



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20543

THIS IS THE END OF MUR # 1892

Date Filmed 8/30/85 Camera No. --- 3

Cameraman AS

85040544796

FEDERAL ELECTION COMMISSION

Routing Cards; Correspondence Control sheets

Conciliation Materials

Bank Acct Numbers

12 Day Reports

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):

85040544797

- | | |
|--|---|
| <input type="checkbox"/> (1) Classified Information | <input type="checkbox"/> (6) Personal privacy |
| <input checked="" type="checkbox"/> (2) Internal rules and practices | <input type="checkbox"/> (7) Investigatory files |
| <input checked="" type="checkbox"/> (3) Exempted by other statute | <input checked="" type="checkbox"/> (8) Banking Information |
| <input type="checkbox"/> (4) Trade secrets and commercial or financial information | <input type="checkbox"/> (9) Well Information (geographic or geophysical) |
| <input checked="" type="checkbox"/> (5) Internal Documents | |

Signed Paul Reyes
date 8/21/85

SUMMARY FILE CHECK-OFF

NR # 1892

7/26/85 Date of Close-out Letters (Mailing Date)

CONTENT CHECK-OFF

- Close-Out Letter(s)
- Final OGC Report or Memorandum or Conciliation Agreement(s)
- Respondent(s) Reply to Brief(s)
- General Counsel's Brief(s)
- Respondent's Reply to RTB Finding
- First General Counsel's Report
- Respondent's Reply to the Complaint
- Original Complaint(s) (If Any)
- Other Report or Correspondence*
- All Certifications**

3
5
0
4
0
5
4
4
7
9
8

Paul Reyes Preparer of the Summary File

Date 8/21/85 File Reviewed by [Signature]

* To be included if, in the opinion of the staff member, it is important.

** Certifications of Commission actions should be placed in the Summary File prior to the documents which formed the basis of the action and in reverse chronological order.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Lincoln Savings Bank, FSB) MUR 1892
)
)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 17, 1985, the Commission decided by a vote of 5-0 to take the following actions in MUR 1892:

1. Accept the agreement attached to the General Counsel's Report signed July 12, 1985.
2. Close the file.
3. Approve and send the proposed letter attached to the General Counsel's Report signed July 12, 1985.

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

Attest:

7-18-85
Date

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

35040544799

Received in Office of Commission Secretary: 7-15-85, 12:00
Circulated on 48 hour tally basis: 7-15-85, 4:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Richard Denby
Supervisory Agent
Federal Home Loan Bank Board
One World Trade Center
Floor 103
New York, New York 10048

Re: MUR 1892

Dear Mr. Denby:

This is in reference to the captioned matter involving the Lincoln Savings Bank, FSB, which your office referred to the Commission.

After conducting an investigation into this matter, the Commission determined that there was probable cause to believe that the Lincoln Savings Bank, FSB, violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, and has now entered into a conciliation agreement in the matter. A copy of this agreement is enclosed for your information.

We appreciate your cooperation in helping the Commission meet its enforcement responsibilities under the Federal Election Campaign Act.

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

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

85040544800



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 14, 1985

Richard Denby
Supervisory Agent
Federal Home Loan Bank Board
One World Trade Center
Floor 103
New York, New York 10048

Re: MUR 1892

Dear Mr. Denby:

This is in reference to the captioned matter involving the Lincoln Savings Bank, FSB, which your office referred to the Commission.

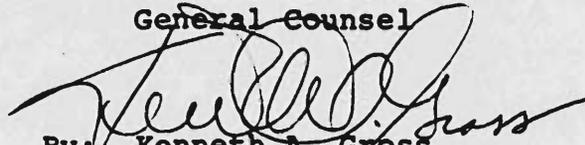
After conducting an investigation into this matter, the Commission determined that there was probable cause to believe that the Lincoln Savings Bank, FSB, violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, and has now entered into a conciliation agreement in the matter. A copy of this agreement is enclosed for your information.

We appreciate your cooperation in helping the Commission meet its enforcement responsibilities under the Federal Election Campaign Act.

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

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

35040544801



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 26, 1985

Gerald McEvoy
Vice President
Lincoln Savings Bank, FSB
200 Park Avenue
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB

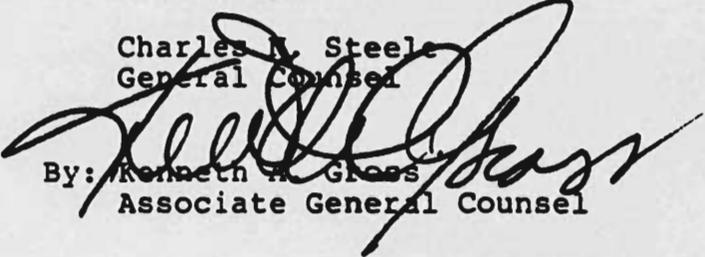
Dear Mr. McEvoy:

On July 17, 1985, the Commission accepted the conciliation agreement signed by Milton F. Gidge, and a civil penalty in settlement of a violation of 2 U.S.C. § 441b, 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

85040544802

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Lincoln Savings Bank, FSB) MUR 1892

85 JUN 21 4:51 PM
RECEIVED
OFFICE OF THE
GENERAL COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the Lincoln Savings Bank, FSB ("Respondent"), violated 2 U.S.C. § 441b making contributions in connection with state and federal elections from Lincoln's treasury funds.

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 facts in this matter are as follows:

1. Respondent, Lincoln Savings Bank, FSB, (hereinafter, "Lincoln") is a federally chartered savings institution organized on July 18, 1983 under the provisions of the Federal Home Loan Bank Act, codified at 12 U.S.C. §§ 1421-1499. Thus at all times relevant to this matter, Lincoln was a corporation chartered by authority of Congress within the meaning of 2 U.S.C. § 441b.

85040544803

2. Section 441b, of Title 2, United States Code, provides that, "it is unlawful for any national bank or any corporation organized by authority of any law of Congress, to make [political contributions in connection with state or federal elections]."

3. On September 13, 1983, Lincoln contributed \$50 to the Conservative Party of Kings County, a political committee organized under the election laws of New York State.

4. On September 14, 1983, Lincoln contributed \$200 to the Committee to elect Don Halperin, a political committee organized under the election laws of New York State.

5. On or about October 20, 1983, Lincoln contributed \$100 to the Friends of Chris Mega, a political committee organized under the election laws of New York State.

6. On September 29, 1983, Lincoln contributed \$100 to "Gloria D'Amico" for the Democratic Organization of Queens County, a political committee organized under the election laws of New York State.

7. On October 18, 1983, Lincoln contributed \$250 to the New York State Republican Committee, a political committee organized under the election laws of New York State.

V. In violation of 2 U.S.C. § 441b, Lincoln Savings Bank, FSB, made contributions in connection with elections to state political offices.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of three hundred and fifty dollars (\$350), pursuant to 2 U.S.C. § 437g(a)(5)(A).

85040544804

VII. Respondent agrees that it 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 implement the requirements contained in this agreement and to so notify the Commission.

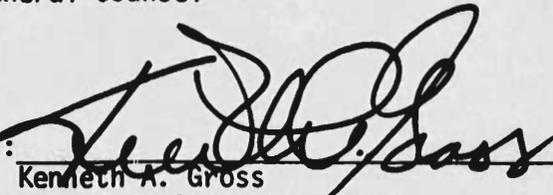
XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is

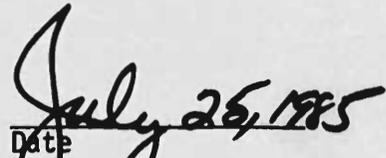
35040544805

not contained in this written agreement shall be valid.

