FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1614

Date Filmed 4/17/85 Camera No. --- 3

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MUR 1614

FEDERAL ELECTION COMMISSION

Transmittal Slips; Interim Audit Material

Concil. Drafts + Discussions

12-day & prebriefs

checking account number;

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

___	(1) Classified Information	✓	(6) Personal privacy
✓	(2) Internal rules and practices	✓	(7) Investigatory files
___	(3) Exempted by other statute	___	(8) Banking Information
___	(4) Trade secrets and commercial or financial information	___	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed [signature]

date 4/11/85

FEC 9-21-77

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Blue Quail Energy Incorporated	)	
Roy J. Cypert	)	
Bill Jennings	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 26, 1985, the Commission decided by a vote of 6-0 to take the following actions in MUR 1614:

1. Accept the conciliation agreement submitted on behalf of Blue Quail Energy Incorporated and Roy J. Cypert as attached to the General Counsel's Report signed February 21, 1985.

2. Accept the conciliation agreement submitted by Bill Jennings as attached to the General Counsel's Report signed February 21, 1985.

3. Approve the letters attached to the General Counsel's Report signed February 21, 1985.

4. Close the file.

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

Attest:

2-26-85
Date

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

Received in Office of Commission Secretary: 2-21-85, 12:17
Circulated on 48 hour tally basis: 2-21-85, 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 5, 1985

Jerry D. Balentine, Esquire
410 Maple-Twin Courts
Yukon, Oklahoma 73099

Re: MUR 1614
Blue Quail Energy, Inc.
Roy J. Cypert

Dear Mr. Balentine:

On February 26, 1985, the Commission accepted the conciliation agreement signed by your clients, and a civil penalty in settlement of a violation of 2 U.S.C. § 431 et seq., provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. 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.

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

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Blue Quail Energy, Inc.	)	
Roy J. Cypert	)	MUR 1614
	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commisson"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Respondent Blue Quail Energy, Inc. ("Blue Quail") violated 2 U.S.C. §§ 441b and 441f by making a corporate contribution to the Oklahoma Republican State Committee ("ORSC") in the name of another. The Commission further found reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f by knowingly permitting his name to be used to effect this contribution.

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:

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1. Respondent Blue Quail Energy, Inc. is a closely-held corporation organized under the laws of the State of Oklahoma.

2. Respondent Roy J. Cypert is the President of Blue Quail and a major stockholder thereof.

3. A check drawn on Respondent Blue Quail's general corporate account was issued for the sum of $2,000.

4. The corporate check was used to acquire a cashier's check payable to the order of ORSC.

5. An employee of Blue Quail presented the cashier's check to a representative of ORSC from whom the employee acquired tickets to an ORSC presidential fundraiser.

6. The employee told the ORSC representative that the tickets were being purchased on behalf of Roy J. Cypert.

V. Pursuant to 2 U.S.C. § 441b, corporations are prohibited from expending corporate funds in connection with any federal election. Respondent Blue Quail, Inc.'s use of corporate treasury funds to purchase tickets to the fundraiser violated 2 U.S.C. § 441b.

VI. Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person or knowingly allow his name to be used to effect such a contribution. By making a contribution of corporate funds in the name of Roy J. Cypert, Respondent Blue Quail, Inc. violated 2 U.S.C. § 441f. By allowing his name to be used to effect that contribution, Respondent Roy J. Cypert violated 2 U.S.C. § 441f.

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VII. Respondents will pay a civil penalty to the Treasurer of the United States in the amount of Five Hundred Dollars ($500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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.

FOR THE COMMISSION:

Charles N. Steele

General Counsel

Kenneth A. Gross — March 4, 1985

By: Kenneth A. Gross

Associate General Counsel

FOR RESPONDENT:

_____ — 1-9-85

By: Gerry Balentine Attorney — Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 5, 1985

Bill Jennings
6515 Avondale Drive
Oklahoma City, Oklahoma 73114

Re: MUR 1614
Bill Jennings

Dear Mr. Jennings:

On February 26, 1985, the Commission accepted the conciliation agreement signed by you, and a civil penalty in settlement of a violation of 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. 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.

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

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Bill Jennings) MUR 1614

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that Bill Jennings ("Respondent") violated 2 U.S.C. § 441g by making a $2,000 cash contribution to the Oklahoma Republican State Committee.

NOW, THEREFORE, the Commission and Respondent, 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 Respondent, and the subject matter of this proceeding.

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

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent fact in this matter is as follows: Respondent made a $2,000 cash contribution to the Oklahoma Republican State Committee on or about March 9, 1982.

V. Pursuant to 2 U.S.C. § 441g, cash contributions may not, in the aggregate, exceed $100 per election. Respondent's

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cash contribution exceeded this statutory limitation.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Four Hundred Dollars ($400), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he 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. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and

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implement the requirements contained in this agreement and to so notify the Commission.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

March 4, 1985
Date

FOR THE RESPONDENT:

Bill P. Jennings

2-1-85
Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 5, 1985

Ron Frangione
General Counsel
Blue Quail Energy, Inc.
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Lisa Klein the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 5, 1985

Mark Jennings
Jones, McNaughton & Blakely
P.O. Box 472
Enid, Oklahoma 73702

Re: MUR 1614
Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

Dear Mr. Jennings:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Lisa Klein the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 5, 1985

Robert G. Grove
Grove and Grove
621 N. Robinson, Suite 560
Oklahoma City, Oklahoma 73102

Re: MUR 1614
Harold L. "Jack" Hodges

Dear Mr. Grove:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Lisa Klein the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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OFFICE OF THE FEC
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

85 FEB 21 P12:17

In the Matter of	)	
	)	
Blue Quail Energy Incorporated	)	MUR 1614
Roy J. Cypert	)	
Bill Jennings	)	

GENERAL COUNSEL'S REPORT

SENSITIVE

I. BACKGROUND

On August 31, 1984, the Commission found reason to believe that Respondent Blue Quail Energy Incorporated ("Blue Quail") violated 2 U.S.C. § 441b by using corporate treasury funds to purchase tickets to an Oklahoma Republican State Committee ("Committee") fundraiser. The Commission further found reason to believe that Blue Quail violated 2 U.S.C. § 441f by making the contribution in the name of Roy J. Cypert, the President and a major shareholder of this closely-held corporation. On the same date, the Commission determined there was reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f by allowing his name to be used to effect this contribution.

In addition, on March 26, 1984, the Commission found reason to believe that Bill Jennings made a $2,000 cash contribution to the Committee in violation of 2 U.S.C. § 441g. Because notification of the Commission's finding produced no response from Mr. Jennings, a second notification was sent to him by certified mail. Although the return receipt indicated delivery, Mr. Jennings did not respond. Consequently, the Commission determined on December 11, 1984, that there was probable cause to

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civil penalty, this Office recommends that the Commission accept the conciliation agreement and accompanying check.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Accept the conciliation agreement submitted on behalf of Blue Quail Energy Incorporated and Roy J. Cypert.

2. Accept the conciliation agreement submitted by Bill Jennings.

3. Approve the attached letters.

4. Close the file.

Charles N. Steele
General Counsel

February 21, 1985 By: Kenneth A. Gross
Date

Kenneth A. Gross
Associate General Counsel

Attachments
A. Signed Conciliation Agreement from Blue Quail and Roy J. Cypert
B. Civil Penalty Check from Blue Quail and Roy J. Cypert
C. Signed Conciliation Agreement from Bill Jennings
D. Civil Penalty Check from Bill Jennings
E. Letters

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Jerry D. Balentine
Professional Corporation
Attorney at Law

410 MAPLE – TWIN COURTS
YUKON, OKLAHOMA 73099

PHO.:
(405) 354-5341

January 15, 1985

Federal Election Commission
Washington, D.C. 30463

Attention: Lisa Klein
General Counsel

Re: MUR 1614
Respondent: Roy J. Cypert
Respondent: Blue Quail Energy, Inc.

Dear Ms. Klein:

Enclosed is the check for $500.00 made out to the Federal Election Commission from my clients, the Cyperts and Blue Quail Energy.

Also enclosed is a copy of the Conciliation Agreement that has been signed by myself and my client.

Could you please forward to me a signed copy of the Conciliation Agreement as soon as it is available.

I thank you for your assistance in this matter.

Sincerely yours,

Jerry D. Balentine

JDB:tsb

Encl.

cc: Mr. Roy J. Cypert

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FIRST YUKON

131431

REMITTER

Roy J. Cypert

Jan 9 19 85

86-394
1031

PAY TO THE ORDER OF Federal Election Commission $ 500.00

FIRST NAT'L BANK OF YUKON, OKLA. COUNTER

DOLLARS

CASHIER'S CHECK

Alan Yancey A.C.

⑈00131431⑈ ⑆103103943⑆ 80 216 6⑈

MEMORANDUM

TO: CHERYL THOMAS

FROM: JOAN HARRIS

TO: JOAN HARRIS

FROM: CHERYL THOMAS

CHECK NO. 131431 (a copy of which is attached) RELATING TO MUR 1614 AND NAME Blue Quail Energy, Inc. Roy J. Cypert WAS RECEIVED ON January 23, 1985. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

/✓/ BUDGET CLEARING ACCOUNT (#95F3875.16)

/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)

/ / OTHER _____

SIGNATURE Cheryl L. Thomas DATE 1/29/85

BILL P. JENNINGS
6515 AVONDALE DRIVE
OKLAHOMA CITY, OK 73114

No. 143

2-1-1985

39-13/1030

U.S. TREASURY $ 400.00

FOUR HUNDRED & 00/100 DOLLARS

FIDELITY BANK N.A.
OKLAHOMA CITY, OKLAHOMA 73124

Bill P Jennings

⑈017⑈ ⑆103⑆ 0⑈ 5⑈

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1984

Bill Jennings
P.O. Box 26208
Oklahoma City, Oklahoma 73126

RE: MUR 1614
Bill Jennings

Dear Mr. Jennings:

On December 11, 1984, the Commission determined that there is probable cause to believe you committed a violation of 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended, in connection with a March, 1982 contribution to the Oklahoma Republican State Committee.

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 suggestion for changes in the enclosed conciliation agreement, please contact Lisa Klein, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1984

Jerry B. Balentine, Esquire
410 Maple-Twin Courts
Yukon, Oklahoma 73099

Re: MUR 1614

Dear Mr. Balentine:

On August 31, 1984, the Commission found reason to believe that Blue Quail Energy, Inc. violated 2 U.S.C. §§ 441b and 441f. The Commission further found reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f. 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 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 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 Lisa Klein, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

8504052179

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1984

Mr. Ron Frangione
General Counsel
Blue Quail Energy, Inc.
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

This is to advise you that after an investigation was conducted, the Commission concluded on December 11, 1984, that there is no probable cause to believe that you violated the Act. Accordingly the file in this matter, numbered MUR 1614, has been closed as it pertains to you. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. 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.

If you have any questions, contact Lisa Klein, the attorney assigned to handle this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1984

Mark Jennings, Esquire
Jones, McNaughton and Blakley
Broadway Tower - Suite 1100
P.O. Box 472
Enid, Oklahoma 73702

RE: MUR 1614

Dear Mr. Jennings:

On December 11, 1984, the Commission accepted the conciliation agreement signed by your client, and a civil penalty in settlement of violations of 2 U.S.C. § 431 et seq, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your clients, the Oklahoma Republician State Committee and Phyllis Gault, as 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 within 10 days.

The Commission reminds you 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

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

Bill Jennings
P.O. Box 26208
Oklahoma City, Oklahoma 73126

RE: MUR 1614
Bill Jennings

Dear Mr. Jennings:

On , 1984, the Commission determined that there is probable cause to believe you committed a violation of 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended, in connection with a March, 1982 contribution to the Oklahoma Republican State Committee.

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 suggestion for changes in the enclosed conciliation agreement, please contact Lisa Klein, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Ron Frangione
General Counsel
Blue Quail Energy, Inc.
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

This is to advise you that after an investigation was conducted, the Commission concluded on , 1984, that there is no probable cause to believe that you violated the Act. Accordingly the file in this matter, numbered MUR 1614, has been closed as it pertains to you. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. 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.

If you have any questions, contact Lisa Klein, the attorney assigned to handle this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mark Jennings, Esquire
Jones, McNaughton and Blakley
Broadway Tower - Suite 1100
P.O. Box 472
Enid, Oklahoma 73702

RE: MUR 1614

Dear Mr. Jennings:

On , 1984, the Commission accepted the conciliation agreement signed by your client, and a civil penalty in settlement of violations of 2 U.S.C. § 431 et seq, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your clients, the Oklahoma Republician State Committee and Phyllis Gault, as 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 within 10 days.

The Commission reminds you 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

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Oklahoma Republican State Committee,	)	MUR 1614
Phyllis R. Gault, Treasurer;	)	
Blue Quail Energy, Incorporated;	)	
Ron Frangione;	)	
Bill Jennings; and	)	
Harold "Jack" L. Hodges	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 11, 1984, do hereby certify that the Commission took the following actions in MUR 1614:

1. Decided by a vote of 6-0 to amend the proposed conciliation agreement with Blue Quail Energy, Inc., as submitted with the General Counsel's report dated November 30, 1984, as follows:

   a) Amend Paragraph 1 on page two to read:

      1. Respondent Blue Quail Energy, Inc. is a closely-held corporation organized under the laws of the State of Oklahoma.

   b) Amend Paragraph 2 on page two to read:

      2. Respondent Roy J. Cypert is the President of Blue Quail and a major stockholder thereof.

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

(continued)

2. Decided by a vote of 6-0 to find no probable cause to believe that Ron Frangione violated 2 U.S.C. § 441g and close the file with respect to him.

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

   (Please note below that further action was taken with respect to this finding.)

3. Decided by a vote of 6-0 to find no probable cause to believe that Harold "Jack" L. Hodges violated 2 U.S.C. § 441g and close the file with respect to him.

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

4. Decided by a vote of 6-0 to enter into pre-probable cause conciliation with Blue Quail Energy, Incorporated and Roy J. Cypert, and approve the conciliation agreement attached to the General Counsel's report dated November 30, 1984, subject to the amendments noted above.

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

5. Decided by a vote of 6-0 to accept the conciliation agreement submitted on behalf of the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, and close the file as to these respondents.

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

(continued)

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6. Decided by a vote of 6-0 to find probable cause to believe that Bill Jennings violated 2 U.S.C. § 441g and approve the conciliation agreement attached to the General Counsel's report dated November 30, 1984,

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

7. Decided by a vote of 6-0 to approve the letters attached to the General Counsel's report dated November 30, 1984.

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

8. Decided by a vote of 6-0 to reconsider the motion with respect to finding no probable cause to believe that Ron Frangione violated 2 U.S.C. § 441g and close the file with respect to him.

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

9. Decided by a vote of 5-1 to find no probable cause to believe that Ron Frangione violated 2 U.S.C. § 441g and close the file with respect to him.

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

Attest:

12-12-84
Date

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

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

DEC 3 AM : 06

In the Matter of	)	
	)	
Oklahoma Republican State Committee,	)	MUR 1614
Phyllis R. Gault, Treasurer;	)	
Blue Quail Energy, Incorporated;	)	EXECUTIVE SESSION
Ron Frangione;	)	11 DEC 1984
Bill Jennings; and	)	
Harold "Jack" L. Hodges	)	

GENERAL COUNSEL'S REPORT

I. Background

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee ("Committee or ORSC") and Phyllis R. Gault, as treasurer, violated 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b). The Commission also found reason to believe, on March 26, 1984, that Ron Frangione, Bill Jennings, and Harold "Jack" L. Hodges made excessive cash contributions to ORSC in violation of 2 U.S.C. § 441g. In addition, based upon information acquired in the course of its investigation, the Commission found reason to believe on August 31, 1984, that Blue Quail Energy, Inc. ("Blue Quail") violated 2 U.S.C. §§ 441b and 441f by using corporate treasury funds to make a contribution in the name of another. Further on that date, the Commission found reason to believe that Roy J. Cypert knowingly permitted his name to be used to effect Blue Quail's contribution to the Committee.

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II. Factual And Legal Analysis

A. **Respondents Ron Frangione, Roy J. Cypert and Blue Quail Energy , Inc.**

The Commission's March 26, 1984 reason to believe finding that Ron Frangione, an employee of Blue Quail, violated 2 U.S.C. § 441g was based upon the Committee's records of its March 1982 Presidential Reception fundraiser. On April 25, 1984, the Office of the General Counsel sent Mr. Frangione a series of questions regarding this contribution to clarify information contained in his response to the Commission's reason to believe finding. Mr. Frangione's answers revealed that he acquired tickets to an ORSC fundraiser on behalf of Roy J. Cypert, President of Blue Quail, Inc. A check drawn on Blue Quail's corporate account was used to obtain a cashier's check with which the tickets were purchased. Mr. Frangione stated that he told the ORSC representative the tickets were being purchased on behalf of Mr. Cypert. Based on this information, the Office of the General Counsel recommended that the Commission find reason to believe that Blue Quail, Inc. violated 2 U.S.C. §§ 441b and 441f by using corporate treasury funds to make a contribution in the name of another. This Office further recommended that the Commission find reason to believe that Mr. Cypert knowingly permitted his name to be used to effect this contribution in violation of 2 U.S.C. § 441f. The Commission adopted these recommendations on August 31, 1984.

By letter dated October 19, 1984, counsel for Respondents Blue Quail and Roy J. Cypert set forth the following explanation

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of the transaction. "At an office meeting in 1982, Roy J. Cypert requested one of the employees of the corporation to see if he could obtain a ticket for the supper and reception for President Reagan. There was no mention at this point in time of how the arrangements would be made for purchasing the ticket..." Subsequently, Mr. Cypert had the transaction booked as an account receivable from himself and then repaid the corporation. Apparently, personal items paid for by the corporation are customarily shown as accounts receivable by the owners of this closely-held corporation.

This account of the transaction in consistent with statements made by Ron Frangione. Mr. Frangione further elaborated in his correspondence to the Commission that the selected payment method was designed to enable Mr. Cypert to deduct the contribution on his personal income tax return. Although payment for the tickets may not have been discussed explicitly, the circumstances strongly suggest that Mr. Cypert was aware corporate funds might be expended for their purchase. Moreover, the corporation's involvement in this transaction falls squarely within the Act's prohibitions. As counsel for Blue Quail acknowledged in requesting pre-probable cause conciliation, the "statute...certainly is broad enough to embrace the fact-pattern...as in violation of the (A)ct." Because the facts of the transaction under investigation are fully developed, the General Counsel's Office is of the opinion that pre-probable cause conciliation would be appropriate at this time.

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As discussed in the General Counsel's brief, the Commission's reason to believe finding that Mr. Frangione violated 2 U.S.C. § 441g by making an excessive cash contribution has been rebutted. Moreover, because Mr. Frangione's role in the transaction was that of an agent acting on behalf of his principal, Blue Quail, the General Counsel recommends that the Commission find no probable cause to believe that Mr. Frangione violated the Act.1/

B. Respondents Harold "Jack" L. Hodges and Bill Jennings

On March 26, 1984, the Commission found reason to believe that Harold "Jack" L. Hodges and Bill Jennings violated 2 U.S.C. § 441g by making excessive cash contributions to the Committee. Notification of the Commission's March 26 finding was mailed to Respondent Jennings but produced no response. Because the Committee informed Commission staff that it had tried unsuccessfully to locate Mr. Jennings, this Office sent a copy of the Commission's letter and analysis to him by certified mail,

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1/ On July 6, 1984, the Office of the General Counsel sent Mr. Frangione a letter and a brief notifying him of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe. Mr. Frangione never responded to this notice.

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return receipt requested. The return receipt indicates that an authorized agent of Bill Jennings received the material on May 22, 1984. Mr. Jennings never responded to this correspondence. Moreover, by letter dated June 6, 1984, the Committee forwarded to this Office copies of the front and back of its re-issued refund check payable to and endorsed by Bill Jennings. Consequently on August 3, 1984, the Office of the General Counsel sent Mr. Jennings a brief recommending that the Commission find probable cause to believe an excessive cash contribution occurred. Once again, Mr. Jennings has failed to respond to the Commission's correspondence. In light of these circumstances and based on the analysis in the General Counsel's brief, this Office recommends that the Commission find probable cause to believe that Bill Jennings violated 2 U.S.C. § 441g by making an excessive cash contribution to ORSC and send the attached proposed conciliation agreement (Attachment 4).

