure to respond to the RFAI.

The Committee's response, received on November 16, 1982, stated that a refund was to be mailed to MAC-PAC on November 15, 1982, and would be disclosed on the Committee's 1982 Year End Report. A refund of \$1,890 was made on November 15, 1982, as disclosed on Schedule B of the Committee's 1982 Year End Report.

A Schedule A filed as part of the 1982 Year End Report disclosed a contribution from MAC-PAC to the Committee for \$1,890 on November 15, 1982. On March 7, 1983, a Reports Analysis Division ("RAD") analyst contacted the Committee's treasurer, Mr. Bill Naegel, regarding the additional \$1,890 received on November 15, 1982. Mr. Naegel informed the analyst that upon consultation with a MAC-PAC staff member, it had been determined that MAC-PAC now qualified as a multicandidate committee, and that the contribution had been reissued. The RAD analyst informed the treasurer that MAC-PAC was not qualified and the excessive amount would have to be refunded.

On March 29, 1983, the Committee was sent an RFAI requesting the refund of the second excessive contribution. The Committee failed to respond to the RFAI and was sent a Second Notice on April 21, 1983.

On May 9, 1983, Mr. Rhoads called RAD to inform the analyst that he had recently been in contact with Mr. Leroy Corey, the Director of MAC-PAC. Mr. Rhoads stated that MAC-PAC was a qualified committee and would submit documentation supporting that claim. He was informed that until MAC-PAC filed such amendments and the Commission determined their status to be multicandidate, the contribution in question would be considered excessive. Mr. Rhoads assured the analyst that the Committee would comply with Commission requests for a refund and that he would send a mailgram to that effect.

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A mailgram was received from the candidate on May 11, 1983, in which he stated that MAC-PAC was a multicandidate committee and MAC-PAC would be sending documentation to support that claim. 1/ The mailgram made no mention of a refund and to date no further information has been received. Additionally, the Committee's 1983 Mid-Year Report made no mention of a refund of the \$1,890 to MAC-PAC.

Schedule C of the Committee's 1982 12 Day Pre-Primary Report disclosed the receipt of a \$17,000 loan on January 2, 1982, that was designated for the primary election. 2/ The loan from the 1st National Bank of LaGrange, showed Mark Rhoads (the candidate) as the intermediary and Mary G. Rhoads as the sole guarantor. The due date was listed as April 2, 1982, with an interest rate of 16 3/4%. It was further noted during the normal course of review that the candidate had repaid \$1,000 of the loan on March 19, 1982, which was reported on the Committee's 1982 April Quarterly Amendment.

An RFAI was mailed on February 2, 1983, requesting that the Committee refund the amount in excess of \$1,000.

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1/ According to the reports and statements filed by MAC-PAC, the committee has been registered for six months and has received contributions from more than fifty (50) people, but has contributed to only one federal candidate, Mark Rhoads.

2/ A note on Schedule C indicated the candidate received an \$18,000 loan, but only \$17,000 was forwarded to the committee.

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On February 7, 1983, Mr. Naegel called the RAD analyst and requested an extension of time in which to respond to the RFAI of February 2, 1983. Mr. Naegel was informed that the Commission does not grant extensions. He was further told that if no response to the original RFAI was received within the allotted time, the Committee would be sent a Second Notice requesting a response within fifteen (15) days. During a discussion of the contribution in question, Mr. Naegel also informed the analyst that the guarantor of the loan was the candidate's mother.

On February 11, 1983, the candidate called the RAD analyst and requested a meeting. Mr. Mark Rhoads met with RAD analysts on February 14, 1983, and expressed his concern with the time allotted for an adequate response to the RFAI. The candidate noted that the loan had been guaranteed by the candidate's mother because of a banking procedure for a loan of that amount. He further stated that he had personally paid all the interest on the loan from his personal funds, but that to date, no payments had been made on the principal. Finally, the candidate noted that the loan had been renewed four times and that the amount of the loan had been increased to include some interest. As of July 1, 1982, the total amount of the loan owed by the Committee was \$18,776.71. The candidate said that the Committee had insufficient funds to repay the loan, and a renegotiation with the bank might take more than the allowed time for an adequate response. The analyst requested that the candidate submit an

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outline detailing the Committee's compliance efforts. The candidate was told that this would not constitute an adequate response, but would clarify the public record.

On February 24, 1983, a Second Notice was sent to the Committee for failure to provide an adequate, written response to the RFAI.

The candidate provided an inadequate response on March 3, 1983, in which he outlined the history of the loan and stated his intention to renegotiate the loan with himself as the sole guarantor.

The Committee's 1983 Mid-Year Report filed on July 21, 1983, disclosed a new due date and interest rate; however, Mary Rhoads was still listed as sole guarantor.

#### FACTUAL AND LEGAL ANALYSIS

The Rhoads Committee's acceptance of excessive funds is a violation of 2 U.S.C. § 441a(f). Therefore, the Office of General Counsel recommends that the Commission find reason to believe the Rhoads Committee violated 2 U.S.C. § 441a(f).

#### RECOMMENDATION

1. Find reason to believe the Rhoads for Congress Committee violated 2 U.S.C. § 441a(f).

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 9, 1984

Mary Rhoads  
4224 Grand  
Western Springs, Illinois 60558

RE: MUR 1600

Dear Ms. Rhoads:

On January 4, 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441a, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A),

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Ms. Mary Rhoads  
Page 2

unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Suzanne Callahan, the staff member assigned to this matter, at (202) 523-4529.

Sincerely,



Lee Ann Elliott  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement

cc: Mark Rhoads

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT Mary Rhoads

MUR NO. 1600  
STAFF MEMBER & TELEPHONE NO.  
Suzanne Callahan  
(202) 523-4529

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

SUMMARY OF ALLEGATIONS

Schedule C of the Rhoads for Congress Committee's ("the Committee") 1982 12 Day Pre-Primary Report disclosed the receipt of a \$17,000 loan on January 2, 1982, that was designated for the primary election. \*/ The loan from the 1st National Bank of LaGrange, showed Mark Rhoads (the candidate) as the intermediary and Mary G. Rhoads as the sole guarantor.

The due date was listed as April 2, 1982, with an interest rate of 16 3/4%. It was further noted during the normal course of review that the candidate had repaid \$1,000 of the loan on March 19, 1982, which was reported on the Committee's 1982 April Quarterly Amendment.

An RFAI was mailed on February 2, 1983, requesting that the Committee refund the amount in excess of \$1,000.

On February 7, 1983, Mr. Naegel called the RAD analyst and requested an extension of time in which to respond to the RFAI of February 2, 1983. Mr. Naegel was informed that the Commission does not grant extensions. He was further told that if no

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\*/ A note on Schedule C indicated the candidate received an \$18,000 loan, but only \$17,000 was forwarded to the committee.

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response to the original RFAI was received within the allotted time, the Committee would be sent a Second Notice requesting a response within fifteen (15) days. During a discussion of the contribution in question, Mr. Naegel also informed the analyst that the guarantor of the loan was the candidate's mother.

On February 11, 1983, the candidate called the RAD analyst and requested a meeting. Mr. Mark Rhoads met with RAD analysts on February 14, 1983, and expressed his concern with the time allotted for an adequate response to the RFAI. The candidate noted that the loan had been guaranteed by the candidate's mother because of a banking procedure for a loan of that amount. He further stated that he had personally paid all the interest on the loan from his personal funds, but that to date, no payments had been made on the principal. Finally, the candidate noted that the loan had been renewed four times and that the amount of the loan had been increased to include some interest. As of July 1, 1982, the total amount of the loan owed by the Committee was \$18,776.71. The candidate said that the Committee had insufficient funds to repay the loan, and a renegotiation with the bank might take more than the allowed time for an adequate response. The analyst requested that the candidate submit an outline detailing the Committee's compliance efforts. The candidate was told that this would not constitute an adequate response, but would clarify the public record.

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On February 24, 1983, a Second Notice was sent to the Committee for failure to provide an adequate, written response to the RFAI.

The candidate provided an inadequate response on March 3, 1983, in which he outlined the history of the loan and stated his intention to renegotiate the loan with himself as the sole guarantor.

The Committee's 1983 Mid-Year Report filed on July 21, 1983, disclosed a new due date and interest rate; however, Mary Rhoads was still listed as sole guarantor.

#### FACTUAL AND LEGAL ANALYSIS

As set forth in 2 U.S.C. § 441a, an individual may not make contributions to a candidate for Federal office in excess of \$1,000 per election.

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election for federal office. Thus, the \$18,776.71 loan guaranteed by Mary Rhoads, the candidate's mother, exceeds her individual limitation of \$1,000 in violation of § 441a. Therefore, the Office of General Counsel recommends the Commission find reason to believe Mary Rhoads violated 2 U.S.C. § 441a.

#### RECOMMENDATION

1. Find reason to believe that Mary Rhoads violated 2 U.S.C. § 441a.

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RECEIVED AT THE FEC

# MID-AMERICA CONSERVATIVE POLITICAL ACTION COMMITTEE

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Box 1645 • Waterloo, Iowa 50704

(319) 277-3775

## DIRECTORS & ADVISORS

- LERROY D. COREY,  
Chairman, Iowa
- THEODORE G. TEMPLE  
Vice-chairman  
Massachusetts
- DAVID B. SMITH  
Iowa
- HON. JIM JEFFRIES  
Kansas
- LT. GEN. DANIEL GRAHAM  
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Colorado
- MORTON C. BLACKWELL  
Virginia
- MRS. JUDY CLEMENTS  
Iowa
- REV. RAY ALLEN  
Texas
- HON. GUY GRANGER  
New Hampshire
- STEVE HUGHES  
South Dakota
- COLONEL V. DONER  
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- GARY JARMIN  
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- HON. MARK RHODES  
Illinois
- DR. ALLEN ANNEBERG  
Iowa
- DR. YURI TUVIM  
Massachusetts
- HUGH ENYARDT  
Illinois
- NORM HUGHES  
Michigan
- RICHARD HARVEY  
Texas

1-23-84

Suzanne Callahan  
Federal Election Commission  
7th Floor  
1325 K Street  
Washington, D.C. 20463

RE: MUR 1600

Dear Suzanne,

As per my phone call to you of 1-19-84, I am submitting the following in writing.

We have qualified as a multi-candidate PAC and this will show on our next FEC report.

However, to clear this up we did the following:

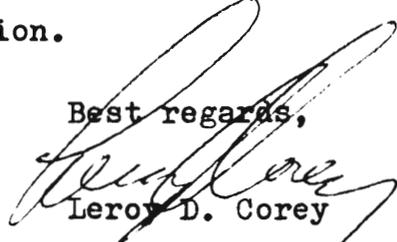
Several months ago, my wife and I personally contributed to the Rhoads Committee and the Committee then refunded to MACPAC the excess contributions. We have cancelled checks to reflect these transactions.

This will all show on our year-end report.

Please let me know if you have any questions.

Thank you for your consideration.

Best regards,



Leroy D. Corey

FINE STARS PRODUCTIONS INC RR  
PO BOX 269  
WESTERN SPRINGS IL 60558

Western Union Mailgram

1-0297369041 02/10/84 ICS IPMBNGZ CSP WS  
3122461380 MGM TDBN WESTERN SPRINGS IL 503 02-10 0239P EST

Cut 1632

MS. SUZANNE CALLAHAN LEGAL COUNSEL OFFICE-7TH  
FLOOR  
FEDERAL ELECTION COMMISSION K ST. NW  
WASHINGTON DC 20463

10:20

RE: MUR 1600

THIS IS A PRELIMINARY RESPONSE TO CHAIRMAN ELLIOTT'S LETTERS OF  
JANUARY 9, 1984 TO MARY RHOADS AND WILLIAM E. NAEGEL AS TREASURER OF  
THE 1982 RHOADS FOR CONGRESS COMMITTEE.

AS THE CANDIDATE WHO MADE A LOAN TO THE 1982 COMMITTEE IN THE AMOUNT  
OF \$17,000, I NOTE FIRST OF ALL THAT \$1,000 WAS REPAID TO THE  
CANDIDATE AND THAT CURRENT FEC REPORTS SHOW THE COMMITTEE OWES THE  
CANDIDATE A BALANCE OF \$16,000. AS A MATTER OF POLICY, THE CANDIDATE  
HAS NOT AND DOES NOT INTEND TO CHARGE INTEREST TO THE COMMITTEE ON  
THE LOAN.

SECOND, I NOTE THAT FOR A PERIOD OF TEN MONTHS FROM MARCH 3, 1983  
UNTIL JANUARY 9 1984, I WAS NEVER ADVISED BY THE FEC, THAT MY WRITTEN  
RESPONSE OF MARCH 3, 1983 WAS AN "INADEQUATE" RESPONSE IN THE VIEW OF  
THE FEC.

THIRD, I NOTE ONCE AGAIN THAT I ACTED IN GOOD FAITH, THAT I VIEWED  
THE MATTER OF THE LOAN OF \$17,000 AS A MATTER BETWEEN MYSELF AND MY  
COMMITTEE. MY READING OF FEC REGULATIONS DID NOT LEAD ME TO SUSPECT  
THAT THE FEC WOULD TAKE THE POSITION THAT IT'S SCOPE OF PURVIEW OVER  
MY PERSONAL FINANCIAL OBLIGATIONS WOULD GO BEYOND THE RELATIONSHIP OF  
THE COMMITTEE TO ME AS THE LENDER.

FOURTH, SINCE THE FEC HAS TAKEN THE VIEW THAT IT DOES IN ITS LETTERS  
OF JANUARY 9 1984, TO WILLIAM NAEGEL AND MARY RHOADS REGARDING 11 CFR  
ARTICLE 111.18 (D), THIS CANDIDATE IS ENDEAVORING TO CURE THE  
OBJECTIONS OF THE FEC BY TAKING THE FOLLOWING ACTIONS:

A. I AM ATTEMPTING TO SEGREGATE FUNDS IN AN EXISTING LOAN WHICH WAS A  
SUCCESSOR LOAN TO THE JANUARY 2, 1982 NOTE AT FIRST NATIONAL BANK OF  
LA GRANGE. I HOPE TO SIGN A SEPARATE NOTE IN THE PRINCIPAL AMOUNT OF  
\$16,000 ON WHICH I WILL BE THE SOLE SIGNER. I HOPE THIS ACTION, OR A  
COMBINATION OF ACTIONS WITH NOTES ON WHICH I AM SOLE SIGNER AND SOME  
REPAYMENT OF THE LOAN, WILL CURE FEC OBJECTIONS.

B. I STILL DISPUTE THAT PORTION OF THE SUMMARY OF ALLIGATIONS WHICH  
DESCRIBES THE CANDIDATE "THE INTERMEDIARY" AND MARY RHOADS AS "THE  
SOLE GUARANTOR." I DO NOT AGREE THAT THE FACTUAL CIRCUMSTANCES

TO REPLY BY MAILGRAM MESSAGE. SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

2040391530



▶ SURROUNDING MY ACTUAL BANKING ARRANGEMENT ON THIS NOTE SUPPORT THAT ALLIGATION. I STATE ONCE AGAIN THAT I WAS THE SOLE SIGNER OF THE NOTE AND MADE ALL INTEREST AND PRINCIPAL PAYMENTS.

C. THIS IS A PRELIMINARY RESPONSE ONLY IN AN EFFORT TO DEMONSTRATE THAT I AM MAKING AN ATTEMPT, EVEN THOUGH I DISAGREEE WITH THE FEC'S READING OF THE CITED REGULATIONS, TO CURE WHAT THE FEC STATES IT'S OBJECTIONS ARE.

D. I HAVE ASKED PAUL K. RHOADS, ATTORNEY AT LAW, WITH THE FIRM SCHIFF, HARDIN, AND WAITE WITH CHICAGO AND WASHINGTON OFFICES, TO REPRESENT WILLIAM NAEGEL, MARY RHOADS, MYSELF, AND THE 1982 RHOADS FOR CONGRESS COMMITTEE IN THE MATTER OF MUR 1600 SHOULD REPRESENTATION BY COUNSEL BECOME NECESSARY.

MARK G. RHOADS

14841 EST

MGMCOMP

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

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In the Matter of	)	
	)	
Rhoads for Congress Committee	)	
William E. Naegel, Treasurer	)	MUR 1600
MAC-PAC	)	
Leroy Corey, Treasurer	)	
Mary Rhoads	)	

**SENSITIVE**

COMPREHENSIVE INVESTIGATIVE REPORT #1

On September 15, 1983, RAD referred this matter to the General Counsel's Office because it concerned the receipt of contributions exceeding the limitations under 2 U.S.C. § 441a(f). Information obtained in the normal course of its duties by the Federal Election Commission indicated that the Rhoads for Congress Committee ("the Committee") had received contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MAC-PAC"). MAC-PAC was not a multicandidate committee at the time the contributions were made because it had not contributed to five federal candidates. In addition, the Committee had reported the receipt of a \$17,000 loan that was designated for the primary election. The loan from the First National Bank of LaGrange showed, on Schedule C of the Committee's 1982 12 Day Pre-Primary Report, that Mark Rhoads (the candidate) was the intermediary and Mary G. Rhoads (the candidate's mother) was the sole guarantor.<sup>1/</sup>

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<sup>1/</sup> A Note on Schedule C indicated that the candidate received an \$18,000 loan, but only \$17,000 was forwarded to the Committee.

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Since January 4, 1984, when the Commission found reason to believe that MAC-PAC and Leroy Dale Corey, as its treasurer, violated 2 U.S.C. § 441a(a)(1)(A), the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f), and that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A) and notified the respondents of its determinations, two responses have been received by this Office. Those two responses, discussed below, and the reports they refer to raise additional matters that must be investigated before proceeding to the next stage in this MUR.

The two new issues raised are whether Mary Rhoads has guaranteed a new loan in the amount of \$16,000 which was used to pay off the loan of \$17,000, on which she was the guarantor and which was the basis for the original reason to believe finding and, second, whether MAC-PAC in fact contributed part of a \$1,500 contribution in-kind at any time prior to October 14, 1983, thus giving rise to an additional excessive contribution to the Rhoads Committee by MAC-PAC.

Notification of the Commission's reason to believe determination was mailed to the respondents on January 9, 1984. A "preliminary response" via mailgram was received on behalf of Mary Rhoads and William E. Naegel from Mark Q. Rhoads, the candidate, on February 13, 1984. A written response from Leroy D. Corey was received on January 30, 1984, as a follow-up to his telephonic response on January 19, 1984.

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The candidate maintains that his response is preliminary only and submitted in an effort to demonstrate that he is making an attempt, even though he disagrees with the FEC's reading of the regulations, to cure what the FEC states as its objections. He notes first that \$1,000 of the original \$17,000, which he characterizes as a loan to the committee by the candidate was repaid by the committee to the candidate. It is not clear from the response whether the candidate then repaid the First National Bank of LaGrange. Second, he notes that for a period of ten months, from March 3, 1983 until January 9, 1984, he was never advised by the FEC that his written response of March 3, 1983, was "inadequate." Third, he reiterates that he acted in good faith and viewed the \$17,000 "loan" as a matter between himself and his committee. He concludes, "I state once again that I was sole signer of the note and made all interest and principal payments."