FOR THE COMMISSION:

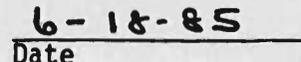
Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel


Date July 25, 1985

FOR THE RESPONDENT:


Milton F. Gidge
Executive Vice President and
Chief Administrative Officer


Date 6-18-85

85040544806



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Gerald McEvoy
Vice President
Lincoln Savings Bank, FSB
200 Park Avenue
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB

Dear Mr. McEvoy:

On , 1985, the Commission accepted the conciliation agreement signed by Milton F. Gidge, and a civil penalty in settlement of a violation of 2 U.S.C. § 441b, 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

THW
7/24/85

85040544807



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *pd*
DATE: July 15, 1985
SUBJECT: MUR 1892 - 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	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
Sensitive	<input checked="" type="checkbox"/>	Audit Matters	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Litigation	<input type="checkbox"/>
24 Hour No Objection	<input type="checkbox"/>	Closed MUR Letters	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>	Status Sheets	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Advisory Opinions	<input type="checkbox"/>
Information	<input type="checkbox"/>	Other (see distribution below)	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>		
Non-Sensitive	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

85044803

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

In the Matter of
Lincoln Savings Bank, FSB

)
)
)

85 AUG 16 12:00

GENERAL COUNSEL'S REPORT

Background

Attached is a conciliation agreement which has been signed by Milton F. Gidge, Executive Vice President and Chief Administrative Officer of Lincoln Savings Bank, FSB.

check for the civil penalty has been received.

Recommendation

The Office of General Counsel recommends the acceptance of this agreement, the closing of the file and approving and sending the attached proposed letter.

Charles N. Steele
General Counsel

July 12, 1985
Date

BY: *Kenneth A. Gross*
Kenneth A. Gross
Associate General Counsel

Attachment(s)

- Conciliation Agreement (1)
- Photocopy of civil penalty check

85040544807

A



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Gerald McEvoy
Vice President
Lincoln Savings Bank, FSB
200 Park Avenue
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB

Dear Mr. McEvoy:

On , 1985, the Commission accepted the conciliation agreement signed by Milton F. Gidge, and a civil penalty in settlement of a violation of 2 U.S.C. § 441b, 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

Handwritten:
TJW
7/11/85

85040544810

LINCOLN
SAVINGS BANK
FOUNDED 1866 New York, N. Y.
A/P DISBURSEMENT ACCOUNT

A 059977

1-30
210 80104

JUNE 17, 1985

PAY

LINCOLN SAV. BANK **350000**

TO THE
ORDER
OF

U. S. TREASURER

MANUFACTURERS HANOVER TRUST COMPANY
177 MONTAGUE ST. BROOKLYN, N. Y. 11201

Frank Carver
(TWO SIGNATURES REQUIRED ON AMOUNTS OVER \$750.00)

3 5 0 4 0 5 4 8 1 1



6117887
RECEIVED AT THE FED
Whitehead
85 JUL 1 10: 00

June 27, 1985

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

85 JUL 1 10: 31
RECEIVED
GENERAL COUNSEL

Ref. : MUR 1892
THE LINCOLN SAVINGS BANK, FSB

85040544812

Dear Mr. Gross:

Enclosed please find a copy of an internal Bank bulletin which was published by our Chairman, Alton G. Marshall, on June 26, 1985.

The General Bulletin is a medium employed by The Lincoln Savings Bank, FSB to communicate policy statements to all members of our staff. As you will see, the bulletin restates the Bank's policy concerning political contributions and expenditures. I am furnishing it to you as evidence of the Bank's compliance with the terms of the Conciliation Agreement entered into between The Lincoln Savings Bank, FSB and the F.E.C. and as notice of compliance as required by paragraph X of that agreement.

I trust you will find this satisfactory.

Sincerely,

Gerald W. McEvoy
Vice President

GWMcE:eb
Enclosure

cc: Mr. A. G. Marshall
Mr. M. F. Gidge, Executive Vice President
& CAO (LSB)



General Bulletin

CHAIRMAN'S ADMINISTRATION

VOL. VIII NO. 5

DATE June 26, 1985

TO: The Staff

FROM: Alton G. Marshall

The purpose of this bulletin is to reiterate the Bank's position regarding political contributions.

The Federal Election Campaign Act of 1971 prohibits the Bank from making any contribution or expenditure in connection with any election to any political office (this prohibition includes primary elections, conventions or caucuses held to select candidates for any political office). Each of you should be mindful of this prohibition and should be guided accordingly. Requests for contributions by the Bank, political in nature, should be politely declined.

The prohibition against political contributions by the Bank in no way restricts an individual employee's contribution of his or her personal funds, which are otherwise permissible.

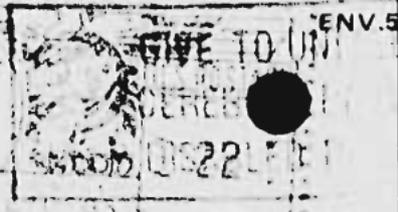
AGM:ac

85040544813

LINCOLN

SAVINGS BANK, FSB

EXECUTIVE OFFICES
100 PARK AVENUE • NEW YORK, N.Y. 10168



504054481

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

85 JUL 1 9:21





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 12, 1985

Alissa E. Ballot, Esquire
Counsel to Lincoln Savings Bank, FSB
200 Park Avenue
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB

Dear Ms. Ballott:

On June 4, 1985, the Commission determined that there is probable cause to believe your client committed a violation of 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, in connection with contributions made by Lincoln to certain political committees in 1983.

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

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

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

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

85040544815



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

PAR

Alissa E. Ballot, Esquire
Counsel to Lincoln Savings Bank, FSB
200 Park Avenue
New York, New York 10166 ✓

RE: MUR 1892
Lincoln Savings Bank, FSB ✓

Dear Ms. Ballott:

On , 1985, the Commission determined that there is probable cause to believe your client committed a violation of 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, in connection with contributions made by Lincoln to certain political committees in 1983.

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

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

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

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

35040544815 ✓

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Lincoln Savings Bank, FSB) MUR 1892

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of June 4, 1985, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1892:

1. Find probable cause to believe that Lincoln Savings Bank, FSB violated 2 U.S.C. § 441b.
2. Take no further action against Mr. Alton G. Marshall.
3. Approve and send the proposed letter and conciliation agreement attached to the General Counsel's report dated May 15, 1985.

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

Attest:

6/5/85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

35040544817



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *W*
DATE: May 15, 1985
SUBJECT: MUR 1892 - General Counsel's Report

The attached is submitted as an Agenda document
for the Commission Meeting of _____
Open Session _____
Closed Session May 29, 1985

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

SENSITIVE

CIRCULATE ON BLUE PAPER

FOR AGENDA OF May 29, 1985

85040544818

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Lincoln Savings Bank, FSB

)
)
)
)

MUR 1892

MAY 15 12:51

EXECUTIVE SESSION

GENERAL COUNSEL'S REPORT

MAY 29 1985

I. BACKGROUND

On February 8, 1985, the Commission found reason to believe that Lincoln Savings Bank, ("Lincoln") and Alton G. Marshall, chief executive officer, violated 2 U.S.C. § 441b by making contributions from Lincoln's corporate treasury accounts. Lincoln was notified of this determination by letter dated February 11, 1985. Lincoln responded to the Commission's notice by letter dated February 21, 1985. On April 17, 1985, the Office of General Counsel forwarded to Lincoln a Brief outlining the General Counsel's position on the factual and legal issues in this matter. On April 26, 1985, the Office of General Counsel received Lincoln's response to the General Counsel's Brief.

II. LEGAL ANALYSIS OF RESPONDENT'S BRIEF

(See OGC Brief of April 17, 1985) Lincoln has chosen not to dispute the General Counsel's analysis contained in his Brief of April 17, 1985. Lincoln states that it does not deny that it made certain contributions in violation of 2 U.S.C. § 441b.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

85040544819

85040544820

IV. RECOMMENDATION

1. Find probable cause to believe that Lincoln Savings Bank, FSB violated 2 U.S.C. § 441b.
2. Take no further action against Mr. Alton G. Marshall.
3. Approve and send the attached proposed letter and conciliation agreement.

15 May 1985
Date


Charles N. Steele
General Counsel

Attachment
Lincoln's Brief Response
Conciliation Agreement
Letter



55 APR 26 AM 11:05

ALISSA E. BALLOT
COUNSEL

April 24, 1985

Mr. Paul Reyes
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1982
Lincoln Savings Bank, FSB

Dear Mr. Reyes:

As per our telephone conversation of April 22, 1985, please be advised that The Lincoln Savings Bank, FSB (the "Bank") does not wish to dispute the analysis contained in the General Counsel's Brief, especially insofar as such analysis concludes that the fact that the Bank was unaware that Federal law forbade the making of political contributions may be considered in mitigation of the Bank's offense (General Counsel's Brief, page 5).