Mr. Harold "Jack" L. Hodges responded to the Commission's reason to believe finding by stating that he had not made a cash contribution to the Committee. He acknowledged that he had made a $5,000 contribution to ORSC, but that the contribution had been made by check. Mr. Hodges submitted a copy of his check for $5,000 dated March 11, 1982, payable to the Presidential Reception and endorsed by the Committee. It appears that this is the same contribution that Committee records show as a cash contribution received on March 12, 1982. Accordingly, on July 6,

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1984, the Office of the General Counsel sent Mr. Hodges a brief recommending that the Commission find no probable cause to believe he had made an excessive cash contribution. This Office has received no further response from Mr. Hodges, and therefore, based on the analysis in the General Counsel's brief, recommends that the Commission find no probable cause to believe that Mr. Hodges violated the Act.

C. **The Oklahoma Republican State Committee**

On August 31, 1984, the Commission voted to enter into pre-probable cause conciliation with the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer. On November 9, 1984, the Committee submitted a signed conciliation agreement and a civil penalty check in the sum of $1,700 (Attachments 6 and 7).

The Office of the General Counsel, therefore, recommends that the Commission accept this conciliation agreement.

III. Recommendations

1. Find no probable cause to believe that Ron Frangione violated 2 U.S.C. § 441g and close the file with respect to him.

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2. Find no probable cause to believe that Harold "Jack" L. Hodges violated 2 U.S.C. § 441g and close the file with respect to him.

3. Enter into pre-probable cause conciliation with Blue Quail Energy, Incorporated and Roy J. Cypert and approve the attached conciliation agreement.

4. Accept the conciliation agreement submitted on behalf of the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, and close the file as to these respondents.

5. Find probable cause to believe that Bill Jennings violated 2 U.S.C. § 441g and approve the attached conciliation agreement.

6. Approve the attached letters.

30 November 1984
Date

Charles N. Steele
General Counsel

Attachments
1. Letters
2. Response of Counsel for Blue Quail and Roy J. Cypert
3. Conciliation Agreement for Blue Quail Energy, Inc.
4. Conciliation Agreement for Bill Jennings
5. Letter from Oklahoma Republican State Committee
6. Signed Conciliation Agreement from the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer.
7. Civil Penalty Check received from Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer.

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November 7, 1984

Chairman of the Federal Election
Commission
Washington, D. C.20463

Re: In the matter of Oklahoman Republican State Committee; Phyllis R. Gault, Treasurer, MUR 1614

Mr. Chairman:

As the current and presiding Chairman of the Oklahoma State Republican Committee, I have executed the attached Conciliation Agreement which includes findings by the Commission based upon its reason to believe the O.R.S.C. committed certain violations of the Federal Election Campaign Act of 1971, as amended. In effort to expedite these proceedings, in order that the O.R.S.C. may proceed with other matters at hand, and in order to avoid prolonged litigation, the Committee has opted to consent to the terms of the Conciliation Agreement as submitted to the Commission. However, the Committee wishes to take this opportunity to clarify some points contained in the Agreement and to suggest certain mitigating and exculpatory facts relevant to the findings contained therein.

As stated in the Agreement, the audit period extended from January 1, 1981 through and including December 31, 1982. While the O.R.S.C. does not affirmatively deny that the violations alleged in the Agreement in fact occured, the present Committee members and staff feel it important to note of record, in conjunction with the Conciliation Agreement, that with one exception, the allegations contained in the Agreement are violations by individuals comprising a previous Committee in this State, and that those individuals no longer hold positions with the O.R.S.C. Inevitably, the content and timing of the Conciliation Agreement will cast aspersions upon the present Committee members and staff. It is with that in mind that this statement is prepared.

To the contrary, the present Committee members and staff have fully cooperated with the F.E.C. in its' investigatory procedure. In addition, the entire committee has made every effort to correct any deficiencies in its' operating procedure which could result in violations, and has made every effort to fully comply with the Federal Election Campaign Act. The Committee has complied in good faith with the provisions of the

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Act and the requests of the Commission, and has prepared and filed all required forms, reports, etc. Also, the Committee has attempted, in good faith, to remedy all wrongs which may have occured in previous administrations.

With these considerations in mind, the attached Conciliation Agreement is submitted for approval by the Federal Election Commission.

Respectfully submitted,

Nancy Apgar

Nancy Apgar,
Chairman

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Oklahoma Republican State Committee;	)	
Phyllis R. Gault, Treasurer	)	

CONCILIATION AGREEMENT

This matter originated with a referral from the Audit Division arising from an audit of the Oklahoma Republican State Committee ("ORSC" or "Committee") for the period January 1, 1981 through December 31, 1982. The Commission found reason to believe that ORSC and Phyllis R. Gault, Treasurer, (Respondents) committed numerous violations which may be grouped into three principal categories: (1)deficient reporting of statutorily required information, 2 U.S.C. § 434(b), 11 C.F.R. §§ 102.2(a)(2), 104.3(d), 104.11(a) and 104.14(a) and (b); (2) acceptance of prohibited corporated and excessive cash contributions, 2 U.S.C. §§ 441b(a) and 441g; 11 C.F.R. § 110.4(c) and (3) failure to satisfy the prerequisites for using contributions in federal election activity, 11 C.F.R. § 102.5(a)(1) and (2).

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

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

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

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

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

1. Respondent Olkahoma Republican State Committee is a political committee registered with the Federal Election Commission.

2. Respondent Phyllis R. Gault is the treasurer of the Committee.

3. During the period covered by the audit, ORSC failed to complete one or more columns of Schedule D in each of its six Reports of Receipts and Disbursements.

4. During the period covered by the audit, ORSC failed to disclose and/or itemize 115 of the 126 transfers it had received, and failed to identify the "affiliated/other" party committees to which it made 76 transfers.

5. During the period covered by the Audit, the Committee failed to report the receipt of in-kind contributions and misstated the Committee's beginning cash, receipts, expenditures and ending cash in its disclosure reports.

6. During the period covered by the audit, ORSC failed to properly disclose and/or itemize offsets to operating expenditures and refunds in its Reports of Receipts and Disbursements.

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7. During the period covered by the audit, ORSC accepted $16,290 in corporate contributions.

8. On or about March 9, 1982, ORSC accepted a $2,000 cash contribution.

9. During the period of the audit, ORSC did not maintain a separate account for contributions received for use in federal election activity. Moreover, ORSC failed to inform contributors that contributions would be used in Federal elections or to notify solicitees that contributions would be subject to the Act's prohibitions and limitations. Finally, contributor checks were not designated for Federal use.

V. The pertinent law is as follows:

1. 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d), 104.11(a) require a committee to file completed schedules disclosing debts owed to and by the political committee. Respondents consistent failure to file completed schedules violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. § 104.3(d), 104.11(a).

2. Title 2 U.S.C. § 434(b)(2)(F), (3)(D) and (5)(C) requires political party committees to disclose in their Reports of Receipts and Disbursements the total amount of transfers received from or made to other political party committees and to identify each transferor, together with the date and amount of such transfers. Respondents violated this provision by

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failing to disclose such transfers.

3. Under the Act and Commission Regulations a committee must:

A) correctly disclose in its reports the total of all receipts and disbursements occurring during the reporting period and calendar year, 2 U.S.C. §§ 434(b)(2) and (4);

B) file an amended Statement of Organization listing any depository not included on the original Statement, within 10 days of the committee's establishment of an account in a new depository 11 C.F.R. § 102.2(a)(2).

C) maintain bank records with respect to matters required to be reported, 11 C.F.R. § 104.14(b)(1); and

D) file signed originals of comprehensive amendments, 11 C.F.R. § 104.14(a). Respondents violated the above sections by failing to accurately state its financial activity in reports filed with the Commission.

4. Title 2 U.S.C. § 434(b)(3)(F) requires political committees to disclose in their Reports of Receipts and Disbursements the identification of each person who provides a rebate, refund, or other offset to operating

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expenditures in an aggregate amount in excess of $200 per calendar year, together with the date and amount of such receipt. Respondents' failure to disclose this information violated 2 U.S.C. § 434(b)(3)(F).

5. 2 U.S.C. § 441b prohibits committees from knowingly accepting corporate contributions. Respondents' acceptance of contributions drawn on corporate accounts was in violation of § 441b.

6. 2 U.S.C. § 441g and implementing regulation at 11 C.F.R. § 110.4(c) make it unlawful for a committee to accept currency contributions in excess of the $100 ceiling. Respondents' acceptance and retention of a $2,000 cash contribution on March 9, 1982, was unlawful.

7. Political committees that finance political activity in connection with federal and non-federal elections must either: 1) establish a political committee that receives only contributions subject to the prohibitions of the Act, or 2) establish a separate account for contributions to be used in Federal elections activity. 11 C.F.R. § 102.5(a)(1). Contributions may not be deposited into the Federal elections account unless: (i) the contributions received are designated for federal use: (ii) the contributions result from solicitations expressly

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stating the contributions are for use in federal elections; and (iii) the contributions are informed of the Act's prohibitions and limitations. 11 C.F.R. § 102.5(a)(2). By failing to meet these requirements, Respondents violated 11 C.F.R. § 102.5(a)(1) and (2).

VI. Respondents will pay a civil penalty to the Treasurer of the United States in the amount of One Thousand Seven Hundred Dollars ($1,700), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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.

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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.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

December 14, 1984
Date

FOR THE RESPONDENTS:

Nancy S. Apgar

November 9, 1984

8504052120 3

GCC#5604

MEMORANDUM

TO: CHERYL THOMAS

FROM: JOAN HARRIS

TO: JOAN HARRIS

FROM: CHERYL THOMAS

CHECK NO. 274 (a copy of which is attached) RELATING TO MUR 1614 AND NAME Nancy Apgar (Okla. Repub State Cmte; Phyllis P. Gauer, Treas.)

WAS RECEIVED ON 11-14-84. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

/✓/ BUDGET CLEARING ACCOUNT (#95F3875.16)

/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)

/ / OTHER _____

SIGNATURE Cheryl L. Thomas DATE 11/15/84

40521204

OKLAHOMA LEADERSHIP COUNCIL
4031 N. LINCOLN BOULEVARD
OKLAHOMA CITY, OK 73105

274

39-66
1030

November 9, 19 84

PAY TO THE ORDER OF Treasurer of the United States $ 1,700.00

One Thousand Seven Hundred and----------no/100 DOLLARS

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNT S:

	MUR 1614		

Citizens National Bank and Trust Company

⑈000274⑈ ⑆103000664⑆ ⑈011111 2⑈

GCC#5322

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Jerry D. Valentine
Professional Corporation
Attorney at Law

410 MAPLE – TWIN COURTS
YUKON, OKLAHOMA 73099

PHO.:
(405) 354-5341

October 25, 1984

RECEIVED
GENERAL COUNSEL
84 OCT 26 A10:26

Federal Election Commission
Washington, D.C. 30463

ATTENTION: Lisa Klein
General Counsel

Re: MUR 1614
Respondent: Roy J. Cypert
Respondent: Blue Quail Energy, Inc.

Dear Ms. Klein:

In reference to the above, and as promised to you in earlier correspondence and in a telephone conversation and on behalf of my clients, the respondents named above, I submit the following information for the Election Commission's consideration.

Roy J. Cypert, an individual, is a 50% owner of Blue Quail Energy, Inc., and is the President of the Corporation.

At an office meeting in 1982, Roy J. Cypert requested one of the employees of the Corporation to see if he could obtain a ticket for the supper and reception for President Reagan. There was no mention at this point in time of how the arrangements would be made for purchasing the ticket, but a mere request that the employee see if a ticket could be obtained.

What apparently happened following this meeting is that a check was prepared on the Corporation's account, and rather than asking Mr. Cypert or one of the other officers to sign the check, a signature stamp was placed upon the check.

It was not until later that Mr. Cypert discovered how the transaction was handled, and upon discovery, the transaction was booked as an account receivable from Mr. Cypert as an employee and shareholder of the Corporation, and Mr. Cypert later repaid the amount to the Corporation.

At the time of this transaction, none of the parties within the office were aware that there was a particular reason to be concerned about how they handled the payment for the ticket, in that it was quite customary from time to time that in the event items were paid by the Corporation that were really personal items, the items would be shown as accounts receivable from Mr. Cypert and his brother and they would repay same to

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the Corporation. Had the people involved with this transaction understood that it was an illegal and unlawful act for any kind of check to be written on the Corporation relating to any matter of this kind, I am certain that none of these folks would have allowed any such thing to happen.

In visiting with the entire staff in the office that was actually involved in this transaction, I found that none were aware that there was a particular problem with how the transaction was handled, and of course, at this point in time they are very much aware of the difficulties involved with having the Corporation involved in any way with any kind of political fund activity.

I have checked with the accountant for the Corporation and it is my understanding that the matter has been cleared up and that the Corporation's income tax returns have been made consistent with the transaction having been shown as an accounts receivable in error.

Of course, notwithstanding the fact that none of the folks in the office understood the implications of what was happening nor of the legal restraints under which they should have been working and the fact that Mr. Cypert was unaware of which account the office staff had taken the payment for the ticket, the statute which you have cited in your correspondence to me and my client certainly is broad enough to embrace the fact pattern that I have just described to you as in violation of that act.

For this reason, I, on behalf of my client, am requesting that you concur in a pre-probable cause conciliation.

I apologize for the delay in getting this information back to you but I was trying to check with the employees involved at the company as well as the accounting people so that I could be certain of exactly what happened.

We shall be awaiting your resonse to this request and we thank you in advance for your consideration.

Sincerely yours,

Jerry D. Balentine

JDB:kaf

cc: Roy J. Cypert
Blue Quail Energy

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Jerry D. Balentine
Professional Corporation
Attorney at Law

410 MAPLE – TWIN COURTS
YUKON, OKLAHOMA 73099

PHO.:
(405) 354-5341

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84 OCT 29 P12: 24

84 OCT 29 P 3: 07
GENERAL COUNSEL

October 22, 1984

Federal Election Commission
Washington, D.C. 20463

ATTENTION: GENERAL COUNSEL LISA KLEIN

Dear Ms. Klein:

Enclosed you will find the Designation of Legal Counsel in reference to BLUE QUAIL ENERGY, INC., and I will be forwarding to you additional information that I hope will help the Commission to decide that no action should be taken against my client.

Thank you for your consideration.

Sincerely yours,

JERRY D. BALENTINE

JDB/jjb
cc: Roy Cypert
Enc.

8504051208

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1614

NAME OF COUNSEL: JERRY D. BALENTINE

ADDRESS: 401 Maple
Yukon, OK 73099

TELEPHONE: (405) 354-5341

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.

10/23/84
Date

Signature

RESPONDENT'S NAME:

ADDRESS: BLUE QUAIL ENERGY, INC.
702 South Eleventh St.
Yukon, OK 73099

HOME PHONE:

BUSINESS PHONE: (405) 354-1883

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mark Jennings, Esquire
Jones, McNaughton & Blakely
Broadway Tower, Suite 1100
P.O. Box 472
Enid, Oklahoma 73702

Re: MUR 1614

Dear Mr. Jennings:

The Federal Election Commission is in receipt of your written request for an extension of time within which to respond to the Commission's conciliation agreement.

Due to a delay in mail delivery, your client did not receive the conciliation agreement until October 3, 1984. In light of these circumstances, the Commission will extend the response time from October 7, 1984, until October 15, 1984.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (LJZ)

By: Kenneth A. Gross
Associate General Counsel

8504052120

Jerry D. Balentine
Professional Corporation
Attorney at Law

410 MAPLE – TWIN COURTS
YUKON, OKLAHOMA 73099

PHO.:
(405) 354-5341

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84 SEP 26 P12:51

September 19, 1984

Federal Election Commission
Washington, D.C. 20463

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
84 SEP 26 P2:07

ATTENTION: GENERAL COUNSEL LISA KLEIN

Dear Ms. Klein:

Enclosed you will find the Designation of Legal Counsel in reference to Roy J. Cypert and I will be forwarding to you additional information that, I hope, will be helpful in helping the commission decide that no action should be taken against my client.

Thank you for your consideration.

Sincerely yours,

JERRY D. BALENTINE

JDB/jjb
Encs:
cc: Roy Cypert

8504052121

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1614

NAME OF COUNSEL: JERRY D. BALENTINE

ADDRESS: 410 Maple - Twin Courts Bldg.
Yukon, Oklahoma 73099

TELEPHONE: (405) 354-5341

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.

9-19-84
Date

Roy J. Cypert
Signature

RESPONDENT'S NAME: Roy J. Cypert

ADDRESS: Blue Quail Energy Inc.
702 South Eleventh St.
Yukon, OK 73099

HOME PHONE: (405) 354-4536

BUSINESS PHONE: 354-1883

8 5 0 4 0 5 2 1 2 1 2

ry B. Valentine
Professional Corporation
Attorney at Law
MAPLE - TWIN COURTS
UKON, OKLAHOMA 73099

OKLAHOMA CITY
PM 9
24 OCT
1984

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

ATTENTION: LISA KLEIN, GENERAL COUNSEL

84OCT29 P12:23

CERTIFIED
433 248 285
MAIL

y B. Valentine
rofessional Corporation
Attorney at Law
MAPLE TWIN COURTS
KON, OKLAHOMA 73099

OKLAHOMA CITY, OK
PM
21 SEP
1984

RECEIVED AT FEC
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

ATTENTION: LISA KLEIN, GENERAL COUNSEL

CERTIFIED
P 433 248 273
MAIL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Oklahoma Republican State Committee	)	
Phyllis R. Gault, Treasurer	)	
Blue Quail Energy Incorporated	)	
and Roy J. Cypert	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 31, 1984, the Commission decided by a vote of 6-0 to take the following actions in MUR 1614:

1. Find reason to believe that Blue Quail Energy Incorporated violated 2 U.S.C. §§ 441b and 441f.

2. Find reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f.

3. Find no reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated 2 U.S.C. §§ 441b or 441f.

4. Enter into pre-probable cause conciliation with Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer.

5. Approve the conciliation agreement submitted with the General Counsel's Report signed August 28, 1984.

6. Approve the letters and analyses attached to the General Counsel's Report signed August 28, 1984.

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

Attest:

9-4-84
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 6, 1984

Mark Jennings, Esquire
Jones, McNaughton & Blakely
P.O. Box 472
Enid, Oklahoma 73702

Re: MUR 1614
Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

Dear Mr. Jennings:

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated various provisions of the Federal Election Campaign Act of 1971, as amended and Commission regulations. On May 21, 1984, the Commission declined your May 14 request for pre-probable cause conciliation pending completion of its investigation. On August 31, 1984, at the conclusion of the investigation, the Commission found no reason to believe your clients accepted illegal funds or accepted contributions in the name of another in violation of 2 U.S.C. §§ 441b and 441f with respect to the cashier's check received from Ron Frangione.

The Commission also determined on August 31 , 1984, to enter into negotiations directed towards reaching a conciliation in settlement of this matter prior to a finding of probable cause to believe. Accordingly, the enclosed conciliation agreement approved by the Commission is a settlement of the entire matter. If your clients 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

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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 Lisa Klein, the attorney 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

September 6, 1984

Roy J. Cypert
Blue Quail Energy Incorporated
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Roy J. Cypert

Dear Mr. Cypert:

On August 31, 1984, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, 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. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

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 the violations have 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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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

8504052129

BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S LEGAL AND FACTUAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
(202)523-4000

RESPONDENT: Roy J. Cypert

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 allegation is that Roy J. Cypert knowingly allowed his name to be used to effect a contribution from Blue Quail Energy Incorporated ("Blue Quail") to the Oklahoma Republican State Committee ("ORSC") in violation of 2 U.S.C. § 441f.

FACTUAL AND LEGAL ANALYSIS

On March 26, 1984, the Commission found reason to believe that Ron Frangione made a $2,000 cash contribution to ORSC in violation of 2 U.S.C. § 441g.

On April 25, 1984, the Office of the General Counsel sent Ron Frangione a series of questions regarding his contribution to the Committee. A review of his answers reveals that he acquired tickets to ORSC's March 1982, Presidential Dinner on behalf of his employer, Ron J. Cypert, President of Blue Quail Energy Incorporated. A check drawn on Blue Quail's account was issued

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to the order of Canadian State Bank. Upon presentment by Mr. Frangione, the bank prepared a cashier's check payable to the order of ORSC which Mr. Frangione signed in his individual capacity. Mr. Frangione then delivered the cashier's check to a representative of ORSC from whom he acquired the tickets. Mr. Frangione stated that he told the ORSC representative that the tickets were being purchased on behalf of Mr. Cypert.