The candidate's response above is inadequate. The Committee's 1983 Year End Report filed on January 31, 1984, disclosed that "the original loan from the First National Bank of LaGrange was paid off on November 17, 1983, with proceeds from a new loan from the Southwest Suburban Bank." (emphasis supplied). The terms of this loan are stated as: Date Incurred 11/17-83; Date Due - Monthly, 1/1/84-12/1/93; Interest Rate - 13%, secured. The original source of the loan is still listed as First National.

Mr. Mark Q. Rhoads is still listed as the intermediary and Mary G. Rhoads is listed as the sole guarantor, with an amount guaranteed outstanding of \$16,000. If this Year End Report accurately portrays this series of loans, Mary G. Rhoads appears to have guaranteed a second, separate loan of \$16,000 in addition to the original \$17,000 loan. (Attachment I).

As set forth in 2 U.S.C. § 441a, an individual may not make contributions to a candidate for Federal office in excess of \$1,000 per election.

Whether Mark Q. Rhoads was able to secure this \$16,000 note from the Southwest Suburban Bank on his signature alone as his "preliminary response" indicates is not clear at this point. It is possible that the original loan was repaid with a loan that was not guaranteed by Mary Rhoads and that the reporting of this successor loan is in error. When further information is obtained from Mr. Rhodes concerning this second \$16,000 loan, the General Counsel will inform the Commission of its intention to proceed further in this matter.

As to the MAC-PAC contributions, the Rhoads Committee's 1983 Year End Report reflects the refund of \$1,890 to MAC-PAC on October 14, 1983. MAC-PAC's 1983 Year End Report reflects a \$1,860 "refund of excess contribution" received on October 18, 1983. The thirty dollar discrepancy between the reports is likely a simple clerical error but this needs to be verified. The Rhoads Committee's 1983 Year End Report also discloses a

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\$1,000 contribution from Leroy Corey dated October 14, 1983, and a contribution of \$890.00 from Susan Corey dated October 14, 1983.

Mr. Corey's response of January 23, 1984, explains that MAC-PAC has "qualified as a multicandidate committee and this will show up on our next FEC report."

Line 3 of MAC-PAC's 1983 Year End Report notes that MAC-PAC qualified as a multicandidate committee on October 14, 1983. A Schedule B for Line 21 of this report. (Attachment II):

<u>COMMITTEE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>ELECTION</u>
Cochran for Congress	7/1/83	\$ 25.00	G
Friends of Lloyd Cooney	9/17/83	200.00	P
McDonald for Congress	10/14/83	200.00	P
	10/14 thru 11/11/83	829.32	G
	10/21/83	200.00	G
	10/28/83	200.00	G
	11/4/83	200.00	G
Rhoads for Congress	11/11/83	200.00	G
Rhoads for Congress	10/1 thru 12/31/83	1,500.00	P

MAC-PAC's 1983 Reports appear to demonstrate that MAC-PAC has contributed to at least five federal candidates. However, if the reporting done on the Year End Report is accurate, as of October 1, 1983, MAC-PAC had only contributed to four federal

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candidates: Rhoads, Jepsen, Cochran and Cooney. Therefore, any portion of the \$1,500 contribution-in-kind disclosed on MAC-PAC's 1983 Year End Report, which was attributed to the period from October 1, 1983 to October 14, 1983, is in excess of the allowable limit of \$1,000 for that election. The election report needs to be verified and we need to find out whether in fact any portion of that contribution in-kind (for the purpose of paying an employee to work directly for the Rhoads Committee) is attributable to the period of October 1, 1983 to October 14, 1983.

It is also not clear from the report whether the amount of \$829.32 as a contribution-in-kind to the McDonald Committee of "expenses in kind" incurred by one individual is in addition to the total \$1,000 contributions also reported or whether it is an additional amount. That amount does not give rise to an excessive contribution since as of the first McDonald contribution on October 14, MAC-PAC became a multicandidate committee. This should be verified for the sake of accurate public disclosure the amount contributed to the McDonald Committee. Upon receipt of the information, this Office will report further to the Commission.

Charles N. Steele  
General Counsel

April 12, 1984  
Date

BY:   
Kenneth A. Gross  
Associate General Counsel

- Attachments  
1983 Year End Report (Schedule C)  
1983 Year End Report (Schedule B)

7  
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FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

May 7, 1984

Mr. Mark Q. Rhoads  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, Illinois 60558

RE: MUR 1600

Dear Mr. Rhoads:

On January 9, 1984, Mr. William E. Naegel and Mary Rhoads were informed that the Commission had found reason to believe that the Rhoads for Congress Committee, William E. Naegel as treasurer and Mary Rhoads had violated, respectively, 2 U.S.C. § 441a(f) and 2 U.S.C. § 441a(a)(1)(A). Following the receipt of your response mailgram on their behalf dated February 13, 1984, in MUR 1600, the Office of General Counsel further examined the reports of the Rhoads for Congress Committee. During the course of this investigation it has been determined that more information is needed from you concerning the Committee's 1983 Year End Report filed on January 31, 1984.

First, it appears from the face of Schedule C that Mary G. Rhoads acted as an endorser or guarantor of a loan of \$16,000 from the Southwest Suburban Bank. The report states that "the original loan from the First National Bank of LaGrange was paid off on November 17, 1983, with proceeds from a new loan from the Southwest Suburban Bank." Mark Q. Rhoads is listed as the intermediary and Mary G. Rhoads is listed as the sole guarantor, with an amount guaranteed outstanding of \$16,000. If this Year End Report accurately portrays this series of loans, Mary G. Rhoads appears to have endorsed or guaranteed a second loan, in addition to the one which the Commission, on January 4, 1984, determined gave reason to believe that a violation of 2 U.S.C. §§ 441a(a)(1)(A) and 441a(f) had occurred. Please clarify whether Mary G. Rhoads is an endorser or guarantor of this reported \$16,000 loan from the Southwest Suburban Bank. Please provide a detailed explanation of the type and terms of this loan. Include a copy of the loan agreement signed by yourself and Mary Rhoads and documents explaining the bank loan procedures by which this loan was obtained.

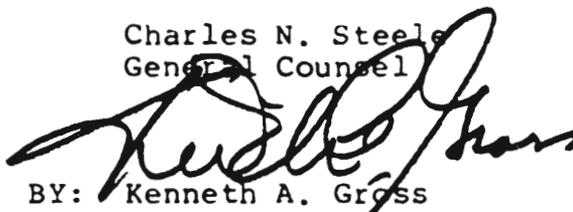
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Second, a question has arisen concerning the receipt by the Rhoads Committee of a contribution-in-kind of services paid for by the Mid-America Conservative Political Action Committee (MAC-PAC). MAC-PAC reports the payment of \$1,500 to your Committee for the period of October 1 through December 31, 1983. According to records on file with the Commission, MAC-PAC did not qualify as a multicandidate committee until October 14, 1983. Thus, any portion of MAC-PAC's contribution-in-kind attributable to the period October 1 through October 13, 1983, appears to be in excess of the limitations on contributions set forth at 2 U.S.C. § 441a(a)(1)(A). Please explain to which election this contribution was attributed by your Committee; the 1982 primary, 1982 general or 1984 primary. On what date was this contribution received by your Committee? Please provide a copy of any correspondence between your Committee and MAC-PAC regarding this contribution. Additionally, please detail the duties performed by this worker on behalf of your Committee and explain to which election those duties related.

If you have any questions, please contact Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel



BY: Kenneth A. Gross  
Associate General Counsel

Enclosures  
Committee Report Schedules

22040391509

REGULAR MAIL  
 JAN 31 1984

For Authorized Committees

83YE

(Summary Page)

092019

ALION AREA ALION AREA

1 Name of Committee (in Full) Rhoads for Congress Committee

2 FEC Identification Number C00148239

Address (Number and Street) 4365 Lawn Avenue

3 Is this Report an Amendment?  YES  NO

City, State and Zip Code Western Springs, IL 60558  Check if address is different than previously reported.

RECEIVED  
 OFFICE OF RECORDS & FEDERALIZATION  
 93A FEB -3 AM 8 37  
 U.S. HOUSE OF REPRESENTATIVES

4 TYPE OF REPORT

April 15 Quarterly Report

July 15 Quarterly Report

October 15 Quarterly Report

January 31 Year End Report

July 31 Mid Year Report (Non-election Year Only)

Twelfth day report preceding election on \_\_\_\_\_ in the State of \_\_\_\_\_

Thirtieth day report following the General Election on \_\_\_\_\_ in the State of \_\_\_\_\_

Termination Report

This report contains activity for -  Primary Election  General Election  Special Election  Runoff Election

SUMMARY		COLUMN A	COLUMN B
		This Period	Calendar Year-to-Date
5. Covering Period	<u>July 1, 1983</u> through <u>December 31, 1983</u>		
6. Net Contributions (other than loans)			
(a) Total Contributions (other than loans) (From Line 11 (a))		3,165.00	8,879.92
(b) Total Contribution Refunds (from Line 20 (d))		1,890.00	1,890.00
(c) Net Contributions (other than loans) (subtract Line 6 (b) from 6 (a))		1,275.00	6,989.92
7. Net Operating Expenditures			
(a) Total Operating Expenditures (from Line 17)		543.20	6,258.12
(b) Total Offsets to Operating Expenditures (from Line 14)			
(c) Net Operating Expenditures (subtract Line 7 (b) from 7 (a))		543.20	6,258.12
8. Cash on Hand at Close of Reporting Period (from Line 27)		750.06	
9. Debts and Obligations Owed TO The Committee (Itemize all on Schedule C or Schedule D)		0	
10. Debts and Obligations Owed BY The Committee (Itemize all on Schedule C or Schedule D)		35,891.52	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

For further information, contact:  
 Federal Election Commission  
 Toll Free 800-424-6630  
 Local 202-423-4088

William E. Nagel  
 Type or Print Name of Treasurer

William E. Nagel  
 SIGNATURE OF TREASURER

1-31-84  
 Date

NOTE: Submission of false erroneous or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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FEC FORM 3 (3/83)

8401253059

**SCHEDULE C**  
(Revised 3/83)

**LOANS**

Part 1 of Form 1041  
Schedule C  
(Use separate schedule for each numbered line)

Name of Committee (or Full)  
**RHOADS FOR CONGRESS COMMITTEE**

A. Full Name, Mailing Address and ZIP Code of Loan Source <b>Original Source: 1st Nat. Bank of LaGrange 620 W. Burlington LaGrange, IL 60525</b>	Original Amount of Loan <b>17,000.00</b>	Cumulative Payment To Date <b>1,000.00</b>	Balance Outstanding at Close of This Period <b>16,000.00</b>
Intermediary: <b>Mark Q. Rhoads (Candidate)</b> Election <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	The original loan from 1st Nat. Bank of LaGrange was paid off on 11-17-83 with proceeds from a new loan from the Southwest Suburban Bank.		

Terms: Date Incurred 11-17-83 Date Due Monthly Interest Rate 13.0 % (Apr)  Secured

List All Endorsers or Guarantors (if any) to Item A 1/1/84-12/1/93

1. Full Name, Mailing Address and ZIP Code <b>Mary G. Rhoads 4224 Grand Avenue Western Springs, IL 60558</b>	Name of Employer <b>Self employed</b>		
	Occupation <b>Realtor</b>		
	Amount Guaranteed Outstanding: <b>\$ 16,000.00</b>		
	Name of Employer		
2. Full Name, Mailing Address and ZIP Code	Occupation		
	Amount Guaranteed Outstanding: \$		
	Name of Employer		
	Occupation		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
	Name of Employer		

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			

Terms: Date Incurred \_\_\_\_\_ Date Due \_\_\_\_\_ Interest Rate \_\_\_\_\_ % (Apr)  Secured

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
	Name of Employer		
2. Full Name, Mailing Address and ZIP Code	Occupation		
	Amount Guaranteed Outstanding: \$		
	Name of Employer		
	Occupation		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
	Name of Employer		

**SUBTOTALS** This Period This Page (optional) .....

**TOTALS** This Period (see page 1a for total only) .....

Carry outstanding balance only to LINE 2, Schedule D, for this line. If on Schedule D, carry forward to appropriate line of Summary.

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 8401253230



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 7, 1984

Mr. Leroy D. Corey, Treasurer  
Mid-America Conservative Political  
Action Committee  
Box 1645  
Waterloo, Iowa 50704

RE: MUR 1600

Dear Mr. Corey:

On January 9, 1984, you were notified that the Commission found reason to believe that the Mid-America Conservative Political Action Committee and you, as treasurer, had violated 2 U.S.C. § 441a(a)(1)(A). Following the receipt of your letter response on January 30, 1984, in MUR 1600, the Office of General Counsel further examined the reports filed by the Mid-America Conservative Political Action Committee ("MAC-PAC"). During the course of this investigation, it has been determined that more information is needed from you concerning contributions to federal candidates. Copies of the referenced reports are enclosed for your information.

First, as to MAC-PAC's contributions to the Rhoads for Congress Committee, the Rhoads Committee's 1983 Year End Report reflects the refund of \$1,890 to MAC-PAC on October 14, 1983. MAC-PAC's 1983 Year End Report reflects a \$1,860 "refund of excess contribution" received on October 18, 1983. Please explain this thirty dollar discrepancy between the reports.

Second, your response of January 23, 1984, explains that MAC-PAC has "qualified as a multicandidate committee and this will show up on our next FEC report." MAC-PAC reports on file disclose the following transactions:

<u>COMMITTEE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>ELECTION</u>
Rhoads for Congress	2/24/82	\$ 2,000.00	P
	2/1/82	890.00	P
'84 Club - Jepsen for Senator	4/15/82	100.00	G
Cochran for Congress	7/1/83	25.00	G

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<u>COMMITTEE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>ELECTION</u>
Friends of Lloyd Cooney	9/17/83	200.00	P
Rhoads for Congress	10/1 thru 12/31/83	1,500.00	P
McDonald for Congress	10/14/83	200.00	P
	10/14 thru 11/11/83	829.32	G
	10/21/83	200.00	G
	10/28/83	200.00	G
	11/4/83	200.00	G
	11/11/83	200.00	G

MAC-PAC's 1983 Reports appear to demonstrate that MAC-PAC has contributed to at least five federal candidates. However, if the reporting done on the Year End Report is accurate, as of October 1, 1983, MAC-PAC had only contributed to four federal candidates: Jepsen, Cochran, Cooney and Rhoads. Therefore, any portion of the \$1,500 contribution-in-kind disclosed on MAC-PAC's 1983 Year End Report, which was attributed to the period from October 1, 1983 to October 13, 1983, is in excess of the allowable limit of \$1,000 with respect to an election applicable to non-multicandidate committees under 2 U.S.C. § 441a(a)(1)(A). Please explain the details of this contribution by answering the following questions. Also, please provide copies of any correspondence between MAC-PAC and the Rhoads Committee regarding this contribution.

- 1) Did the worker perform duties related to the 1982 primary election, 1982 general election or the 1984 primary election?
- 2) If this worker's duties were attributable to all three elections, please specify attributions.
- 3) If MAC-PAC this worker's regular employer?
- 4) Does this represent an allocation of the worker's salary regularly paid by MAC-PAC?
- 5) What was the salary of the worker?
- 6) Was the worker paid daily, weekly, monthly, or in a lump sum?
- 7) What dates were payments made to this worker?

Finally, please provide copies (front and back) of any checks paid to this worker and any other available documentation of these payments.

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Mr. Leroy D. Corey, Treasurer  
Page 3

Third, it is not clear from the Year End Report whether the amount of \$829.32 as a contribution-in-kind to the McDonald Committee of "expenses in kind" incurred by one individual is in addition to the total of \$1,000 in contributions reported or whether it is an additional amount. Please explain the details of this contribution.

If you have any questions, please contact Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel



BY: Kenneth A. Gross  
Associate General Counsel

Enclosures  
Committee Report Schedules

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2063

REPORT OF RECEIPTS AND DISBURSEMENTS  
For a Political Committee Other Than an Authorized Committee

(Summary Page) 83YE CITEBO A7:52

ALIGN AREA [ ] ALIGN AREA [ ]

1 Name of Committee (In Full)

Mid-America Conservative  
Political Action Committee

Address (Number and Street)

Box 1645

City, State and ZIP Code

Wintona, Iowa 50704

Check here if address is different than previously reported

2 FEC Identification Number

3  This committee qualified as a multicandidate committee during this reporting period on 11-14-83

4 TYPE OF REPORT (Check appropriate boxes)

- (a)  April 15 Quarterly Report  October 15 Quarterly Report
  - July 15 Quarterly Report  January 31 Year End Report
  - July 31 Mid Year Report (Non-Election Year Only)
  - Monthly Report for \_\_\_\_\_
  - Twelfth day report preceding \_\_\_\_\_ (Type of Election)
  - election on \_\_\_\_\_ in the State of \_\_\_\_\_
  - Thirtieth day report following the General Election
  - on \_\_\_\_\_ in the State of \_\_\_\_\_
  - Termination Report
- (b) Is this Report an Amendment?  
 YES  NO

SUMMARY

5 Covering Period	COLUMN A This Period	COLUMN B Calendar Year-to-Date
7-1-83 through 12-31-83		
6 (a) Cash on hand January 1, 1983		\$ 920.04
(b) Cash on Hand at Beginning of Reporting Period	\$ 2326.90	
(c) Total Receipts (from Line 1B)	\$ 173,627.33	\$ 303,915.21
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	\$ 175,954.23	\$ 304,835.25
7 Total Disbursements (from Line 2B)	\$ 167,841.28	\$ 296,722.30
8 Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	\$ 8,112.95	\$ 8,112.95
9 Debts and Obligations Owed TO The Committee (Itemize all on Schedule C or Schedule D)	\$ /	
10 Debts and Obligations Owed BY The Committee (Itemize all on Schedule C or Schedule D)	\$ 3155.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete

Leroy D. Corey  
Type or Print Name of Treasurer  
Leroy D. Corey  
SIGNATURE OF TREASURER  
Date 2/1/84

For further information contact  
Federal Election Commission  
Tel. Free 800 426 9530  
Local 202 573 4088

Submission of false or incorrect information may subject the person signing this report to the penalties of 2 U.S.C. § 437c

All previous versions of FEC FORM 3 and FEC FORM 3e are obsolete and should no longer be used

SCHEDULE A

ITEMIZED RECEIPTS

*refunds received*

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)  
*Mid America Conservative PAC*

A. Full Name, Mailing Address and ZIP Code <i>Rhonda for Congress Western Springs, Ill</i>	Name of Employer <i>Refund of</i>	Date (month, day, year) <i>10-18-83</i>	Amount of Each Receipt This Period <i>1860<sup>00</sup></i>
	Occupation <i>Contributor</i>		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Aggregate Year-to-Date—\$		

BUSTOTAL of Receipts This Page (optional) .....	<i>1860<sup>00</sup></i>
TOTAL This Period (last page this line number only) .....	<i>1860<sup>00</sup></i>

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SCHEDULE B

83YE

ITEMIZED DISBURSEMENTS

LINE NUMBER 21  
(Use separate schedule for each category of the Detailed Summary Page)

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committees.