Thus, the Bank does not deny that its post-July 18, 1983 contributions, as listed on page 4 of the General Counsel's Brief (other than the contribution to the Savings Banks Association, which the General Counsel concluded was non-political), were made in violation of 2 U.S.C. § 441b, albeit unknowingly.

If you have any questions, please feel free to call.

Very truly yours,

Alissa E. Ballot

cc: Charles N. Steele, Esq. ✓

Attachment

85040544821



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel *GC*

DATE: April 17, 1985

SUBJECT: MUR 1892 - Memorandum and GC'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	[]	Audit Matters	[]
Non-Sensitive	[]	Litigation	[]
24 Hour No Objection	[]	Closed MUR Letters	[]
Sensitive	[]	Status Sheets	[]
Non-Sensitive	[]	Advisory Opinions	[]
Information	[X]	Other (see distribution below)	[]
Sensitive	[X]		
Non-Sensitive	[]		
Other	[]		

35040544822



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 17, 1985

MEMORANDUM

TO: The Commission
FROM: Charles N. Steele *CNS*
General Counsel
SUBJECT: MUR #1892

APR 17 1985
FEB 27

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 April 17, 1985. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondents

05040544820



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 17, 1985

Alissa E. Ballot, Esquire
Counsel for the Lincoln Savings
Bank, FSB
200 Park Avenue
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB

Dear Ms. Ballott:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by your client, the Federal Election Commission, on February 8, 1985, found reason to believe that your clients had violated 2 U.S.C. § 441b 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, 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.

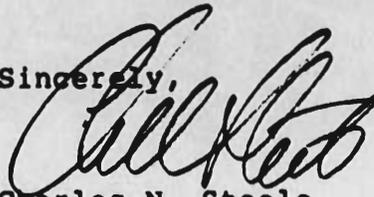
A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

850440544824

Alissa E. Ballot, Esquire
Page 2

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

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

85040544825



BEFORE THE FEDERAL ELECTION COMMISSION

March 4, 1985

In the Matter of)
Lincoln Savings Bank, FSB) MUR 1892

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

Based on information supplied by the Federal Home Loan Bank Board, Second District, New York, (hereinafter, the "FHLBB") on February 8, 1985, the Federal Election Commission (hereinafter, the "Commission") determined that there was reason to believe that the Lincoln Savings Bank, FSB, (hereinafter, "Lincoln"), and Alton G. Marshall, Lincoln's Chief Executive Officer, had violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended (hereinafter, the "Act"). An examination by FHLBB revealed, on Lincoln's daily transaction journal, what the FHLBB described as \$4,490 in political contributions made during the period from January 10, 1983 to November 1, 1983. Respondents were notified by letter dated February 11, 1985, of this determination and supplied with the General Counsel's factual and legal analysis of this matter. The Commission received respondents' response, dated February 21, 1985, on February 25, 1985. Lincoln states that Mr. Marshall was not Chairman during the period in question; Mr. Covington Hardee was Chairman. In summary, respondents contend that they believed that certain contributions made by Lincoln were permissible under New York State law, that they were not aware at the time that Federal prohibited certain contributions

8 5 0 4 0 5 4 4 8 2 6

and that certain apparent contributions were not political contributions within the meaning of the Act. The Office of General Counsel contends that Lincoln violated 2 U.S.C. § 441b by making contributions in connection with state and federal elections after becoming a federally chartered bank.

II. Legal Analysis

Section 441b, of Title 2 United States Code, provides that, "it is unlawful for any national bank or any corporation organized by authority of any law of Congress, to make [political contributions in connection with state or federal elections]." Thus, section 441b prohibits federally chartered corporations like Lincoln from making contributions to state or federal candidates. Commission regulations at 11 C.F.R. § 114.2(a) further clarify this broad prohibition.

The evidence before the Commission concerning Lincoln's purpose in making its disbursements demonstrates Lincoln's mistaken impression that its contributions while a federally chartered bank were permitted by state law. While all corporations are prohibited by Section 441b from making contributions to federal candidates, many states, including New York^{1/} permit the use of limited corporate treasury funds in connection with state elections.

^{1/} McKinney's Consolidated Laws of New York Annotated, Election Law Section 14-115. Board of Elections Opinion 1975-5 (1975).

85040544827

Lincoln is a federally incorporated savings bank^{2/} established under the Federal Home Loan Bank Act, codified at 12 U.S.C. §§ 1421-1499 and, therefore, prohibited from making contributions in connection with any election by section 441b.

The FHLBB indicated that Lincoln attained the status of a federal bank on July 18, 1983. Prior to that time it was incorporated under New York State Law and thus prohibited from making contributions to federal (but not state) candidates by Section 441b. After July 18, 1983, Lincoln was prohibited by the Act from making contributions to Federal or state candidates.

According to the letter from the FHLBB, it appeared that Lincoln made \$2,100 in contributions to federally registered political committees prior to July 18, 1983, before becoming a federal banking institution but while incorporated under state law. After July 18, 1983, according to the Board's letter, it appeared that Lincoln contributed a total of \$2,200 to a combination of federal and non-federal candidates and political committees. According to Commission records, Lincoln does not support a separate segregated fund which, under Section 441b, could have made contributions to federal and state political candidates.

^{2/} The Lincoln Savings Bank, FSB, is not a national bank under The National Bank Act, codified at 2 U.S.C. § 21-215b. Federal Savings institutions are treated differently than national banks under federal law. See National State Bank, Elizabeth, N.J. v. Long, 630 F.2d 981, 989 (1980).

3 5 0 4 0 5 4 4 8 2 8

Based on a review of Lincoln's response to the Commission's notice, the General Counsel concludes that Lincoln made no prohibited contributions during the period from January 1, 1983 to July 18, 1983. However, the General Counsel further concludes that from July 18, 1983 through November 1983, Lincoln made seven hundred dollars in prohibited contributions to various state and federal candidates and committees as set forth below. Lincoln's contributions are summarized as follows:

Description	Federal/State Candidate or Committee	Amt Rec'd	Date
<u>Pre-July 18, 1983</u>			
Committee to reelect Sal F. Albanese	S	\$100	1/10/83
N.Y. Republican County Committee	S	\$100	2/3/83
Brooklyn Democrats	S	\$1,500	3/9/83
Opera Renaissance Build	Non-Political	\$55	4/6/83
Seergy Republican Club	S	\$35	5/6/83
<hr/>			
<u>Post-July 18, 1983</u>			
Conservative Party of Kings County	S	\$50	9/13/83
Committee to elect Don Halperin	S	\$200	9/14/83
Gloria D'Amico	S	\$100	9/29/83
New York State Re- publican Committee	F	\$250	10/18/83
Friends of Chris Mega	S	<u>\$100</u>	undated
		<u>Subtotal: \$700</u>	
Savings Bank Association	Non-Political	\$1,500	11/1/83
		<u>Post July 18 Total: \$2,200</u>	

850440544829

By way of answer to the Commission's notification that it had reason to believe that a violation had occurred, Lincoln supplied an affidavit by Harold A. Jones, the Senior Vice President of Lincoln. Mr Jones states that "[a]ll contributions made by the Bank, both prior to and after July 18, 1983, were intended to comply with . . . New York State law. The Bank was unaware that Federal law forbade the making of any political contributions until this was brought to its attention by [FHLBB]." This statement may be considered in mitigation of Lincoln's offense but it does not negate action by Lincoln in violation of 2 U.S.C. § 441b.

A. Lincoln's Pre-Federal Charter contributions

The General Counsel does not dispute that the \$100 contribution made to the "Committee to reelect Sal F. Albanese" was to a state candidate and thus not prohibited by the Act. Commission records disclose no federal candidate named "Albanese."