The ticket purchase appears to be in violation of 2 U.S.C. § 441f which provides:

> No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. (emphasis added)

In response to the interrogatories, Mr. Frangione stated that he was asked by Mr. Cypert to acquire tickets to the ORSC fundraiser during the course of an office meeting. He stated further that Mr. Cypert desired to deduct the ticket purchase as a political contribution on his personal income tax for that year. Indeed, Mr. Frangione identified Mr. Cypert as the purchaser when he picked up the tickets from the ORSC representative. However, the funds used to pay for the tickets were those of Blue Quail, not of Mr. Cypert. Consequently, it appears Mr. Cypert knowingly permitted his name to be used to effect this contribution. For the foregoing reasons, this Office recommends that the Commission find reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 6, 1984

Gary Miller
702 - S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Blue Quail Energy Incorporated

Dear Mr. Miller:

On August 31, 1984, the Federal Election Commission determined that there is reason to believe Blue Quail Energy Incorporated violated 2 U.S.C. §§ 441b and 441f, provisions 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 Blue Quail Energy Incorporated. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against the company, the Commission may find probable cause to believe that the violations have 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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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

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BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S LEGAL AND FACTUAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
(202)523-4000

RESPONDENT: Blue Quail Energy Incorporated

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 allegations are that Blue Quail Energy Incorporated ("Blue Quail"), by and through its representatives, contributed $2,000 in the name of Roy J. Cypert to the Oklahoma Republican State Committee ("ORSC") in violation of 2 U.S.C. § 441f. In addition, the funds used to effect this contribution appear to have originated from Blue Quail's corporate treasury, resulting in a violation of 2 U.S.C. § 441b.

FACTUAL AND LEGAL ANALYSIS

On March 26, 1984, the Commission found reason to believe that Ron Frangione made a $2,000 cash contribution to ORSC in violation of 2 U.S.C. § 441g.

On April 25, 1984, the Office of the General Counsel sent Ron Frangione a series of questions regarding his contribution to the Committee. A review of his answers reveals that he acquired tickets to ORSC's March 1982, Presidential Dinner on behalf of his employer, Ron J. Cypert, President of Blue Quail Energy Incorporated. A check drawn on Blue Quail's account was issued

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to the order of Canadian State Bank. Upon presentment by Mr. Frangione, the bank prepared a cashier's check payable to the order of ORSC which Mr. Frangione signed in his individual capacity. Mr. Frangione then delivered the cashier's check to a representative of ORSC from whom he acquired the tickets. Mr. Frangione stated that he told the ORSC representative that the tickets were being purchased on behalf of Mr. Cypert.

The ticket purchase appears to be in violation of 2 U.S.C. § 441f which provides:

> No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.

In response to the interrogatories, Mr. Frangione stated that he was asked by Mr. Cypert to acquire tickets to the ORSC fundraiser during the course of an office meeting. He stated further that Mr. Cypert desired to deduct the ticket purchase as a political contribution on his personal income tax for that year. Indeed, Mr. Frangione identified Mr. Cypert as the purchaser when he picked up the tickets from the ORSC representative. However, the funds used to pay for the tickets were those of Blue Quail, not of Mr. Cypert. Consequently, Blue Quail, by and through its representative, apparently violated § 441f by using its corporate funds to make a contribution in the name of Roy J. Cypert.

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For the foregoing reasons, this Office recommends that the Commission find reason to believe that Blue Quail Energy Incorporated violated 2 U.S.C. § 441f.

Moreover, pursuant to 2 U.S.C. § 441b, contributions from corporate treasuries are prohibited. In the instant transaction, the funds for the ticket purchase originated from the checking account of Blue Quail, a corporate entity. According to Mr. Frangione, a cashier's check was acquired because he "was under the mistaken impression that a corporation could not contribute to a political party in excess of $1,000." The mere fact that Blue Quail chose to secure a cashier's check rather than to issue a check drawn on its own account to ORSC does not diminish the corporate character of the contribution. */ Consequently, the Office of the General Counsel recommends that the Commission find reason to believe that Blue Quail Energy Incorporated violated 2 U.S.C. § 441b.

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*/ It is also noted that ORSC issued a refund check to Mr. Frangione who endorsed it over to Blue Quail.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Gary Miller
702 - S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Blue Quail Energy Incorporated

Dear Mr. Miller:

On , 1984, the Federal Election Commission determined that there is reason to believe Blue Quail Energy Incorporated violated 2 U.S.C. §§ 441b and 441f, provisions 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 Blue Quail Energy Incorporated. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against the company, the Commission may find probable cause to believe that the violations have 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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roy J. Cypert
Blue Quail Energy Incorporated
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Roy J. Cypert

Dear Mr. Cypert:

On , 1984, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, 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. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

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 the violations have 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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mark Jennings
Jones, McNaughton & Blakely
P.O. Box 472
Enid, Oklahoma 73702

Re: MUR 1614
Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

Dear Mr. Jennings:

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated various provisions of the Federal Election Campaign Act of 1971, as amended and Commission regulations. On May 21, 1984, the Commission declined your May 14 request for pre-probable cause conciliation pending completion of its investigation. On 1984, at the conclusion of the investigation, the Commission found no reason to believe your clients accepted illegal funds or accepted contributions in the name of another in violation of 2 U.S.C. §§ 441b and 441f with respect to the cashier's check received from Ron Frangione.

The Commission also determined on , 1984, to enter into negotiations directed towards reaching a conciliation in settlement of this matter prior to a finding of probable cause to believe. Accordingly, the enclosed conciliation agreement approved by the Commission is a settlement of the entire matter. If your clients 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

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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 Lisa Klein, the attorney 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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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

In the Matter of)
)
Oklahoma Republican State Committee)
Phyllis R. Gault, Treasurer;)
Blue Quail Energy Incorporated, and)
Roy J. Cypert)

84 AUG 29 A10:15

MUR 1614

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 20, 1984, the Commission found reason to beleive that the Oklahoma Republican State Committee ("Committee" or "ORSC") and Phyllis R. Gault, as treasurer, violated 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b). The Commission also found reason to believe, on March 26, 1984, that Respondent Ron Frangione made a $2,000 cash contribution to ORSC in violation of 2 U.S.C. § 441g.

Upon notification of the Commission's findings, ORSC requested an extension of 60 days in which to respond. Shortly after the expiration of the 30 day extension granted by the Commission, this Office received ORSC's response and an accompanying request to enter into pre-probable cause conciliation (See Attachment A). Because the response submitted by Mr. Frangione indicated that violations other than the alleged excessive cash contribution may have occurred, the Commission approved the General Counsel's recommendation to defer entering into pre-probable cause conciliation with ORSC until matters relating to the "Frangione transaction" had been clarified.

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II. FACTUAL AND LEGAL ANALYSIS

On April 25, 1984, the Office of the General Counsel sent Ron Frangione a series of questions regarding his contribution to the Committee. A review of his answers reveals that he acquired tickets to ORSC's March 1982, Presidential Dinner on behalf of his employer, Ron J. Cypert, President of Blue Quail Energy Incorporated ("Blue Quail"). A check drawn on Blue Quail's account was issued to the order of Canadian State Bank. Upon presentment by Mr. Frangione, the bank prepared a cashier's check payable to the order of ORSC which Mr. Frangione signed in his individual capacity. Mr. Frangione then delivered the cashier's check to a representative of ORSC from whom he acquired the tickets. Mr. Frangione stated that he told the ORSC representative that the tickets were being purchased on behalf of Mr. Cypert.

The ticket purchase appears to be in violation of 2 U.S.C. § 441f which provides:

> No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.

In response to the interrogatories, Mr. Frangione stated that he was asked by Mr. Cypert to acquire tickets to the ORSC fundraiser during the course of an office meeting. 1/ He stated further

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1/ Mr. Frangione's role in this transaction appears to be that of an agent acting on behalf of his principal, Blue Quail.

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that Mr. Cypert desired to deduct the ticket purchase as a political contribution on his personal income tax for that year. Indeed, Mr. Frangione identified Mr. Cypert as the purchaser when he picked up the tickets from the ORSC representative. However, the funds used to pay for the tickets were those of Blue Quail, not of Mr. Cypert. Consequently, Blue Quail, by and through its representative, apparently violated § 441f by using its corporate funds to make a contribution in the name of Roy J. Cypert. The facts also suggest that Mr. Cypert knowingly permitted his name to be used to effect this contribution. For the foregoing reasons, this Office recommends that the Commission find reason to believe that Blue Quail Energy Incorporated and Roy J. Cypert violated 2 U.S.C. § 441f.

Moreover, pursuant to 2 U.S.C. § 441b, contributions from corporate treasuries are prohibited. In the instant transaction, the funds for the ticket purchase originated from the checking account of Blue Quail, a corporate entity (see Attachment B). According to Mr. Frangione, a cashier's check was acquired because he "was under the mistaken impression that a corporation could not contribute to a political party in excess of $1,000." The mere fact that Blue Quail chose to secure a cashier's check rather than to issue a check drawn on its own account to ORSC does not diminish the corporate character of the contribution. 2/ Consequently, the Office of the General Counsel recommends that

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2/ It is also noted that ORSC issued a refund check to Mr. Frangione who endorsed it over to Blue Quail (see Attachment C).

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the Commission find reason to believe that Blue Quail Energy Incorporated violated 2 U.S.C. § 441b.

III. PRE-PROBABLE CAUSE CONCILIATION REQUEST

On May 24, 1984, the Commission deferred entering into pre-probable cause conciliation with ORSC and Phyllis R. Gault, as treasurer, until the "Frangione transaction" had been clarified. The investigation into the matter produced no evidence suggesting that ORSC knowingly accepted a contribution made in the name of another. Moreover, there is no indication that ORSC knew corporate funds were involved in the transaction because the tickets were purchased with a cashier's check. Consequently, there is no reason to believe that ORSC violated either 2 U.S.C. § 441f or § 441b. Having clarified the above transaction, the Office of the General Counsel recommends that the Commission enter into pre-probable cause conciliation with ORSC and Phyllis R. Gault, as treasurer, at this time.

IV. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find reason to believe that Blue Quail Energy Incorporated violated 2 U.S.C. §§ 441b and 441f.

2. Find reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f.

3. Find no reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated 2 U.S.C. §§ 441b or 441f.

4. Enter into pre-probable cause conciliation with Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer.

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5. Approve the attached conciliation agreement.

6. Approve the attached letters and analyses.

Charles N. Steele
General Counsel

August 28, 1984
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

A. Response from ORSC
B. Blue Quail Energy Incorporated's Check
C. ORSC's refund check to Mr. Frangione
I. Conciliation Agreement
II. Letters
III. Legal and Factual Analysis

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: August 29, 1984

SUBJECT: MUR 1614 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Bill Jennings) MUR 1614

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 26, 1984, the Commission found reason to believe that Bill Jennings violated 2 U.S.C. § 441g by making a $2,000 cash contribution to the Oklahoma Republican State Committee ("Committee"). This finding was based upon information obtained by the Audit Staff in reviewing the Committee's records of its March 1982 Presidential Reception fundraiser.

A notification of the Commission's March 26 finding was mailed to Respondent Jennings but produced no response. Because the Committee informed Commission staff that it had tried unsuccessfully to locate Mr. Jennings, this Office sent a copy of the Commission's letter and analysis to him by certified mail, return receipt requested. The receipt of delivery indicates that an authorized agent of Bill Jennings received the material on May 22, 1984 (Attachment A). Mr. Jennings, however, has not responded to this correspondence. Moreover, by letter dated June 6, 1984, the Committee forwarded to this Office copies of the front and back of its re-issued refund check payable to and endorsed by Bill Jennings (Attachment B).

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II. Legal Analysis

Pursuant to 2 U.S.C. § 441g, cash contributions may not, in the aggregate, exceed $100 per election. The records of the Oklahoma Republican State Committee indicate that Bill Jennings made a cash contribution of $2,000 on March 9, 1982. Because Bill Jennings has never responded to the Commission's correspondence, the Office of the General Counsel has no information to negate or contradict the evidence upon which the Commission based its reason to believe finding.

III. General Counsel's Recommendation

The Office of General Counsel recommends that the Commission find probable cause to believe that Bill Jennings violated 2 U.S.C. § 441g.

3 August 1984
Date

Charles N. Steele
General Counsel

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(3)

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PS Form 3811, July 1982

● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.

Klein OGC

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one). ____ $
   - ☒ Show to whom and date delivered ..... ____ $
   - ☐ Show to whom, date, and address of delivery .. ____ $
2. ☐ RESTRICTED DELIVERY ..... ____ $
   (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL $____

3. ARTICLE ADDRESSED TO:
   Bill JENNINGS
   P.O BOX 26208
   Oklahoma City, OK 73126

ARTICLE NUMBER: 943671

4. TYPE OF SERVICE:
   - ☒ REGISTERED
   - ☐ CERTIFIED
   - ☐ EXPRESS MAIL
   - ☐ INSURED
   - ☐ COD

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent

5. DATE OF DELIVERY

POSTMARK (may be applied here)
MAY 22 1982

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT

* GPO: 1982-379-593

A

Attachment I -(3)

Attachment I - (4)

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For deposit only
Bill Jennings

MAY 8'87
PAY ANY BANK PLEG.
FIDELITY BANK N.A.
OKLAHOMA CITY, OKLA.

1062

Republic bank
P.O. Box 53428
Oklahoma City, Oklahoma 73152

PROCESSED
MAY 23 '84

May 2, 1984 30-75/1030

PAY TO THE ORDER OF Bill Jennings $ 2000.00

Two thousand & 00/100 DOLLARS

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNT(S):

contribution refund (corporate)

REPUBLICAN STATE FINANCE COMMITTEE

Henry D. Upton

⑈0000200000⑈ ⑆103010754⑆ 2947000⑈ ⑈2901001⑈

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 3, 1984

Bill Jennings
P.O. Box 26208
Oklahoma City, Oklahoma 73126

Re: MUR 1614
Bill Jennings

Dear Mr. Jennings:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 26, 1984, found reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), 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 20 days.

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Attachment 2-(1)

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 Lisa Klein, the attorney assigned to handle this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

8 5 0 4 0 5 2 1 2 4 4

Attachment 2-(2)

FEDERAL ELECTION COMMISSION

RESPONDENT: OKLAHOMA REPUBLICAN STATE COMMITTEE

PHYLLIS R. GAULT, TREASURER

MUR #1614

RESPONDENT'S PRE-PROBABLE CAUSE STATEMENT

Stephen Jones
of
JONES, McNAUGHTON & BLAKLEY
Post Office Box 472
Enid, Oklahoma 73702
(405) 242-5500

May 1984

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Attachment A (-1)

RESPONDENT'S PRE-PROBABLE CAUSE STATEMENT

The respondent, Oklahoma Republican State Committee, Phyllis R. Gault, Treasurer ("State Committee") hereby responds to the Federal Election Commission's ("FEC") determination that there is reason to believe the State Committee violated various provisions of the Federal Election Campaign Act, 2 U.S.C. §§431 et seq. ("FECA"). The alleged violations are grouped by the FEC into three principal categories: (1) deficient reporting of statutorily required information, (2) acceptance of prohibited corporate contributions and excessive cash contributions, and (3) failure to satisfy the prerequisites for using contributions in federal election activities. The State Committee responds to the determination and submits to the Commission, in the following manner.

First and foremost, the audit period involves a period of time in which the treasurer's position was held by another individual, as was the chairmanship and most, if not all staff positions. The present administrators and staff now find themselves in the position of having to defend past practices not of their doing. The present treasurer and named respondent, Phyllis R. Gault, did not assume that position until May 1, 1983, following the audit period.

Nevertheless, the present administration and staff have given every effort to cooperate and respond effectively to

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the FEC's inquiries. In addition to the change in personnel, the State Committee has, in the interim, undergone a change of physical location, and has encountered the unfortunate, but usual disruption of communication and displacement of some records which generally accompanies these types of transitions.

The State Committee was requested to, and did, provide the information which was available and which could be discovered through the exercise of due diligence, regarding the preliminary inquiry by the FEC. The State Committee responded accordingly to the FEC by two memorandum letters, each dated June 15, 1983, and each addressing the matters inquired into concerning the audit years 1981 and 1982, respectively. Those letters are incorporated herein by reference, and the FEC is encouraged to refer to and review them in the course of its investigation.

Secondly, the present State Committee administration, and particularly the Treasurer, has made every effort to remedy any procedures from previous administrations which it perceived could cause any future problems or violations. The State Committee has adhered to changes suggested by the FEC, and has otherwise attempted, of its own accord, to fully cooperate with the FEC in its investigation and to fully comply with the provisions of the FECA.

Indeed, all reports subsequently prepared and submitted by the present State Committee administration have been

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Attachment A -(3)

accepted and approved by the FEC, having complied with the provisions of the FECA.

In particular, the present State Committee administration has invoked new procedures in the following instances, among others, to insure future and full compliance, in accord with the FECA and suggestions by the FEC:

(1) Competion of reporting forms is fully supervised by, and subject to the approval of, the Treasurer;

(2) A separate Federal Election account has been opened;

(3) Full disclosure has been made to the FEC as to the depositories used by the State Committee;

(4) Refund checks have been prepared and delivered for those contributions suspect in nature, with that portion of the funds not yet claimed being held in reserve, and

(5) Diligent effort has been exerted to discover and provide all available information to the FEC regarding alleged past violations, and proper steps have been taken to insure avoidance of any future violations.

Therefore, without confessing violations by past individuals in the State Committee, the present State Committee assures the FEC that it has fully cooperated in the investigatory process, and has made every effort to remedy those areas in which it appeared violations could or might occur.

Accordingly, respondent submits to the FEC that the present State Committee administration has committed no violations of the FECA, and has adopted additional procedures to insure continued future compliance. The allegations contained in

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Attachment A -(4)

BLUE QUAIL ENERGY, INC.
1319 DOUBLEVILLE [illegible]
YUKON, OK 73099

3 0 4 0 2 1 2 4 9 NO 560

CANADIAN STATE BANK
YUKON, OKLA. 73099

MARCH 15, 82

TWO THOUSAND DOLLARS AND NO/100 2,000.00

CANADIAN STATE BANK

BLUE QUAIL ENERGY, INC

TICKETS FOR PRESIDENT REGAN DINNER AND RECEPTION	$2,000.00
6023	
Went Chm	3/1/82 to 4/1/82

Attachment

6

LIBERTY

6315

3/27/ 84

39-19
1030

PAY TO THE ORDER OF Ron Frangione $ 2,000.00

two thousand and 00/100 DOLLARS

REPUBLICAN STATE
FINANCE COMMITTEE

contribution refund
reissued

Nancy Upger

⑆103000198⑆ 039 878 8⑈ ⑈0000200000⑈

Contribution refunded
Blue Quail Energy
for deposit only

FOR DEPOSIT ONLY
BLUE QUAIL ENERGY INCORPORATED

8504052125 0

APR 30 '04

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Gary Miller
702 - S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Blue Quail Energy Incorporated

Dear Mr. Miller:

On , 1984, the Federal Election Commission determined that there is reason to believe Blue Quail Energy Incorporated violated 2 U.S.C. §§ 441b and 441f, provisions 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 Blue Quail Energy Incorporated. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against the company, the Commission may find probable cause to believe that the violations have 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 so desired. 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

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Attachment II (1)

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

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

35040521252

Attachment II -(2)

(16)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roy J. Cypert
Blue Quail Energy Incorporated
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Roy J. Cypert

Dear Mr. Cypert:

On , 1984, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, 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. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

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 the violations have 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 so desired. 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

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Attachment II (3)

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

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

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19

BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S LEGAL AND FACTUAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
(202)523-4000

RESPONDENT: Blue Quail Energy Incorporated

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 allegations are that Blue Quail Energy Incorporated ("Blue Quail"), by and through its representatives, contributed $2,000 in the name of Roy J. Cypert to the Oklahoma Republican State Committee ("ORSC") in violation of 2 U.S.C. § 441f. In addition, the funds used to effect this contribution appear to have originated from Blue Quail's corporate treasury, resulting in a violation of 2 U.S.C. § 441b.

FACTUAL AND LEGAL ANALYSIS

On March 26, 1984, the Commission found reason to believe that Ron Frangione made a $2,000 cash contribution to ORSC in violation of 2 U.S.C. § 441g.