Name of Committee (in Full)

*Mid-America Conservative Political Action Committee*

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement <i>in kind to</i>	Date (month, day, year)	Amount of Each Disbursement This Period
<i>Sam Steen Box 2287 Chapel Hill, NC 27515</i>	<i>labor <sup>in kind to</sup> Congress</i>	<i>10-14-83 10-21-83 10-28-83</i>	<i>200.00 200.00 200.00</i>
<i>Sam Steen above</i>	<i>labor <sup>in kind to</sup> Congress</i>	<i>11-4-83 11-11-83</i>	<i>200.00 200.00</i>
<i>Sam Steen above</i>	<i>expenses <sup>in kind to</sup> the <sup>in kind to</sup> Congress</i>	<i>10-14-83 4-11-83</i>	<i>829.32</i>
<i>The Donald for Congress Rome, Ga</i>	<i>Contribution</i>	<i>10-14-83</i>	<i>250.00</i>
<i>Friends of Lloyd Conway Bellevue Wash</i>	<i>Contribution</i>	<i>9-17-83</i>	<i>200.00</i>
<i>Elaine Canfield 337 A. Stratford Arlington Heights, Ill 60004</i>	<i>labor <sup>in kind to</sup> Rhode Island Congress</i>	<i>10-1 thru 12-31</i>	<i>1500.00</i>
	Purpose of Disbursement		
	Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):		
<i>Cochran for Congress Committee Dedham Mass</i>	<i>Contribution</i>	<i>7-1-83</i>	<i>25.00</i>

*Note: Above "in kind" expenditures consisted of our paying employees assigned to work directly for the candidates.*

SUBTOTAL of Disbursements This Page (optional) ..... *3804.32*

TOTAL This Period (last page this line number only) ..... *3804.32*

8304091579.57

10/8



Any information appearing from contributions and disbursements may not be used by any person for the purpose of influencing any election or for commercial purposes, other than using the registered address of any political committee to collect contributions from such persons.

Name of Committee: **RAC PAC**  
**BOX 304**  
**WATERLOO, IOWA 52256**

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Post Office Waterloo, Iowa	postage Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-0-83	77.40
Black Hawk Hotel Davenport, Iowa	Room & meals Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-27-83 4-28-83	#.18 280.06
Hwy 26 House Des Moines, Iowa	Room Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-28-83	35.15
Remade Inn Des Moines, Iowa	Room Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-8-83	26.00
Dana Bauer 1927 College Cedar Falls, Ia	labor Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-4-83 4-5-83 5-2-83	38.15 2.00 150.00
Human Events Washington DC	<del>labor</del> Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-18-83 6-25-83	46.95 25.00
T. Deacon Cedar Rapids Iowa	phone service Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-15-83	390.71
American Mailing Lists Falls Church Va	rent mail lists Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-11-83 4-1-83	286.76 174.83
184 Club Davenport Iowa	contribution Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	4-15-83	100.00

SUBTOTAL of Disbursements This Page (optional) ..... 11686.59

TOTAL This Period (last page this line number only) .....

22040391599

\*

RECEIVED AT THE FEC

400# 3298

84 MAY 24 11:08

FINE STARS PRODUCTIONS, INC.

4224 GRAND AVENUE

WESTERN SPRINGS, ILLINOIS 60558

MARK Q RHOADS  
PRESIDENT

PHONE: 312-246-1282

*Rec'd*

MAY 24 11:08

May 22nd, 1984

Mr. Kenneth A. Gross  
Associate General Counsel  
Federal Election Commission  
Washington, D.C. 20463

RE: MUR 1600

Dear Mr. Gross:

This will serve as a brief preliminary response to your letter to me of May 7th.

To answer the second question on page two, I cannot remember exactly why we chose October 1st, 1983 as an initial date for the beginning of in kind services from MAC-PAC. I think we were just trying to go back as far as we could to make sure we covered the earliest work performed in kind by the MAC-PAC field person for this state.

The value of services performed between October 1, 1983 and October 13, 1983 when MAC-PAC became a multi-candidate committee was probably less than \$30.00. This would be the cost of gasoline and tolls and a lunch for Mrs. Eloise Canfield, the Illinois field representative for MAC-PAC. She came about 20 miles from her home to confer with me at a lunch during the first week of October in order to discuss her donations of time to the campaign. All of her activities from October 1st on and all in kind donations from MAC-PAC from October 1, 1983 relate to the Primary campaign for the 1984 election. This is why these services were reported on the reports of the RHOADS FOR CONGRESS 84 COMMITTEE which has a separate and distinct FEC identification number from the Rhoads for Congress Committee which was formed in 1982.

I have not found any correspondence in our campaign files with MAC-PAC on the duties of Mrs. Canfield. During the period of October 1 to December 31, 1983 we did not have a campaign headquarters and she worked at her home compiling a list of Republican primary voters from public records. The value of her time and the amount of her time was set by MAC-PAC. She gave us the results of her work in early January, 1984. I assume the reason we do not have letters on file is that all our arrangements were made by phone at that time.

92040391500

With respect to your request for additional information on a loan made to me from the Southwest Suburban Bank, I have called Mr. Paul Reyes at the F.E.C. to find out just exactly what you need and will make every effort to get the information to you as soon as I can.

Please let me restate here again, as I have several times before, that as of this date Mary G. Rhoads has never made any cash or in-kind donation to the 1982 Rhoads for Congress Committee which would exceed a limit of \$1,000. Nor has Mary G. Rhoads ever made any principal or interest payments on any loan which stemmed from either the loan I made in January of 1982 at the First National Bank of La Grange or any subsequent renewal of that note nor any successor note from Southwest Suburban Bank or any other bank. I have made all such interest and principal payments out of personal funds from January of 1982 until now.

I do understand what the objections of the F.E.C. are regarding 2 U.S.C. 441a(f) and 2 U.S.C. 441a(a)(1)(A). As I have stated before, I respectfully disagree with your reading only because I have never regarded my loan of \$16,000 to my 1982 Committee as anything other than a personal obligation of mine. I was the only one to sign the note, notwithstanding the fact that Mary G. Rhoads was listed on the note as a guarantor not "sole guarantor" as your letter states.

Nevertheless, I understand the position of the F.E.C. that another guarantor should not be on a note of this size, even for additional collateral purposes and that I should be the sole maker of the note in all respects. It was in an effort to cure that FEC objection that I have asked the lending officer of Southwest Suburban Bank to break-out and entirely separate \$16,000 note on which I would be the sole signer and guarantor. He is willing to do this if we can arrange sufficient collateral. This would not involve any new funds from the bank but would simply reduce another note by the same amount of \$16,000. I will inform you as soon as this has been accomplished. I will also send you additional information as soon as I collect it.

Sincerely yours,

  
MARK Q. RHOADS

MQR/jm

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6003653  
RECEIVED AT THE FEC

June 5, 1984 JUN 18 A 8: 48  
Reyes

Federal Election Commission  
att: Paul Reyes  
RE: MUR 1600

JUN 18 A 10: 44

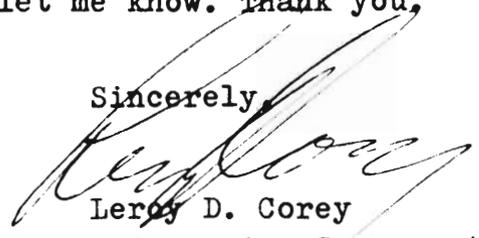
Dear Mr. Reyes:

The following are the answers asked from us in your letter of 6/7/84:

- 1) Regarding the Rhoads for Congress Committee, the figure of \$1890 is correct rather than \$1860. We simply made a mistake in copying figures. We will now file an amendment to our report to correct this.
- 2) As regards the "in-kind" contribution in 1983:
  - a) the work was for the 1984 primary.
  - b) the worker (Eloise Canfield) was paid \$200 per week plus up to \$50 per week in expenses. We were her regular employer. She was paid after every Friday.
  - c) She did not spend full time on the Rhoads campaign. We have allocated only that time in which she did help the campaign.
  - d) We qualified as a multi-candidate pac on 10-14-83, which was before we spent \$1000 for the 1984 primary.
- 3) The "in-kind" contribution of \$829.32 is in addition to the other contributions. It consisted of meals, phone calls, and travel expenses for one of our staff members assigned to the campaign.

If you need anything else, please let me know. Thank you.

Sincerely,



Leroy D. Corey  
Mid-America Conservative PAC  
C-00139972

92040391602

BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of	)	
	)	
Rhoads for Congress Committee	)	
William E. Naegel, Treasurer	)	MUR 1600
MAC-PAC	)	
Leroy D. Corey, Treasurer	)	
Mary Rhoads	)	

COMPREHENSIVE INVESTIGATIVE REPORT #2

On April 13, 1984, the General Counsel reported to the Commission that questions had arisen during the investigation of the reports of the Rhoads for Congress Committee and the Mid-America Conservative Political Action Committee that required additional answers from those respondents. At this time both respondents have replied to the questions asked of them.

MAC-PAC was asked to explain the discrepancy between the amount reported refunded to it by the Rhoads Committee and the amount it reported receiving. MAC-PAC responded by stating that they had simply made a mistake in copying the figures and would file an amendment to their reports to correct the mistake. They were also asked to explain the details of a \$1,500 contribution in-kind to the Rhoads Committee which appeared from the face of their reports to be an additional excessive contribution to the Rhoads Committee in the 1982 primary election. MAC-PAC adequately responded, on June 18, 1984, by letter dated June 5, that the in-kind contribution was made after they became a multicandidate committee on October 14, 1983, and in fact was attributed to the 1984 Rhoads primary election and not the 1982 election. MAC-PAC was also asked to clarify an in-kind

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contribution where the amount attributed to the McDonald for Congress Committee was not clear. They have adequately explained that the amount questioned, \$829.32, was in addition to the other amounts contributed to the McDonald campaign.

The Rhoads Committee was further questioned about the reported loan of \$16,000 guaranteed by Mary Rhoads, the candidate's mother, which was used to pay off the original loan of \$17,000, on which she was the guarantor and which was the basis for the original reason to believe finding in this matter. Mr. Rhoads' committee response corroborates the MAC-PAC response concerning the \$1,500 contribution in-kind that this Office had questioned. Mr. Rhoads, for his committee, states that all of the contribution was attributed to the 1984 primary election.

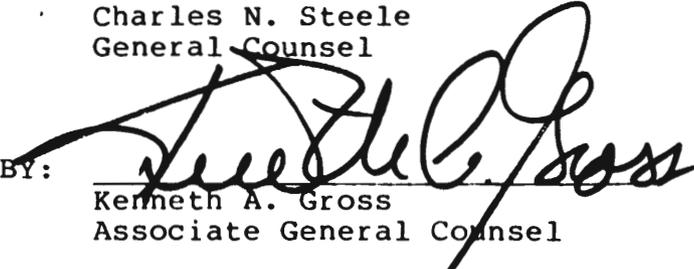
Mr. Rhoads' committee response to the questions concerning the second loan falls short of satisfactory. He apparently still misperceives the Commission's Regulations concerning loan guarantees. He maintains that he understands the position of the Commission as being that "another guarantor should not be on a note of this size, even for additional collateral purposes and that [he] should be the sole maker of the note in all respects." He contends, however, that was why he "asked the lending officer of Southwest Suburban Bank to break-out and (sic) entirely separate \$16,000 note on which [he] would be the sole signer and guarantor." Mr. Rhoads states that the bank was willing to do this if sufficient collateral could be arranged. Apparently the bank was not able to secure sufficient collateral since Mary

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Rhoads was listed as the guarantor or endorser of the \$16,000 note on the Rhoads Committee Report. Mr. Rhoads, in a telephone conversation with staff on May 22, 1984, stated that he would forward copies of the bank loan agreements in question and state whether or not Mary Rhoads was a guarantor on the second loan. Mr. Rhoads continues to assert only that he was the person responsible for making principal and interest payments on both loans. His written response of May 22, 1984, does not deny that Mary Rhoads was a guarantor on a "successor note from Southwest Suburban Bank." To date, none of the loan documentation has been forthcoming. This Office will, therefore, move to the next step in the enforcement procedures.

Charles N. Steele  
General Counsel

BY:

  
Kenneth A. Gross  
Associate General Counsel

Date

July 27, 1984

22040321505



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

MEMORANDUM TO: CHARLES N. STEELE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/SUSAN M. TEIR *SMT*

DATE: AUGUST 1, 1984

SUBJECT: MUR 1600 - COMPREHENSIVE INVESTIGATIVE  
REPORT signed July 27, 1984

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 11:00 on July 31, 1984.

There were no objections to the Report at the time of the deadline.

92040391506

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED  
OFFICE OF THE FEC  
COMMISSION SECRETARY

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer )  
Mary Rhoads )

MUR 1600

84 AUG 30 P 4: 00

GENERAL COUNSEL'S REPORT

**SENSITIVE**

Background

On May 22, 1984, this Office discussed with Mark Rhoads two reported loans totalling \$33,000 which were endorsed by Mary Rhoads for the Rhoads for Congress Committee. Mr. Mark Rhoads stated that he would provide documentation concerning these loans in this matter. As of the date of this report, nothing has been forthcoming. Repeated phone calls to Mr. Rhoads at the number listed on his business letterhead have been unanswered.

This evidence is needed to complete our investigation of this matter.

Recommendation

Authorize the attached subpoenas/orders and cover letters to Mark Q. Rhoads, Mary Rhoads, and William E. Naegel.

Charles N. Steele  
General Counsel

August 30, 1984  
Date

BY:

Kenneth A. Gross by kg  
Kenneth A. Gross  
Associate General Counsel

Attachments

- Copies of subpoenas/orders (3)
- Copies of letters (3)

92040391507

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee ) MUR 1600  
William E. Naegel, Treasurer )  
Mary Rhoads )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 5, 1984, the Commission decided by a vote of 6-0 to authorize the subpoenas/orders and cover letters to Mark Rhoades, Mary Rhoades, and William E. Naegel as recommended in the General Counsel's report dated August 30, 1984.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision.

Attest:

9-6-84

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

92540391503



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

September 12, 1984

Mary G. Rhoads  
4224 Grand  
Western Springs, Illinois 60558

RE: MUR 1600  
Rhoads for Congress Committee  
William E. Naegel, Treasurer

Dear Ms. Rhoads:

On January 9, 1984, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

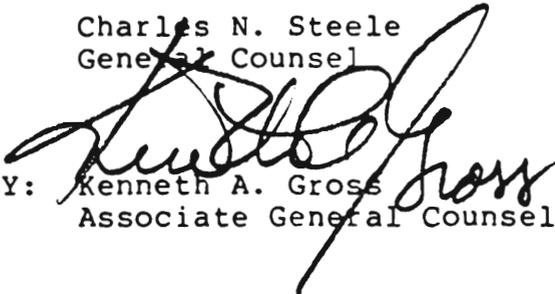
Consequently, the Federal Election Commission has issued the attached subpoena and order which require you to provide information which will assist the Commission in carrying out its supervisory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended.

You are hereby informed that you may consult with an attorney and have an attorney assist in the preparation of responses to this subpoena/order. However, it is required that the information be submitted under oath and within ten days of your receipt of this subpoena.

If you have any questions, please direct them to Paul Reyes, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

BY:   
Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena/Order

92040391509

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer ) MUR 1600  
Mary G. Rhoads )

SUBPOENA TO PRODUCE DOCUMENTS  
ORDER TO SUBMIT WRITTEN ANSWERS

TO: Ms. Mary G. Rhoads  
4224 Grand  
Western Springs, Illinois 60558

PURSUANT to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce requested documents. Such answers must be submitted under oath and must be forwarded to the Commission within ten (10) days of your receipt of this order/subpoena.

Definitions and Requests

As used in this subpoena and order, the terms listed below are defined as follows:

1. The term "documents and materials" shall mean all copies, and drafts of writings of any kind, printed, visual, or electronic materials to be produced with respect to each of the requests enumerated herein. In particular, without limiting the generality of the foregoing, "documents and materials" include correspondence, memoranda, reports, minutes, pamphlets, notes, letters, discs, cassettes, telegrams, messages (including reports, notes, and memoranda of telephone conversations and conferences), calendar and diary entries, contracts, data, agendas, articles, visual aids, account statements, billing forms, receipts,

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checks, money orders, bank deposit slips, receipt ledgers, account ledgers, bank withdrawal slips, loan agreement papers, records and compilations. Designated "documents and materials" are to be taken as including all attachments, enclosures and other documents that are attached to, relate to, or refer to such designated "documents and materials."

2. The terms "and" and "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of this request any answers or documents which may be otherwise construed to be out of its scope.

Request for Documents and Materials

The Commission requests that you produce the following documents and materials:

1. Copies of all documents and materials which relate, refer or pertain to loans obtained on behalf of the Rhoads for Congress Committee from the First National Bank of LaGrange and the Southwest Suburban Bank.
2. Copies of all documents and materials which relate, refer or pertain to loans obtained on behalf of the Rhoads for Congress Committee from any other source.
3. Copies of all documents or materials which relate, refer or pertain to repayment of any loans obtained on behalf of the Rhoads for Congress Committee.
4. Copies of all documents and materials which relate, refer or pertain to negotiations with the First National Bank of LaGrange, the Southwest Suburban Bank, or any other financial institution for refinancing loans obtained on behalf of the Rhoads for Congress Committee.

INTERROGATORIES

In addition to the materials requested above, the Commission requests that you provide answers to the following interrogatories:

1. State whether you have endorsed or guaranteed any loans, the proceeds of which were used by the Rhoads for Congress Committee.

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2.a) If the answer above is yes, identify by:

- Name of bank/institution
- Date
- Address of bank/institution
- Terms of loan
- Amount endorsed or guaranteed by you
- Amount outstanding

b) If the answer above in (1) is yes, state whether, at the time the loans were endorsed or guaranteed by you, or at any subsequent time, you were aware or became aware that 2 U.S.C. § 431(8)(A)(i) defines "contribution" to include loans, and that 11 C.F.R. § 100.7(a)(1)(i) provides that the term "loan" includes a guarantee, endorsement, and any other form of security.

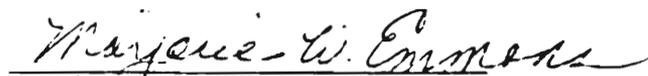
c) If the answer above in (1) is yes, state whether, at the time the loans were endorsed or guaranteed by you, or at any subsequent time, you were aware or became aware that 11 C.F.R. § 100.7(1)(i)(C) provides that "...a loan is a contribution by each endorser or guarantor. Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement."

Notice is given that the materials subpoenaed must be submitted to the Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. within ten (10) days of your receipt of this Subpoena. Legible copies which, where applicable, show both sides of documents, may be substituted for originals.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 10th day of Sept., 1984.

  
 Lee Ann Elliott  
 Chairman

ATTEST:

  
 Marjorie W. Emmons  
 Secretary to the Commission

22040391512



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 12, 1984

Mr. Mark Q. Rhoads  
4224 Grand  
Western Springs, Illinois 60558

RE: MUR 1600  
Rhoads for Congress Committee  
William A. Naegel, Treasurer

Dear Mr. Rhoads:

On January 9, 1984, you were notified that the Commission found reason to believe that the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f), and that Mary G. Rhoads violated 2 U.S.C. § 441a, provisions of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you and the committee is necessary.