The "New York Republican County Committee" ("NYRCC") was listed as a federal committee in the General Counsel's factual and legal analysis supplied to Lincoln because Commission records indicated such a committee registered with the Commission. Lincoln's response that it believed the contribution was to a local candidate is partially supported by documentation and further investigation of Commission records. Investigation by the General Counsel's Office reveals that the NYRCC only registered as a federal committee in February 1984. The Lincoln

85040544830

3 5 0 4 0 5 4 4 8 3 1

exhibit is a copy of an invitation from the NYRCC which indicates that the event to which Lincoln contributed \$100, on February 3, 1983, was the "Gala Lincoln Day Dinner and Ball in Honor of Senator Richard Lugar, Chairman [RNSC] and Gertrude Hess Parker," a local political worker and executive secretary of the NYRCC. This invitation raises the possibility that Lincoln's \$100 was partially or wholly a contribution attributable to Senator Lugar, whose seat expires in 1988, either for retirement of 1982 campaign debts or for 1988 elections. Commission records, however, indicate that Senator Lugar had no campaign obligations outstanding in 1983 and registered as a candidate for election in 1988 in July, 1983. Based on this evidence, the General Counsel believes that Lincoln's contribution, made to the NYRCC while it was a state committee and not federally registered, was for local county party activities in sponsoring a testimonial and not for the purpose of influencing a federal election. Moreover, the NYRCC disclosed no receipts from Lincoln when it registered as a federal committee.

The "Brooklyn Democrats" Committee was listed as a federal committee in the General Counsel's factual and legal analysis supplied to Lincoln because Commission records indicated the registration of a committee called the "Brooklyn Democrats - Federal Campaign Account." Lincoln contends that its contribution "... went to buy a table at a dinner for William Garry, a local political worker." Documentation supplied by Lincoln tends to support its contention. Further, a check

of the reports of the Brooklyn Democrats - Federal Campaign Account, on file at the Commission, reveals no receipts from Lincoln. Considering these facts and that the Brooklyn Democrats include the words "Federal Campaign Account" in their name on their Statement of Organization filed with the Commission, the General Counsel believes that Lincoln's \$1,500, March 9, 1983 contribution was attributed to a state account. Thus the General Counsel believes that the contribution was not prohibited by the Act.

Lincoln contends that its contribution to the "Opera Renaissance Build" was to a "civic group, not a political committee". Although Lincoln supplied no documentary support for this contention, Commission records do not disclose any such named committee and, therefore, the General Counsel does not dispute this contention.

Lincoln contends that its contribution to the "Seergy Republican Club" was to a purely local group and thus not prohibited. Documentation supplied is in the form of a letter from the "Edmund G. Seergy Regular Republican Club, Inc., 8501 Seventh Avenue, Brooklyn, New York." The letter solicits funds for an annual dinner-dance celebrating the 29th anniversary of the organization and honoring two local members of the group. The letter also suggests that the group is engaged in some unspecified "community work" rather than supporting federal candidates. Commission records disclose no registration of a

8
5
0
4
0
5
4
4
8
3
2

committee with a similar name. Therefore, the General Counsel believes that no violation of the Act occurred by this contribution.

Lincoln contends that its contribution to "SABAPAC" was not prohibited because "... all funds of SABAPAC are used to support legislators holding state offices." Documentation provided is in the form of a solicitation letter from a Savings Bank Political Action Committee. The letter, signed by the Committee Chairman, Robert J. Nash, states that "since all SABAPAC funds are used to support legislators holding New York State offices, corporate contributions up to \$5,000 annually are a legitimate business expense" The General Counsel believes, therefore, that no violation occurred by this contribution.

B. Lincoln's Post Federal Charter Contributions

Lincoln contends that its contributions to the "Conservative Party of Kings County", the "Committee to elect Don Halperin" and the "Friends of Chris Mega" were made pursuant to state law because Lincoln was unaware at that time that the Act prohibited such contributions. Since Lincoln concedes a violation occurred, the General Counsel recommends that there is probable cause to believe that Lincoln violated 2 U.S.C. § 441b.

Lincoln contends that its contribution to "Gloria D'Amico" was to "yet another county-level organization which the bank thought fell within the purview of the state law." Gloria D'Amico was listed on the General Counsel's factual and legal

85040544833

analysis supplied to Lincoln because Commission indices disclosed registration of a candidate by that name in New York. Further investigation of Commission records reveals that Gloria D'Amico registered as a federal candidate on July 25, 1984. Her reports on file indicate that previously she was Chief Administrator of the Queens Board of Elections. Documentation provided by Lincoln is in the form of a letter from the "Democratic Organization of Queens County". The letter explains that, "[o]n . . . October 27, 1983 the Queens County Democratic Organization will hold [an] annual Pre-election Cocktail Party-Buffer" Commission records indicate no committee registered that is called the "Democratic Organization of Queens County" and Ms. D'Amico's reports disclose no receipts from Lincoln. The General Counsel believes that this letter indicates that the Democratic Organization is a local level political party committee supporting state and local candidates and, therefore, that Lincoln's September 29, 1983, contribution of \$100 was impermissible under Section 441b. No evidence indicates that Gloria D'Amico, as a federal candidate, received prohibited contributions from Lincoln. The General Counsel believes that her name was listed on Lincoln's daily transaction journal either because Lincoln's check for the cocktail party was made out to her as a known representative of the Queens County Democrats or because her name was associated with the Democratic Organization by Mr. Hardee.

Lincoln contends that it "was asked to make [a] contribution by the Savings Bank Association of New York State" to the

9504405444834

New York State Republican Committee and "... believed that the contribution was to a state committee." The General Counsel concludes that even if respondents were correct in their assumption, they would still be in violation of 2 U.S.C. § 441b as they may not make contributions in connection with state or federal elections. The documentation provided for this contribution is a letter from Howard St. John, Chairman of the Savings Bank Association of New York State's Committee on Government Relations. It is addressed to Mr. Covington Hardee (the former Lincoln Chairman). The letter indicates that Mr. St. John was soliciting contributions for the "New York Salute to Vice President and Mrs. George Bush." It indicates that this event was sponsored by the New York State Republican Committee and that all checks should be made payable to the New York State Republican Committee and sent to Mr. St. John at the address given for the Savings Bank Association of New York State. The available evidence does not explain whether Mr. St. John deposited the receipt into some account or forwarded them to the New York State Republican Committee.

The New York State Republican Committee was listed in the General Counsel's factual and legal analysis supplied to Lincoln as federally related because Commission records indicate that a committee called the New York Republican Federal Campaign Committee ("NYR-FCC") is registered under the Act. Investigation now reveals that no committee with the exact name, "New York State Republican Committee" is registered with the Commission.

The General Counsel believes, therefore, that the name "New York

85040544835

State Republican Committee" indicates that a state account may have been established to accept contributions for use in connection with statewide elections. Any contribution, however, by Lincoln to such a committee in October of 1983 would be impermissible under the Act.

Lincoln contends that its \$1,500 contribution to the "Savings Bank Association of New York State", "represented an assessment by [the Association] to help defray the cost of an advertisement placed to support the passage of an amendment to the New York State Constitution to allow mutual savings banks to convert to stock form [and] [t]hus, it should not be considered to be a political contribution at all." Lincoln submitted no documentation for this contention. The General Counsel believes that the Supreme Court has upheld activity of the nature asserted by respondents in First National Bank of Boston v. Bellotti, 435 U.S. 765 (1978). In Bellotti, the Court struck down a portion of a Massachusetts law which prohibited banks and corporations "from making contributions or expenditures for the purpose of . . . influencing . . . the vote on any question submitted to voters, other than one materially affecting any of the property, business or assets of the corporation." (435 U.S. 765, 768).

The "Savings Bank Association" was listed in the General Counsel's factual and legal analysis supplied to Lincoln as federally related because Commission records disclosed a registered committee called the Savings Bank Association of New York State. That committee reports its connected organization as the New York Savings Bank Association, the same organization

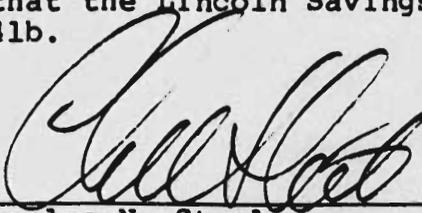
85040544836

Mr. St. John represents. Further investigation of that committee's records indicates that in 1983 its receipts came from transfers to it by an affiliated committee, Thrift PAC. It has disclosed no receipts from Lincoln. The General Counsel believes, therefore, that there is no probable cause to believe that Lincoln's \$1,500 disbursement was prohibited by the Act.