On April 25, 1984, the Office of the General Counsel sent Ron Frangione a series of questions regarding his contribution to the Committee. A review of his answers reveals that he acquired tickets to ORSC's March 1982, Presidential Dinner on behalf of his employer, Ron J. Cypert, President of Blue Quail Energy Incorporated. A check drawn on Blue Quail's account was issued

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Attachment III - (1)

to the order of Canadian State Bank. Upon presentment by Mr. Frangione, the bank prepared a cashier's check payable to the order of ORSC which Mr. Frangione signed in his individual capacity. Mr. Frangione then delivered the cashier's check to a representative of ORSC from whom he acquired the tickets. Mr. Frangione stated that he told the ORSC representative that the tickets were being purchased on behalf of Mr. Cypert.

The ticket purchase appears to be in violation of 2 U.S.C. § 441f which provides:

> No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.

In response to the interrogatories, Mr. Frangione stated that he was asked by Mr. Cypert to acquire tickets to the ORSC fundraiser during the course of an office meeting. He stated further that Mr. Cypert desired to deduct the ticket purchase as a political contribution on his personal income tax for that year. Indeed, Mr. Frangione identified Mr. Cypert as the purchaser when he picked up the tickets from the ORSC representative. However, the funds used to pay for the tickets were those of Blue Quail, not of Mr. Cypert. Consequently, Blue Quail, by and through its representative, apparently violated § 441f by using its corporate funds to make a contribution in the name of Roy J. Cypert.

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BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S LEGAL AND FACTUAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
(202)523-4000

RESPONDENT: Roy J. Cypert

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 allegation is that Roy J. Cypert knowingly allowed his name to be used to effect a contribution from Blue Quail Energy Incorporated ("Blue Quail") to the Oklahoma Republican State Committee ("ORSC") in violation of 2 U.S.C. § 441f.

FACTUAL AND LEGAL ANALYSIS

On March 26, 1984, the Commission found reason to believe that Ron Frangione made a $2,000 cash contribution to ORSC in violation of 2 U.S.C. § 441g.

On April 25, 1984, the Office of the General Counsel sent Ron Frangione a series of questions regarding his contribution to the Committee. A review of his answers reveals that he acquired tickets to ORSC's March 1982, Presidential Dinner on behalf of his employer, Ron J. Cypert, President of Blue Quail Energy Incorporated. A check drawn on Blue Quail's account was issued

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Attachment III (3)

to the order of Canadian State Bank. Upon presentment by Mr. Frangione, the bank prepared a cashier's check payable to the order of ORSC which Mr. Frangione signed in his individual capacity. Mr. Frangione then delivered the cashier's check to a representative of ORSC from whom he acquired the tickets. Mr. Frangione stated that he told the ORSC representative that the tickets were being purchased on behalf of Mr. Cypert.

The ticket purchase appears to be in violation of 2 U.S.C. § 441f which provides:

> No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. (emphasis added)

In response to the interrogatories, Mr. Frangione stated that he was asked by Mr. Cypert to acquire tickets to the ORSC fundraiser during the course of an office meeting. He stated further that Mr. Cypert desired to deduct the ticket purchase as a political contribution on his personal income tax for that year. Indeed, Mr. Frangione identified Mr. Cypert as the purchaser when he picked up the tickets from the ORSC representative. However, the funds used to pay for the tickets were those of Blue Quail, not of Mr. Cypert. Consequently, it appears Mr. Cypert knowingly permitted his name to be used to effect this contribution. For the foregoing reasons, this Office recommends that the Commission find reason to believe that Roy J. Cypert violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: August 30, 1984

SUBJECT: MUR 1614 - Memorandum to The Commission

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[X]	Other (see distribution below)	[ ]

CIRCULATE ON GREEN PAPER

TO BE ADDED TO GC's REPORT

CIRCULATED 8-29-84

8504052125 9

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

84 AUG 30 P4:08

August 30, 1984

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross KAG by ulg
Associate General Counsel

RE: Errata - MUR 1614

Attached for your consideration is Attachment II, pages 5 and 6, which was inadvertently omitted from the General Counsel's Report circulated on August 29, 1984.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

Mark Jennings
Jones, McNaughton & Blakely
P.O. Box 472
Enid, Oklahoma 73702

Re: MUR 1614
Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

Dear Mr. Jennings:

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated various provisions of the Federal Election Campaign Act of 1971, as amended and Commission regulations. On May 21, 1984, the Commission declined your May 14 request for pre-probable cause conciliation pending completion of its investigation. On 1984, at the conclusion of the investigation, the Commission found no reason to believe your clients accepted illegal funds or accepted contributions in the name of another in violation of 2 U.S.C. §§ 441b and 441f with respect to the cashier's check received from Ron Frangione.

The Commission also determined on , 1984, to enter into negotiations directed towards reaching a conciliation in settlement of this matter prior to a finding of probable cause to believe. Accordingly, the enclosed conciliation agreement approved by the Commission is a settlement of the entire matter. If your clients 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

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Attachment II (p.5)

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 Lisa Klein, the attorney 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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Attachment II (p. 6)

OFFICE OF THE FEC
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

84 AUG 3 P2:15

August 3, 1984

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR 1614
Bill Jennings

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the Respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on August 3, 1984. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

8504052126 4

Attachments
1. Brief
2. Letter to Respondent

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: August 3, 1984

SUBJECT: MUR 1614 - Memorandum and General Counsel's Brief

The attached is submitted as an Agenda document

for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[X]	Status Sheets	[ ]
Sensitive	[X]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

8504052125

OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C 20463

84 AUG 2 P3:25

August 2, 1984

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR 1614

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter with respect to certain contributions received by Respondent. A copy of this brief and a letter notifying the Respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe was mailed on August 2, 1984. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

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Attachments
1. Brief
2. Letter to Respondent

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Oklahoma Republican State Committee) MUR 1614
Phyllis R. Gault, Treasurer)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee ("ORSC") and Phyllis R. Gault, as treasurer, violated 2 U.S.C. § 441g by accepting cash contributions in excess of $100 from Ron Frangione and Harold "Jack" Hodges. The Commission's finding was based upon information obtained by the Audit Staff in reviewing the Committee's records of its March 1982 Presidential Reception fundraiser. Mr. Hodges and Mr. Frangione subsequently submitted documentation demonstrating that their respective contributions were not made in cash.

II. Legal Analysis

Cash contributions exceeding, in the aggregate, $100 per election, violate 2 U.S.C. § 441g. Under the corresponding Commission regulation, 11 C.F.R. § 110.4(c)(2), committees receiving excessive cash contributions must promptly return the amount over $100 to the contributor. Because the information upon which the Commission based its reason to believe finding has been refuted, there is no evidence to suggest that ORSC accepted excessive cash contributions from Mr. Frangione or Mr. Hodges.

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III. General Counsel's Recommendation

The Office of General Counsel recommends the Commission find no probable cause to believe that the Oklahoma Republican State Committee accepted contributions violative of 2 U.S.C. § 441b from Mr. Hodges or Mr. Frangione in violation of 11 C.F.R. § 110.4(c)(2).

2 August 1984
Date

Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 2, 1984

Mark Jennings
Jones, McNaughton & Blakley
P.O. Box 472
Enid, Oklahoma 73702

Re: MUR 1614
Oklahoma Republican State Committee,
Phyllis R. Gault, Treasurer

Dear Mr. Jennings:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1984, found reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, had violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and corresponding Commission regulations, 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 no probable cause to believe that your clients accepted excessive cash contributions from Mr. Hodges or Mr. Frangione. The Commission may or may not approve the General Counsel's Recommendation.

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 clients' 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 submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

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Attachment II - (1)

Should you have any questions, please contact Lisa Klein, the attorney assigned to handle this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

84 JUL 6 P12:07

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1984

SENSITIVE

MEMORANDUM TO: The Commission

FROM: Charles N. Steele CNS/pm
General Counsel

SUBJECT: MUR 1614

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 as it pertains to Ron Frangione and Harold L. "Jack" Hodges. Copies of these briefs and letters notifying the Respondents of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe were mailed on July 6 , 1984. Following receipt of the Respondents' replies to this notice, this Office will make a further report to the Commission.

Attachments
1. Briefs
2. Letters to Respondents

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(9)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1984

Robert G. Grove
Grove and Grove
621 N. Robinson, Suite 560
Oklahoma City, Oklahoma 73102

Re: MUR 1614
Harold L. "Jack" Hodges

Dear Mr. Grove:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 26, 1984, found reason to believe that your client had violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended, and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that an excessive cash contribution violation has occurred. The Commission may or may not approve the General Counsel's Recommendation.

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 client's 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 submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

8 5 0 4 0 5 2 1 2 7 2

Attachment II-(3)

Should you have any questions, please contact Lisa Klein, the attorney assigned to handle this matter, at (202)523-4000.

Sincerely,

Charles N. Steele

Charles N. Steele
General Counsel

Enclosure
Brief

85040521273

Attachment II-(4)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Ron Frangione) MUR 1614

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 26, 1984, the Commission found reason to believe that Ron Frangione violated 2 U.S.C. § 441g by making a cash contribution of $2,000 to the Oklahoma Republican State Committee ("Committee"). This finding was based upon information obtained by the Audit Staff in reviewing the Committee's records of its March 1982 Presidential Reception fundraiser.

In response to notification of the complaint, Mr. Frangione informed this Office that he had used a cashier's check to purchase tickets to the Committee's March 1982 fundraiser for his employer, Roy Cypert, President of Blue Quail Energy Incorporated. He subsequently submitted a photocopy of a $2,000 check payable to The Canadian State Bank which he presented to the Bank to acquire the above-mentioned cashier's check (Attachment A).

II. Legal Analysis

Pursuant to 2 U.S.C. § 441g, cash contributions may not, in the aggregate, exceed $100 per election. The documentation submitted by Mr. Frangione demonstrates that the March 1982 ticket purchase was not a cash transaction. Because the information upon which the Commission based its reason to believe finding has been refuted, there is no evidence to suggest that the statutory limitation on cash contributions has been violated.

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III. General Counsel's Recommendation

The Office of the General Counsel recommends that the Commission find no probable cause to believe that Ron Frangione violated 2 U.S.C. § 441g.

7/6/87
Date

Charles N. Steele
Charles N. Steele
General Counsel

8 5 0 4 0 5 2 1 2 7 5

BLUE QUAIL ENERGY, INC. 2 1 2 7 6

1319 DONNWELL 354-3941 OR 354-6841
YUKON, OK 73099

№ 560

CANADIAN STATE BANK
YUKON, OKLA. 73099

MARCH 15, 82

TWO THOUSAND DOLLARS AND NO/100 — 2,000.00

CANADIAN STATE BANK

BLUE QUAIL ENERGY, INC

TICKETS FOR PRESIDENT REGAN DINNER AND RECEPTION	$2,000.00
6023	
Went Thru	3/1/82 to 4/1/82

ATTACHMENT I (3)
Attachment A

(3)

(4)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Harold L. "Jack" Hodges) MUR 1614

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 26, 1984, the Commission found reason to believe that Harold L. "Jack" Hodges violated 2 U.S.C. § 441g by making a cash contribution of $5,000 to the Oklahoma Republican State Committee ("Committee"). This finding was based upon information obtained by the Audit Staff in reviewing the Committee's records of its March 1982 Presidential Reception fundraiser. The Audit Division recommended the Committee demonstrate either that the contribution was not made in cash or that the excessive contribution had been refunded. After the close of the interim response period, the Committee did submit a front and back copy of a $5,000 refund check issued to Jack Hodges.

In response to notification of the complaint, Mr. Hodge's attorney informed this Office that the March 12 contribution had been made by check. He subsequently submitted a front and back copy of Mr. Hodge's $5,000 check made payable to the order of the Committee's Presidential Reception (Attachment A).

II. Legal Analysis

Pursuant to 2 U.S.C. § 441g, cash contributions may not, in the aggregate, exceed $100 per election. By submitting a front and back copy of his contribution check, Mr. Hodges has

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adequately demonstrated that his March 1982 contribution was not an excessive cash contribution. Because the information upon which the Commission based its reason to believe finding has been refuted, there is no evidence to suggest that the statutory limitation on cash contributions has been violated.

III. General Counsel's Recommendation

The Office of the General Counsel recommends that the Commission find no probable cause to believe that Harold L. "Jack" Hodges violated 2 U.S.C. § 441g.

7/6/84
Date

Charles N. Steele
Charles N. Steele
General Counsel

8 5 0 4 0 5 2 1 2 7 8

(6)

FIDELITY BANK

1521

March 11 1982

29-12
1030

PAY TO THE ORDER OF Presidential Reception $ 5,000.00

----Five Thousand and no/100---------- DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

"Jack Hodges"

HAROLD L. HODGES

Harold Hodges

⑈001521⑈ ⑆103000130⑆ 494784⑈ ⑈0000500000⑈

8 5 0 4 0 5 2 1 2 7 2

FOR DEPOSIT ONLY
PRESIDENTIAL RECEPTION
2222 1235

Attachment I - (G)
ATTACHMENT A

(7)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1984

Ron Frangione
General Counsel
Blue Quail Energy, Inc.
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 26, 1984, found reason to believe that you had violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended, and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that an excessive cash contribution violation has occurred. The Commission may or may not approve the General Counsel's Recommendation.

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 submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

8 5 0 4 0 5 2 1 2 8 0

Attachment II-(1)

Should you have any questions, please contact Lisa Klein, the attorney assigned to handle this matter, at (202)523-4000.

Sincerely,

Charles N. Steele, lsma

Charles N. Steele
General Counsel

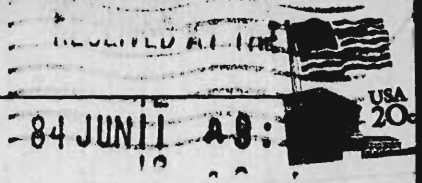
Enclosure
Brief

85040521281

Attachment II-(2)

lis R. Gault
ed Public Accountant
ite on Main
7. Main, Suite AA-218
, Oklahoma 73069

85040521 2



RECEIVED AT THE
84 JUN 11 A8:

Lisa Klein
General Counsel
Federal Election Commission
Washington, D.C. 20463

Phyllis R. Gault
Certified Public Accountant

RECEIVED AT THE FEC
Gault 3554
84 JUN 11 A9:05

84 JUN 11 AM: 28

June 6, 1984

Lisa Klein
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1614

Dear Lisa:

Enclosed are copies of the front and back of our re-issued check to Bill Jennings in the amount of $2000 for a cash contribution made during the period audited.

This clears a portion of Item B. in my letter of April 2, 1984.

Should there be any new developments in the other items, I will notify you.

Sincerely,

Phyllis

Phyllis R. Gault

Encls.

8504052128 3

Park Suite on Main • 3750 W. Main, Suite AA-218 • Norman, Oklahoma 73069 • (405) 364-0072

1062

republic bank
P.O. Box 53425
Oklahoma City, Oklahoma 73152

MAY 23 84
PROCESSED

May 2 1984 39-75 1030

PAY TO THE ORDER OF Bill Jennings $ 2000.00

Two thousand & 00/100 DOLLARS

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNT(S)

contribution refund (corporate)

REPUBLICAN STATE FINANCE COMMITTEE

Henry S. Lepgar

⑈001062⑈ ⑆103000758⑆ 0010151100⑈ ⑈0000200000⑈

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 24, 1984

Mark Jennings
Jones, McNaughton & Blakely
P.O. Box 472
Enid, Oklahoma 73702

Dear Mr. Jennings:

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated the Act's reporting requirements and prohibitions against receipt of corporate and excessive cash contributions.

The Commission received your request for pre-probable cause conciliation on May 14, 1984. After careful consideration, the Commission decided on May 21, 1984, to decline your request at this time. The Commission will reconsider your request, however, once its investigation in this matter has been completed.

If you have any questions, please call Lisa Klein at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052128 6

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Oklahoma Republican State Committee	)	
Phyllis R. Gault, Treasurer	)	
Ron Frangione	)	
Harold "Jack" Hodges	)	
Bill Jennings	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 21, 1984, the Commission decided by a vote of 6-0 to take the following actions in MUR 1614:

1. Do not enter into pre-probable cause conciliation with the Oklahoma Republican State Committee and Phyllis Gault, Treasurer at this time.

2. Approve the letter as attached to the General Counsel's Report signed May 16, 1984.

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

Attest:

5/21/84
Date

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

Received in Office of Commission Secretary: 5-16-84, 5:05
Circulated on 48 hour tally basis: 5-17-84, 11:00

3504052 1287

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: May 16, 1984

SUBJECT: MUR 1614 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

8504052128 8

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

84 MAY 16 P5: 05

In the Matter of	)	
	)	
Oklahoma Republican State Committee,	)	
Phyllis R. Gault, Treasurer,	)	MUR 1614
Ron Frangione,	)	
Harold "Jack" Hodges, and	)	
Bill Jennings	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee ("Committee") and Phyllis R. Gault, as treasurer, violated 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b). The Commission also approved a letter and a legal and factual analysis which were then sent to the Committee's treasurer, Phyllis R. Gault. After several telephone calls from Ms. Gault and Ms. Nancy Apgar, Chairman of the Committee, this office received a letter from Ms. Gault on April 6, 1984, requesting an extension of 60 days to respond to the Commission's findings. The Commission granted the Committee a 30 day extension on April 20, 1984 and informed the Committee by letter dated April 25 that the response would be due on May 10, 1984. 1/

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1/ This Office notified Ms. Gault of the Commission's decision by telephone on April 26, 1984.

On May 7, 1984, counsel for the Committee telephoned this office to clarify the procedural posture of this matter. Although counsel did not indicate whether the Committee would request pre-probable cause conciliation, he did convey the impression that a response would be forthcoming. On May 14, 1984, this office received the Committee's response and a request to enter into pre-probable cause conciliation.

On March 26, 1984, the Commission found reason to believe that Ron Frangione, Harold "Jack" Hodges, and Bill Jennings violated 2 U.S.C. § 441g by making excessive cash contributions to the Committee. Letters and analyses were sent to the Respondents pursuant to the Commission's approval. As of this date, responses have been received from Ron Frangione and Harold "Jack" Hodges. No response has been received from Bill Jennings. The Committee informed this office that they have been unable to locate Mr. Jennings to refund his contribution, and attribute his disappearance to his involvement in "The Penn Square Bank debacle." On May 9, 1984, this office decided to send a copy of the Commission's letter and analysis to Mr. Jennings by certified mail, return receipt requested.

Mr. Harold "Jack" Hodges responded by stating that he had not made a cash contribution to the Committee. He indicated that he had made a $5,000 contribution, but that contribution had been made by check. Mr. Hodges submitted a copy of his check for $5,000 dated March 11, 1982, payable to the Presidential

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Reception and endorsed by the Committee. It appears that this is the same contribution that Committee records show as a cash contribution received on March 12, 1982.

Ron Frangione's response indicates that violations other than the alleged excessive cash contribution violation may have occurred. In his written response, Mr. Frangione states that his employer, Roy J. Cypert, President of Blue Quail Energy Incorporated, asked him to obtain tickets to the Committee's Presidential Reception which Mr. Cypert wished to attend. According to the information provided by Mr. Frangione, a check drawn on the corporation's account was issued to Canadian State Bank. Upon its presentment, the bank prepared a cashier's check payable to the Committee which Mr. Frangione used to obtain tickets to the reception. 2/ To clarify matters relating to this transaction, Mr. Frangione was sent a series of written questions on April 25, 1984. The responses were received May 15, 1984. Upon review of his answers we will report further to the Commission.

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II. CONCILIATION REQUEST

In order to fully determine the nature of the Committee's violation with respect to the "Frangione cash contribution", this office must review Mr. Frangione's answers to the interrogatories. Consequently, the General Counsel's Office

---

2/ These facts indicate a possible corporate contribution given in the name of another in violation of 2 U.S.C. §§ 441b and 441f.

recommends that the Commission defer entering into pre-probable cause conciliation with the Committee until the above-discussed situation has been clarified. If review of the documents received May 15, 1984, adequately clarifies the situation, this office will draft a proposed conciliation agreement for the Commission's consideration.

RECOMMENDATIONS

1. Do not enter into pre-probable cause conciliation with the Oklahoma Republican State Committee and Phyllis Gault, Treasurer at this time.

2. Approve attached letter.

Charles N. Steele
General Counsel

May 16, 1984
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

8 5 0 4 0 5 2 1 2 9 2

RECEIVED AT THE FEC
Gq# 3172
84 MAY 18 P1:

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1614

NAME OF COUNSEL: STEPHEN JONES

ADDRESS: P.O. BOX 472
ENID, OKLAHOMA 73702

TELEPHONE: (405) 242-5500

MUR 1614
Klein

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.