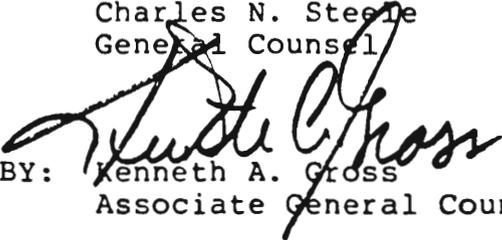
Consequently, the Federal Election Commission has issued the attached subpoena which requires you to provide information which will assist the Commission in carrying out its supervisory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended.

You are hereby informed that you may consult with an attorney and have an attorney assist in the preparation of responses to this subpoena. However, it is required that the information be submitted under oath and within ten days of your receipt of this subpoena.

If you have any questions, please direct them to Paul Reyes, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer ) MUR 1600

SUBPOENA TO PRODUCE DOCUMENTS

TO: Mr. Mark Q. Rhoads  
4224 Grand Avenue  
Western Springs, Illinois 60558

PURSUANT to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you and the Rhoads for Congress Committee to produce requested documents.

Definitions and Requests

As used in this subpoena and order, the terms listed below are defined as follows:

1. The term "documents and materials" shall mean all copies, and drafts of writings of any kind, printed, visual, or electronic materials to be produced with respect to each of the requests enumerated herein. In particular, without limiting the generality of the foregoing, "documents and materials" include correspondence, memoranda, reports, minutes, pamphlets, notes, letters, discs, cassettes, telegrams, messages (including reports, notes, and memoranda of telephone conversations and conferences), calendar and diary entries, contracts, data, agendas, articles, visual aids, account statements, billing forms, receipts, checks, money orders, bank deposit slips, receipt ledgers, account ledgers, bank withdrawal slips, loan agreement papers, records and compilations. Designated "documents and materials" are to be taken as including all attachments, enclosures and other documents that are attached to, relate to, or refer to such designated "documents and materials."

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2. The terms "and" and "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of this request any answers or documents which may be otherwise construed to be out of its scope.

Request for Documents and Materials

The Commission requests that you produce the following documents and materials:

1. Copies of all documents and materials which relate, refer or pertain to loans obtained on behalf of the Rhoads for Congress Committee from the First National Bank of LaGrange and the Southwest Suburban Bank.
2. Copies of all documents and materials which relate, refer or pertain to loans obtained on behalf of the Rhoads for Congress Committee from any other source.
3. Copies of all documents or materials which relate, refer or pertain to repayment of any loans obtained on behalf of the Rhoads for Congress Committee.
4. Copies of all documents and materials which relate, refer or pertain to negotiations with the First National Bank of LaGrange, the Southwest Suburban Bank, or any other financial institution for refinancing loans obtained on behalf of the Rhoads for Congress Committee.

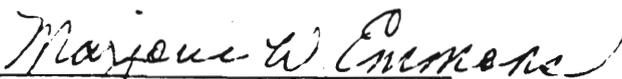
Notice is given that the materials subpoenaed must be submitted to the Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. within ten (10) days of your receipt of this Subpoena. Legible copies which, where applicable, show both sides of documents, may be substituted for originals.

92040391515

WHEREFORE, the Chairman of the Federal Election Commission  
has hereunto set her hand in Washington, D.C. on this 10th day  
of Sept., 1984.

  
Lee Ann Elliott  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

92040391516



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

September 12, 1984

William E. Naegel, Treasurer  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, Illinois 60558

RE: MUR 1600  
Rhoads for Congress Committee

Dear Mr. Naegel:

On January 9, 1984, you were notified that the Commission found reason to believe that you and your committee violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you and the committee is necessary.

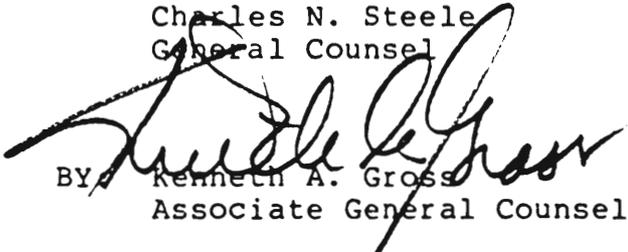
Consequently, the Federal Election Commission has issued the attached subpoena which requires you to provide information which will assist the Commission in carrying out its supervisory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended.

You are hereby informed that you may consult with an attorney and have an attorney assist in the preparation of responses to this subpoena. However, it is required that the information be submitted under oath and within ten days of your receipt of this subpoena.

If you have any questions, please direct them to Paul Reyes, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

22040391617

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer ) MUR 1600

SUBPOENA TO PRODUCE DOCUMENTS .

TO: Mr. William E. Naegel, Treasurer  
Rhoads for Congress Committee  
4365 Lawn Avenue  
Western Springs, Illinois 60558

PURSUANT to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you and the Rhoads for Congress Committee to produce requested documents.

Definitions and Requests

As used in this subpoena and order, the terms listed below are defined as follows:

1. The term "documents and materials" shall mean all copies, and drafts of writings of any kind, printed, visual, or electronic materials to be produced with respect to each of the requests enumerated herein. In particular, without limiting the generality of the foregoing, "documents and materials" include correspondence, memoranda, reports, minutes, pamphlets, notes, letters, discs, cassettes, telegrams, messages (including reports, notes, and memoranda of telephone conversations and conferences), calendar and diary entries, contracts, data, agendas, articles, visual aids, account statements, billing forms, receipts, checks, money orders, bank deposit slips, receipt ledgers, account ledgers, bank withdrawal slips, loan agreement papers, records and compilations. Designated "documents and materials" are to be taken as including all attachments, enclosures and other documents that are attached to, relate to, or refer to such designated "documents and materials."

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2. The terms "and" and "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of this request any answers or documents which may be otherwise construed to be out of its scope.

Request for Documents and Materials

The Commission requests that you produce the following documents and materials:

1. Copies of all documents and materials which relate, refer or pertain to loans obtained on behalf of the Rhoads for Congress Committee from the First National Bank of LaGrange and the Southwest Suburban Bank.
2. Copies of all documents and materials which relate, refer or pertain to loans obtained on behalf of the Rhoads for Congress Committee from any other source.
3. Copies of all documents or materials which relate, refer or pertain to repayment of any loans obtained on behalf of the Rhoads for Congress Committee.
4. Copies of all documents and materials which relate, refer or pertain to negotiations with the First National Bank of LaGrange, the Southwest Suburban Bank, or any other financial institution for refinancing loans obtained on behalf of the Rhoads for Congress Committee.

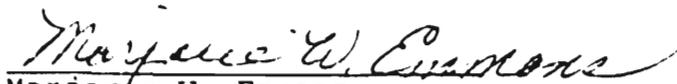
Notice is given that the materials subpoenaed must be submitted to the Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. within ten (10) days of your receipt of this Subpoena. Legible copies which, where applicable, show both sides of documents, may be substituted for originals.

22040391519

WHEREFORE, the Chairman of the Federal Election Commission  
has hereunto set her hand in Washington, D.C. on this 10th day  
of Sept., 1984.

  
Lee Ann Elliott  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

92040391520

LAW OFFICES OF  
**MILLER, CANFIELD, PADDOCK AND STONE**

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1015 FIFTEENTH STREET, N.W.  
WASHINGTON, D.C. 20005

TELEPHONE (202) 789 8640

SIDNEY T. MILLER (1864-1940)  
GEORGE L. CANFIELD (1866-1928)  
LEWIS H. PADDOCK (1866-1935)  
FERRIS D. STONE (1882-1945)

FEC  
GCC # 4801  
34 SEP 24 9:26  
BIRMINGHAM MICHIGAN  
BOCA RATON FLORIDA  
GRAND RAPIDS MICHIGAN  
LANSING MICHIGAN  
MONROE MICHIGAN  
TRAVERSE CITY MICHIGAN  
WASHINGTON DC

JAMES F. SCHOENER  
(202) 789 8643

September 21, 1984

SEP 24  
AIO: 37

Paul Reyes, Esquire  
Office of the General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, DC 20463

Re: MUR 1600  
Rhoads for Congress Committee

Dear Mr. Reyes:

Mr. Mark Q. Rhoads has consulted me regarding the above MUR and the subpoena issued thereunder. Mr. Rhoads is at a loss to understand why a subpoena has been issued in this matter because he felt he has furnished the information and documents requested on previous occasions.

Please call my office at your earliest convenience and I will arrange such conference to explore conciliation attempts.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE

By James F. Schoener  
James F. Schoener

JFS/cb

22040391521

# Rhoads U.S. Congress

RECEIVED AT THE FEC  
GCC #4835  
04 SEP 25 P2:08

## Rhoads for Congress Committee

225 East Ogden Avenue, Hinsdale, Illinois 60521, 312/887-7479

4365 Lawn Avenue, Western Springs, Il. 60558

### Committee in formation

Rich Port, Chairman  
William E. Naegel, Treasurer  
Robert F. Peck, Counsel  
Mrs. A. C. Burdick, Volunteer Chairman

September 21, 1984

Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Gentlemen:

In response to your "Subpoena To Produce Documents" dated September 10, 1984, re The Rhoads for Congress Committee, I am herewith enclosing a copy of a note dated January 2, 1982, signed by Mark Q. Rhoads, payable to the First National Bank of LaGrange. I am also enclosing a copy of the February 28, 1983 letter from Mark Q. Rhoads to Mr. R. Todd Johnson, Federal Election Commission.

I, William E. Naegel, do solemnly swear that these are the only two "documents and materials" (excluding letters written by the Federal Election Commission to us) in my files pertaining to loans involved in any way with the Rhoads for Congress Committee including loans from the First National Bank of LaGrange and the Southwest Suburban Bank.

  
William E. Naegel

I, Dorothy C. Naegel, certify that William E. Naegel, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument; appeared before me this day, in person, and acknowledged that he signed and delivered said instruments as his free and voluntary act.

Given under my hand and seal this 21st day of September, 1984.

  
(Signature of Notary Public)

My Commission Expires October 10, 1984

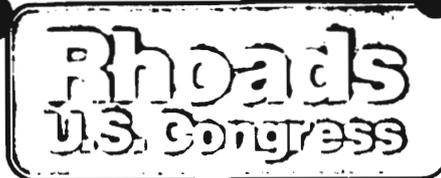
VOTE REPUBLICAN

A copy of our report will be filed with and will be available for purchase from the Federal Election Commission, Washington, D.C.

92540391622

RECEIVED  
OFFICE OF THE  
GENERAL COUNSEL  
FEB 23 1984





**Rhoads for Congress Committee**

225 East Ogden Avenue, Hinsdale, Illinois 60521, 312/887-7479

**Committee information:**

Rich Port, Chairman  
William E. Naegel, Treasurer  
Robert F. Peck, Counsel  
Mrs. A. C. Burdick, Volunteer Chairman

Re: Your letter February 24, 1983  
ID #COO148239

February 28th, 1983

Mr. R. Todd Johnson  
Reports Analysis Division  
Federal Election Commission  
Washington, D. C.

Dear Mr. Johnson:

This is in reply to your recent letter regarding the status of a personal loan made to me by the First National Bank of LaGrange, Illinois in January of 1982.

Pursuant to our conversation in your Washington office on February 14th, 1983, I am making an effort to renegotiate this loan with the bank so that I will be the sole guarantor or endorser and no other individual will be involved. This will require filling out a new financial statement for the bank this week. I want to emphasize that my treasurer and I are making absolutely every effort to comply with FEC regulations as best as we can understand them and we have sought the advice of counsel who is knowledgeable in the field of election laws on several occasions. We believe that we have tried to follow a prudent course in providing the FEC with all information it has requested.

However, as I stated to you in your office on February 14th, I do not believe that any prudent individual would necessarily be led to the conclusions you have come to regarding the purview of the Commission given a careful reading of the regulations you cited. To my reading, these regulations are not clear at all but are very ambiguous.

As they might apply to my campaign, I will take this opportunity to reconstruct as carefully as I can the chronology of events regarding a personal loan of \$18,000.00 made to me by the First National Bank of LaGrange on January 2, 1982.

1. On January 2, 1982 I signed a 90 day note with the bank for the sum of \$18,000.00 at a rate of interest of 16.75% due on April 2, 1982. While I was the sole signature on the note, my Mother, Mary G. Rhoads, was listed as a guarantor.

VOTE REPUBLICAN

A copy of our report will be filed with and will be available for purchase from the Federal Election Commission, Washington, D.C.

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2. On January 4, 1982 I wrote a personal check for \$17,000.00 to the Rhoads for Congress Committee as a loan from me personally to the Committee. It was and is my intention that there be no interest charged by me to the Committee and that if the Committee is not able to repay at some time in the future it will be shown as a donation by the candidate. As you can see from the lesser amount above, not all of the proceeds of my note were loaned in turn by me to the Committee but the bank note was the primary source of those funds.
3. Shortly after the Illinois Primary Election on March 16th, my Committee repaid to me \$1,000.00 of the original \$17,000.00 loan. That amount has not changed to date and the Committee still owes me \$16,000.00.
4. On April 2, 1982, I paid the First National Bank of LaGrange \$743.42 in interest and renewed my note for an additional 90 days until July 1st, 1982, at an interest rate of 17.50%.
5. On July 1st, 1982, I increased the amount of the note to the bank to the new sum of \$18,776.71 and renewed it for 90 days to September 29, 1982 at an interest rate of 17.50%.
6. On September 29, 1982 I paid the First National Bank of LaGrange \$810.23 in interest and renewed the note for 90 days until December 28th, 1982 at an interest rate of 15.50%.
7. On December 28th, 1982 I paid the bank \$717.63 in interest and renewed the note for 90 days until March 28th, 1983 at an interest rate of 14.00%. That is the current status of the note. The principal balance due is \$18,776.72.
8. While there has been no reduction in principal since January of 1982 and one increase in July of \$776.72, I have paid all interest payments out of my personal funds. My Mother, Mary G. Rhoads, has not at any time made any payments on either interest or principal. She has not in any way direct or indirect donated to my campaign either cash or in kind donations which would place her over the maximum contribution of \$1,000.00.
9. Even after reading the regulations you cited, I still assumed that since there was no loan from the bank to the Committee, I would still be entitled to treat this loan as I have any other that I have made with this bank where I have been doing business since 1966 and where I have had many previous notes for a wide variety of personal and business purposes. The only reason the bank in this case asked for a guarantor was that the note was larger than the ones I usually made which were normally about half that amount.

92040391625

February 28, 1983 to F. E. C. R. Todd Johnson

Page Three

10. As soon as I am able to arrange a new note, or reduce this one, so that I am the sole guarantor, I will notify the Commission.

Sincerely yours,

MARK Q. RHOADS  
Former Congressional Candidate

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LAW OFFICES OF  
**MILLER, CANFIELD, PADDOCK AND STONE**

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1015 FIFTEENTH STREET, N.W.  
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SIDNEY T. MILLER (864-940)  
GEORGE L. CANFIELD (866-928)  
LEWIS H. PADDOCK (866-935)  
FERRIS D. STONE (862-945)

G.O.C. #4712  
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BIRMINGHAM ALABAMA  
BOCA RATON FLORIDA  
GRAND RAPIDS MICHIGAN  
LANSING MICHIGAN  
MONROE MICHIGAN  
TRAVERSE CITY MICHIGAN  
WASHINGTON DC

JAMES F. SCHOENER  
(202) 789 8643

September 25, 1984

OCT 1 1984

Paul Reyes, Esquire  
Office of the General Counsel  
Federal Election Commission  
1325 K. Street, N.W.  
Washington, DC 20463

Re: MUR 1600  
Rhoads for Congress Committee

Dear Mr. Reyes:

In accordance with our telephone conversation of September 24, I enclose a statement of Designation of Counsel and an affidavit of facts involved in this matter.

As I indicated on the telephone, I hope to conclude this matter as soon as possible without aggravating the problem of an insolvent committee.

Very truly yours,

Miller, Canfield, Paddock and Stone

By James F. Schoener  
James F. Schoener

JFS:jdm

22540391627

FEDERAL ELECTION COMMISSION

AFFIDAVIT OF FACTS

CITY OF WASHINGTON )  
DISTRICT OF COLUMBIA)

SS

M.U.R. 1600

Mark Q. Rhoads being duly sworn deposes and says as follows:

1. That in 1982 I was a candidate for nomination to the office of Representative in Congress from the 13th Congressional District of Illinois.

2. That William E. Naegel was the volunteer treasurer of such campaign.

3. That in the course of the campaign I personally borrowed \$18,000 from the First National Bank of LaGrange, Illinois. My mother Mary G. Rhoads became a personal guarantor as additional collateral at the request of the bank.

4. That of such \$18,000, only \$17,000 was in turn loaned by me to my campaign committee, the other \$1,000 was used to pay personal indebtednesses.

5. My campaign committee has repaid \$1,000 of this loan to me, leaving a balance owed to me from the committee of \$16,000.

6. The indebtedness to the First National Bank of LaGrange has been paid in full, and I have previously furnished this Commission with a copy of said paid note. (An additional copy has been requested from the bank and will be furnished forthwith.) I have no other documents related to that loan.

7. The LaGrange note was paid by taking a mortgage on certain real estate of which I am one of the residual beneficial owners under a trust agreement. Proceeds from such mortgage paid off the note as well as debts owed by my mother, Mary G. Rhoads.

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8. Mary G. Rhoads is 73 years of age and has limited income (primarily social security), but is also a trust beneficiary (along with affiant) in the family home at 4224 Grand, Western Springs, Illinois, 60558.

9. In the mortgage and note made to Southwest Suburban Bank of Bollingbrook, Illinois \$16,000 of said proceeds went to pay the LaGrange note. The note to Southwest Suburban is signed by the LaGrange bank because it is trustee of the real estate that is encumbered, but the mortgage is and has been paid solely by affiant.

10. I am the only person who has made or is making payments on said southwest Suburban note and mortgage, as was the intent of the parties at the time of entering into said loan.

11. That my undivided residuary interest in the real estate encumbered by said mortgage has been appraised to be in excess of the amount of the loan of \$60,000.

12. That my mother, Mary G. Rhoads, will answer the interrogatories proposed to her by separate cover but I state as follows:

- a. My mother did not sign any documents involving my borrowing other than the personal guarantee above referred to.
- b. The bank involved was First National Bank of LaGrange, Illinois dated January 1982. Their address is 620 W. Burlington Avenue, LaGrange Illinois 60525. The interest rate was as stated in the note, due in 180 days, renewable.

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- c. Both Mary G. Rhoads and I were unaware that the accommodation endorsement of the note constituted a "contribution" under the Federal Election Campaign Act, nor was my volunteer treasurer Mr. Naegel aware of such regulation.
- d. Mary Rhoads became aware that such action may have constituted a "contribution" only in 1984, and the provisions of 11 C.F.R. 100.7(1)(i)(c) were unknown until that time.
- e. That Mary G. Rhoads did not at the time of making said loan have funds or income from which to repay such loan other than the family home, and there was no intent by her to pay any part of the said loan, a fact well known to the bank.

13. That the violation of the regulation was unintentional and not made with an intent to violate the law; that Mary G. Rhoads did not and was not expected to pay any part of such borrowing.

14. Mary G. Rhoads made no contribution in cash or in-kind other than the technical contribution involved in the LaGrange note.

Further, deponent saith not.