III. General Counsel's Recommendations

1. Find probable cause to believe that the Lincoln Savings Bank, FSB violated 2 U.S.C. § 441b.

16 April 1985
Date



Charles N. Steele
General Counsel

850440544837



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 25, 1985

Richard Denby, Supervisory Agent
Federal Home Loan Bank Board
One World Trade Center, Floor 103
New York, New York, 10048

Dear Mr. Denby:

This is in response to your letter of March 15, 1985, in which you request information pertaining to the matter referred by you for the Federal Home Loan Bank Board to the Commission.

The Federal Election Campaign Act prohibits any person from making public the fact of any notification or investigation by the Commission unless the party being investigated has agreed in writing that the matter be made public. (See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(a)). Because there has been no written agreement that the matter be made public, we are not in a position to release any information at this time.

As you were informed by letter of October 18, 1984, (copy attached) we will notify you as soon as the Commission determines what action should be taken.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure

85040544838

RECEIVED AT THE FEC

ACT # 6917

85 MAR 18 11: 22

Mar 18 92

Reyes

**FEDERAL HOME LOAN BANK BOARD
SUPERVISORY AGENT - SECOND DISTRICT**

ONE WORLD TRADE CENTER, FLOOR 103, NEW YORK, N. Y. 10048

FHLBB NO. 7408

March 15, 1985

Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

5 MAR 19 11: 20

Dear Mr. Gross:

This is in reference to our October 10, 1984 letter concerning possible violations of the Federal Election Campaign Act of 1971, as amended, by The Lincoln Savings Bank, FSB.

We shall appreciate learning the status of your investigation and the approximate date by which the Commission may act on this matter.

Very truly yours,

Richard Denby
Richard Denby
Supervisory Agent

85040544839

FEDERAL HOME LOAN BANK BOARD

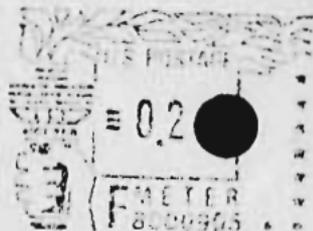
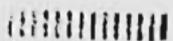
SUPERVISORY AGENT • SECOND DISTRICT

FLOOR 103

ONE WORLD TRADE CENTER

NEW YORK, NEW YORK 10048

85040544840



Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

05 MAR 18 P 1:28





RECEIVED
HAND DELIVERED
85 FEB 22 AM 11:47

ALISSA E. BALLOT
COUNSEL

February 21, 1985

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1892
The Lincoln Savings Bank, FSB

Dear Mr. Gross:

The Lincoln Savings Bank, FSB (the "Bank") is in receipt of your letter of February 11, 1985 informing it that the Federal Election Commission has determined that there is reason to believe that the Bank and Alton Marshall violated 2 U.S.C. §441b, a provision of the Federal Election Campaign Act of 1971, as amended.

In response to your letter, enclosed please find an affidavit of Harold A. Jones, Senior Vice President of the Bank, relating to this matter.

If you have any questions, please feel free to call.

Very truly yours,

Alissa E. Ballot

cc: Messrs. John Warren McGarry
Paul Reyes

Enclosure

85040544841



ACC # 6742
RECEIVED AT THE FEC
HAND DELIVERED
85 FEB 22 AM: 47

ALISSA E. BALLOT
COUNSEL

February 21, 1985

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1892
The Lincoln Savings Bank, FSB

Dear Mr. Gross:

The Lincoln Savings Bank, FSB (the "Bank") is in receipt of your letter of February 11, 1985 informing it that the Federal Election Commission has determined that there is reason to believe that the Bank and Alton Marshall violated 2 U.S.C. §441b, a provision of the Federal Election Campaign Act of 1971, as amended.

In response to your letter, enclosed please find an affidavit of Harold A. Jones, Senior Vice President of the Bank, relating to this matter.

If you have any questions, please feel free to call.

Very truly yours,

Alissa E. Ballot

cc: Messrs. John Warren McGarry
~~Paul Reyes~~

Enclosure

35040544842



AFFIDAVIT

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

I, Harold A. Jones, hereby certify that I am Senior Vice President of The Lincoln Savings Bank, FSB (the "Bank"), and hereby further certify the following:

1. I am fully familiar with the contributions made by the Bank as listed on page 3 of the General Counsel's Factual and Legal Analysis (the "Analysis").

2. Pursuant to Section 14-116 of the New York State Election Law, New York State - chartered savings banks are permitted to make political contributions to state and local political campaigns and organizations, up to a maximum of \$5,000.00 per year. The Bank operated under a New York State charter until July 18, 1983, when it converted to a federal charter. All contributions made by the Bank, both prior to and after July 18, 1983, were intended to comply with this New York State law. The Bank was unaware that federal law forbade the making of any political contributions until this was brought to its attention by the Federal Home Loan Bank Board examiners. As to specific contributions:

I. Pre-July 1983 Contributions:

(a) Contribution to Committee to re-elect Sal F. Albanese - 1/10/83 - \$100.00 - As noted in the Analysis, this

85040544843

contribution was to a state committee and was made prior to the Bank's conversion to federal charter. Thus, it complied with all applicable laws.

(b) Contribution to New York Republican County Committee - 2/3/83 - \$100.00 - See Exhibit A, attached. The Bank believed that this contribution was being made to a local committee, and thus that it complied with all applicable laws.

(c) Contribution to Brooklyn Democrats - 3/9/83 - \$1,500.00 - See Exhibit B. This contribution went to buy a table at a dinner for William Garry, a local political worker. Thus, the actual cost of the meal should be subtracted out of the aggregate amount of the contribution. Once again, since the dinner was for a local figure, the Bank believed it was contributing to a local committee.

(d) Contribution to Opera Renaissance Build (sic) - 4/6/83 - \$55.00 - This contribution was to a civic group, not a political committee.

(e) Contribution to Seergy Republican Club - 5/6/83 - \$35.00 - See Exhibit C. As you can see from Exhibit C, this is a purely local group, and this contribution therefore complied with all applicable laws.

(f) Contribution to SABAPAC - 5/31/83 - \$500.00 - See Exhibit D. As Exhibit D explicitly states, all funds of SABAPAC are used to support legislators holding state offices. Thus, this contribution complied with all applicable laws.

85040544841

II. Post-July 1983 contributions:

(a) Contributions to (i) Conservative Party of Kings County - 9/13/83 - \$50.00; (ii) Committee to elect Don Halperin - 9/14/83 - \$200.00; and (iii) Friends of Chris Mega - \$100.00 - As noted in the Analysis, these were all contributions to state committees, and were made pursuant to the state law referenced above, as the Bank was at that time unaware of the fact that the federal election laws forbade the making of such contributions.

(b) Contribution to Gloria D'Amico - 9/29/83 - \$100.00 - See Exhibit E. This was yet another county-level organization, which the Bank thought fell within the purview of the state law.

(c) Contribution to New York State Republican Committee - 10/18/83 - \$250.00 - See Exhibit F. The Bank was asked to make this contribution by the Savings Banks Association of New York State and believed that the contribution was to a state committee.

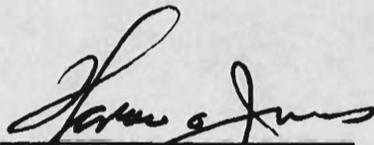
(d) Savings Banks Association of New York State 11/1/83 - \$1,500. This payment represented an assessment by the Savings Banks Association to help defray the cost of an advertisement placed to support the passage of an amendment to the New York State Constitution to allow mutual savings banks to convert to stock form. Thus, it should not be considered to be a political contribution at all.

III. Please note that at the time that all the contributions referred to in the Analysis were made, Alton G. Marshall

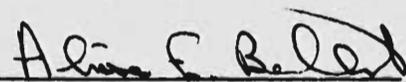
35040544845

was not the Chairman of the Board of the Bank. Mr. Marshall became the Chairman on March 15, 1984. Prior to that time, Covington Hardee was Chairman of the Bank.