4-11-84
Date

Phyllis R. Gault
Signature

RESPONDENT'S NAME: Phyllis R. Gault

ADDRESS: 3750 W. Main AA 218
Norman, OK 73069

HOME PHONE: (405) 364-9140

BUSINESS PHONE: (405) 364-0072

8504052129 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mark Jennings
Jones, McNaughton & Blakely
P.O. Box 472
Enid, Oklahoma 73702

Dear Mr. Jennings:

On March 20, 1984, the Commission found reason to believe that the Oklahoma Republican State Committee and Phyllis R. Gault, as treasurer, violated the Act's reporting requirements and prohibitions against receipt of corporate and excessive cash contributions.

The Commission received your request for pre-probable cause conciliation on May 14, 1984. After careful consideration, the Commission decided on May , 1984, to decline your request at this time. The Commission will reconsider your request, however, once its investigation in this matter has been completed.

If you have any questions, please call Lisa Klein at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052129 4

lis R. Gault
ed Public Accountant

ite on Main
. Main, Suite AA-218
, Oklahoma 73069

OKLAHOMA CITY, OK
PM
1984

84 MAY 16 P

Lisa Klein
Federal Election Commission
Washington, DC 20463

8 5 0 4 0 5 2 1 2

FEDERAL ELECTION COMMISSION
WASHINGTON D.C 20463

May 14, 1984

Phyllis R. Gault, Treasurer
Oklahoma State Republican Committee
4031 North Lincoln
Oklahoma City, Oklahoma 73105

Re: MUR 1614

Dear Ms. Gault:

Enclosed please find a Statement of Designation of Counsel form. This form should be completed by you and returned to the Federal Election Commission at your earliest convenience.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052129 6

Blue Quail Energy Incorporated

702 S. 11th St.
Yukon, Ok. 73099

Phone:
(405)354-1883

RECEIVED AT THE FEC
GCC #3165
84 MAY 15 P 23
FEC

Mur 1614
Klein

May 8, 1984

Federal Election Commission
Washington, D.C. 20463

Attn: Lisa Klein

Re: Mur 1614, Ron Frangione, Answer to Interrogatories.

84 MAY 15 P2:56

1. I had indicated to Roy J. Cypert, President of Blue Quail Energy Incorporated at an office meeting that I thought I could obtain tickets for the Presidential Reception for President Reagan, but that I did not know what the cost would be. Mr. Cypert told me to look into the matter, and I reported back to him that the tickets would be $1,000.00 a plate, and I could get them from a consulting geologist in Oklahoma City, who was selling the tickets on behalf of the Oklahoma Republican State Committee.

2. I acquired the reception tickets on Roy Cypert's behalf at his request as he did not have the time, nor know from whom to obtain same. I had indicated to Mr. Cypert that I thought I could accomplish this simple task for him.

3. I was under the mistaken impression that a corporation could not contribute to a political party in excess of $1,000.00, and that Mr. Cypert desired to deduct the political contribution from his individual income tax return for that respective year.

3a. I proceeded to go to Canadian State Bank and obtain a cashier's check on behalf of Mr. Cypert so that an individual contribution on his behalf would be noted.

3b. No.

4. I delivered the Blue Quail corporate check to Canadian State Bank personally and obtained a cashier's check payable to the Oklahoma Republican State Committee, in the amount of $2,000.00, however, I signed the cashier's check in my name individually rather than on behalf of Blue Quail or Roy J. Cypert. Upon receipt of the cashier's check payable to the Oklahoma Republican State Committee for the Presidential Reception Dinner, I took the cashier's check to a representative of the Oklahoma Republican State Committee who was selling the tickets and indicated to him that I was purchasing these tickets on behalf of Roy J. Cypert. I have not been able to determine the name of this individual, although he is a member of the Republican Party and is a geologist located in Oklahoma City, Oklahoma. The Oklahoma Republican State Committee has been unable to help me with regard to the identification of this person.

8504052129 7

5. At no time did I talk to anybody with the Oklahoma Republican State Committee regarding the purchase of the reception tickets for the reception dinner in March 1982. As indicated above, my sole discussions were with the geologist who was selling the tickets on behalf of the Committee, and it was my impression that this individual was not an employee of the Committee, but was merely selling the tickets to individuals who so desired to attend the reception.

6. At no time did I give my name to the Oklahoma Republican State Committee as a purchaser of the tickets. However, subsequent to the reception dinner, I have received literature from the Republican Party thanking me for my contribution. Apparently, my name referenced on the cashier's check was taken by the Committee as contribution on my behalf for the purchase of the tickets. I did not respond to the literature sent to me asking for additional donations, since I am a registered Democrat and simply ignored the literature. Looking back on the matter, I can see why the Committee would have interpreted the donation made by Mr. Cypert as being a donation by myself since I signed the cashier's check individually.

7. At the time of the purchase of the tickets nothing was communicated to me or did I have the impression that I was purchasing the tickets on my behalf, however, at some time later, I started receiving letters from the Oklahoma Republican State Committee, but as indicated above, I simply ignored the material and considered it an attempt to recruit new members for the Party.

8. I do not recollect receiving and I do not have any copies of any receipts from the Committee for the purchase of the reception tickets, however, enclosed please find a copy of a cancelled check which reflects a refund of the contribution made by myself on Roy J. Cypert's behalf for the $2,000.00 full amount for the reception for President Reagan, I have endorsed the check over to Roy Cypert and I do not believe he has since made a subsequent contribution to the Committee.

Sincerely,

Ron Frangione

RON FRANGIONE
General Counsel

RF/dcw

8 5 0 4 0 5 2 1 2 9 8

LIBERTY
THE BANK OF NORMAN
THE CENTRAL NATIONAL BANK & TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 5340, OKLAHOMA CITY, OKLAHOMA 73105

6315

39-19
1030

3/27/ 19 84

PAY TO THE ORDER OF Ron Frangione $ 2,000.00

two thousand and 00/100 DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund
reissued

REPUBLICAN STATE
FINANCE COMMITTEE

Nancy Upgar

⑆103000198⑆ 039 878 8⑈ ⑈0000200000⑈

8 5 0 4 0 2 1 2 9 9

Ron Franzoni
Blue Quail Energy
for deposit only

FOR DEPOSIT ONLY
BLUE QUAIL ENERGY INCORPORATED

8 5 0 4 0 5 2 1 3 0 0

AP 54 04

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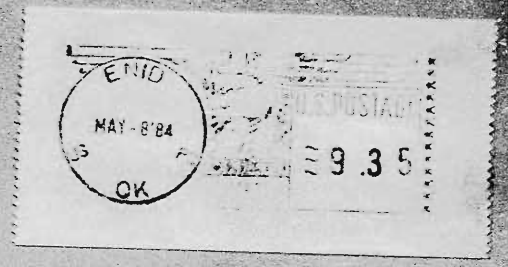

PRESS HARD
YOU ARE MAKING 4 COPIES

FROM:

MARK JENNINGS
JONES, McNAUGHTON & BLAKLEY
POST OFFICE BOX 472
ENID, OKLAHOMA 73702

Customer Number, if any:

TO:

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

Label 11-B, Jan. 1983 ★ U.S.G.P.O. 1982-384-133

EXPRESS MAIL
POST OFFICE TO ADDRESSEE

ORIGIN

Initials of Receiving Clerk: AR

P.O. ZIP Code: 73701

Date in: 5-8-84 | Time in: 1:38

Return Receipt Service
- [ ] To Whom & Date Del
- [ ] To Whom, Date & Address of Del

Weight: lbs

Postage & Fees $: 9.35

B27115206

DESTINATION

Date of Del.: 5-11 | Time of Del.: 1:45

Initials of Del. Emp.: Corn

Signature of Addressee or Agent: [illegible]

DELIVERY WAS ATTEMPTED

Date: | Time:

Notice Left By:

EXPRESS MAIL SERVICE

▼ TO REMOVE PEEL BACK HERE ▼

REMOVE copies 1 & 2 with this stub (Postal Service Personnel Only)

lue Quail Energy, Inc.
2 S. 11th St.
kon, Okla. 73099

Federal Election Commission
Washington, D.C. 20463

Attn: Lisa Klein

CERTIFIED
P 433 249 487
MAIL

84 MAY 15 P2:55

Phyllis R. Gault
Certified Public Accountant

RECEIVED AT THE FEC
OCC # 3077
84 MAY 8 A8:

MUR 1614
Klein

May 4, 1984

8 A9:22

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

Dear Mr. Gross:

Enclosed is a copy of the re-issued check to Bill Jennings. We stopped payment on the original and will make every attempt to contact Mr. Jennings to clear up this matter.

Mr. Stephen Jones, P. O. Box 1549, Enid Oklahoma 73702, (405) 242-5500, our Committee's General Counsel, was contacted to submit a pre-probable cause statement to you.

I hope this gets us closer to solving the questions concerning the audit of our committee. If I can help further, please let me know.

Sincerely,

Phyllis R. Gault

Phyllis R. Gault
Treasurer for the
Oklahoma State Republican Committee

8504052130 3

Park Suite on Main • 3750 W. Main, Suite AA-218 • Norman, Oklahoma 73069 • (405) 364-0072

1062

republic bank
P.O. Box 53425
Oklahoma City, Oklahoma 73152

May 2 1984 39-75 / 1030

PAY TO THE ORDER OF Bill Jennings $ 2000.00

Two Thousand & 00/100 DOLLARS

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNT(S)

	contribution refund (corporate)		

REPUBLICAN STATE FINANCE COMMITTEE

Nancy S. Lyman

⑈001062⑈ ⑆103000758⑆ 0010151100⑈

8504052130 4

llis R. Gault
fied Public Accountant

Suite on Main
W. Main, Suite AA-218
an, Oklahoma 73069

8 5 0 4 0 5 2 1 3 0

OKLAHOMA CITY
PM
5 MAY
1984

84 MAY 8 A8:

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

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 25, 1984

Ron Frangione
General Counsel
Blue Quail Energy, Inc.
702 S. 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

This office is in receipt of your letter dated April 5, 1984, regarding the Commission's reason to believe finding that you may have violated the Federal Election Campaign Act of 1971, as amended.

Our review of your response indicates a need to clarify certain matters relating to the purchase of tickets for the Presidential Reception sponsored by the Oklahoma Republican State Committee in March 1982. The enclosed questions address the areas that require clarification. In view of the Commission's responsibility to act expeditiously in the conduct of investigations, we request that you submit your responses to these questions by May 15, 1984.

If you have any questions, please contact Lisa Klein, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052 1306

INTERROGATORIES

TO: Ron Frangione

With respect to an alleged contribution to the Oklahoma Republican State Committee ("ORSC") on March 17, 1982, in the amount of $2,000:

1) Please state why your employer, Roy J. Cypert, President of Blue Quail Energy, Incorporated, asked you to obtain his tickets to the ORSC Presidential Reception for him.

2) Please state what your employer told you regarding the purpose of having you acquire these tickets on his behalf.

3) Please explain why Blue Quail, Inc. chose to secure a cashier's check payable to ORSC rather than to issue a check drawn on Blue Quail's account payable directly to ORSC.

   a) Please state whose decision it was to proceed with a cashier's check.

   b) Please state whether Blue Quail, Inc. ever attempted to pay for the reception tickets with a check drawn on the company's account. If so, please explain - what occurred.

4) Please state whether you delivered Blue Quail, Inc.'s check to the Canadian State Bank personally. If so, please state what you did when you received the cashier's check payable to ORSC.

5) Please list all the occasions upon which you discussed the purchase of and/or payment for the reception tickets with any individual from the ORSC during March 1982.

   a) Please state the substance of each such discussion.

6) Please state whether you ever gave the ORSC your own name as purchaser of the reception tickets. If so, please explain why your name was so given.

8 5 0 4 0 5 2 1 3 0 7

7) At the time of the ticket purchase, did anything lead you to believe that the ORSC considered you to be the purchaser of the tickets. Please explain.

8) Please provide copies of all receipts received from the ORSC for the purchase of the reception tickets.

8 5 0 4 0 5 2 1 3 0 8

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Oklahoma Republican State Committee	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 20, 1984, the Commission decided by a vote of 6-0 to take the following actions in MUR 1614:

1. Grant the Oklahoma Republican State Committee a 30 day extension of time to respond.

2. Approve the letter attached to the General Counsel's April 18, 1984 Memorandum to the Commission.

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

Attest:

4-23-84
Date

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

Received in Office of Commission Secretary: 4-18-84, 9:40
Circulated on 48 hour tally basis: 4-18-84, 4:00

8504052130 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 25, 1984

Phyllis R. Gault, Treasurer
Oklahoma State Republican Committee
4031 North Lincoln
Oklahoma City, Oklahoma 73105

Re: MUR 1614

Dear Ms. Gault:

This is in response to your letter of April 2, 1984, in which you request a 60 day extension of time in which to respond to the Commission's findings in this matter.

The Commission has considered your request and can only agree to a 30 day extension of time in view of its responsibility to act expeditiously in the conduct of investigations. Your response is due, therefore, on May 10, 1984.

If you have any questions, please call Lisa Klein at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052131 0

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

84 APR 18 A 9: 40

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 18, 1984

SENSITIVE

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1614 -
Request for Extension of Time by the
Oklahoma Republican State Committee

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This matter arose out of an audit of the Oklahoma Republican State Committee ("Committee"). On March 20, 1984, the Commission found reason to believe that the Committee and Phyllis R. Gault, as treasurer, violated the Act's reporting requirements and prohibitions against receipt of corporate and excessive contributions.

On April 6, 1984, the Office of General Counsel received the attached letter from the Committee's treasurer in which the Committee requests an extension of 60 days to respond to the Commission's findings in this matter. Although the letter from the Committee's treasurer states that the Committee has provided the Commission with all available information, the Committee's Chairman informed the staff of this office by telephone that an extension is necessary because the Committee is presently in the process of selecting presidential delegates, and she believes that the Committee may be able to provide additional information.

In view of these circumstances, the General Counsel recommends that the Committee be granted an extension of 30 days in lieu of the 60 days requested. Under this recommendation, the Committee's response must be submitted by May 10, 1984.

RECOMMENDATIONS

1. Grant the Oklahoma Republican State Committee a 30 day extension of time to respond.

2. Approve the attached letter.

Attachments:

1. Letter from Treasurer
2. Proposed Letter

8 5 0 4 0 5 2 1 3 1 2

Scott 3041

RECEIVED BY THE FEC

84 APR 6 A9:27

Oklahoma Republican Party

DEWEY F. BARTLETT CENTER, 4031 NORTH LINCOLN
OKLAHOMA CITY, OKLAHOMA 73105 405-528-3501

84 APR 6 A10:29

April 2, 1984

Lisa Klein
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1614

Dear Lisa:

In response to your General Counsel's Factual and Legal Analysis dated March 22, 1984, we request an extension of 60 days to provide additional information or assistance should it be needed. We submit the following information:

Items 1 & 3: Deficient Reporting of Statutorily Required Information and Failure to Satisfy Conditions for Using Contributions in Federal Election Activity.

Our letter of June 15, 1983 contained all the additional information we can give on the points in question. Several reasons can be given for the further deficiency in reporting; (1) During the period under audit a change in leadership took place with the Committee, leaving in its wake the usual non-communication and lost records which accompany such turmoil, (2) A change in the accountant, treasurer position, and practically the entire staff, and (3) A move of Committee Headquarters.

To lessen the chance of such reporting errors in future reports, we have opened a separate Federal Election Account which is currently being reported under the title "Oklahoma Leadership Council" #C00167213. Previously we sent all receipts and disbursements for the whole Committee through one account, causing monumental reporting problems.

Item 2: Contributions.

A. Corporate contributions: As I understand the Analysis, the only checks in question are seven (7) refund checks. The explanation for them not clearing follows:

Attachment I (1)

i. Guardian Products, Inc.($1500) - We have been unable to locate either the company or the principals. The Committee has re-issued the check and it is enclosed.

ii. Perry Veterinary($15) - The check was written, mailed, and has not been cashed.

iii. Ennis Chemical ($1250) - The principal, Ron Ennis, has been contacted. A copy of the re-issued check is enclosed.

iv. Aztec Specialty Leasing ($2,000) - Principal, Bill Eubanks, has been contacted. A copy of the re-issued check is enclosed.

v. Bruce W. Day, Inc. ($1,000) - Check was written, mailed, not cashed.

vi. Joseph Dean Insurance ($25) - Same as above (v).

B. Cash contributions - Ron Frangione ($2,000) and Bill Jennings ($2,000) both have checks written, mailed or hand delivered, and have not cleared the bank.

In both categories of contributions, the funds are being held in reserve until the problem is resolved.

I sincerely hope this letter serves as an explanation for the audit findings and the subsequent inability of the Committee to clear each detail. Also, I hope it gives the General Counsel an overview of the steps the Committee has taken to attempt compliance with the law.

If you still have questions or suggestions as to more information you will need in your investigation, please let me know. My office telephone number is (405) 364-0072.

Sincerely,

Phyllis R. Gault

Phyllis R. Gault, Treasurer
Republican State Party

PRG:hrr

Enclosures (2)

8 5 0 4 0 5 2 1 3 1 4

Attachment I (2)

Attachment I (3)

Corp. Records · Sec'y State 521-3015

LIBERTY
THE BANK OF MID-AMERICA
THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 25848, OKLAHOMA CITY, OKLAHOMA 73125

6316

39-19
1030

3/27 19 84

PAY TO THE ORDER OF Guardian Products $ 1,500.00

one thousand and five hundred and 00/100 ---------- DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund
reissued

REPUBLICAN STATE
FINANCE COMMITTEE

Nancy Oggs

⑆103000198⑆ 039 678 8⑈

REORDER CHECK PRINTING 77

8 5 0 4 0 5 2 1 3 1 5

8504052131 6

6314

mailed 3-28-84 CK

March 27 1984

PAY TO THE ORDER OF Aztec Specialty Leasing $ 3,000.00

Five Thousand & 00/100 DOLLARS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Agpar

⑆103000198⑆ 039 678 8⑈

6315

mailed 3-28-84 CK

3/27/ 19 84

PAY TO THE ORDER OF Ron Frangione $ 2,000.00

two thousand and 00/100 DOLLARS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Agpar

⑆103000198⑆ 039 678 8⑈

6316

3/27 19 84

PAY TO THE ORDER OF Guardian Products $ 1,500.00

one thousand and five hundred and 00/100 DOLLARS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Agpar

⑆103000198⑆ 039 678 8⑈

6317

mailed 3-28-84 CK

3/27 19 84

PAY TO THE ORDER OF Ennis Chemical Company $ 1,250.00

one thousand two hundred fifty and 00/100 DOLLARS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Agpar

⑆103000198⑆ 039 678 8⑈

Attachment I (4)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Phyllis R. Gault, Treasurer
Oklahoma State Republican Committee
4031 North Lincoln
Oklahoma City, Oklahoma 73105

Re: MUR 1614

Dear Ms. Gault:

This is in response to your letter of April 2, 1984, in which you represent a 60 day extension of time in which to response to the Commission's findings in this matter.

The Commission has considered your request and can only agree to a 30 day extension of time in view of its responsibility to act expeditiously in the conduct of investigations. Your response is due, therefore, on May 10, 1984.

If you have any questions, please call Lisa Klein at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052137

Attachment II (1)

5 0 4 0 5 2 1 3 6

RECEIVED BY THE FEC
6044 2093
84 APR 11 P12:55
OTC

Blue Quail Energy Incorporated

702 S. 11th St.
Yukon, Ok. 73099

Phone:
(405)354-1883

MUR 1614
Klein

April 5, 1984

Federal Election Commission
Washington D.C., 20463

ATTN: LISA KLEIN

Re: MUR 1614, Ron Frangione

Dear Ms. Klein:

This correspondence is in relation to a Federal Election Commission General Counsel's Factual and Legal Analysis concerning an alleged cash contribution by myself to the Oklahoma Republican State Committee on March 17, 1982, in the amount of $2,000.00.

Enclosed please find a copy of a check issued by Blue Quail Energy Incorporated, dated March 15, 1982, in the amount of $2,000.00 made out to Canadian State Bank, for supper and reception for President Reagan. Upon receipt of this check, Canadian State Bank prepared a cashier's check in the amount of $2,000.00 payable to the Oklahoma Republican Committee for President Reagan's supper and reception. On March 27, 1984, I received a refund payable to myself, Ron Frangione, in the amount of $2,000.00 from the Oklahoma Republican State Committee, at which time, I endorsed the check over to Blue Quail Energy Incorporated, for processing, and handling.