*Mark Q. Rhoads*  
 Mark Q. Rhoads

Sworn to and subscribed this 26<sup>th</sup> day of September, 1984.

*Christine Bell*  
 Notary Public

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1600

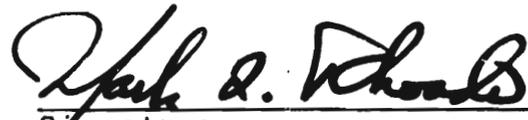
NAME OF COUNSEL: James F. Schoener

ADDRESS: Miller, Canfield, Paddock and Stone  
1015 15th Street, N.W., Suite 1200  
Washington, DC 20005

TELEPHONE: 202/789-8640

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

9/24/84  
Date

  
Signature

RESPONDENT'S NAME: Mark Q. Rhoads & Mary Rhoads

ADDRESS: 4224 Grand Avenue  
Western Springs, IL 60558

HOME PHONE: 312-246-1292

BUSINESS PHONE: 202/783-8888 AND 202/373-2060

92040391631

060#5219

LAW OFFICES OF  
MILLER, CANFIELD, PADDOCK AND STONE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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FITCH R. WILLIAMS  
MICHAEL J. HODGE  
COUNSEL  
  
EMMETT E. EAGAN  
CONSULTING PARTNER

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LEWIS H. PADDOCK (BAR#1035)  
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KENNETH E. KONOP  
LEONARD D. GIVENS  
W. MACK FAISON  
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MICHAEL D. MULCAHY  
JAMES W. WILLIAMS  
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JOHN D. PIRICH  
WILLIAM J. DANHOF  
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JERRY T. RUPLEY  
MICHAEL W. HARTMANN  
KENT E. SHAFER  
JOHN J. COLLINS, JR.  
LAWRENCE D. OWEN  
DENNIS K. LOY  
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J. KEVIN TRIMMER  
STEVEN D. WEYHING  
BRANT A. FREER  
JOHN D. STOUT

RICHARD A. GAFFIN  
AMANDA VAN DUSEN  
BRIAN A. KASER  
GARY A. BRUDER  
SALLY L. GEIB  
KATIE JOHNSON  
ELIZABETH PERLMAN  
J. SCOTT TIMMER  
CHARLES L. SWEERIS  
BEVERLY HALL BURNS  
JOHN D. RAYIS  
STEPHEN J. OTT  
LINDA O. GOLDBERG  
THOMAS G. APPLEMAN  
KAREN A. PULLIAM  
NANETTE RUTKA  
HAROLD W. BULGER, JR.  
GREGORY V. DICENSO  
NANCY KEPPELMAN  
CYNTHIA B. FAULHABER

RICK A. PACYNSKI  
NICOLE YANICH  
LINA B. ARCHER  
MICHAEL P. COAKLEY  
STEFAN B. HERPEL  
MICHAEL L. LENCIONE  
KIRK D. MESSMER  
PATRICIA T. QUINN  
KEVIN L. SMITH  
TIMOTHY S. KNOWLTON  
JEFFREY M. MCHUGH  
DIANE M. SOUBLY  
KAREN A. MCCOY  
THOMAS F. CAVALIER  
GERARD MCGUIRE  
JOHN J. AYAU  
JAMES D. ROBB  
CLAUDIA J. ROBERTS  
LINDA G. SKLAREN

\* ALSO ADMITTED IN DISTRICT OF COLUMBIA  
\*\* ALSO ADMITTED IN FLORIDA

October 18, 1984

COPIES  
ALL: 14

32040391632

Paul Reyes, Esquire  
Office of the General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, DC 20463

Re: MUR 1600 (Rhoads)

Dear Mr. Reyes:

Please find enclosed an original and one copy of the Affidavit of Mrs. Rhoads, an executed Designation of Counsel form, and copies of the instruments involved in the borrowing referred to in the Affidavits on file in this cause.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE

By James F. Schoener  
James F. Schoener

JFS/cb  
Enclosures



discussed paying off the LaGrange loan, paying some of my personal indebtednesses and raising funds for a business enterprise that my son was undertaking.

7. To provide security for such refinancing loan we agreed to pledge the family home (in trust) and each of us pledged our respective interests to secure said debt.

8. This loan was ultimately made on November 12, 1983 by the Southwest Suburban Bank of 225 Lily Cache Lane, P.O. Box 1489, Bowlingbrook, IL 60439.

9. It was also our agreement that Mark Q. Rhoads would make the installment payments due under that mortgage since I have insufficient income to pay such obligations. In fact, all payments made on the LaGrange note and the Suburban note have all been made solely by my son, Mark Q. Rhoads.

10. You have asked the amount endorsed or guaranteed by me on either of these loans, and I cannot determine this since there was no allocation. Suffice it to say that both of these banks were familiar with my limited income and were primarily looking to my son, Mark Q. Rhoads for repayment.

11. I made no contribution to my son's campaign other than the technicality of the endorsement of his personal note (part of which he, in turn, lent to his campaign). I did not know that such endorsement of a personal note could be later construed to be a contribution; and did not know that until early 1984.

12. That any technical violation of the Federal Election Campaign Act was completely unintentional and there was no intent to violate or evade any law or regulation.

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13. Any requirement that I be penalized for such action would constitute an economic hardship.

14. The records, papers, or documents relating to these transactions in my possession are the same as those which will be furnished by my son, Mark Q. Rhoads.

Mary G. Rhoads  
Mary G. Rhoads

SUBSCRIBED AND SWORN TO before me, a Notary Public, this 16<sup>th</sup> day of October, 1984.

Joan C. Wier  
Notary Public

My Commission Expires:

2/25/87

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101284

STATEMENT OF DESIGNATION OF COUNSEL

14 OCT 1984 AM: 15

MUR 1600

NAME OF COUNSEL: James F. Schoener

ADDRESS: Miller, Canfield, Paddock and Stone  
1015 15th Street, N.W., Suite 1200  
Washington, DC 20005

TELEPHONE: 202/789-8640

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

Oct. 4, 1984  
Date

Mary G. Rhoads  
Signature

RESPONDENT'S NAME: Mary G. Rhoads

ADDRESS: 4224 Grand  
Western Springs, IL 60558

HOME PHONE: 312/246-1282

BUSINESS PHONE: n/a

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G-CC#S732  
RECEIVED BY THE FEC  
84 NOV 20 11:03 AM  
MID-AMERICA CONSERVATIVE  
POLITICAL ACTION COMMITTEE 51

Box 1645 • Waterloo, Iowa 50704 (319) 277-3775

11-14-84

att: Kenneth Gross

Federal Election Commission

RE: MUR 1600

Dear Sirs:

As per my phone conversation with Paul Reyes, we hereby request conciliation on the above matter.

We would point out that our error was due to our belief that in-kind and independent expenditures counted in qualifying as a multi-candidate PAC.

Thank you.

Sincerely,

Leroy D. Corey

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RECEIVED AT THE FEC  
GCC # 5420  
84 OCT 31 PM 2: 48

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1600

NAME OF COUNSEL: James F. Schoener  
ADDRESS: Miller, Canfield, Paddock and Stone  
1015 15th Street, N.W., Suite 1200  
Washington, DC 20005  
TELEPHONE: 202/789-8640

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

October 26, 1984  
Date

William Naegel  
Signature

RESPONDENT'S NAME: William Naegel  
ADDRESS: 4365 Lawn Avenue  
Western Springs, IL 60558  
HOME PHONE: (312) 246-0322  
BUSINESS PHONE: (312) 246-0940

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84 OCT 31 PM 2: 05

**SENSITIVE**

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED  
THE REC  
CLERK

In the Matter of	)	
	)	
Rhoads for Congress Committee	)	
William E. Naegel, Treasurer	)	MUR 1600
Mary G. Rhoads	)	
MACPAC	)	
Leroy D. Corey, Treasurer	)	

04 DEC 7 A 8: 44

GENERAL COUNSEL'S REPORT

I. Background

On January 4, 1984, the Commission found reason to believe that the Rhoads for Congress Committee, and William E. Naegel, as treasurer, violated 2 U.S.C. 441a(f) by accepting excessive contributions from Mary G. Rhoads, an individual, and the Mid-America Conservative Political Action Committee ("MACPAC"). Additionally, the Commission found reason to believe that Mary Rhoads and MACPAC, and William D. Corey, as treasurer of MACPAC, had separately violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Rhoads for Congress Committee (the "Rhoads Committee"). The respondents were notified of the Commission's determination by letter dated January 9, 1984.

On April 13 and August 1, 1984, this Office reported the progress of this investigation to the Commission.

On September 10, 1984, the Commission issued subpoenas to William E. Naegel, treasurer of the Rhoads Committee, Mary Rhoads, and Mark Rhoads (the former candidate) to obtain documentation concerning loans guaranteed by Mary Rhoads which were used by the Rhoads Committee. Until the subpoena was issued by the Commission, this Office had been unable to contact

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Mark Rhoads to ascertain the whereabouts of the loan documents which had been informally requested and which he agreed to supply. Following receipt of the subpoenas, Mr. Rhoads decided to employ counsel located in Washington, D.C. who is quite familiar with the Commission's procedures and the Act's requirements.

Counsel has supplied the documents subpoenaed and the interrogatories propounded of Mary Rhoads have been answered at this time. Counsel requests that the Commission enter into a conciliation agreement with his clients and close the file in this matter. Counsel also requests that in view of special facts, discussed below, no civil penalty be imposed in this matter.

Following receipt of the Rhoads loan materials, this Office contacted Mr. Corey, the treasurer of MACPAC, on October 19, 1984, to discuss this matter. Mr. Corey has requested that MACPAC and the Commission enter into pre-probable cause conciliation. His written request was received by the Commission on November 20, 1984.

II. Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, provides that persons other than the multicandidate political committees may not contribute in excess of \$1,000 per election to a federal candidate. Section 441a(f) of Title 2, United States

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Code provides that federal candidates may not accept contributions made in violation of 2 U.S.C. § 441a(a)(1)(A).

The 1982 Pre-Primary election report filed by the Rhoads for Congress Committee disclosed contributions totalling \$2,890 from MACPAC. A \$2,000 contribution was received on February 24, 1982, and a contribution of \$890 was received on February 11, 1982. Commission records indicate that at the time those contributions were made, MACPAC had not qualified as a multicandidate political committee within the meaning of 2 U.S.C. § 441a(a)(4). MACPAC, therefore, exceeded the contribution limit of 2 U.S.C. § 441a(a)(1)(A) by \$1,890. Mr. Corey, in his January 23, 1984 response indicated that he and his wife personally contributed to the Rhoads for Congress Committee a total of \$1,890, thus enabling the Rhoads Committee to make a refund to MACPAC. At the time of the Coreys' contributions, the Rhoads Committee was reporting a debt of \$35,891.52 and a cash-on-hand balance of \$750.06. Since Mr. Rhoads was not in the 1982 general election, all of that debt must be attributed to the primary election. MACPAC and the Rhoads Committee have filed amendments to their FEC reports to reflect these transactions.

Mary Rhoads' guarantee of loans, the proceeds of which were provided to the Rhoads Committee, required an examination of the loan agreements entered into and an examination of a trust agreement established wherein the collateral for one of the reported loans was held in trust for the benefit of, assertedly, Mark Rhoads, and Mary Rhoads.

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Section 100.7(a)(11) of Title 11, Code of Federal Regulations, makes clear that an endorser or guarantor of a loan to a political committee shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement. Thus, endorsers or guarantors, other than multicandidate committees, are limited to endorsing or guaranteeing up to the limit of \$1,000 established by 2 U.S.C. § 441a(a)(1)(A). Under 11 C.F.R. § 100.7(a)(11), any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in the written agreement. If the written agreement does not specify a proportionate liability for each endorser or guarantor, the loan is considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors.

The Rhoads Committee has reported two separate loans which were endorsed by Mary Rhoads. The first loan, from the First National Bank of LaGrange, reported on the Committee's 1982 Pre-primary report, is evidenced by a "Secured Consumer Note" (Attachment 1, ps. 15-17). A copy of the Secured Consumer Note supplied by Mr. Naegel, the Rhoads Committee treasurer, indicates that this note was secured by the "personal guaranty of Mary Rhoads." The loan was for \$18,775.72. The sum of \$17,000 was reported as received by the Rhoads Committee. It should be noted that while the words "Personal guarantee of Mary Rhoads" are

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typed on to the form note, Mary Rhoads has not signed the form. Mark Rhoads has signed the form. By affidavit, Mary Rhoads has said, and Mark Rhoads has consistently maintained, that the banks in this matter looked primarily to Mark Rhoads for payment of the loans.

The second loan in question, from the Southwest Suburban Bank, in the amount of \$60,000, was evidenced by a Note (Attachment 1, pps. 18-19) and signed by Mark Rhoads and Mary Rhoads. The sum of \$16,000 was used from this loan to pay off the original "Secured Consumer Note" held by the First National Bank of LaGrange. The Note held by the Southwest Suburban Bank, (Attachment 1, page 19), indicates that Southwest uses this form for more than one guarantor. The Note, on Attachment 1, page 19, provides that "...we [the undersigned] hereby jointly and severally guarantee the full and prompt payment...of any and all indebtedness, liabilities...[t]his guaranty and every part thereof, shall be binding upon the undersigned, jointly and severally,..." According to Counsel, this loan was in excess of the amount available on the signature of the respondents, therefore, to secure the Note the Southwest Suburban Bank required a mortgage on the Rhoads family home which is held in trust.

According to the affidavit of Mary Rhoads, (Attachment 1, pps. 8-10), the home is held in trust for herself and Mark Rhoads as a residual beneficiary. The copy of the Trust Agreement supplied seems to indicate to the contrary (Attachment 1, pps. 28-31) at Attachment page 30, that Mary G. Rhoads

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"...shall be entitled to the earnings, avails, and proceeds of [the] estate according to [her] interests... set forth..." The Trust Agreement further indicates, at Attachment page 31, that the "...First National Bank of LaGrange will deal with said real estate only when authorized to do so in writing and that ...it will, unless otherwise directed in writing by any of the beneficiaries, on the written direction of Mary G. Rhoads..." Mary G. Rhoads is the sole signator on the Trust Agreement (Attachment page 29).

By affidavit, Mark Rhoads has said, essentially, that the loan from the Southwest Suburban Bank was secured by his beneficial interest in the family home which is valued in excess of (Attachment 1, ps. 5-7 at 5 and 6). This office believes that, unless the Trust Agreement supplied has been validly amended, and such amendment has not been supplied to the Commission, it appears that legal title to the collateral for the \$60,000 loan from the Southwest Suburban Bank is held by the First National Bank of LaGrange as trustee, and Mary G. Rhoads is the sole beneficiary of that trust. Consequently, while Mark Rhoads signed the Note for \$60,000 with his mother, Mary Rhoads, and both of them have said that Southwest and First National looked to Mark Rhoads for payment of the loans, Southwest only granted its loan because it was secured by property held in trust for Mary Rhoads. Mary Rhoads as, apparently, the only beneficiary of the Trust Agreement is the only person with the power to direct that the First National Bank, as trustee,

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mortgage the property to which it holds legal title. This office believes, therefore, that Mary Rhoads, must be considered the sole endorser of the Southwest loan, in the amount of, for purposes of this matter, \$16,000. In spite of the boilerplate language in Southwest Note, indicating that Mary Rhoads and Mark Rhoads are "jointly and severally liable" on the Note, clause number 18 of the Mortgage (Attachment 1, page 25), provides that "...failure to cure [a] breach on or before the date specified in [a] notice may result in the acceleration of the sums secured by this Mortgage, foreclosure by judicial proceedings and sale of the Property ...If the breach [i.e. failure to make payments] is not cured...Lender..may declare all of the sums secured by this Mortgage immediately due and payable.... and may foreclose the mortgage...." Mary Rhoads, having executed a mortgage through her trustee, the First National Bank of LaGrange, upon the separate campaign debt of her son, Mark Rhoads, became, as to that debt, a surety. She did not become personally bound for the payment of the debt, but her property mortgaged was bound. 1/

III. Discussion of Conciliation Provisions and Civil Penalty

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1600
Rhoads for Congress Committee	)	
William E. Naegel, Treasurer	)	
Mary G. Rhoads	)	
MACTAC	)	
Leroy D. Corey, Treasurer	)	

CERTIFICATION

I, Marjorie W. Eumons, Secretary of the Federal Election Commission, do hereby certify that on December 11, 1984, the Commission decided by a vote of 5-0 to take the following actions in MUR 1600:

1. Enter into conciliation with Mary G. Rhoads, the Rhoads for Congress Committee, and William E. Naegel, as treasurer, prior to a finding of probable cause to believe.
2. Enter into conciliation with the Mid-America Conservative Political Action Committee, and Leroy D. Corey, as treasurer, prior to a finding of probable cause.
3. Approve the proposed conciliation agreements attached to the General Counsel's Report signed December 6, 1984.

(Continued)

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4. Approve and send the letters attached to the General Counsel's Report signed December 6, 1984.

Commissioners Aikens, Elliott, Harris, McGarry and Reiche voted affirmatively in this matter; Commissioner McDonald did not cast a vote.

Attest:

12-12-84

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

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Received in Office of Commission Secretary:  
Circulated on 48 hour tally basis:

12-7-84, 8:44  
12-7-84, 2:00



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 13, 1984

Leroy D. Corey  
Treasurer  
Mid-America Conservative  
Political Action Committee  
Box 1645  
Waterloo, Iowa 50704

RE: MUR 1600  
Mid-America Conservative  
Political Action Committee,  
Leroy D. Corey, Treasurer

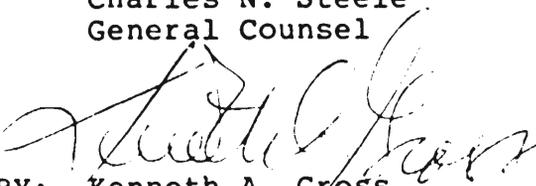
Dear Mr. Corey:

On January 4, 1984, the Commission found reason to believe that the Mid America Conservative Political Action Committee and you as treasurer violated 2 U.S.C. § 441a(a)(1)(A). At your request, the Commission determined on December 11, 1984, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 13, 1984

James F. Schoener, Esquire  
Miller, Canfield, Paddock and Stone  
1015 Fifteenth Street, N.W.  
Washington, D.C. 20005

RE: MUR 1600  
Rhoads for Congress Committee  
William E. Naegel, Treasurer  
Mary Rhoads

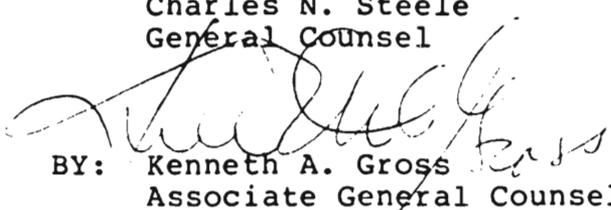
Dear Mr. Schoener:

On January 4, 1984, the Commission found reason to believe that your clients violated 2 U.S.C. § 441a(a)(1)(A) and 441a(f). At your request, the Commission determined on December 11, 1984, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please have it signed and returned, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

REC'D  
FEC  
SECRETARY

FEB 13 11:00

February 13, 1985

MEMORANDUM

TO : The Commission

FROM : Charles N. Steele  
General Counsel *CNS*

SUBJECT: MUR 1600

**SENSITIVE**

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of these briefs and letters notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on February 13, 1985. Following receipt of the respondents' replies to these notices, this Office will make a further report to the Commission.