Dated: February 20, 1985


Harold A. Jones

Sworn to before me
this 20th day of February, 1985


Notary Public

ALISSA E. BALLOY
NOTARY PUBLIC, State of New York
No. 4745329
Qualified in New York County
Term Expires March 30, 1985

85040344846

Senator Roy M. Goodman
Dina Merrill Robertson
Lionel Hampton

and

The New York
Republican County Committee

request the pleasure of your company

at their

Gala Lincoln Day Dinner and Ball

in Honor of

Senator Richard G. Lugar, Chairman
Republican National Senatorial Committee

and

Gertrude Hess Parker

for fifty years of dedicated service

Wednesday, the sixteenth of February

Nineteen Hundred and Eighty-three

at seven o'clock

The Waldorf - Astoria

Grand Ballroom

Black Tie

Subscription \$250

85040544847

Exhibit B



The Brooklyn Democrats

*cordially invite you
to participate in their*

Dinner

honoring

William J. Garry

*on Wednesday evening,
May twenty fifth*

*One thousand nine hundred and eighty-three
at six thirty o'clock*

*The Sheraton Centre
West 52nd Street and 7th Avenue
New York, New York*

*Subscription
One Hundred Fifty Dollars*

Dress Option

85040544848

The Edmund G. Seery



REGULAR REPUBLICAN CLUB, INC.

8501 SEVENTH AVENUE
BROOKLYN, N. Y. 11228

TE 6-7070

ANGELO J. ARCULEO, DISTRICT LEADER
ESTHER GARDELLA, CO-LEADER

Dear Friend:

Our annual dinner-dance on Friday, June 17, 1983 at the Claridge, chaired by Robert DiCarlo and Diane Picucci, celebrates the 29th anniversary of our organization.

This year we honor Ross Arena and Angela Canade, two hard-working, civic activist members of our board of governors, who have given many years of faithful service to our community.

As in the past years, we will be publishing our annual commemorative journal, which is being chaired by Paul Balukas and Thomas Strumolo, and we trust you will again assist us in ensuring its success. This is our main source of revenue to cover the expenses of the operation and maintenance of the organization and its community work.

Enclosed is advertisement blank and a copy of last year's ad. If there are no changes, please write "Repeat" on the form or attach your new copy and forward it to us as soon as possible. Our printing deadline is May 27.

Your generous support, which is very much appreciated, will enable us to continue contributing our share to the good and welfare of our community. Many thanks to you.

Sincerely yours,

Angelo Arculeo
ANGELO J. ARCULEO

Esther L. Gardella
ESTHER L. GARDELLA

AJA/ELG:gdp
Enclosures

85040544849

Exhibit D

SABAPAC SAVINGS BANKS POLITICAL ACTION COMMITTEE

*W/ \$500 -
cont. to
SABAPAC*

OFFICERS

May 19, 1983

Robert J. Nash
Chairman

Michael J. Henchy
Treasurer

COMMITTEE

E. Virgil Conway

Anthony P. Costa

B. Burdette Lee

Walter A. McDougal

William F. Olson

Gilbert O. Robert

Donald L. Thomas

Joseph C. Thomas

Dear Cuz:

The attitude in Albany this year toward addressing the needs of the Savings Banks Industry is a complete turnaround as far as the Governor's Office and the Assembly are concerned. As usual, we continue to receive the support of the Senate. Many of our Bills have passed both Houses and some have already become law. This year could turn out to be one of the most productive we have experienced.

Throughout this Spring, we have been bombarded with requests for contributions from many of our strongest supporters in both the Senate and Assembly. We feel obligated to respond to these appeals as a token of appreciation for their help with our program.

Now, we, ourselves, are forced to make an appeal---to each member of the Association. Our SABAPAC funds are exhausted and we can reasonably anticipate several additional solicitations. In addition, we should build up a small "kitty" to carry us through the year.

Since all SABAPAC funds are used to support legislators holding New York State offices, corporate contributions up to \$5,000 annually are a legitimate business expense permitted under current tax laws.

We need your help! You have been responsive in the past---I hope you will be once more.

Cordially

Bob

Mr. Covington Hardee
Chairman
The Lincoln Savings Bank
200 Park Avenue
New York, New York 10166

ADDRESS
P.O. BOX 524
GRAND CENTRAL STATION
NEW YORK, NEW YORK
10017

P.S. Please make checks payable to SABAPAC and send them c/o Savings Banks Political Action Committee to the address indicated in lower left corner.

85040544850

DEMOCRATIC ORGANIZATION
OF QUEENS COUNTY
72-50 AUSTIN STREET
FOREST HILLS, N. Y. 11375

Manes
9/100-
Contrib
(Poll)
Exhibit E

MANES
EXECUTIVE COMMITTEE

September 12, 1983

Dear Friend:

On Thursday evening, October 27, 1983, the Queens County Democratic Organization will hold our annual Pre-election Cocktail Party-Buffer, at Antun's in Queens Village, N.Y. - 6 p.m. Contribution \$50.00 per person.

Donald Manes, our County Chairman, has asked us to put together an evening of music, fine food and entertainment and at the same time help our organization. We are therefore asking for your support.

The form below is for your convenience. Please fill out same and return to Queens County Democratic Organization, 72-50 Austin Street, Forest Hills, N.Y. 11375. Attention: Helen Marshall or John Sabini.

Thanking you in advance for your cooperation and looking forward to greeting you on the 27th of October, we remain,

John Sabini
JOHN SABINI
Chairperson

Sincerely,

Helen Marshall
HELEN MARSHALL
Chairperson

85040544851



SAVINGS BANKS ASSOCIATION OF NEW YORK STATE
200 PARK AVENUE · NEW YORK, N. Y. 10166 · AREA CODE 212 598-8900

Exhibit F

September 30, 1983

HAS
?
C

Mr. Covington Hardee
Chairman
The Lincoln Savings Bank
200 Park Avenue
New York, New York 10166

Dear Cuz:

Every once in awhile we are called upon to help our friends in politics. This is one of those times.

I have been asked to serve as the industry chairman for the NEW YORK SALUTE TO VICE PRESIDENT AND MRS. GEORGE BUSH which will be held at the Grand Hyatt Hotel in New York City on October 24, 1983 at 6:30 p.m.

The dinner is being sponsored by the New York State Republican Committee and the co-chairmen are Majority Leader of the Senate, Warren Anderson and Minority Leader of the Assembly, Clarence Rappleyea. Tickets are \$500 each. I would appreciate it very much if you could purchase at least one ticket and ATTEND the gala affair. I realize that this may not be possible. Therefore, in lieu of purchasing a full ticket would you help us by making a contribution so we can assemble enough money to put together several tables representative of the savings banks of New York State. We will insure that you will be credited with any contribution you make. All checks should be made payable to the New York State Republican Committee and sent to me at the Association's New York City office (200 Park Avenue, New York, New York 10166) as soon as possible.

I know you appreciate how difficult it is for me to solicit you at this time. I would not do so if I did not feel it was important. I am grateful for any help you can give me in this endeavor. Thank you.

send to

Sincerely,

Jack

Howard St. John, Chairman
Committee on Government Relations

85040544852



9 3 7 4 0 5 4 4 8 5 3

Mr. Paul Reyes
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

RECEIVED
85 FEB 22 AM 11:50

GEORGE D. SALERNO

Chairman

R. WELLS STOUT
Vice Chairman

DONALD A. RETTALIATA
Commissioner

THOMAS J. SULLIVAN
Commissioner



STATE OF NEW YORK

STATE BOARD OF ELECTIONS

P.O. BOX 4
ONE COMMERCE PLAZA
ALBANY, NY 12260

October 17, 1984

RECEIVED AT THE FEC
GCC #5264
84 OCT 22

THOMAS W. WALLACE
Executive Director
GEORGE V. PALMER
Asst. Executive Director

DONALD J. McCARTHY, JR.
Counsel-Enforcement

THOMAS P. ZOLEZZI
Special Counsel

Pre. mail
133

14 OCT 22 P 3: 06

Mr. Paul Rayes
Federal Election Commission
Office of General Counsel
1325 K Street NW
Washington, D.C. 20463

Dear Mr. Rayes:

Enclosed are copies of the committee registration statements per your phone call of October 12. The following committees, whose registration statements you asked for, are not registered with us:

- 1) Kings County Conservative Party
- 2) Opera Renaissance Building
- 3) Seergy Republican Club

The Committee to Elect Sal F. Albanese was registered with us in 1978, however their reports are no longer on file. All reports are destroyed after a period of five years.

If you have any questions, please call me at (518)474-8796.