I have contacted the Oklahoma Republican State Committee, and asked for a copy of the March 27, 1984 refund check in the amount of $2,000.00 and will forward such check to you upon receipt. In addition, I have requested of the Oklahoma Republican State Committee to forward to me the cashier's check number writen by Canadian State Bank and payable to the Oklahoma Republican State Committee; and upon receipt of such information, I will attempt to secure a copy of said cashier's check from Canadian State Bank.

At no time during the proceedings set out above, did I personally make a contribution to the Oklahoma Republican State Committee. I was asked by my employer, Roy J. Cypert, President of Blue Quail Energy Incorporated, to secure tickets for President Reagan's reception, I did so by making the appropriate contribution on behalf of Roy J. Cypert, of Blue Quail Energy Incorporated. At no time, did I attempt to give the impression that I made the contribution personally or on behalf of myself.

If you desire an Affidavit from Roy J. Cypert, indicating and setting forth his statement in support of the above referenced statement concerning this matter, please indicate, and I shall obtain the same. If you have further questions, please do not hesitate to contact me, so that this misunderstanding my be resolved.

Sincerely,

Ron Frangione

RON FRANGIONE
General Counsel

RF/dcw
encl: Copy check No. 560, 3-15-82, $2,000.00

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 19, 1984

Phyllis R. Gault, Treasurer
Oklahoma Republican State Committee
4031 North Lincoln
Oklahoma City, Oklahoma 73105

Dear Ms. Gault:

Enclosed please find the Committee's refund check payable to Guardian Products, Inc. A copy of this check has been made for our records and will document your attempt to refund the company's contribution.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

8504052131 9

Corp. Records. Sec'y State 521-3044

6316

39-19
1030

3/27 19 84

PAY TO THE ORDER OF Guardian Products $ 1,500.00

one thousand and five hundred and 00/100 ---------- DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund
reissued

REPUBLICAN STATE
FINANCE COMMITTEE

Nancy Agger

LIBERTY
THE BANK OF MID-AMERICA
THE BANK OF MID-AMERICA COMPANY OF OKLAHOMA CITY
P.O. BOX 11848, OKLAHOMA CITY, OKLAHOMA 73118

⑆103000198⑆ 039 678 8⑈

8 5 0 4 0 5 2 1 3 2 0

BLUE QUAIL ENERGY, INC.
1310 CORNWELL 354-3041 OR 354-6881
YUKON, OK 73099

№ 560

CANADIAN STATE BANK
YUKON, OKLA. 73099

MARCH 15, 82

TWO THOUSAND DOLLARS AND NO/100 2,000.00

CANADIAN STATE BANK

BLUE QUAIL ENERGY, INC

TICKETS FOR PRESIDENT REGAN DINNER AND RECEPTION	$2,000.00
6023	
Went thru	3/1/82 to 4/1/82

needs CO that replaced this one

OK Repub. State Comm.

RECEIVED AT THE FEC
Gen Coun 2073
84 APR 9 P1:47
84 APR 9 P4:33

GROVE & GROVE
ATTORNEYS & COUNSELLORS
SUITE [redacted]
621 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102

ROBERT G. GROVE
BOB LAKE GROVE
J. MICHAEL MORGAN
JOHN G. SPIRES

(405) 236-[redacted]

OF COUNSEL
LEO WINTERS

April 5, 1984

Ms. Lisa Klein
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

In re: MUR 1614
Harold L. "Jack" Hodges

Dear Ms. Klein:

I herewith enclose a duly completed and executed Statement of Designation of Counsel which I was unable to include in my letter of April 2, 1984.

I noticed after my letter of April 2, 1984, had gone out, that I had not sent you a copy of the back side of the check showing endorsements. I herewith enclose that copy.

I have talked at length with Mr. Hodges and he can absolutely shed no light on why he is charged with making a $5,000 cash contribution. He does remember writing the check and attending the event.

I have contacted Ms. Nancy Apgar of the state Republican Headquarters in hopes of being able to ascertain that the contribution had been misreported as cash rather than a check. To date, they have not been able to be of any assistance to me.

The only reason that I can think of based on either law or fact, is that the allegation of the cash contribution just isn't true. If you can give me any type of evidence that I have been misinformed I would be delighted to receive the same.

Very truly yours,

Robert G. Grove

RGG:jgj
Enclosure

cc Mr. Harold L. Hodges

8504052132

FOR DEPOSIT ONLY
PRESIDENTIAL RECEPTION
2222 2 3 5

.K &
ANY
OKLA.
39-66

8 0 4 0 5 2 1 3 2 2

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1614

NAME OF COUNSEL: Robert G. Grove

ADDRESS: 621 N. Robinson, Suite 560
Oklahoma City, OK 73102

TELEPHONE: (405) 236-1416

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.

4-2-84
Date

Harold L. Jack Hodges
Signature HAROLD L. (JACK) HODGES

RESPONDENT'S NAME: HAROLD L. (JACK) HODGES

ADDRESS: 4050 W. Interstate 40
P.O. Box 19247
Oklahoma City, OK 73144

HOME PHONE:

BUSINESS PHONE: (405) 947-7764

8504052132 3

lue Quail Energy, Inc.
2 S. 11th St.
kon, Okla. 73099

YUKON
APR 5 '84
OKLA.

APRIL
US POSTAGE
1.55
METER
8203914

CERTIFIED
P 433 247 213
MAIL

Federal Election Commission
Washington D.C., 20463

ATTN: LISA KLEIN

Coff 2011
RECEIVED AT THE FEC
HAND DELIVERED
84 APR 6 A8:27
84 APR 6 A10:29

Oklahoma Republican Party
DEWEY F. BARTLETT CENTER, 4031 NORTH LINCOLN
OKLAHOMA CITY, OKLAHOMA 73105 405-528-3501

8504052132 5

April 2, 1984

Lisa Klein
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1614

Dear Lisa:

In response to your General Counsel's Factual and Legal Analysis dated March 22, 1984, we request an extension of 60 days to provide additional information or assistance should it be needed. We submit the following information:

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iii. Ennis Chemical ($1250) - The principal, Ron Ennis, has been contacted. A copy of the re-issued check is enclosed.

iv. Aztec Specialty Leasing ($2,000) - Principal, Bill Eubanks, has been contacted. A copy of the re-issued check is enclosed.

v. Bruce W. Day, Inc. ($1,000) - Check was written, mailed, not cashed.

vi. Joseph Dean Insurance ($25) - Same as above (v).

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If you still have questions or suggestions as to more information you will need in your investigation, please let me know. My office telephone number is (405) 364-0072.

Sincerely,

Phyllis R. Gault

Phyllis R. Gault, Treasurer
Republican State Party

PRG:hrr

Enclosures (2)

8 5 0 4 0 5 2 1 3 2 6

Corp. Records - Sec'y State 621-30YF

LIBERTY
THE BANK OF AMERICA
THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 23040, OKLAHOMA CITY, OKLAHOMA 73123

6316

39-19
1030

3/27 19 84

PAY TO THE ORDER OF Guardian Products $ 1,500.00

one thousand and five hundred and 00/100 ---------- DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNT:

contribution refund
reissued

REPUBLICAN STATE
FINANCE COMMITTEE

Nancy Agozar

⑆103000198⑆ 039 678 8⑈

HOLMES CHECK PRINTERS TV

8 5 0 4 0 5 2 1 3 2 7

8 5 0 4 0 5 2 1 3 2 8

6314

Mailed 3-28-84 CA.

LIBERTY
THE BANK OF MID-AMERICA
THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 23648, OKLAHOMA CITY, OKLAHOMA 73123

March 27 1984

39-19
1030

PAY TO THE ORDER OF Aztec Specialty Leasing $ 2,000 00

Two Thousand & 00/100 DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Apgar

⑆103000198⑆ 039 678 8⑈

DELUXE CHECK PRINTERS TV

6315

Mailed 3-28-84 CA

LIBERTY
THE BANK OF MID-AMERICA
THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 23648, OKLAHOMA CITY, OKLAHOMA 73123

3/27/ 19 84

39-19
1030

PAY TO THE ORDER OF Ron Frangione $ 2,000.00

two thousand and 00/100 DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Apgar

⑆103000198⑆ 039 678 8⑈

DELUXE CHECK PRINTERS TV

6316

LIBERTY
THE BANK OF MID-AMERICA
THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 23648, OKLAHOMA CITY, OKLAHOMA 73123

3/27 19 84

39-19
1030

PAY TO THE ORDER OF Guardian Products $ 1,500.00

one thousand and five hundred and 00/100 DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Apgar

⑆103000198⑆ 039 678 8⑈

DELUXE CHECK PRINTERS TV

6317

Mailed 3-28-84 CA

LIBERTY
THE BANK OF MID-AMERICA
THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY
P.O. BOX 23648, OKLAHOMA CITY, OKLAHOMA 73123

3/27 19 84

39-19
1030

PAY TO THE ORDER OF Ennis Chemical Company $ 1,250.00

one thousand two hundred fifty and 00/100 DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

contribution refund reissued

REPUBLICAN STATE FINANCE COMMITTEE

Nancy Apgar

⑆103000198⑆ 039 678 8⑈

DELUXE CHECK PRINTERS TV

Oklahoma Republican Party

DEWEY F. BARTLETT CENTER
4031 NORTH LINCOLN BOULEVARD
OKLAHOMA CITY, OKLAHOMA 73105

84 APR 6 A 9:2

8504052

Lisa Klein
General Counsel
Federal Election Commission
Washington, D.C. 20463

GROVE & GROVE
ATTORNEYS & COUNSELLORS
21 NORTH ROBINSON · SUITE [redacted] 560
OKLAHOMA CITY, OKLAHOMA 73102

85040521 3

84 APR 9 P

Ms. Lisa Klein
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

RECEIVED AT THE FEC
Goff 5031
84 APR 5 P12:11

GROVE & GROVE
ATTORNEYS & COUNSELLORS
SUITE 400
621 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102

ROBERT G. GROVE
BOB LAKE GROVE
J. MICHAEL MORGAN
JOHN G. SPIRES

(405) 236-1416

OF COUNSEL
LEO WINTERS

April 2, 1984

MUR 1614
Klein

Ms. Lisa Klein
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

In re: Mur 1614
Harold L. (Jack) Hodges

Dear Ms. Klein:

I herewith enclose a copy of the check dated March 11, 1982, payable to the Presidential Reception for $5,000 and signed by Harold (Jack) Hodges.

I will be representing Mr. Hodges and as soon as he is available to sign the designation of counsel form, I will forward the same.

Very truly yours,

Robert G. Grove

RGG:jgj
Enclosure

cc Mr. Harold L. Hodges
P.O. Box 19247
Oklahoma City, OK 73144

9 5 0 4 0 5 2 1 3 3 1

FIDELITY BANK
OKLAHOMA CITY, OKLAHOMA 73102

1521

March 11 1982

39-13
1030

PAY TO THE ORDER OF Presidential Reception $ 5,000.00

----Five Thousand and no/100---------- DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNT:

"Jack Hodges"

HAROLD L. HODGES

Harold Hodges

⑈001521⑈ ⑆103000130⑆ 494784⑈ ⑈0000500000⑈

8504052 1332

GROVE & GROVE
ATTORNEYS & COUNSELLORS
21 NORTH ROBINSON · SUITE [redacted] 560
AHOMA CITY, OKLAHOMA 73102

8504052132

84 APR 5 P12

USA 20c

Ms. Lisa Klein
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Ron Frangione	)	
Jack Hodges	)	
Bill Jennings	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 26, 1984, the Commission decided by a vote of 4-0 to take the following actions in MUR 1614:

1. Find reason to believe that Ron Frangione violated 2 U.S.C. § 441g.

2. Find reason to believe that Jack Hodges violated 2 U.S.C. § 441g.

3. Find reason to believe that Bill Jennings violated 2 U.S.C. § 441g.

4. Approve the letters and analyses as attached to the General Counsel's Report signed March 21, 1984.

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

Attest:

3-27-84
Date

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

8504052134

Received in OCS,
3-21-84, 4:54

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ron Frangione	)	MUR 1614
Jack Hodges	)	
Bill Jennings	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

BACKGROUND

This matter originated with a referral from the Audit Division arising from an audit of the Oklahoma Republican State Committee ("Committee"), for the period January 1, 1981 through December 31, 1982. The audit was undertaken in accordance with 2 U.S.C. § 438(b) to determine whether there had been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").

The final audit report revealed information indicating that Respondents Ron Frangione, Jack Hodges and Bill Jennings made cash contributions to the Oklahoma Republican State Committee in excess of $100. */

FACTUAL AND LEGAL ANALYSIS

The Audit staff determined that the Committee received contributions of currency totaling $9,000 from three persons during a fundraising event. Each person's cash contribution exceeded $100. The cash contributions were as follows:

Ron Frangione	$2,000 on 3-17-82
Jack Hodges	$5,000 on 3-12-82
Bill Jennings	$2,000 on 3-09-82

*/ A report concerning the Committee's violations was circulated to the Commission on March 16, 1984.

8 5 0 4 0 5 2 1 3 3 5

Cash contributions for the nomination or election of a candidate exceeding, in the aggregate, $100 violate 2 U.S.C. § 441g. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Respondents Ron Frangione, Jack Hodges and Bill Jennings violated 2 U.S.C. § 441g.

RECOMMENDATIONS

1. Find reason to believe that Ron Frangione violated 2 U.S.C. § 441g.
2. Find reason to believe that Jack Hodges violated 2 U.S.C. § 441g.
3. Find reason to believe that Bill Jennings violated 2 U.S.C. § 441g.
4. Approve the attached letters and analyses.

Charles N. Steele
General Counsel

3/21/8
Date

By: Kenneth A. Gross (by [illegible])
Kenneth A. Gross
Associate General Counsel

Attachments
1. General Counsel's Factual and Legal Analyses.
2. Proposed letters.

3 5 0 4 0 5 2 1 3 3 6

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
202-523-4529

RESPONDENT: Bill Jennings

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Bill Jennings made cash contributions exceeding $100 to the Oklahoma Republican State Committee in violation of 2 U.S.C. § 441g.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441g:

> No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination or election or for election to Federal office.

On March 9, 1982, Respondent Bill Jennings made a cash contribution of $2,000 to the Oklahoma Republican State Committee. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Bill Jennings violated 2 U.S.C. § 441g.

8504052133 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1984

Ron Frangione
702 South 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

On March 26, 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making excessive cash contributions to the Oklahoma Republican State Committee. 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 within ten days.

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 so desired. 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

8 5 0 4 0 5 2 1 3 3 8

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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

8 5 0 4 0 5 2 1 3 3 9

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
202-523-4529

RESPONDENT: Ron Frangione

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

Ron Frangione made cash contributions exceeding $100 to the Oklahoma Republican State Committee in violation of 2 U.S.C. § 441g.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441g:

> No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination or election or for election to Federal office.

On March 17, 1982, Respondent Ron Frangione made a cash contribution of $2,000 to the Oklahoma Republican State Committee. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Ron Frangione violated 2 U.S.C. § 441g.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1984

Jack Hodges
P.O. Box 19247
Oklahoma City, Oklahoma 73144

Re: MUR 1614
Jack Hodges

Dear Mr. Hodges:

On March 26, 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making excessive cash contributions to the Oklahoma Republican State Committee. 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 within ten days.

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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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

85040521342

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
202-523-4529

RESPONDENT: Jack Hodges

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

Jack Hodges made cash contributions exceeding $100 to the Oklahoma Republican State Committee in violation of 2 U.S.C. § 441g.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441g:

> No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination or election or for election to Federal office.

On March 12, 1982, Respondent Jack Hodges made a cash contribution of $5,000 to the Oklahoma Republican State Committee. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Jack Hodges violated 2 U.S.C. § 441g.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1984

Bill Jennings
P.O. Box 26208
Oklahoma City, Oklahoma 73126

Re: MUR 1614
Bill Jennings

Dear Mr. Jennings:

On March 26, 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making excessive cash contributions to the Oklahoma Republican State Committee. 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 within ten days.

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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
General Counsel's Factual and I
Procedures
Designation of Counsel Statemer

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PS Form 3811, July 1982

SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.

Klein DGC

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered ..... $
☐ Show to whom, date, and address of delivery .. $
2. ☐ RESTRICTED DELIVERY ..... $
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL $

3. ARTICLE ADDRESSED TO:
Bill Jennings
P.O. Box 26208
Oklahoma City, OK 73126

4. TYPE OF SERVICE:
☒ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943671

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent
Daphne [illegible]

5. DATE OF DELIVERY
MAY 22 1984

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT

★ GPO: 1982-379-593

MUR 1614 5-11-84

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
202-523-4529

RESPONDENT: Ron Frangione

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

Ron Frangione made cash contributions exceeding $100 to the Oklahoma Republican State Committee in violation of 2 U.S.C. § 441g.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441g:

> No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination or election or for election to Federal office.

On March 17, 1982, Respondent Ron Frangione made a cash contribution of $2,000 to the Oklahoma Republican State Committee. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Ron Frangione violated 2 U.S.C. § 441g.

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Attachment I - (1)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
202-523-4529

RESPONDENT: Jack Hodges

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Jack Hodges made cash contributions exceeding $100 to the Oklahoma Republican State Committee in violation of 2 U.S.C. § 441g.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441g:

> No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination or election or for election to Federal office.

On March 12, 1982, Respondent Jack Hodges made a cash contribution of $5,000 to the Oklahoma Republican State Committee. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Jack Hodges violated 2 U.S.C. § 441g.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
202-523-4529

RESPONDENT: Bill Jennings

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Bill Jennings made cash contributions exceeding $100 to the Oklahoma Republican State Committee in violation of 2 U.S.C. § 441g.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441g:

> No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination or election or for election to Federal office.

On March 9, 1982, Respondent Bill Jennings made a cash contribution of $2,000 to the Oklahoma Republican State Committee. The Office of General Counsel, therefore, recommends that the Commission find reason to believe that Bill Jennings violated 2 U.S.C. § 441g.

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Attachment I - (3)

(4)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ron Frangione
702 South 11th Street
Yukon, Oklahoma 73099

Re: MUR 1614
Ron Frangione

Dear Mr. Frangione:

On , 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making excessive cash contributions to the Oklahoma Republican State Committee. 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 within ten days.

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 so desired. 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

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Attachment II - (1)

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

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

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(6)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jack Hodges
P.O. Box 19247
Oklahoma City, Oklahoma 73144

Re: MUR 1614
Jack Hodges

Dear Mr. Hodges:

On , 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making excessive cash contributions to the Oklahoma Republican State Committee. 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 within ten days.

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 so desired. 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

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Attachment II - (3)

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

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

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(8)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Bill Jennings
P.O. Box 26208
Oklahoma City, Oklahoma 73126

Re: MUR 1614
Bill Jennings

Dear Mr. Jennings:

On , 1984, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441g, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making excessive cash contributions to the Oklahoma Republican State Committee. 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 within ten days.

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 so desired. 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

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Attachment II -(5)

(9)

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 22, 1984

Phyllis R. Gault, Treasurer
Oklahoma Republican State Committee
123 Northwest 23rd Street
Oklahoma City, Oklahoma 73103

Re: MUR 1614
Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

Dear Ms. Gault:

On March 20 , 1984, the Federal Election Commission determined that there is reason to believe that the Oklahoma Republican State Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b), provisions of the Code of Federal Regulations ("The Regulations") by failing to report statutorily required information, by accepting prohibited contributions and by failing to satisfy the prerequisites for using contributions in federal election activity. 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 and the committee. 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 your committee and you, as treasurer, 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 so desired. 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

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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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott,
Chairman

Enclosures
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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
(202) 523-4529

RESPONDENTS: Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

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 final audit report revealed numerous alleged violations which may be grouped into three principal categories: (1) deficient reporting of statutorily required information, 2 U.S.C. § 434(b) and 11 C.F.R. §§ 102.2(a)(2), 104.3(d), 104.11(a) and 104.14(a) and (b); (2) acceptance of prohibited corporate contributions and excessive cash contributions, 2 U.S.C. §§ 441b(a) and 441g; and (3) failure to satisfy the prerequisites for using contributions in federal election activity, 11 C.F.R. § 102.5(a)(1) and (2).

FACTUAL AND LEGAL ANALYSIS

1. Deficient Reporting of Statutorily Required Information

A. Disclosure of Debts and Obligations

The Committee filed six Reports of Receipts and Disbursements during the period covered by the audit. In each report filed, the Committee failed to complete one or more columns of Schedule D. In one report, for example, the Schedule D did not contain the beginning balances for 25 debts. Another Schedule D failed to disclose amounts incurred or payments made

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on various debts. In yet another instance, payments were shown to have been made on previously reported debts, but the Committee failed to disclose the remaining outstanding balances for these debts. The Committee's consistent failure to file completed schedules violates the disclosure and reporting requirements of 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11(a).