Attachments

1. Briefs
2. Letters to Respondents

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FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20543

February 13, 1985

Mr. Leroy D. Corey, Treasurer  
Mid-America Conservative Political  
Action Committee  
P.O. Box 1645  
Waterloo, Indiana 50704

RE: MUR 1600  
Rhoads for Congress Committee,  
William E. Naegel, Treasurer  
Mid-America Conservative PAC,  
Leroy Corey, Treasurer

Dear Mr. Corey:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 4, 1984, found reason to believe that the Mid-America Conservative Political Action Committee and you, as treasurer, had violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible). The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond twenty days.

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Mr. Leroy D. Corey, Treasurer  
Page 2

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Paul Reyes, the staff member assigned to handle this matter, at (202) 523-4000.

Sincerely,



Charles N. Steele  
General Counsel

Enclosure  
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
MACPAC ) MUR 1600  
Leroy Corey, Treasurer )  
 )

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

The Reports Analysis Division ("RAD") of the Federal Election Commission (the "Commission") on September 15, 1983, referred this matter to the General Counsel's Office because it concerned the receipt of contributions exceeding the limitations set by 2 U.S.C. § 441a(a)(1)(A). Information obtained in the normal course of its duties by the Commission indicated that the Rhoads for Congress Committee (the "Committee") had received contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MACPAC") in connection with the 1982 Illinois primary election. MACPAC was not qualified as a multicandidate committee at the time the contributions were made.

The Commission determined, on January 4, 1984, that there was reason to believe that MACPAC and Leroy Dale Corey, as its treasurer, ("Respondents") had violated 2 U.S.C. § 441a(a)(1)(A). Notification of the Commission's findings was mailed to the respondents on January 9, 1984. A written response from Leroy D. Corey was received on January 30, 1984.

II. LEGAL ANALYSIS

As set forth in section 441a(a)(1)(A) of Title 2, United States Code, a person may not make contributions to a candidate for Federal office in excess of \$1,000 per election.

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Section 100.5(e)(3) of Title 11, Code of Federal Regulations, explains that to attain "multicandidate" committee status, a political committee must: i) be registered for at least six (6) months; ii) have received contributions for Federal elections from over 50 persons; and, iii) have contributed to five (5) or more Federal candidates (emphasis added). MACPAC was not a multicandidate committee at the time the original excessive contributions were made by virtue of not having contributed to more than one federal candidate. Line 3 of MACPAC 1983 Year End Report notes that MACPAC qualified as a multicandidate committee on October 14, 1983. Line 21 of Schedule B in this report disclosed contributions to the McDonald for Congress Committee on October 14, 1983, of \$450. Contributions to two other federal candidates are also disclosed as being made on September 17, 1983, and July 1, 1983. Additionally, MACPAC's 1983 Mid-Year Report discloses a contribution to the '84 Club - Jepsen for Senator made on April 15, 1983. Thus, it eventually qualified as a multicandidate committee but was not so qualified when it contributed to the Rhoads Committee in 1982.

The 1982 Pre-Primary election report filed by the Rhoads for Congress Committee disclosed contributions totalling \$2,890 from MACPAC. A \$2,000 contribution was received on February 24, 1982, and a contribution of \$890 was received on February 11, 1982. MACPAC, therefore, exceeded the contribution limit of 2 U.S.C. § 441a(a)(1)(A) by \$1,890. Mr. Corey, by letter dated January 23, 1984, indicated that he and his wife personally

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contributed to the Rhoads for Congress Committee a total of \$1,890, thus enabling the Rhoads Committee to make a refund to MACPAC. At the time of the Coreys' contributions, the Rhoads Committee was reporting a debt of \$35,891.52 and a cash-on-hand balance of \$750.06. Since Mr. Rhoads was not in the 1982 general election, all of that debt must be attributed to the primary election. MACPAC and the Rhoads Committee have filed amendments to their FEC reports to reflect these transactions.

The fact that MACPAC's excessive contribution was refunded to it and personal contributions were made in the same amount by Mr. Corey (the treasurer) and his spouse serves to mitigate the offense. However, as set forth in 2 U.S.C. § 441a, a political committee, other than a multicandidate committee, may not make contributions to a candidate for Federal office in excess of \$1,000 per election. Because MACPAC was not a multicandidate committee at the time it contributed \$2,890 to the Rhoads Committee, it exceeded the limitations of § 441a(a)(1)(A) by \$1,890 in contributions to the Rhoads Committee. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that the Mid-America Conservative Political Action Committee and its treasurer, Leroy D. Corey, violated 2 U.S.C. § 441a(a)(1)(A).

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III. GENERAL COUNSEL'S RECOMMENDATION

1. Find probable cause to believe that MACPAC and Leroy D. Corey, as treasurer, violated 2 U.S.C. § 441a(a)(1)(A).

17 Feb. 1985  
Date

  
\_\_\_\_\_  
Charles N. Steele  
General Counsel

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FEDERAL ELECTION COMMISSION

February 13, 1985

James F. Schoener, Esquire  
Miller, Caufield, Paddock and Stone  
1015 Fifteenth Street, N.W.  
Washington, D.C. 20005

RE: MUR 1600  
Rhoads for Congress  
Committee,  
William E. Naegel, Treasurer  
Mary Rhoads

Dear Mr. Schoener:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 4, 1984, found reason to believe that your clients had violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5 and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond twenty days.

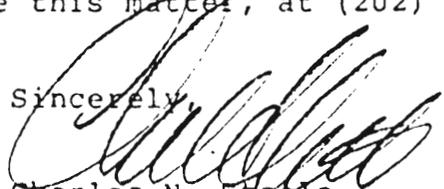
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James F. Schoener, Esquire  
Page 2

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Paul Reyes, the staff member assigned to handle this matter, at (202) 523-4000.

Sincerely,



Charles N. Steele  
General Counsel

Enclosure  
Brief with attachment

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer ) MUR 1600

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

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The Reports Analysis Division ("RAD") of the Federal Election Commission (the "Commission") on September 15, 1983, referred this matter to the General Counsel's Office because it concerned the receipt of contributions exceeding the limitations set by 2 U.S.C. § 441a(f). Information obtained in the normal course of its duties by the Federal Election Commission indicated that the Rhoads for Congress Committee (the "Committee") had received contributions totalling \$2,890 from the Mid-America Conservative Political Action Committee ("MACPAC"). MACPAC was not qualified as a multicandidate committee at the time the contributions were made and, thus, limited to contributing \$1,000 per election by 2 U.S.C. § 441a(a)(1)(A). In addition, the Committee had reported the receipt of a \$17,000 loan that was designated for the primary election. The loan from the First National Bank of LaGrange showed, on Schedule C of the Committee's 1982 12 Day Pre-Primary Report, that Mark Rhoads (the candidate) was the intermediary and Mary G. Rhoads (the candidate's mother) was the sole guarantor. Thus, it appeared that Mary Rhoads had violated 2 U.S.C. § 441a(a)(1)(A).

The Commission, on January 4, 1984, determined that there was reason to believe that the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f) and

that Mary Rhoads; MACPAC and Leroy D. Corey, as treasurer of MACPAC, had violated 2 U.S.C. § 441a(a)(1)(A). Notification of the Commission's findings was mailed to the respondents on January 9, 1984. A "preliminary response" via mailgram was received on behalf of Mary Rhoads and William E. Naegel from Mark Q. Rhoads, the candidate, on February 13, 1984.

The Commission issued subpoenas on September 10, 1984, to William E. Naegel, treasurer of the Rhoads Committee, Mary Rhoads, and Mark Rhoads to obtain documentation concerning the loans guaranteed by Mary Rhoads which were used by the Rhoads Committee. Until the subpoenas were issued by the Commission, this Office had been unable to contact Mark Rhoads to ascertain the whereabouts of the loan documents which had been informally requested and which he agreed to supply. Following receipt of the subpoenas, Mr. Rhoads employed counsel who supplied the requested documentation and the answers to interrogatories propounded of Mary Rhoads.

This Office concludes that a personal guarantee of a \$17,000 bank loan by Mary Rhoads and a further guarantee by Mary Rhoads of a second bank loan to repay the balance of the first note, \$16,000, constitute a substantial, albeit unwitting, violation of 2 U.S.C. § 441a(a)(1)(A).

## II. LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, provides that persons other than the multicandidate political committees may not contribute in excess of \$1,000 per election to

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a federal candidate. Section 441a(f) of Title 2, United States Code, provides that federal candidates may not accept contributions made in violation of 2 U.S.C. § 441a(a)(1)(A).

Section 431(8)(A)(i) of Title 2, United States Code, defines the term "contribution" to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election for federal office.

Section 100.7(a)(1)(i)(C) of Title 11, Code of Federal Regulations, makes clear that an endorser or guarantor of a loan to a political committee shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement. Thus, endorsers or guarantors, other than multicandidate committees, are limited to endorsing or guaranteeing up to the limit of \$1,000 established by 2 U.S.C. § 441a(a)(1)(A). Under 11 C.F.R. § 100.7(a)(11), any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in the written agreement. If the written agreement does not specify a proportionate liability for each endorser or guarantor, the loan is considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors.

The Rhoads Committee has reported two separate loans which were endorsed by Mary Rhoads. The first loan, from the First

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National Bank of LaGrange, reported on the Committee's 1982 Pre-primary report, is evidenced by a "Secured Consumer Note" (Attachment 1, pps. 15-17). A copy of the Secured Consumer Note supplied by Mr. Naegel, the Rhoads Committee treasurer, indicates that this note was secured by the "personal guaranty of Mary Rhoads." The loan was for \$18,775.72. The sum of \$17,000 was reported as received by the Rhoads Committee. It should be noted that while the words "Personal guarantee of Mary Rhoads" are typed on to the form note, Mary Rhoads has not signed the form. Mark Rhoads has signed the form. By affidavit, Mary Rhoads has said, and Mark Rhoads has consistently maintained, that the banks in this matter looked primarily to Mark Rhoads for payment of the loans.

The second loan in question, from the Southwest Suburban Bank, in the amount of \$60,000, was evidenced by a Note (Attachment 1, pps. 18-19.) and signed by Mark Rhoads and Mary Rhoads. The sum of \$16,000 was used from this loan to pay off the original "Secured Consumer Note" held by the First National Bank of LaGrange. The Note held by the Southwest Suburban Bank, (Attachment 1, page 19), indicates that Southwest uses this form for more than one guarantor. The Note, on Attachment 1, page 19, provides that "...we [the undersigned] hereby jointly and severally guarantee the full and prompt payment...of any and all indebtedness, liabilities...[t]his guaranty and every part thereof, shall be binding upon the undersigned, jointly and severally,..." According to Counsel, this loan was in excess of

the signature of the respondents, therefore, to secure the Note the Southwest Suburban Bank required a mortgage on the Rhoads family home which is held in trust.

According to the affidavit of Mary Rhoads, (Attachment 1, pps. 8-10), the home is held in trust for herself and Mark Rhoads as a residual beneficiary. The copy of the Trust Agreement supplied seems to indicate to the contrary (Attachment 1, pps. 28-31) at Attachment page 29, that Mary G. Rhoads "...shall be entitled to the earnings, avails, and proceeds of [the] estate according to [her] interests... set forth..." The Trust Agreement further indicates, at Attachment page 30, that the "...First National Bank of LaGrange will deal with said real estate only when authorized to do so in writing and that ...it will, unless otherwise directed in writing by any of the beneficiaries, on the written direction of Mary G. Rhoads..." Mary G. Rhoads is the sole signator on the Trust Agreement (Attachment page 31).

By affidavit, Mark Rhoads has said, essentially, that the loan from the Southwest Suburban Bank was secured by his beneficial interest in the family home which is valued in excess of (Attachment 1, pps. 5-7 at 5 and 6). The Office of General Counsel believes, that unless the Trust Agreement supplied has been validly amended, and such amendment has not been supplied to the Commission, it appears that legal title to the collateral for the \$60,000 loan from the Southwest Suburban Bank is held by the First National Bank of LaGrange as trustee,

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Mary Rhoads is the sole beneficiary of that trust. Consequently, while Mark Rhoads signed the Note for \$60,000 with his mother, Mary Rhoads, and both of them have said that Southwest and First National looked to Mark Rhoads for payment of the loans, Southwest only granted its loan because it was secured by property held in trust for Mary Rhoads. Mary Rhoads as, apparently, the only beneficiary of the Trust Agreement is the only person with the power to direct that the First National Bank, as trustee, mortgage the property to which it holds legal title. This Office believes, therefore, that Mary Rhoads, must be considered the sole endorser of the Southwest loan, in the amount of, for purposes of this matter, \$16,000. In spite of the language in Southwest's Note, indicating that Mary Rhoads and Mark Rhoads are "jointly and severally liable" on the Note, clause number 18 of the Mortgage (Attachment 1, page 25), provides that "... failure to cure [a] notice may result in the acceleration of the sums secured by this Mortgage, foreclosure by judicial proceedings and sale of the Property ...If the breach [i.e. failure to make payments] is not cured...Lender..may declare all of the sums secured by this Mortgage immediately due and payable... and may foreclose the mortgage..." Mary Rhoads, having executed a mortgage through her trustee, the First National Bank of LaGrange, upon the separate campaign debt of her son, Mark Rhoads, became, as to that debt, a surety. She did not become personally bound for the payment of the debt, but her

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property mortgaged was bound.<sup>1/</sup> Relying on the fact that Mary Rhoads apparently has no assets, is unemployed, and did not understand that a personal guarantee constituted a contribution, the General Counsel recommends that her violation be included with the Committee's. This is recommended in that the loan transaction in question encompassed both the violations concerning the Committee and Mrs. Rhoads.

Counsel for the Rhoads Committee and Mary Rhoads explains that his clients simply did not understand the fact that a personal guarantee of a bank loan, proceeds of which were taken by the candidate and then transferred to his campaign committee constituted a contribution to the Committee.

B. MACPAC

Section 100.5(e)(3) of Title 11, Code of Federal Regulations, explains that to attain "multicandidate" committee status, a political committee must: i) be registered for at least six (6) months; ii) have received contributions for Federal elections from over 50 persons; and, iii) have contributed to five (5) or more Federal candidates (emphasis added). MACPAC was not a multicandidate committee at the time the original excessive contributions were made by virtue of not having contributed to more than one federal candidate.

<sup>1/</sup> Compare, Cross v. Allen, 141 U.S. 528, 534 (1891). [Wife mortgaged her separate property to secure the debt of her husband.]

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The 1982 Pre-Primary election report filed by the Rhoads for Congress Committee disclosed contributions totalling \$2,890 from MACPAC. A \$2,000 contribution was received on February 24, 1982, and a contribution of \$890 was received on February 11, 1982. MACPAC, therefore, exceeded the contribution limit of 2 U.S.C. § 441a(a)(1)(A) by \$1,890. Mr. Corey, by letter dated January 23, 1984, indicated that he and his wife personally contributed to the Rhoads for Congress Committee a total of \$1,890, thus enabling the Rhoads Committee to make a refund to MACPAC. At the time of the Coreys' contributions, the Rhoads Committee was reporting a debt of \$35,891.52 and a cash-on-hand balance of \$750.06. Since Mr. Rhoads was not in the 1982 general election, all of that debt must be attributed to the primary election. MACPAC and the Rhoads Committee have filed amendments to their FEC reports to reflect these transactions.

The fact that MACPAC's excessive contribution was refunded to it and personal contributions were made in the same amount by Mr. Corey (the treasurer) and his spouse serves to mitigate the offense. However, as set forth in 2 U.S.C. § 441a, an individual or a political committee, other than a multicandidate committee, may not make contributions to a candidate for Federal office in excess of \$1,000 per election. Because MACPAC was not a multicandidate committee at the time it contributed \$2,890 to the Rhoads Committee, it exceeded the limitations of 2 U.S.C. § 441a(a)(1)(A) by \$1,890 in contributions to the Rhoads Committee. The Rhoads Committee's acceptance of excessive funds from MACPAC violated 2 U.S.C. § 441a(f).

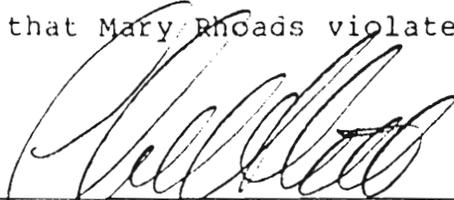
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Therefore, in conclusion, the Office of General Counsel believes that the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f) by its acceptance of the excessive loan contribution of Mary Rhoads and its acceptance of the excessive contribution from MACPAC.

III. General Counsel's Recommendation

1. Find probable cause to believe the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f).
2. Find probable cause to believe that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A).

12 February 1985  
Date

  
\_\_\_\_\_  
Charles N. Steele  
General Counsel

9 2 5 4 0 3 9 1 5 6 9

ACC# 6853

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LINDA G. SKLAREN

\* ALSO ADMITTED IN DISTRICT OF COLUMBIA  
\*\* ALSO ADMITTED IN FLORIDA

March 6, 1985

Paul Reyes, Esq.  
Office of the General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, DC 20463

Re: MUR 1600

Dear Mr. Reyes:

Enclosed please find an original and 12 copies of Respondent's Brief in the above-entitled MUR.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE

By James F. Schoener  
James F. Schoener

JFS/cb  
Enclosure  
cc Mr. Mark Q. Rhoads

92040391670

Before the  
FEDERAL ELECTION COMMISSION

IN THE MATTER OF )  
Rhoads for Congress Committee, ) MUR 1600  
William E. Naegel, Treasurer. )  
Respondent. )

RESPONDENT'S BRIEF

I. Statement of the Case

MACPAC Contribution: Respondent, Rhoads for Congress Committee, submits that this is a non-issue. When the respondent committee was informed that the contributor was not a qualified multicandidate and, accordingly, could not contribute in excess of \$1,000.00, and as soon as funds were available (the Committee had insufficient funds at the time the committee was so informed), the refund was made. Respondent is at a loss why this matter is even brought before the Commission. At no time has there been a contention that respondent ever knowingly received any excess contributions.

Mary G. Rhoads, guarantor. Mark Q. Rhoads borrowed \$18,000 from the First National Bank of LaGrange Illinois in his own name. In order to accommodate this amount, the bank asked for a guarantee from Mr. Rhoads' mother, Mary G. Rhoads. Mrs. Rhoads is retired and living on social security, but does occupy the family home left in life use to her. At all times it was understood Mark Rhoads was to pay this debt to First National.

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Of the funds borrowed by Mark Rhoads, \$17,000.00 was in turn loaned to respondent committee. No attempt to disguise these facts was ever made, and records were furnished as requested without the need for the subpoena issued by the FEC. Neither Mark Rhoads, Mary Rhoads nor the treasurer of the respondent committee ~~knew that a guarantor of a personal loan~~ (in legal effect) became a contributor if the funds were in turn loaned to a political committee.