Sincerely,

Frank D. Polsinello, Chief
Bureau of Election Law Enforcement

By James Lane

Assistant Accountant
Bureau of Election Law Enforcement

JL:kd

85040544854

STATE OF NEW YORK
BOARD OF ELECTIONS
COMMITTEE DESIGNATION OF TREASURER AND DEPOSITORY
Section 14-118 of the Election Law
(See instructions on reverse side)

1/6/84

T.P. ID. ch

COPIED

844MPAC17
12/13

New Registration
Amended Registration
Continued Registration

Election year of campaign

1984

Committee identification
(to be assigned by board)

844MPAC17

A. Name of committee: Savings Banks Political Action Committee

B. Treasurer: Full Name Michael J. Henchy

Res. Address The Greater New York Savings Bank

One Penn Plaza, New York, N.Y. Zip 10119

Res. Tel. No.

Savings Banks Trust Co. - 200 Park Ave., New York, N.Y.

C. Depository: Name of Bank Irving Trust Company

Address Park Avenue at 42nd Street

New York, New York Zip 10017

D. Candidate(s) to be supported:

OFFICE AND DISTRICT	FIRST NAME AND MIDDLE INITIAL OF CANDIDATE	LAST NAME OF CANDIDATE
15		
10		
9		
8		
4		
0		
0		
0		
0		

KEYPUNCHED

NOV 20 1983

LAC

KEYPUNCHED

NOV 23 1983

TMP

E. Ballot issue(s) to be supported or opposed:

- _____
- _____

F. Person(s) other than treasurer authorized to sign checks:

Full Name 1. Anthony P. Costa

2. _____

Res. Address Inter-County Savings Bank

29 Main Street

New Paltz, N.Y. Zip 12561

Signature Anthony P. Costa

NEW YORK STATE

The above information is true to the best of my knowledge and belief.

Nov. 14, 1983

Date

Michael J. Henchy

Signature of Treasurer

STATE OF NEW YORK
BOARD OF ELECTIONS
COMMITTEE DESIGNATION OF TREASURER AND DEPOSITORY
Section 14-118 of the Election Law
(See instructions on reverse side)

6/14/84 KEYPUNCHED

JUN 21 1984

COPIED

TMP
Committee Identification
(to be assigned by board)

New Registration
Amended Registration
Continued Registration

Election year of campaign
1984

031002100
841502309

A. Name of committee: Friends Of Chris Mega

B. Treasurer: *Robert W. Capece*
Full Name Robert W. Capece
Res. Address 500 High Point Drive
Hartsdale, N.Y. Zip 10530
Res. Tel. No. 914 428 8593

C. Depository: Name of Bank Manufacturers Hanover Trust Co
Address 7510 5th Avenue
Brooklyn, N.Y. Zip 11209

OFFICE AND DISTRICT	FIRST NAME AND MIDDLE INITIAL OF CANDIDATE	LAST NAME OF CANDIDATE
1. <u>State Senate 23</u>	<u>Christopher J</u>	<u>Mega</u>
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

E. Ballot issue(s) to be supported or opposed:
1. NONE JUN 20 1984 JUN 20 1984

TMP RECEIVED STATE BOARD OF ELECTIONS JR

F. Person(s) other than treasurer authorized to sign checks:
Full Name 1. Christopher J. Mega
Res. Address 1022 80 Street
Brooklyn, N.Y. Zip 11228
Signature *Christopher J. Mega*
2. JUN 14 1984
NEW YORK STATE Zip _____

The above information is true to the best of my knowledge and belief.

June 1, 1984
Date

Robert W. Capece
Signature of Treasurer

11/7/83

T ADI 82150181

KEYPUNCHED
STATE OF NEW YORK
BOARD OF ELECTIONS
COMMITTEE DESIGNATION OF TREASURER AND DEPOSITORY
Section 14-118 of the Election Law
(See instructions on reverse side)

COPIED

841501810

Committee Identification
(to be assigned by board)

New Registration
Amended Registration
Continued Registration

Election year of campaign

1984

~~XXXXXXXXXX~~

A. Name of committee: Committee To Elect Don Halperin

B. Treasurer: Full Name Gladys Halperin
Res. Address 118 HASTINGS ST.
BROOKLYN, New York Zip 11231
Res. Tel. No. 212-648-9073

KEYPUNCHED

C. Depository: Name of Bank Manufacturers Hanover Trust Co.
Address 2623 East 17th St
BROOKLYN, New York Zip 11231

DEC 27 1982

WBF

D. Candidate(s) to be supported:

OFFICE AND DISTRICT

FIRST NAME AND MIDDLE INITIAL
OF CANDIDATE

LAST NAME OF CANDIDATE

1. <u>State Senate</u>	<u>Donald M.</u>	<u>Halperin</u>
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

NYS... ELEC...
82 NOV 20 AM 1:06

E. Ballot Issue(s) to be supported or opposed:

1. None
2. _____

KEYPUNCHED

DEC 27 1982

F. Person(s) other than treasurer authorized to sign checks:

Full Name 1. Jack Benson 2. LAC
Res. Address 1839 Gerritsen Ave
BROOKLYN N.Y. Zip 11229
Signature Jack Benson

The above information is true to the best of my knowledge and belief.

Dec 13, 1982

Gladys Halperin

85040544857

ACC # 6757



RECEIVED
OFFICE OF THE FEDERAL
ELECTION COMMISSION SECRETARY

85 FEB 25 A10:30

ALISSA E. BALLOT
COUNSEL

February 21, 1985

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1892
The Lincoln Savings Bank, FSB

Dear Mr. Gross:

The Lincoln Savings Bank, FSB (the "Bank") is in receipt of your letter of February 11, 1985 informing it that the Federal Election Commission has determined that there is reason to believe that the Bank and Alton Marshall violated 2 U.S.C. §441b, a provision of the Federal Election Campaign Act of 1971, as amended.

In response to your letter, enclosed please find an affidavit of Harold A. Jones, Senior Vice President of the Bank, relating to this matter.

If you have any questions, please feel free to call.

Very truly yours,

Alissa E. Ballot

cc: Messrs. ~~John Warren McGarry~~
Paul Reyes

Enclosure

85040544858

5040544859

Mr. John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

HAND DELIVER
85 FEB 22 AM: 40

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The Lincoln Savings Bank, FSB) Pre-MUR 133
Alton Marshall, Chairman and CEO)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 8, 1985, the Commission decided by a vote of 6-0 to take the following actions in Pre-MUR 133:

1. Open a MUR.
2. Find reason to believe that the Lincoln Savings Bank, FSB, and Alton G. Marshall, as Chief Executive Officer, violated 2 U.S.C. § 441b.
3. Approve the letter with General Counsel's Factual and Legal Analysis attached to the First General Counsel's Report signed February 4, 1985.

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

Attest:

2-11-85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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

2-6-85, 12:59
2-6-85, 4:00

85040544860



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 11, 1985

pm
2/11/85

Mr. Alton G. Marshall, Chief
Executive Officer
Lincoln Savings Bank, FSB
200 Park Ave.
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB
Mr. Alton G. Marshall, Chief
Executive Officer

Dear Mr. Marshall:

On February 8, 1985, the Federal Election Commission determined that there is reason to believe you, as Chief Executive Officer, and the Lincoln Savings Bank, FSB, violated 2 U.S.C. § 441b, 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 and the Bank. 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, 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 and the Bank, 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

35040544861

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 Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

John Warren McGarry ✓
Chairman

Enclosures

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

85040544862



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 11, 1985

Mr. Alton G. Marshall, Chief
Executive Officer
Lincoln Savings Bank, FSB
200 Park Ave.
New York, New York 10166

RE: MUR 1892
Lincoln Savings Bank, FSB
Mr. Alton G. Marshall, Chief
Executive Officer

Dear Mr. Marshall:

On February 8, 1985, the Federal Election Commission determined that there is reason to believe you, as Chief Executive Officer, and the Lincoln Savings Bank, FSB, violated 2 U.S.C. § 441b, 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 and the Bank. 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, 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 and the Bank, 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

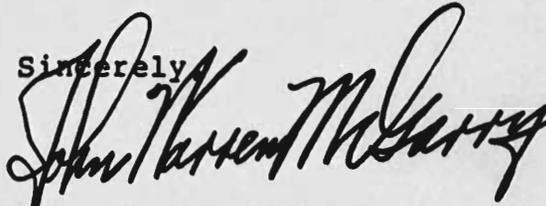
85040544853

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 Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,



John Warren McGarry
Chairman

Enclosures

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

85040544861

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Lincoln Savings Bank and Alton G. Marshall, as C.E.O.