B. Failure to Disclose and/or Itemize Transfers

The Audit staff reviewed the Committee's daily cash receipts journal and bank records that substantiate the transfers received by the Committee. The staff determined from this review that the Committee had received 126 transfers totaling $184,243.86 from affiliated national, state and local committees and groups. In its Reports of Receipts and Disbursements, the Committee itemized only 11 of those transfers, amounting to $27,944.21. For the remaining 115 transfers totaling $156,299.65, the Committee filed no Schedules A identifying the transfers or disclosing the date and amount of each such transfer. 1/

The Audit staff's review also revealed that the Committee did not identify the "affiliated/other" party committees to which

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1/ The Committee did report receipt of $96,858.25 in transfers from affiliated or other committees in its July 1, 1981 - December 31, 1981 Report of Receipts and Disbursements. This figure represents the entire amount received in a fundraiser sponsored jointly by the Committee and the June 18 Dinner Committee. The Committee's share from this fundraiser was only $46,725.25, which the Audit Staff included in the $156,299.65 figure representing unitemized transfers. Rather than file a Schedule A identifying the transferors of the Committee's share, the Committee attached a copy of the June 18 Committee's Report of Receipts and Disbursements. This report itemized the entire amount of contributions received from the fundraiser. Consequently, the Audit staff could not determine which of the itemizations applied to the $46,725.25 received by the Committee.

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it made 76 transfers totaling $4,333.20 or provide the dates and amounts of those transfers. Although the Interim Audit report recommended that the Committee file a comprehensive amendment itemizing the missing information to correct this reporting deficiency, the Committee failed to do so.

Title 2 U.S.C. § 434(b)(2)(F) and (3)(D) requires political party committees to disclose in their Reports of Receipts and Disbursements the total amount of transfers received from other political party committees and to identify each transferor, together with the date and amount of such transfers. Similarly, Title 2 U.S.C. § 434(b)(5)(C) requires political committees to disclose transfers made to other political party committees, together with the date and amount of such transfers. Because the Committee failed to disclose the above-required information, the Office of General Counsel recommends that the Commission find reason to believe that the Oklahoma Republican State Committee violated 2 U.S.C. §§ 434(b)(2)(F),(3)(D) and (5)(C).

C. Misstatement of Financial Activity

In reconciling the Committee's bank accounts with its disclosure reports, the Audit Division found net variances in the areas of beginning cash, receipts, expenditures and ending cash. The auditors also found that the Committee did not disclose four of its depositories on its Statement of Organization and was unable to provide bank records for two of its accounts. The

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Audit Staff further determined that the Committee received $18,500 in in-kind contributions that were not reported by the Committee.

In response to recommendations in the Interim Audit Report, the Committee submitted an unsigned "Comprehensive Amendment-Adjustments" form that did not correct any of the financial misstatement problems referred to in the interim report. 2/ Under the Act and Commission Regulations a committee must: 1) correctly disclose in its reports the total of all receipts and disbursements occurring during the reporting period and calendar year, 2 U.S.C. §§ 434(b)(2) and (4); 2) file an amended Statement of Organization listing any depository not included on the original statement, within 10 days of the Committee's establishment of an account in a new depository 11 C.F.R. § 102.2(a)(2); 3) maintain bank records with respect to matters required to be reported, 11 C.F.R. § 104.14(b)(1); and 4) file signed originals of comprehensive amendments, 11 C.F.R. § 104.14(a).

This Office recommends that the Commission find reason to believe that the Committee has violated the above sections of the Act and Regulations due to its failure to accurately state its financial activity.

2/ The Committee did file the requested amended statement of organization disclosing the four previously undisclosed depositories.

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D. Disclosure of Refunds

The Audit staff determined from its review of the Committee's receipts journal and bank records that the Committee received $5,571.30 in offsets to operating expenditures during the period covered by the audit. Of that sum, $5,489.05 represented receipts from three persons, each of whom provided refunds aggregating over $200 in a calendar year. The Committee did not identify these three persons or itemize their refunds. The Detailed Summary Pages of Reports of Receipts and Disbursements filed by the Committee during the period audited disclosed offsets to operating expenditures totaling only $1,217.84. As no Schedules A providing the required itemization were filed in support of the disclosed amount, the Audit staff was unable to associate the disclosed amount with the $5,571.30 recorded in the Committee's records.

Title 2 U.S.C. § 434(b)(3)(F) requires political committees to disclose in their Reports of Receipts and Disbursements the identification of each person who provides a rebate, refund, or other offset to operating expenditures in an aggregate amount in excess of $200 per calendar year, together with the date and amount of such receipt. Because the Committee has not disclosed this information the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 434(b)(3)(F).

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2. Contributions

A. Apparent Corporate Contributions

The Audit staff reviewed copies of contributor checks presented by the Committee which represented approximately two percent of the contributions received by the Committee during the audit period. They determined that twelve of the contributions totaling $16,515 were made by ten contributors with corporate status. The Audit Division recommended that the Committee either demonstrate that they were non-corporate contributions or return those contributions. After the close of the interim response period, the Committee submitted: (1) statements from two contributors stating that their contributions, totaling $225, were made prior to acquiring corporate status (these statements were verified by the Audit Staff); (2) a copy of the front and back of a $1,000 refund check that was endorsed by the corporate contributor; (3) a statement that four of these contributions had been drawn on the personal checking accounts of the contributors; and (4) copies of the front of seven alleged refund checks. 3/

The Committee has only demonstrated unequivocally that $225 of the $16,515 came from non-corporate sources, and that it has properly refunded a single $1,000 corporate contribution. Because the Committee has accepted $15,290 in apparent corporate

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3/ The checks do not satisfactorily show that the refunds were actually made because the Committee submitted no evidence of payee endorsement on these checks. Moreover, the Committee has failed to demonstrate that the "personal account" contributions were issued from non-repayable drawing accounts so as to be categorized as non-corporate contributions. See Federal Election Commission Record Vol. 4 No. 9 September 1978; See also 11 C.F.R. § 102.6(c)(3).

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contributions, the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 441b(a).

B. Excessive Currency Contributions

The Audit staff determined that the Committee received contributions of currency totaling $9,000 from three persons during a fundraising event. Each person's cash contribution exceeded $100. Cash contributions for the nomination or election of a candidate exceeding, in the aggregate, $100 violate 2 U.S.C. § 441g. In response to the Audit Division's recommendation that the Committee either demonstrate that the contributions were not made in cash or refund the contributions and provide evidence of such refunds, the Committee submitted a copy of the front of a $2,000 check issued to Ron Frangione. The check did not adequately reflect a refund to Frangione because the Committee had neither signed the check nor provided a copy of the back of the check showing endorsement. After the close of the interim response period, the Committee did provide a front and back copy of a $5,000 check issued to Jack Hodges.

The acceptance of cash contributions exceeding $100 is a violation of of 2 U.S.C. § 441g. We, therefore, recommend that the Commission find reason to believe that the Committee has violated 2 U.S.C. § 441g.

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3. Failure to Satisfy Conditions For Using Contributions In Federal Election Activity.

The Audit staff determined that the Committee did not maintain a separate account for contributions received for use in Federal election activity. The Committee also failed to inform contributors that contributions would be used in Federal elections or to notify solicitees that contributions would be subject to the Act's prohibitions and limitations. Moreover, the contributor checks reviewed by the Audit staff were not designated for Federal use.

To ensure compliance with the contribution limitations and prohibitions contained in the Act, all political committees that finance political activity in connection with federal and non-federal elections must either: 1) establish a political committee that receives only contributions subject to the prohibitions of the Act, or 2) establish a separate account for contributions to be used in Federal elections activity. 11 C.F.R. § 102.5(a)(1). Contributions may not be deposited into the Federal elections account unless: (i) the contributions received are designated for federal use; (ii) contributions resulting from solicitations expressly state that contributions are for use in federal elections; and (iii) the contributors are informed of the Act's prohibitions and limitations. 11 C.F.R. § 102.5(a)(2). Compliance with these conditions is particularly

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important in the present instance because Oklahoma state law permits certain labor organizations to contribute to state campaigns. Failure to meet the above-described requirements may have resulted in the Committee using contributions from labor organizations in Federal election activity in violation of 2 U.S.C. § 441b. For the foregoing reasons, this Office recommends that the Commission find reason to believe that the Committee violated 11 C.F.R. § 102.5(a)(1) and (2).

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1614
Oklahoma Republican State Committee	)	
Phyllis R. Gault, Treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 20, 1984, the Commission decided by a vote of 5-0 to take the following actions in MUR 1614:

1. Find reason to believe that the Oklahoma Republican State Committee and Herbert G. Davis, as treasurer, violated 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b).

2. Approve the letter and analysis as attached to the First General Counsel's Report dated March 16, 1984.

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

Attest:

3-20-84
Date

Jody C. Ransom
for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 3-16-84, 10:12
Circulated on 48 hour tally basis: 3-16-84, 2:00

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important in the present instance because Oklahoma state law permits certain labor organizations to contribute to state campaigns. Failure to meet the above-described requirements may have resulted in the Committee using contributions from labor organizations in Federal election activity in violation of 2 U.S.C. § 441b. For the foregoing reasons, this Office recommends that the Commission find reason to believe that the Committee violated 11 C.F.R. § 102.5(a)(1) and (2).

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

84 MAR 16 A10: 12

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 3/16/84 - 10:10

MUR # 1614
STAFF MEMBER
Lisa Klein

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

RESPONDENTS' NAMES: Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

RELEVANT STATUTES: 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b)

INTERNAL REPORTS CHECKED: Final Audit Report for Oklahoma Republican State Committee and Committee Reports Reviewed Therein

FEDERAL AGENCIES CHECKED: None

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GENERATION OF MATTER

This matter originated with a referral from the Audit Division arising from an audit of Respondent, Oklahoma Republican State Committee ("Committee"), for the period January 1, 1981 through December 31, 1982. Phyllis R. Gault is treasurer of the Committee. The audit was undertaken in accordance with 2 U.S.C. § 438(b) to determine whether there had been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").

SUMMARY OF ALLEGATIONS

The final audit report revealed numerous alleged violations which may be grouped into three principal categories: (1) deficient reporting of statutorily required information, 2 U.S.C.

§ 434(b), 11 C.F.R. §§ 102.2(a)(2), 104.3(d), 104.11(a) and 104.14(a) and (b); (2) acceptance of prohibited corporate contributions and excessive cash contributions, 2 U.S.C. §§ 441b(a) and 441g; and (3) failure to satisfy the prerequisites for using contributions in federal election activity, 11 C.F.R. § 102.5(a)(1) and (2).

FACTUAL AND LEGAL ANALYSIS

1. Deficient Reporting of Statutorily Required Information

A. Disclosure of Debts and Obligations

The Committee filed six Reports of Receipts and Disbursements during the period covered by the audit. In each report filed, the Committee failed to complete one or more columns of Schedule D. In one report, for example, the Schedule D did not contain the beginning balances for 25 debts. Another Schedule D failed to disclose amounts incurred or payments made on various debts. In yet another instance, payments were shown to have been made on previously reported debts, but the Committee failed to disclose the remaining outstanding balances for these debts. The Committee's consistent failure to file completed schedules violates the disclosure and reporting requirements of 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11(a). We, therefore, recommend that the Commission find reason to believe that the Committee has violated these sections of the Act and Regulations.

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B. Failure to Disclose and/or Itemize Transfers

The Audit staff reviewed the Committee's daily cash receipts journal and bank records that substantiate the transfers received by the Committee. The staff determined from this review that the Committee had received 126 transfers totaling $184,243.86 from affiliated national, state and local committees and groups. In its Reports of Receipts and Disbursements, the Committee itemized only 11 of those transfers, amounting to $27,944.21. For the remaining 115 transfers totaling $156,299.65, the Committee filed no Schedules A identifying the transfers or disclosing the date and amount of each such transfer (see Attachment 1). 1/

The Audit staff's review also revealed that the Committee did not identify the "affiliated/other" party committees to which it made 76 transfers totaling $4,333.20 or provide the dates and amounts of those transfers. Although the Interim Audit report recommended that the Committee file a comprehensive amendment itemizing the missing information to correct this reporting deficiency, the Committee failed to do so.

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1/ The Committee did report receipt of $96,858.25 in transfers from affiliated or other committees in its July 1, 1981 - December 31, 1981 Report of Receipts and Disbursements. This figure represents the entire amount received in a fundraiser sponsored jointly by the Committee and the June 18 Dinner Committee. The Committee's share from this fundraiser was only $46,725.25, which the Audit Staff included in the $156,299.65 figure representing unitemized transfers. Rather than file a Schedule A identifying the transferors of the Committee's share, the Committee attached a copy of the June 18 Committee's Report of Receipts and Disbursements. This report itemized the entire amount of contributions received from the fundraiser. Consequently, the Audit staff could not determine which of the itemizations applied to the $46,725.25 received by the Committee.

Title 2 U.S.C. § 434(b)(2)(F) and (3)(D) requires political party committees to disclose in their Reports of Receipts and Disbursements the total amount of transfers received from other political party committees and to identify each transferor, together with the date and amount of such transfers. Similarly, Title 2 U.S.C. § 434(b)(5)(C) requires political committees to disclose transfers made to other political party committees, together with the date and amount of such transfers. Because the Committee failed to disclose the above-required information, the Office of General Counsel recommends that the Commission find reason to believe that the Oklahoma Republican State Committee violated 2 U.S.C. §§ 434(b)(2)(F),(3)(D) and (5)(C).

C. Misstatement of Financial Activity

In reconciling the Committee's bank accounts with its disclosure reports, the Audit Division found net variances in the areas of beginning cash, receipts, expenditures and ending cash. 2/ The auditors also found that the Committee did not disclose four of its depositories on its Statement of Organization and was unable to provide bank records for two of its accounts. The Audit Staff further determined that the Committee received $18,500 in in-kind contributions that were not reported by the Committee.

2/ The net variances consist of the following:
- Beginning cash understated by $1,482.87
- Receipts understated by $1,556.24
- Expenditures (exclusive of in-kind contributions totaling $18,500) overstated by $21,474.75
- Ending cash understated by $24,513.86.

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In response to recommendations in the Interim Audit Report, the Committee submitted an unsigned "Comprehensive Amendment-Adjustments" form that did not correct any of the financial misstatement problems referred to in the interim report. 3/ Under the Act and Commission Regulations a committee must:

1) correctly disclose in its reports the total of all receipts and disbursements occurring during the reporting period and calendar year, 2 U.S.C. §§ 434(b)(2) and (4);

2) file an amended Statement of Organization listing any depository not included on the original Statement, within 10 days of the committee's establishment of an account in a new depository 11 C.F.R. § 102.2(a)(2).

3) maintain bank records with respect to matters required to be reported, 11 C.F.R. § 104.14(b)(1); and

4) file signed originals of comprehensive amendments, 11 C.F.R. § 104.14(a).

This Office recommends that the Commission find reason to believe that the Committee has violated the above sections of the Act and Regulations due to its failure to accurately state its financial activity.

3/ The Committee did file the requested amended statement of organization disclosing the four previously undisclosed depositories.

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D. Disclosure of Refunds

The Audit staff determined from its review of the Committee's receipts journal and bank records that the Committee received $5,571.30 in offsets to operating expenditures during the period covered by the audit. Of that sum, $5,489.05 represented receipts from three persons, each of whom provided refunds aggregating over $200 in a calendar year (see Attachment 2). The Committee did not identify these three persons or itemize their refunds. 4/ The Detailed Summary Pages of Reports of Receipts and Disbursements filed by the Committee during the period audited disclosed offsets to operating expenditures totaling only $1,217.84. As no Schedules A providing the required itemization were filed in support of the disclosed amount, the Audit staff was unable to associate the disclosed amount with the $5,571.30 recorded in the Committee's records.

The Audit Division recommended that the Committee correct its failure to itemize the refunds and correct the Detailed Summary Pages by filing a comprehensive amendment. The Committee's only response to the recommendation was its statement that the present administration has no knowledge of the receipt transactions in question and that, apparently, some of the receipts were reimbursements of overpayment of payroll taxes.

Title 2 U.S.C. § 434(b)(3)(F) requires political committees to disclose in their Reports of Receipts and Disbursements the

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4/ The remaining $82.25 differential between the $5,571.30 figure and the $5,489.05 figure were receipts that did not require itemization.

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identification of each person who provides a rebate, refund, or other offset to operating expenditures in an aggregate amount in excess of $200 per calendar year, together with the date and amount of such receipt. Because the Committee has not disclosed this information the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 434(b)(3)(F).

2. Contributions

A. Apparent Corporate Contributions

The Audit staff reviewed copies of contributor checks presented by the Committee which represented approximately two percent of the contributions received by the Committee during the audit period. They determined that twelve of the contributions totaling $16,515 were made by ten contributors with corporate status (see Attachment 3). The Audit Division recommended that the Committee either demonstrate that they were non-corporate contributions or return those contributions. After the close of the interim response period, the Committee submitted: (1) statements from two contributors stating that their contributions, totaling $225, were made prior to acquiring corporate status (these statements were verified by the Audit Staff); (2) a copy of the front and back of a $1,000 refund check that was endorsed by the corporate contributor; (3) a statement that four of these contributions had been drawn on the

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personal checking accounts of the contributors; and (4) copies of the front of seven alleged refund checks. 5/

The Committee has only demonstrated unequivocally that $225 of the $16,515 came from non-corporate sources. Because the Committee has accepted $16,290 in apparent corporate contributions, the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 441b(a).

B. Excessive Currency Contributions

The Audit staff determined that the Committee received contributions of currency totaling $9,000 from three persons during a fundraising event. Each person's cash contribution exceeded $100. 6/ Cash contributions for the nomination or election of a candidate exceeding, in the aggregate, $100 violate 2 U.S.C. § 441g. In response to the Audit Division's recommendation that the Committee either demonstrate that the contributions were not made in cash or refund the contributions and provide evidence of such refunds, the Committee submitted a

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5/ The checks do not satisfactorily show that the refunds were actually made because the Committee submitted no evidence of payee endorsement on these checks. Moreover, the Committee has failed to demonstrate that the "personal account" contributions were issued from non-repayable drawing accounts as is required under the Commission's policy. See Federal Election Commission Record Vol. 4 No. 9 September 1978; See also 11 C.F.R. § 102.6(c)(3).

6/ The cash contributions were as follows:

Ron Frangione	$2,000 on 3-17-82
Jack Hodges	$5,000 on 3-12-82
Bill Jennings	$2,000 on 3-09-82

copy of the front of a $2,000 check issued to Ron Frangione. The check did not adequately reflect a refund to Frangione because the Committee had neither signed the check nor provided a copy of the back of the check showing endorsement. After the close of the interim response period, the Committee did provide a front and back copy of a $5,000 check issued to Jack Hodges.

The acceptance of cash contributions exceeding $100 is a violation of of 2 U.S.C. § 441g. We, therefore, recommend that the Commission find reason to believe that the Committee has violated 2 U.S.C. § 441g.

3. Failure to Satisfy Conditions For Using Contributions In Federal Election Activity.

The Audit staff determined that the Committee did not maintain a separate account for contributions received for use in Federal election activity. The Committee also failed to inform contributors that contributions would be used in Federal elections or to notify solicitees that contributions would be subject to the Act's prohibitions and limitations. Moreover, the contributor checks reviewed by the Audit staff were not designated for Federal use.

To ensure compliance with the contribution limitations and prohibitions contained in the Act, all political committees that finance political activity in connection with federal and non-federal elections must either: 1) establish a political committee that receives only contributions subject to the

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prohibitions of the Act, or 2) establish a separate account for contributions to be used in Federal elections activity. 11 C.F.R. § 102.5(a)(1). Contributions may not be deposited into the Federal elections account unless: (i) the contributions received are designated for federal use; (ii) the contributions result from solicitations expressly stating that contributions are for use in federal elections; and (iii) the contributors are informed of the Act's prohibitions and limitations. 11 C.F.R. § 102.5(a)(2). Compliance with these conditions is particularly important in the present instance because Oklahoma state law permits certain labor organizations to contribute to state campaigns. Failure to meet the above-described requirements may have resulted in the Committee using contributions from labor organizations in Federal election activity in violation of 2 U.S.C. § 441b. 7/ For the foregoing reasons, this Office recommends that the Commission find reason to believe that the Committee violated 11 C.F.R. § 102.5(a)(1) and (2).