Subsequent Southwest Suburban Bank Loan. Upon being informed by the FEC of the technical violation of the Campaign Act, Mark Rhoads and Mary Rhoads arranged a subsequent loan from the Southwest Suburban Bank to pay the LaGrange note. This note combined personal debts of Mary Rhoads and other obligations of Mark Rhoads. Attempts by Mark Rhoads to have the bank separate out the \$16,000.00 representing the unpaid amount of the election contributions were unsuccessful. No assets or funds of Mark Rhoads are currently available to separate these obligations. Mark Rhoads has made all payment on all of these loans and further contributes to the support of Mary Rhoads in excess of her social security payments. Regarding the security pledged on this loan, no claim was made that Mark Rhoads has a present interest in said real estate. However, his anticipated share after Mary Rhoads life estate was estimated to be worth the sum of \_\_\_\_\_ No attempt to suggest that this interest was other than anticipated was intended.

92040391572

II. Legal Issues.

While the accommodation of Mary Rhoads in guaranteeing the loan of her son, Mark Rhoads, amounts in law to a technical violation of the FECA, the facts in this case would seem to call for a reasonable conciliation.

1. The respondent committee is insolvent and Mark Rhoads, the candidate, has been paying committee creditors from his earned income.
2. Mark Rhoads will be the only person making payments on the unpaid balance of the Suburban Bank loan.
3. Mary Rhoads has not made any contributions to the campaign other than the accommodation of the loan.
4. The violation was totally unintentional.

MACPAC "Violation". This should be dismissed since there has never been any allegation or fact indicating that respondent knew that MACPAC was not a multicandidate committee. In fact, there was some question concerning MACPAC's status at the FEC itself (see copy of 5/9/83 Mailgram attached as Exhibit A). However, in order to constitute a violation in receiving any excessive contribution the acceptance of such contribution must be knowingly made under 2 U.S.C. §441a(f). This essential element is completely lacking in the General Counsel's brief. Accordingly, this item should be dismissed.

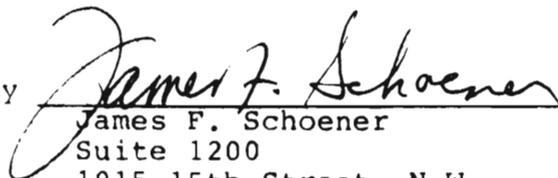
22540391673

Dated March 6, 1985

Respectfully submitted,

MILLER, CANFIELD, PADDOCK AND STONE

By



James F. Schoener  
Suite 1200  
1015 15th Street, N.W.  
Washington, DC 20005  
202/789-8640

ATTORNEY FOR RESPONDENT  
Rhoads for Congress Committee  
William E. Naegel, Treasurer

92540391574

MAILGRAM SERVICE  
MIDDLETOWN, VA. 22645  
09AM

Western Union Mailgram



4-012472S129002 05/09/83 ICS IPMRNGZ CSP ← May 9, 1983  
1 3122461282 MGM TDBN WESTERN SPRINGS IL 05-09 1012A EST

HERBERT G RHOADS  
4224 GRAND AVE  
WESTERN SPRINGS IL 60558

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

3122461282 MGM TDBN WESTERN SPRINGS IL 05 05-09 1012A EST  
ZIP  
JOHN D GIBSON  
FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

DEAR MR GIBSON

THIS IS IN REPLY TO YOUR LETTER OF APRIL 21 CONCERNING IDENTIFICATION  
NUMBER: C00148239. THE RHOADS FOR CONGRESS COMMITTEE HAS BEEN  
INFORMED BY MR LEROY COREY, DIRECTOR OF THE MID AMERICA CONSERVATIVE  
PAC, THAT HE HAS DOCUMENTATION TO SHOW HIS PAC IS A MULTI CANDIDATE  
PAC.

MR COREY TELEPHONED MARK KLINEMAN AT THE F.E.C. AT 930AM CDT ON  
MONDAY MAY 9. HE WILL SEND SUPPORTING DOCUMENTATION TO YOU.

SINCERELY YOURS  
MARK G RHOADS

\*\*\*\*\*

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WE'LL AUTOMATICALLY DEDUCT \$1.00 FROM YOUR TOTAL BILL. OFFER GOOD  
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\*\*\*\*\*

10:13 EST

MGMCGMP

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ACC# 6852

03 MAR 8 10:49

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EMMETT E. FALAN  
CONSULTING PARTNER

SIDNEY T. MILLER (1884-1940)  
GEORGE L. CANFIELD (1866-1928)  
LEWIS H. PADDOCK (1868-1935)  
FERRIS D. STONE (1867-1945)

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STRAITTON S. BROWN  
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LAWRENCE A. KING, P.C.  
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GEORGE E. DELAUNE \*  
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BOCA RATON, FLORIDA  
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LANSING, MICHIGAN  
MONROE, MICHIGAN  
TRAVERSE CITY, MICHIGAN

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LINDA G. SKLAREN

\* ALSO ADMITTED TO PRACTICE IN DISTRICT OF COLUMBIA  
\* ALSO ADMITTED TO PRACTICE IN FLORIDA

March 7, 1985

Paul Reyes, Esquire  
General Counsel's Office  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

RE: MUR 1600

Dear Mr. Reyes:

Enclosed please find an original and 12 copies of Addendum to Respondent's Brief in the above-entitled matter.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE

By James F. Schoener  
James F. Schoener

JFS/cb  
Enclosure  
cc Mr. Mark Q. Rhoads

9204031576

Before the  
FEDERAL ELECTION COMMISSION

IN THE MATTER OF )  
Rhoads for Congress Committee, ) MUR 1600  
William E. Naegel, Treasurer. )  
Respondent. )

ADDENDUM TO RESPONDENT'S BRIEF

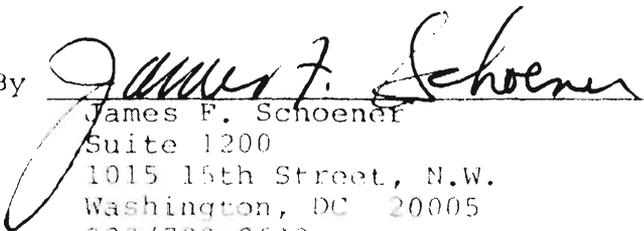
As an Addendum to the Respondent's Brief heretofore filed in this cause, respondent submits the attached Exhibit B which indicates the correspondence from candidate, Mark Q. Rhoads, to the Commission regarding matters stated in respondent's brief.

Dated March 7, 1985

Respectfully submitted,

MILLER, CANFIELD, PADDOCK AND STONE

By

  
James F. Schoener  
Suite 1200  
1015 15th Street, N.W.  
Washington, DC 20005  
202/789-8640

ATTORNEY FOR RESPONDENT  
Rhoads for Congress Committee  
William E. Naegel, Treasurer

22040391677

FINE STARS PRODUCTIONS, INC.

4224 GRAND AVENUE  
WESTERN SPRINGS, ILLINOIS 60558

MARK Q RHOADS  
PRESIDENT

PHONE 312-246-1282

May 22nd, 1984

Mr. Kenneth A. Gross  
Associate General Counsel  
Federal Election Commission  
Washington, D.C. 20463

RE: MUR 1600

Dear Mr. Gross:

This will serve as a brief preliminary response to your letter to me of May 7th.

To answer the second question on page two, I cannot remember exactly why we chose October 1st, 1983 as an initial date for the beginning of in kind services from MAC-PAC. I think we were just trying to go back as far as we could to make sure we covered the earliest work performed in kind by the MAC-PAC field person for this state.

The value of services performed between October 1, 1983 and October 13, 1983 when MAC-PAC became a multi-candidate committee was probably less than \$30.00. This would be the cost of gasoline and tolls and a lunch for Mrs. Eloise Canfield, the Illinois field representative for MAC-PAC. She came about 20 miles from her home to confer with me at a lunch during the first week of October in order to discuss her donations of time to the campaign. All of her activities from October 1st on and all in kind donations from MAC-PAC from October 1, 1983 relate to the Primary campaign for the 1984 election. This is why these services were reported on the reports of the RHOADS FOR CONGRESS 84 COMMITTEE which has a separate and distinct FEC identification number from the Rhoads for Congress Committee which was formed in 1982.

I have not found any correspondence in our campaign files with MAC-PAC on the duties of Mrs. Canfield. During the period of October 1 to December 31, 1983 we did not have a campaign headquarters and she worked at her home compiling a list of Republican primary voters from public records. The value of her time and the amount of her time was set by MAC-PAC. She gave us the results of her work in early January, 1984. I assume the reason we do not have letters on file is that all our arrangements were made by phone at that time.

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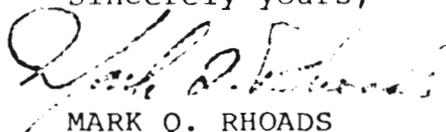
With respect to your request for additional information on a loan made to me from the Southwest Suburban Bank, I have called Mr. Paul Reyes at the F.E.C. to find out just exactly what you need and will make every effort to get the information to you as soon as I can.

Please let me restate here again, as I have several times before, that as of this date Mary G. Rhoads has never made any cash or in-kind donation to the 1982 Rhoads for Congress Committee which would exceed a limit of \$1,000. Nor has Mary G. Rhoads ever made any principal or interest payments on any loan which stemmed from either the loan I made in January of 1982 at the First National Bank of La Grange or any subsequent renewal of that note nor any successor note from Southwest Suburban Bank or any other bank. I have made all such interest and principal payments out of personal funds from January of 1982 until now.

I do understand what the objections of the F.E.C. are regarding 2 U.S.C. 441a(f) and 2 U.S.C. 441a(a)(1)(A). As I have stated before, I respectfully disagree with your reading only because I have never regarded my loan of \$16,000 to my 1982 Committee as anything other than a personal obligation of mine. I was the only one to sign the note, notwithstanding the fact that Mary G. Rhoads was listed on the note as a guarantor not "sole guarantor" as your letter states.

Nevertheless, I understand the position of the F.E.C. that another guarantor should not be on a note of this size, even for additional collateral purposes and that I should be the sole maker of the note in all respects. It was in an effort to cure that FEC objection that I have asked the lending officer of Southwest Suburban Bank to break-out and entirely separate \$16,000 note on which I would be the sole signer and guarantor. He is willing to do this if we can arrange sufficient collateral. This would not involve any new funds from the bank but would simply reduce another note by the same amount of \$16,000. I will inform you as soon as this has been accomplished. I will also send you additional information as soon as I collect it.

Sincerely yours,



MARK Q. RHOADS

MQR/jm

92040391579

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee, ) MUR 1600  
William E. Naegel, Treasurer )  
Mary Rhoads )  
Mid America Conservative )  
Political Action Committee )  
Leroy D. Corey, Treasurer )

GENERAL COUNSEL'S REPORT

I. BACKGROUND

The Commission directed this Office to enter into pre-probable cause conciliation negotiations with the respondents in the above styled matter on December 11, 1984. The Mid America Conservative Political Action Committee ("MACPAC") and Leroy D. Corey as treasurer, never responded to the Commission's pre-probable cause notification.

By letter of February 13, 1985, the General Counsel notified MACPAC's treasurer and the Rhoads counsel of his intention to recommend findings of probable cause to the Commission and forwarded the General Counsel's Brief.

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II. Legal Analysis

a) MACPAC

(See OGC Brief of February 13, 1985.) As of the date of this report, the Mid America Conservative Political Action Committee ("MACPAC") and Leroy D. Corey, treasurer, have not filed any Brief in response to the General Counsel's Brief which was mailed February 13, 1985. The General Counsel's position remains unchanged from that Brief. Therefore, the General Counsel recommends that the Commission find probable cause to believe that the Mid America Conservative Political Action Committee and Leroy D. Corey, as treasurer, violated 2 U.S.C. § 441a(a)(1)(A).

b) Rhoads Respondents

(See OGC Brief of February 13, 1985.) The Rhoads Respondents' Reply Brief and an Addendum are attached for

Commission consideration. As to the receipt of an excessive contribution from MACPAC at a time when MACPAC was not qualified as a multicandidate political committee, respondents contend that the General Counsel's Brief fails to allege that the Rhoads Committee "knowingly" accepted a prohibited contribution. No such allegation is needed. The Rhoads Committee does not dispute that an excessive contribution was received from MACPAC. Although Section 441a(f) uses the word "knowingly" to establish liability for the receipt of contributions in excess of the applicable limits, the courts have found that the term "knowingly" as used in Section 441a(f) suggests that the recipient must only know that it received the contributions at issue, and not that the contributions exceeded the limitations in violation of the law. See Federal Election Commission v. California Medical Association, 502 F.Supp. 196 (N.D. Cal. 1980); In re Federal Election Campaign Act Litigation, 474 F. Supp. 1044 (D.D.C 1979). [See Memorandum to the Commission--Interpretation of the Word "Knowingly" as Found in 2 U.S.C. § 441a(f) (Dec. 5, 1984).

Respondents' contention that they refunded the MACPAC contribution as soon as funds became available should be considered in mitigation of any penalty imposed but does not take away the fact that the violation occurred.

92040391582

As to the acceptance of an excessive contribution from Mary Rhoads, respondents reiterate that the loans guaranteed by Mary Rhoads constituted a violation of the Act but continue to characterize the violation as a minor technical error. ~~Considering the~~

impossible to consider this a minor technical violation

The General Counsel finds respondents' Brief unpersuasive and recommends that the Commission find probable cause to believe that the Rhoads for Congress Committee, and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f) and that the Commission find probable cause to believe that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A).

**III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY**

92040391683

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IV. RECOMMENDATIONS

1.

2. Find probable cause to believe that the Mid America Conservative Political Action Committee, and Leroy D. Corey, as treasurer, violated 2 U.S.C. § 441a(a)(1)(A).
3. Find probable cause to believe that the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f).
4. Find probable cause to believe that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A).
5. Approve and send the attached proposed conciliation agreements (2) and proposed letters.

Date

3/27/65

Charles N. Steele  
Charles N. Steele  
General Counsel *CS*

22040391586

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer )  
~~Mary Rhoads, Treasurer )~~  
Mid American Conservative )  
Political Action Committee )  
Leroy D. Corey, Treasurer )

~~MUR 1600~~

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of April 16, 1985, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1600:

- 1.
2. Find probable cause to believe that the Mid America Conservative Political Action Committee, and Leroy D. Corey, as treasurer, violated 2 U.S.C. § 441a(a)(1)(A).
3. Find probable cause to believe that the Rhoads for Congress Committee and William E. Naegel, as treasurer, violated 2 U.S.C. § 441a(f).
4. Find probable cause to believe that Mary Rhoads violated 2 U.S.C. § 441a(a)(1)(A).

(continued)

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5. Approve and send the proposed conciliation agreements (2) and letters attached to the General Counsel's report dated March 27, 1985.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision.

Attest:

4-16-85

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

9 2 0 4 0 3 9 1 5 3 3 8



FEDERAL ELECTION COMMISSION  
April 22, 1985  
WASHINGTON DC 20463

James F. Schoener, Esquire  
Miller, Canfield, Paddock and Stone  
Suite 1200  
1015 Fifteenth Street, N.W.  
Washington, D.C. 20005

RE: MUR 1600  
Rhoads for Congress Committee  
William E. Naegel, Treasurer  
Mary Rhoads

Dear Mr. Schoener:

On April 16, 1985, the Commission determined that there is probable cause to believe your clients committed a violation of 2 U.S.C. §§ 441a(f) and 441a(a)(1)(A), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with contributions made and received for the 1982 Illinois Primary election.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it along with the civil penalty to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure  
Conciliation Agreement

92540391509



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

April 22, 1985

Leroy D. Corey, Treasurer  
Mid America Conservative  
Political Action Committee  
P.O. Box 1645  
Waterloo, Indiana 50704

RE: MUR 1600  
Mid America Conservative  
Political Action Committee  
Leroy D. Corey, Treasurer

Dear Mr. Corey:

On April 16, 1985, the Commission determined that there is probable cause to believe the Mid America Conservative Political Action Committee and you, as treasurer, committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with contributions made to the Rhoads for Congress Committee in the 1982 Illinois Primary election.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it along with the civil penalty to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Paul Reyes, the staff member assigned to this matter, at (202) 523-4800.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure  
Conciliation Agreement

92040321590

300 # 3175

LAW OFFICES OF  
MILLER, CANFIELD, PADDOCK AND STONE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

SUITE 1200

1015 FIFTEENTH STREET, N.W.

WASHINGTON, D.C. 20005

TELEPHONE (202) 789 8640

SIDNEY T. MILLER (1904-1940)  
GEORGE L. CANFIELD (1888-1928)  
LEWIS H. PADDOCK (1888-1935)  
FERRIS D. STONE (1887-1945)

DETROIT, MICHIGAN  
ANN ARBOR, MICHIGAN  
BIRMINGHAM, MICHIGAN  
BOCA RATON, FLORIDA  
GRAND RAPIDS, MICHIGAN  
TALAMAHOC, MICHIGAN  
LANSING, MICHIGAN  
MONROE, MICHIGAN  
TRAVERSE CITY, MICHIGAN

JAMES F. SCHOENER  
(202) 789-8643

July 29, 1985

JUL 29  
P 4: 29

HAND DELIVERED

Paul Reyes, Esquire  
Office of the General Counsel  
Federal Election Commission  
1325 K Street, NW  
Washington, D.C. 20463

Re: MUR 1600

Dear Mr. Reyes:

As I discussed with you and with Mr. Whitehead (in your absence), the obligation to the Southwest Suburban Bank on the debt of Mark Rhoads has been converted completely to his sole obligation.

As I originally informed you, Mr. Rhoads had a residuary interest in the trust which was the additional collateral on his original obligation. That trust interest is now totally assigned to Mark Rhoads; therefore, the debt and the underlying security are solely that of the respondent. Incidentally, as you will see by examination of the original instruments, Mary Rhoads never did sign or co-sign a note, but only authorized her trustee to pledge the trust res as additional security. A copy of the letter from Southwest Suburban Bank and a copy of the trust assignment are enclosed with this letter.

1. MUR 1348--Turner for Congress. \$10,000 loan. Commission took no further action.
2. MUR 1626--Committee to Election Glen Byers. \$10,000 loan endorsed by 2 contributors (apparently not family). Declined to open MUR.

32040391591

MILLER, CANFIELD, PADDOCK AND STONE

Paul Reyes, Esq.  
July 29, 1985  
Page -2-

3. MUR 1579--Friends of Ed Towns. \$10,000 endorsed by William Washington and Harvey Ball. Penalty of \$500 assessed.
4. MUR 1535--Helms for Congress. \$64,000 involved. No action taken.
5. MUR 1516--Carroll for Congress. \$4,500 excess contribution, \$40,180 bank loan. No action taken.
6. MUR 1431--Dornan for U.S. Senate. American Forum TV, MURs 1418 and 1419. Badly reported loans. No action taken.
7. MUR 1836--Delano Committee donated \$5,360 as unregistered committee. File closed, no fine.
8. MUR 1820--People for DioGuardio. \$5,000 loan and \$4,000 excess contribution. Conciliated for \$350 against Committee and \$350 against the contributor.
9. MUR 1817--Lynn Adelman. Father loaned his son \$20,000. Pre-probable cause conciliation for \$1,500 penalty.
10. MUR 1808--reporting violation. No action taken.
11. MUR 1782--Massachusetts Democratic Party. \$6,000 improper loan. \$500 penalty.
12. MUR 1768--Hollings for President. Improper loan guarantee of \$35,000 and excessive donation of \$4,000. Conciliated for \$2,000 fine.
13. MUR 1770--Senior PAC put out 80,600 pieces of Mondale literature and spent approximately \$200,000. Fined \$100.
15. MUR 892--Ferraro. Family loan of approximately \$100,000. Conciliated for \$500 fine.

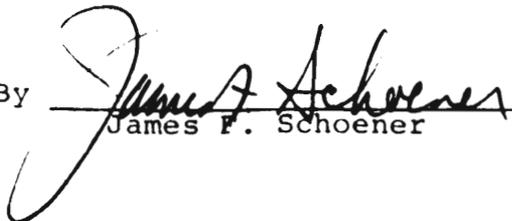
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MILLER, CANFIELD, PADDOCK AND STONE

Paul Reyes, Esq.  
July 29, 1985  
Page -3-

Respectfully submitted,

MILLER, CANFIELD, PADDOCK AND STONE

By   
James F. Schoener

JFS/cb

Enclosures: Suburban Bank letter  
Trust Assignment

92540391593



# SOUTHWEST SUBURBAN BANK

July 18, 1985

Mr. James Schoener  
Miller, Canfield, Paddock, & Stone  
Suite 1200  
1015 15th Street, N.W.  
Washington, D.C. 20005

Dear Mr. Schoener:

We are informed by Mark Rhoads that the Federal Election Commission in their matter under review (MUR 1600) has raised the question as to a mortgage on the residence known as 4224 Grand Avenue in Western Springs, Illinois.

This bank was not involved in any loan to Mark Rhoads at the time of Mr. Rhoads' 1982 campaign for Congress. However, Mark Rhoads has told us that some of the proceeds of our mortgage on 4224 Grand were used to pay off a \$18,000 note at the First National Bank of La Grange which Mr. Rhoads first took out in December of 1981 and some of the proceeds of which were loaned by him to the 1982 Rhoads for Congress Committee as per said committee's reports to the FEC.

Since the mortgage on 4224 Grand Avenue was taken out from our bank in November of 1983, this bank has looked primarily to Mark Q. Rhoads for payments and indeed all payments received by us have been from Mark Q. Rhoads, not Mary Gurrie Rhoads or any other party.

Since we have been informed by Mark Q. Rhoads that he is now sole beneficiary of the trust at First National Bank of La Grange which holds title to 4224 Grand, subject to our mortgage, we will continue to look primarily and exclusively to Mark Q. Rhoads for payment of the mortgage.

I hope this clarifies the view of this bank as to the matter of who we believe is responsible for making payments on the mortgage on 4224 Grand Avenue.

Sincerely yours,

*Joseph F. Bargo*  
Joseph F. Bargo  
Vice President, Loans

92040391594

ASSIGNMENT

La Grange, Illinois

Dated July 5, 1985

FOR VALUE RECEIVED, I/We hereby sell, assign, transfer and set over unto

MARK OULENTIN RHOADS

all my/our rights, powers, privileges and beneficial interest in and to that certain trust agreement

dated the 19th day of JANUARY, A. D. 1977 known as

FIRST NATIONAL BANK OF LA GRANGE Trust Number 1141, including all interest in the property held subject to said trust agreement including my/our right to direct the trustee to deal with said property:

Witness:

*Mary G. Rhoads*  
MARY G. RHOADS

AFFIDAVIT OF ASSIGNOR

STATE OF ILLINOIS }  
COUNTY OF COOK }

MARY G. RHOADS

being duly sworn on oath state(s) that the said ~~has~~ ~~has~~ made no previous assignment(s) of ~~her~~ ~~her~~ interest in the trust described in the above assignment, and that there are no encumbrances upon the property subject to said trust other than those of record on the 5th day of July, 1985 19\_\_, excepting only current taxes and special assessments.

SUBSCRIBED AND SWORN TO

before me this 5th day of July A. D. 1985

*Mary G. Rhoads*  
MARY G. RHOADS

Notary Public

ACCEPTANCE OF ASSIGNEE

I/We accept the foregoing assignment subject to all of the provisions of said trust agreement.

MARK OULENTIN RHOADS Address Apt. A-612 503 N. Roosevelt Blvd.

*Mark Oulentin Rhoads* Address Falls Church, Virginia 22044

RECEIPT OF TRUSTEE

La Grange, Illinois

Dated 7-5-85

Received a duplicate of the foregoing assignment and acceptance.

FIRST NATIONAL BANK OF LA GRANGE

By *J. Brown*  
JOACHIM D. BROWN  
PRESIDENT/TRUST OFFICER

92040391595

# SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Rhoads for Congress Committee )  
William E. Naegel, Treasurer )

Mary Rhoads )

Mid-America Conservative )  
Political Action Committee )  
Leroy D. Corey, Treasurer )

MUR 1600

SEP 23 13:13

**EXECUTIVE SESSION**

**SEP 24 1985**

## GENERAL COUNSEL'S REPORT

### I. BACKGROUND/PREVIOUS COMMISSION ACTION

22040391596

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III. RECOMMENDATIONS

- 1.
- 2.
- 3.
4. Authorize the Office of General Counsel to file civil action for relief in the United States District Court against:
  - a. Rhoads for Congress Committee.
  - b. William E. Naegel, as treasurer of the Rhoads for Congress Committee.
  - c. Mary Rhoads.
  - d. Mid America Conservative Political Action Committee.
  - e. Leroy D. Corey, as treasurer of the Mid America Conservative Political Action Committee.
5. Approve and send the attached proposed letters.

92040091599

9/17/85  
Date \_\_\_\_\_

  
Charles N. Steele  
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Rhoads for Congress Committee )  
William E. Naegel, Treasurer )  
Mary Rhoads ) MUR 1600  
Mid-America Conservative )  
Political Action Committee )  
Leroy D. Corey, Treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 24, 1985, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 1600:

- 1.
- 2.
- 3.

(continued)

92040391700

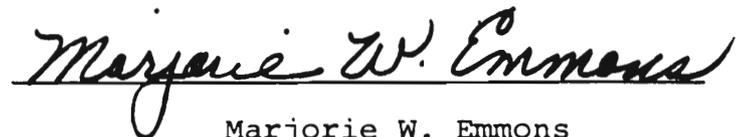
4. Authorize the Office of General Counsel to file a civil action for relief in the United States District Court against:
- a. Rhoads for Congress Committee.
  - b. William E. Naegel, as treasurer of the Rhoads for Congress Committee.
  - c. Mary Rhoads.
  - d. Mid-America Conservative Political Action Committee.
  - e. Leroy D. Corey, as treasurer of the Mid-America Conservative Political Action Committee.
5. Approve and send the proposed letters attached to the General Counsel's report dated September 12, 1985.

Commissioners Elliott, Josefiak, McDonald, and McGarry voted affirmatively for the decision. Commissioners Aikens and Harris were not present at the time of the vote.

Attest:

Sept. 25, 1985

Date



Marjorie W. Emmons  
Secretary of the Commission

92040091701



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

James F. Schoener, Esquire  
Miller, Canfield, Paddock and Stone  
Suite 1200  
1015 Fifteenth Street  
Washington, D.C. 20005

Re: MUR 1600  
Rhoads for Congress Committee  
William E. Naegel, Treasurer

Mary Rhoads

Dear Mr. Schoener:

You were previously notified that on April 16, 1985, the Federal Election Commission found probable cause to believe that your clients violated 2 U.S.C. §§ 441a(f) and 441a(a)(1)(A), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with the above captioned matter.

As a result of our inability to settle this matter through conciliation within the allowable time period, the Commission has authorized the institution of a civil suit for relief in the U.S. District Court.

Should you have any questions, or should you wish to settle this matter prior to suit, please contact Ivan Rivera, the attorney handling this case, at (202) 523-4143 within five days of your receipt of this letter.

Sincerely,

*\* original signed*

Charles N. Steele  
General Counsel

pr#3

22040391702



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Leroy D. Corey, Treasurer  
Mid-America Conservative PAC  
Box 1645  
Waterloo, Iowa 50704

Re: MUR 1600  
Mid-America Conservative PAC  
Leroy D. Corey, Treasurer

Dear Mr. Corey:

You were previously notified that on April 16, 1985, the Federal Election Commission found probable cause to believe that your committee and you, as treasurer, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with the above captioned matter.

As a result of our inability to settle this matter through conciliation within the allowable time period, the Commission has authorized the institution of a civil suit for relief in the U.S. District Court.

Should you have any questions, or should you wish to settle this matter prior to suit, please contact Ivan Rivera, the attorney handling this case, at (202) 523-4143 within five days of your receipt of this letter.

Sincerely,

\* original signed

Charles N. Steele  
General Counsel

92040391703



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 2, 1985

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele  
General Counsel

SUBJECT: Proposed Conciliation Agreement in MUR 1600

On September 24, 1985, the Commission voted to authorize the Office of General Counsel to file a civil action for relief in the United States District Court against the Mid-America Conservative Political Action Committee ("Committee") and Leroy D. Corey, as its treasurer.<sup>1/</sup> Mr. Corey and the Committee were notified of the Commission's decision on September 30, 1985.

As the result of a telephone discussion between the staff attorney assigned to this matter and Mr. Corey, he and the Committee have submitted the attached, signed conciliation agreement and checks representing the \$250 balance recommended by this Office.

---

<sup>1/</sup> The Commission also voted to authorize this Office to file suit against three other respondents in this matter, but no offer of pre-suit settlement has been received from them.

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The General Counsel's Office notes that Mr. Corey suggested a modification to paragraph VII. His change reflects a practical concern that compliance with this agreement refers only to those facts and findings related to MUR 1600. The view of this Office is that the paragraph is intended to be interpreted in the same manner as suggested by Mr. Corey and recommends, therefore, approval of the modification.

RECOMMENDATION

The General Counsel's Office recommends, accordingly, that the Commission

1. Approve and sign the attached conciliation agreement and close the file as to the Mid-American Conservative Political Action Committee and Leroy D. Corey, as its treasurer;
2. Approve and send the attached cover letter.

Attachments

1. Signed conciliation agreement and letter from Mr. Corey.
2. Proposed cover letter.

92540391705

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Mid America Conservative ) MUR 1600  
Political Action Committee, )  
Leroy D. Corey, Treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 3, 1985, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1600:

1. Approve the conciliation agreement and close the file as to the Mid-American Conservative Political Action Committee and Leroy D. Corey, as its treasurer, as recommended in the General Counsel's memorandum dated December 2, 1985.
2. Approve and send the cover letter as recommended in the General Counsel's memorandum dated December 2, 1985.

Commissioners Aikens, Elliott, Harris, McDonald, Josefiak, and McGarry voted affirmatively for the decision.

Attest:

12-5-85

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

92040391706



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 13, 1985

Leroy D. Corey, Treasurer  
Mid-America Conservative Political  
Action Committee  
Box 1645  
Waterloo, Iowa 50704

RE: MUR 1600  
Mid-America Conservative  
Political Action Committee and  
Leroy D. Corey, as treasurer

Dear Mr. Corey:

On December 3, 1985 the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to the Mid-America Conservative Political Action Committee and you, as its treasurer, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,  
  
Charles N. Steele  
General Counsel

92540391707

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 1600  
Mid America Conservative )  
Political Action Committee, )  
Leroy D. Corey, Treasurer )

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the Mid-America Conservative Political Action Committee and Leroy D. Corey, as treasurer, ("Respondents"), violated 2 U.S.C. § 441a(a)(1)(A).

NOW, THEREFORE, the Commission and Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents, and the subject matter of this proceeding.

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

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

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

1. Respondent, Mid-America Conservative Political Action Committee (hereinafter "MACPAC") is a political Committee, within the meaning of 2 U.S.C. § 431(4).

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2. Respondent Leroy D. Corey is the treasurer of Mid-America Conservative Political Action Committee.

3. Section 441a(a)(1)(A) of Title 2, United States Code limits contributions by committees that have not attained multicandidate status, within the meaning of 2 U.S.C. § 441a(a)(4), to \$1,000 per election.

4. On February 11, 1982, MACPAC made a contribution of \$890 to the Rhoads for Congress Committee for use in the 1982 Illinois Primary election.

5. On February 23, 1982, MACPAC made a contribution of \$2,000 to the Rhoads for Congress Committee for use in the 1982 Illinois Primary election.

6. At the time of the above mentioned contributions MACPAC had not attained multicandidate political committee status.

7. MACPAC has received a refund of the excess over \$1,000 of its contributions to the Rhoads for Congress Committee.

V. WHEREFORE, the Commission and Respondents agree:

In violation of 2 U.S.C. § 441a(a)(1)(A), MACPAC contributed a total of \$2,890 to the Rhoads for Congress Committee for use in the 1982 Illinois Primary election.

VI. Respondents will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred and Fifty Dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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VII. Respondents agree that they shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

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

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

X. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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

VIII \*\*\*\* MACPAC accepts this clause only with the assurances that to applies to MUR 1600 and the violation covered by MUR 1600 only.



\*\*\*\*  
see  
below

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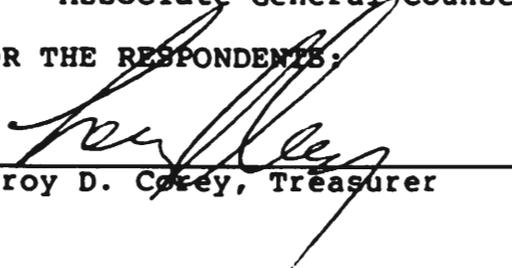
FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY:   
Kenneth A. Gross  
Associate General Counsel

December 13, 1985  
Date

FOR THE RESPONDENTS:

  
Leroy D. Corey, Treasurer

11-1-85  
Date

92040391711



§ 431(5), William E. Naegel, who is treasurer of the Committee (see 2 U.S.C. § 431(5) and 11 C.F.R. § 102.7) and Mary G. Rhoads, a contributor to the Committee.

This court has original jurisdiction over this suit pursuant to 28 U.S.C. § 1345 as an action brought by an agency of the United States expressly authorized to sue by an Act of Congress. Venue is properly found in the Northern District of Illinois in accord with 2 U.S.C. § 437g(a)(6)(A), as all defendants can be found, reside, or transact business in this district.

The parties agree that the pertinent facts in this suit are as follows:

1. Respondent Rhoads for Congress Committee is the principal campaign committee of Mark Q. Rhoads within the meaning of 2 U.S.C. § 431(4).
2. Respondent William E. Naegel is the treasurer for the Rhoads for Congress Committee.
3. Respondent Mary G. Rhoads, an individual residing at 4224 Grand, Western Springs, Illinois, is the mother of Mark Q. Rhoads and a contributor to the Rhoads for Congress Committee.
4. The Rhoads for Congress Committee is insolvent and bona fide committee creditors are yet to be paid, and although Mr. Rhoads may not be personally liable on the accounts, he continues to make payment on these debts.
5. Mary G. Rhoads personally guaranteed a loan of, for purposes of this matter, \$17,000, from the First National Bank

137049713

LaGrange, which is evidenced by a Secured Consumer Note, dated April 2, 1982. This loan was made by Mark Q. Rhoads who in turn loaned part of the proceeds to the Rhoads for Congress Committee in the 1982 Illinois primary election. Mark Q. Rhoads maintains that First National looked solely to him for repayment.

6. The note mentioned above was refinanced thereafter with a loan of, for purpose of this matter, \$16,000, from the Southwest Suburban Bank of Bollingbrook, Illinois, which is evidenced by a Note, dated November 12, 1983. Mary G. Rhoads consented to her trustee pledging real estate to secure this loan. Mark Q. Rhoads maintains that Southwest Suburban looked solely to him for repayment.

7. The Note given to Southwest Suburban was secured by a mortgage on property known as 4224 Grand Avenue, Western Springs, Illinois. Said mortgage was executed by The First National Bank of LaGrange in its capacity as trustee for the property.

8. The property mortgaged was held in trust for the benefit of Mary G. Rhoads at whose sole direction the trustee may deal with the said property, according to the Trust Agreement dated January 19, 1977, and known as Trust Number 1341. Such trust property has subsequently been assigned to Mark Q. Rhoads who is now solely liable for such debt.

9. By affidavits given during the Commission's administrative investigation, Mark Q. Rhoads and his mother, Mary G. Rhoads, said that prior to notification from the Commission, they did not realize that Mary G. Rhoads' guarantee of loans constituted a contribution under the Federal Election Campaign Act of 1971, as amended.

10. Section 432(8)(A)(1), Title 2, United States Code defines "contribution" to include, inter alia, loans and anything of value made for the purpose of influencing a federal election.

11. Section 441a(a)(1)(A) of Title 2, United States Code, provides that no person shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$1,000.

12. Section 100.7(a)(11), Title 11, Code of Federal Regulations, provides that an endorser or guarantor of a loan to a political committee shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement.

13. By the written agreements hereinbefore mentioned, Mary G. Rhoads agreed to be liable for loans to the Rhoads for Congress Committee which totaled in excess of \$1,000.

14. That Mark Q. Rhoads has now been assigned all interests in the real estate securing the Southwest Suburban Bank obligation and Mary Rhoads is no longer an obligor of said loan.

15. On February 24, 1982, the Rhoads for Congress Committee and William E. Naegel, as its treasurer, accepted a contribution of \$2,000 from the Mid-America Conservative Political Action Committee ("MACPAC").

16. At the time that MACPAC made the contribution to the Rhoads for Congress Committee, it was subject to the \$1,000 contribution limitation of 2 U.S.C. § 441a(a)(1)(A).

17. The defendants Rhoads for Congress Committee and William E. Naegel, as its treasurer, contend that the acceptance of the excessive contributions was inadvertent and have refunded the excessive portion of the contributions.

18. The Commission does not contend that the defendants willfully violated the Act.

The parties now agree to entry of this court's judgment and consent to the issuance of this order, as evidenced by the signature of their respective counsel affixed hereto. Defendants assure this court through their respective counsel that they will comply in all respects with the Federal Election Campaign Act of 1971, as amended.

Therefore, it is ORDERED, ADJUDGED AND DECREED as follows:

1. The Rhoads for Congress Committee and William E. Naegel, as its treasurer, by the facts set forth above, accepted contributions in excess of \$1,000 from an individual and a political committee in violation of 2 U.S.C. § 441a(f).

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2. Mary G. Rhoads, by guaranteeing the loans for the Rhoads for Congress Committee, as set forth above, violated

3. The court imposes, and defendants Rhoads for Congress Committee, William E. Naegel, as its treasurer, and Mary G. Rhoads, agree to pay, within (30) days from the date of the filing of this consent order with the court, a civil penalty to the Treasurer of the United States in the amount of two thousand dollars (\$2,000), for which defendants shall be jointly and severably liable.

Dated: May 2, 1986

James B. Moran  
United States District Judge

We hereby consent to the entry of the foregoing consent judgment and order.

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General Counsel

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FOR THE DEFENDANTS  
RHOADS FOR CONGRESS COMMITTEE  
WILLIAM E. NAEGEL, AS  
TREASURER OF RHOADS FOR  
CONGRESS COMMITTEE  
AND  
MARY G. RHOADS

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

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