RECOMMENDATIONS

1. Find reason to believe that the Oklahoma Republican State Committee and Herbert G. Davis, as treasurer, violated: 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b).

7/ The auditors did not find any evidence of § 441b violations resulting from the Committee's failure to comply with 11 C.F.R. § 102.5.

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2. Approve the attached letter and analysis.

Charles N. Steele
General Counsel

March 15, 1984
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

1. List of transfers received, not itemized.
2. List of refunds, not itemized.
3. List of apparent corporate contributions.
4. Proposed letter.
5. General Counsel's Factual and Legal Analysis.

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Oklahoma Republican State Committee
Transfers received not Itemized

	Date	Amount	Aggregate for year
Beaver County Republican Committee	9-14-81	10 -	
" " "	10-20-81	250 -	
Blaine County Republican Committee	6-8-81	75 -	
" " "	8-3-81	500 -	8,500 -
Bryan County Republican Committee	7-15-81	25 -	
Choctaw County Republican Committee	10-28-82	200 -	
Custer County Republican Committee	2-16-81	100 -	
" " "	3-19-81	25 -	
" " "	8-16-81	50 -	
" " "	10-2-81	25 -	
" " "	1-18-82	400 -	
" " "	1-18-82	50 -	
" " "	9-22-82	75 -	
Choctaw County Republican Committee	11-3-82	50 -	
Choctaw County Republican Committee	8-30-81	150 -	
Cimarron County Republican Committee	10-6-81	15 -	
Cleveland County Republican Committee	7-28-81	7,000 -	8,000 -
" " "	10-21-82	1,000 -	
Comanche County Republican Committee	10-14-82	1,000 -	1,000 -
" " "	1-7-82	20 -	
" " "	6-6-82	100 -	
" " "	10-25-82	175 -	
Cook County Republican Committee	8-10-81	2,500 -	2,500 -
" " "	10-21-82	125 -	
Custer County Republican Committee	6-12-81	50 -	
" " "	8-7-81	100 -	
Delaware County Republican Committee	10-26-82	105 -	
Ellis Republican Central Committee	9-24-82	50 -	
Garfield County Republican Committee	6-22-81	500 -	
" " "	10-26-81	336 -	
" " "	10-20-82	100 -	
" " "	10-21-82	75 -	1,011 -
Garfield County Republican Women's Club	8-12-81	50 -	
Grady County Republican Committee	8-3-82	18 -	
" " "	10-8-82	50 -	
Greer County Republican Committee	8-20-82	16 -	
Harper County Republican Committee	10-14-82	20 -	
Harmon County Republican Committee	10-28-82	10 -	

	Date	Amount	Aggregate for year
Jackson County Republican Committee	7-15-81	100 -	
" " "	10-30-81	25 -	
Jane Ik Dinner Committee - Tulsa County	8-6-81	25,000 -	
" " "	3-7-81	500 -	
" " "	5-7-81	500 -	
" " "	6-17-81	9,000 -	34,750 -
Kay County Republican Committee	1-19-81	100 -	
" " "	11-10-81	200 -	
" " "	2-18-82	350 -	
Kingfisher County Republican Committee	8-5-81	50 -	
" " "	10-13-82	50 -	
LeFlore County Republican Committee	10-20-82	500 -	
Legislative Action Committee	10-5-82	1,000 -	9,000 -
Lincoln County Republican Campaign Fund	10-20-82	50 -	
McIntosh County Republican Committee	11-1-82	50 -	
McClain County Republican Committee	10-25-82	50 -	
" " "	10-25-82	10 -	
Mid-Del Republican Women's Club	9-8-82	50 -	
Muskogee County Republican Committee	8-18-82	100 -	
" " "	10-28-82	75 -	
Muskogee Republican Women's Club	8-4-82	25 -	
Nichols Republican Women's Club	9-7-82	25 -	
Noble County Republican Committee	8-26-82	375 -	
" " "	11-8-82	150 -	
Oklahoma City Republican Women's Club	5-26-82	25 -	
" " " "	9-20-82	100 -	
" " " "	10-8-82	100 -	1,000 -
Oklahoma County Republican Committee	2-5-81	500 -	
" " "	3-3-81	10 -	
" " "	3-3-81	100 -	
" " "	3-16-81	100 -	
" " "	7-16-81	500 -	
" " "	10-7-81	1,000 -	
" " "	10-7-81	500 -	4,000 -
" " "	2-25-82	500 -	
" " "	2-25-82	500 -	
" " "	10-21-82	250 -	
Oklahoma Federation of Republican Women	8-8-81	50 -	
" " " "	7-21-82	25 -	

ATTACHMENT I-(1)

(3)

Bishop, Bryant & Associates			
Legal audit	10-13-81	[illegible]	
KINK-FM			
Legal Assistance	10-13-81	[illegible]	
U.S. Treasury			
FICA Deposit	[illegible]	[illegible]	
Total		[illegible]	
Other Expenses Incurred [illegible]			
[illegible] Litigation [illegible]			
Aggregate Amount:			
U.S. Treasury	12-17-81	[illegible]	
Petty Cash	[illegible]	[illegible]	
Total		[illegible]	
Total Funds according to books		[illegible]	
Ratio: 60% of [illegible] according to [illegible]	[illegible]		
100% of the [illegible]	[illegible]		
Total Amount Sought	[illegible]	= [illegible]	
Total Amount Disbursed [illegible]	[illegible]	= [illegible]	
this amount [illegible]	[illegible]		
Code [illegible]	[illegible]		

Attachment II-(1)

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Apparent Corporate Contributions

	Name	Date of Check	Amount of Contribution	Committee Response
1.	Guardian Products Inc.	3/11/82	$ 1,500.00	Front copy refund c
2.	Black Hawk Oil & Gas	9/29/81	200.00	Pre-incorp tion cont
3.	Perry Veterinary Clinic Inc.	10/14/81	15.00	Front copy refund or
4.	Ennis Chemical Co.	5/26/81	1,000.00	" "
5.	Ennis Chemical Co.	6/1/81	250.00	" "
6.	Southwestern Electronics	5/14/82	25.00	Pre-incorp tion contr
7.	Joseph Dean Insurance	12/24/81	25.00	Personal A
8.	Parker E. Bloomer Resources	3/9/82	2,000.00	Personal A
9.	L.O. Ward Oil Operations Acct.	11/13/81	3,500.00	Personal A
10.	L.O. Ward Oil Operations Acct.	3/11/82	5,000.00	Personal A
11.	Bruce W. Day, Inc. Operating Acct.	3/15/82	1,000.00	Front & Ba of refund s
12.	Artec Specialty Leasing Co.	3/10/82	2,000.00	Front of r only
		Total	$16,515.00	

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Attachment III (1)

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Phyllis R. Gault, Treasurer
Oklahoma Republican State Committee
123 Northwest 23rd Street
Oklahoma City, Oklahoma 73103

Re: MUR 1614
Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

Dear Ms. Gault:

On , 1984, the Federal Election Commission determined that there is reason to believe that the Oklahoma Republican State Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(2), (b)(2)(F), (b)(3)(D) and (F), (b)(4), (b)(5)(C), (b)(8), 441b(a), 441g, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. §§ 102.2(a)(2), 102.5(a), 104.3(d), 104.11(a) and 104.14(a) and (b), provisions of the Code of Federal Regulations ("The Regulations") by failing to report statutorily required information, by accepting prohibited contributions and by failing to satisfy the prerequisites for using contributions in federal election activity. 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 and the committee. 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 your committee and you, as treasurer, 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 so desired. 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

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Attachment IV - (1)

(6)

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), 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 Lisa Klein, the attorney assigned to this matter, at (202)523-4529.

Sincerely,

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

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Attachment IV (2)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR # 1614
Staff Member and Tel. No.
Lisa Klein
(202) 523-4529

RESPONDENTS: Oklahoma Republican State Committee
Phyllis R. Gault, Treasurer

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 final audit report revealed numerous alleged violations which may be grouped into three principal categories: (1) deficient reporting of statutorily required information, 2 U.S.C. § 434(b) and 11 C.F.R. §§ 102.2(a)(2), 104.3(d), 104.11(a) and 104.14(a) and (b); (2) acceptance of prohibited corporate contributions and excessive cash contributions, 2 U.S.C. §§ 441b(a) and 441g; and (3) failure to satisfy the prerequisites for using contributions in federal election activity, 11 C.F.R. § 102.5(a)(1) and (2).

FACTUAL AND LEGAL ANALYSIS

1. Deficient Reporting of Statutorily Required Information

A. Disclosure of Debts and Obligations

The Committee filed six Reports of Receipts and Disbursements during the period covered by the audit. In each report filed, the Committee failed to complete one or more columns of Schedule D. In one report, for example, the Schedule D did not contain the beginning balances for 25 debts. Another Schedule D failed to disclose amounts incurred or payments made

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Attachment IV -(1)

on various debts. In yet another instance, payments were shown to have been made on previously reported debts, but the Committee failed to disclose the remaining outstanding balances for these debts. The Committee's consistent failure to file completed schedules violates the disclosure and reporting requirements of 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11(a).

B. Failure to Disclose and/or Itemize Transfers

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The Audit staff's review also revealed that the Committee did not identify the "affiliated/other" party committees to which

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1/ The Committee did report receipt of $96,858.25 in transfers from affiliated or other committees in its July 1, 1981 - December 31, 1981 Report of Receipts and Disbursements. This figure represents the entire amount received in a fundraiser sponsored jointly by the Committee and the June 18 Dinner Committee. The Committee's share from this fundraiser was only $46,725.25, which the Audit Staff included in the $156,299.65 figure representing unitemized transfers. Rather than file a Schedule A identifying the transferors of the Committee's share, the Committee attached a copy of the June 18 Committee's Report of Receipts and Disbursements. This report itemized the entire amount of contributions received from the fundraiser. Consequently, the Audit staff could not determine which of the itemizations applied to the $46,725.25 received by the Committee.

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Attachment V -(2)

it made 76 transfers totaling $4,333.20 or provide the dates and amounts of those transfers. Although the Interim Audit report recommended that the Committee file a comprehensive amendment itemizing the missing information to correct this reporting deficiency, the Committee failed to do so.

Title 2 U.S.C. § 434(b)(2)(F) and (3)(D) requires political party committees to disclose in their Reports of Receipts and Disbursements the total amount of transfers received from other political party committees and to identify each transferor, together with the date and amount of such transfers. Similarly, Title 2 U.S.C. § 434(b)(5)(C) requires political committees to disclose transfers made to other political party committees, together with the date and amount of such transfers. Because the Committee failed to disclose the above-required information, the Office of General Counsel recommends that the Commission find reason to believe that the Oklahoma Republican State Committee violated 2 U.S.C. §§ 434(b)(2)(F),(3)(D) and (5)(C).

C. Misstatement of Financial Activity

In reconciling the Committee's bank accounts with its disclosure reports, the Audit Division found net variances in the areas of beginning cash, receipts, expenditures and ending cash. The auditors also found that the Committee did not disclose four of its depositories on its Statement of Organization and was unable to provide bank records for two of its accounts. The

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Audit Staff further determined that the Committee received $18,500 in in-kind contributions that were not reported by the Committee.

In response to recommendations in the Interim Audit Report, the Committee submitted an unsigned "Comprehensive Amendment-Adjustments" form that did not correct any of the financial misstatement problems referred to in the interim report. 2/ Under the Act and Commission Regulations a committee must: 1) correctly disclose in its reports the total of all receipts and disbursements occurring during the reporting period and calendar year, 2 U.S.C. §§ 434(b)(2) and (4); 2) file an amended Statement of Organization listing any depository not included on the original statement, within 10 days of the Committee's establishment of an account in a new depository 11 C.F.R. § 102.2(a)(2); 3) maintain bank records with respect to matters required to be reported, 11 C.F.R. § 104.14(b)(1); and 4) file signed originals of comprehensive amendments, 11 C.F.R. § 104.14(a).

This Office recommends that the Commission find reason to believe that the Committee has violated the above sections of the Act and Regulations due to its failure to accurately state its financial activity.

2/ The Committee did file the requested amended statement of organization disclosing the four previously undisclosed depositories.

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D. Disclosure of Refunds

The Audit staff determined from its review of the Committee's receipts journal and bank records that the Committee received $5,571.30 in offsets to operating expenditures during the period covered by the audit. Of that sum, $5,489.05 represented receipts from three persons, each of whom provided refunds aggregating over $200 in a calendar year. The Committee did not identify these three persons or itemize their refunds. The Detailed Summary Pages of Reports of Receipts and Disbursements filed by the Committee during the period audited disclosed offsets to operating expenditures totaling only $1,217.84. As no Schedules A providing the required itemization were filed in support of the disclosed amount, the Audit staff was unable to associate the disclosed amount with the $5,571.30 recorded in the Committee's records.

Title 2 U.S.C. § 434(b)(3)(F) requires political committees to disclose in their Reports of Receipts and Disbursements the identification of each person who provides a rebate, refund, or other offset to operating expenditures in an aggregate amount in excess of $200 per calendar year, together with the date and amount of such receipt. Because the Committee has not disclosed this information the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 434(b)(3)(F).

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(12)

2. Contributions

A. Apparent Corporate Contributions

The Audit staff reviewed copies of contributor checks presented by the Committee which represented approximately two percent of the contributions received by the Committee during the audit period. They determined that twelve of the contributions totaling $16,515 were made by ten contributors with corporate status. The Audit Division recommended that the Committee either demonstrate that they were non-corporate contributions or return those contributions. After the close of the interim response period, the Committee submitted: (1) statements from two contributors stating that their contributions, totaling $225, were made prior to acquiring corporate status (these statements were verified by the Audit Staff); (2) a copy of the front and back of a $1,000 refund check that was endorsed by the corporate contributor; (3) a statement that four of these contributions had been drawn on the personal checking accounts of the contributors; and (4) copies of the front of seven alleged refund checks. 3/

The Committee has only demonstrated unequivocally that $225 of the $16,515 came from non-corporate sources, and that it has properly refunded a single $1,000 corporate contribution. Because the Committee has accepted $15,290 in apparent corporate

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3/ The checks do not satisfactorily show that the refunds were actually made because the Committee submitted no evidence of payee endorsement on these checks. Moreover, the Committee has failed to demonstrate that the "personal account" contributions were issued from non-repayable drawing accounts so as to be categorized as non-corporate contributions. See Federal Election Commission Record Vol. 4 No. 9 September 1978; See also 11 C.F.R. § 102.6(c)(3).

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Attachment V (6)

contributions, the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 441b(a).

B. Excessive Currency Contributions

The Audit staff determined that the Committee received contributions of currency totaling $9,000 from three persons during a fundraising event. Each person's cash contribution exceeded $100. Cash contributions for the nomination or election of a candidate exceeding, in the aggregate, $100 violate 2 U.S.C. § 441g. In response to the Audit Division's recommendation that the Committee either demonstrate that the contributions were not made in cash or refund the contributions and provide evidence of such refunds, the Committee submitted a copy of the front of a $2,000 check issued to Ron Frangione. The check did not adequately reflect a refund to Frangione because the Committee had neither signed the check nor provided a copy of the back of the check showing endorsement. After the close of the interim response period, the Committee did provide a front and back copy of a $5,000 check issued to Jack Hodges.

The acceptance of cash contributions exceeding $100 is a violation of of 2 U.S.C. § 441g. We, therefore, recommend that the Commission find reason to believe that the Committee has violated 2 U.S.C. § 441g.

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(14)

3. Failure to Satisfy Conditions For Using Contributions In Federal Election Activity.

The Audit staff determined that the Committee did not maintain a separate account for contributions received for use in Federal election activity. The Committee also failed to inform contributors that contributions would be used in Federal elections or to notify solicitees that contributions would be subject to the Act's prohibitions and limitations. Moreover, the contributor checks reviewed by the Audit staff were not designated for Federal use.

To ensure compliance with the contribution limitations and prohibitions contained in the Act, all political committees that finance political activity in connection with federal and non-federal elections must either: 1) establish a political committee that receives only contributions subject to the prohibitions of the Act, or 2) establish a separate account for contributions to be used in Federal elections activity. 11 C.F.R. § 102.5(a)(1). Contributions may not be deposited into the Federal elections account unless: (i) the contributions received are designated for federal use; (ii) contributions resulting from solicitations expressly state that contributions are for use in federal elections; and (iii) the contributors are informed of the Act's prohibitions and limitations. 11 C.F.R. § 102.5(a)(2). Compliance with these conditions is particularly

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important in the present instance because Oklahoma state law permits certain labor organizations to contribute to state campaigns. Failure to meet the above-described requirements may have resulted in the Committee using contributions from labor organizations in Federal election activity in violation of 2 U.S.C. § 441b. For the foregoing reasons, this Office recommends that the Commission find reason to believe that the Committee violated 11 C.F.R. § 102.5(a)(1) and (2).

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Attachment IV (9)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A83-3

November 30, 1983

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: BOB COSTA

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT - OKLAHOMA REPUBLICAN STATE COMMITTEE

Attached is a copy of the final audit report of the Oklahoma Republican State Committee which was approved by the Commission on November 17, 1983.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
Public Record
Office of General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A83-3

REPORT OF THE AUDIT DIVISION ON THE OKLAHOMA REPUBLICAN STATE COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Oklahoma Republican State Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee registered with the United States House of Representatives on April 17, 1972 and maintains its headquarters in Oklahoma City, Oklahoma.

The audit covered the period January 1, 1981, through December 31, 1982. The Committee reported an opening cash on hand balance January 1, 1981 of $21,858.66; total receipts for the period of $847,569.85; total disbursements for the period of $836,679.71; and a closing cash balance December 31, 1982 of $32,748.20. 1/

This report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.

1/ The Committee made minor math errors with regard to reported activity.

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B. Key Personnel

The Treasurers of the Committee during the period of audit were Mr. Carl Anderson, Jr. from January 1, 1981 through February 1981; Mr. Lesley Ming from February 1981 through December 1981; Mr. Michael Freeman was acting Treasurer December 1981 through February 14, 1982; and Mr. Herbert G. Davis from February 15, 1982 through December 31, 1982. 2/

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Disclosure of Contributions

Section 434(b)(2)(F), (3)(D) and (5)(C), Title 2, United States Code, requires a political party committee to disclose in its Reports of Receipts and Disbursements the total amount of all receipts of transfers from other political party committees, and the name and address of each political party committee from which it receives a transfer, or to which it makes a transfer, together with the date and amount of such transfers. Further, subsection (3)(B) of this section requires disclosure of the identification of each political committee which makes a contribution to the reporting committee, together with the date and amount of any such contribution.

The Audit staff reviewed the Committee's daily cash receipts journal, contribution files and bank records for the period of audit and determined that the Committee received 10 contributions totaling $3,192.62 from seven (7) political committees. The Committee did not disclose the identification of these political committees, and the dates and amounts of the contributions. These receipts were apparently disclosed as unitemized contributions.

In response to the interim audit report, the Committee filed an amendment disclosing the contributions noted above.

2/ The Committee was not specific with regard to dates of changes in the Office of Treasurer.

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Recommendation

The Audit staff recommends no further action on this matter.

B. Disclosure of Interest Income

Section 434(b)(3)(F) and (G), Title 2, United States Code requires a political committee to disclose in its Reports of Receipts and Disbursements the identification of each person who provides a rebate, refund, or other offset to operating expenditures, or interest income, in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt.

The Audit staff reviewed the Committee's daily receipts journal and bank records during the period of audit and determined that the Committee received interest income totaling $8,732.82. The Committee did not disclose the identification of two (2) banks from which it received interest income aggregating in excess of $200 during the calendar years and totaling $8,494.25. The Detailed Summary Pages of Receipts and Disbursements (Page 2, FEC Form 3X) filed during the period of audit contained the disclosure of other receipts (dividends, interest, etc.) totaling $7,306.88. Since no Schedules A were filed in support of this disclosed amount, the Audit staff could not associate this reported amount with the recorded amount.

The accountant for the Committee stated that he did not realize that these receipts required itemization on Schedule A.

The discrepancies noted above did not materially affect the total receipts reported for the period.

In response to the interim audit report, the Committee filed amendments to the disclosure reports disclosing the above receipts.

Recommendation

The Audit staff recommends no further action on this matter.

C. Matters Referred to the Office of General Counsel

Certain matters noted during the audit were referred to the Commission's Office of General Counsel on November 17, 1983.

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FEDERAL ELECTION COMMISSION

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

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