MUR No. 1892

SUMMARY OF ALLEGATIONS

An examination by the Federal Home Loan Bank Board revealed that the Lincoln Savings Bank, FSB, in New York, had made what the Board described as \$4,490 in political contributions during the period from January 10, 1983 to November 1, 1983. Thus the Board referred this matter to the Commission as a possible violation of 2 U.S.C. § 441b.

FACTUAL AND LEGAL ANALYSIS

Section 441b, of Title 2, United States Code, provides that, "it is unlawful for any national bank or any corporation organized by authority of any law of Congress to make political contributions in connection with state or federal elections. Section 441b also prohibits officers of such organizations from consenting to the making of political contributions in connection with federal elections. While all corporations are prohibited by Section 441b from making contributions to federal candidates, many states, including New York, permit the use of limited corporate treasury funds in connection with state elections. Section 441b further provides that no candidate, political committee, or other person may knowingly accept or receive contributions prohibited by this section.

Lincoln appears to be a federally incorporated savings bank¹/ established under the Federal Home Loan Bank Act,

¹/ The Lincoln Savings Bank, FSB, does not appear to qualify as a national bank under The National Bank Act, codified at 12 U.S.C. §§ 21-215b. Federal Savings institutions are treated differently than national banks under federal law. See National State Bank, Elizabeth, N.J. v. Long, 630 F.2d 981,989 (1980).

85040544865

codified at 12 U.S.C. §§ 1421-1499 and, therefore, prohibited from making contributions in connection with any election by section 441b. The Board indicated that Lincoln attained the status of a federal bank on July 18, 1983. Prior to that time it was apparently incorporated under New York State law and thus prohibited from making contributions to federal (but not state) candidates by Section 441b.

According to the letter from the Board, Lincoln may have made \$2,100 in contributions to federally registered political committees prior to July 18, 1983 and thus before becoming a federal banking institution but while incorporated under state law. After July 18, 1983, according to the Board's letter, Lincoln may have contributed a total of \$2,200 to a combination of federal and non-federal candidates and political committees. Lincoln's expenditures were discovered on the bank's daily "transaction journal". According to Commission records, Lincoln does not support a separate segregated fund.

Some of the items that the Board called "political contributions" appear to be more in the nature of civic good-deed donations, e.g., the "Opera Renaissance Build". Therefore, at this time there is no evidence before the Commission indicating that the recipients knowingly accepted prohibited contributions. Accordingly, this office proposes to hold in abeyance any reason to believe recommendations against the recipients of the asserted contributions until the Bank has had a chance to respond to a reason to believe notification. Lincoln's contributions are summarized as follows:

85040544866

Description	Federal/State Candidate or Committee	Amt Rec'd	Date
Committee to reelect Sal F. Albanese	S	\$100	1/10/83
N.Y. Republican County Committee	F	\$100	2/3/83
Brooklyn Democrats	F	\$1,500	3/9/83
Opera Renaissance Build	?	\$55	4/6/83
Seergy Republican Club	?	\$35	5/6/83
SABAPAC	?	\$500	5/31/83
[Lincoln becomes a Federally Chartered bank 7/18/83.]			
Conservative Party of Kings County	S	\$50	9/13/83
Committee to elect Don Halperin	S	\$200	9/14/83
Gloria D'Amico	F	\$100	9/29/83
New York State Republican Committee	F	\$250	10/18/83
Friends of Chris Mega	S	\$100	undated
Savings Bank Association	F	\$1,500	11/1/83
		\$2,200	

According to the Board's referral, Lincoln has explained that the contributions resulted from Lincoln's adherence to guidelines applicable to state chartered savings banks, which reportedly allowed contributions of up to \$5,000 per annum. Moreover, the Home Loan Board says that Lincoln's board of trustees assured the Board that the bank has been in full

85040544867

compliance with the prohibition against contributions or expenditures to political candidates since attention first was called to this matter during the December 1983 Home Loan Board Examination. Further, the Board says, it has no reason to believe that the contributions in question are attributable to anything other than unfamiliarity with the guidelines applicable to Federally chartered financial institutions.

Based on the facts presented by the Federal Home Loan Bank Board's letter to the Commission, this Office recommends that the Commission find reason to believe that the Lincoln Savings Bank, FSB, and Alton G. Marshall, as Chief Executive Officer, violated 2 U.S.C. § 441b.

85040544863



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *Cut*
DATE: February 6, 1985
SUBJECT: PRE-MUR 133 - First 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	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
Sensitive	<input checked="" type="checkbox"/>	Audit Matters	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Litigation	<input type="checkbox"/>
24 Hour No Objection	<input type="checkbox"/>	Closed MUR Letters	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>	Status Sheets	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Advisory Opinions	<input type="checkbox"/>
Information	<input type="checkbox"/>	Other (see distribution below)	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>		
Non-Sensitive	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

85040544867

SENSITIVE

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

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

05 FEB 6 12: 59

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL Pre-MUR # 133
BY OGC TO THE COMMISSION 2/6/85-1:00 STAFF MEMBER Reyes

SOURCE OF PRE-MUR Referred from the Federal Home Loan
Bank Board

RESPONDENT'S NAME: The Lincoln Savings Bank, FSB;
Alton Marshall, Chairman and CEO

RELEVANT STATUTE: 2 U.S.C. § 441b

INTERNAL REPORTS CHECKED: Recipient Committee Reports

FEDERAL AGENCIES CHECKED: Federal Home Loan Bank Board--
Second District (New York)

GENERATION OF MATTER

On October 15, 1984, the Federal Home Loan Bank Board (the "Board") referred this matter to the Commission following a routine examination of the books of the Lincoln Savings Bank ("Lincoln") in New York.

SUMMARY OF ALLEGATIONS

An examination by the Board revealed that Lincoln had made what the Board described as \$4,490 in political contributions during the period from January 10, 1983 to November 1, 1983. Thus the Board referred this matter to the Commission as a possible violation of 2 U.S.C. § 441b

FACTUAL AND LEGAL ANALYSIS

Section 441b, of Title 2, United States Code, provides that, "it is unlawful for any national bank or any corporation organized by authority of law of Congress to make" political contributions in connection with State or federal elections.

35040544870

Section 441b also prohibits officers of such organizations from consenting to the making of political contributions in connection with federal elections. While all corporations are prohibited by Section 441b from making contributions to federal candidates, many states, including New York, permit limited corporate treasury funds to be used in connection with state elections. Section 441b further provides that no candidate, political committee, or other person may knowingly accept or receive contributions prohibited by this section.

Lincoln appears to be a federally incorporated savings bank 1/ established under the Federal Home Loan Bank Act, codified at 12 U.S.C. §§ 1421-1499 and, therefore, prohibited from making contributions in connection with any election by section 441b. The Board indicated that Lincoln attained the status of a federal bank on July 18, 1983. Prior to that time it was apparently incorporated under New York State law and thus prohibited from making contributions to federal (but not state) candidates by Section 441b.

According to the letter from the Board, Lincoln may have made \$2,100 in contributions to federally registered political committees prior to July 18, 1983 and thus before becoming a federal banking institution but while incorporated under state law. After July 18, 1983, according to the Board's letter,

1/ The Lincoln Savings Bank, FSB, does not appear to qualify as a national bank under The National Bank Act, codified at 12 U.S.C. §§ 21-215b. Federal Savings institutions are treated differently than national banks under federal law. See National State Bank, Elizabeth, N.J. v. Long, 630 F.2d 981,989 (1980)

8504054487

Lincoln may have contributed a total of \$2,200 to a combination of federal and non-federal candidates and political committees. Lincoln's expenditures were discovered on the bank's daily "transaction journal". According to Commission records, Lincoln does not support a separate segregated fund.

Some of the items that the Board called "political contributions" appear to be more in the nature of civic good-deed donations, e.g., the "Opera Renaissance Build". Therefore, at this time, there is no evidence before the Commission indicating that the recipients knowingly accepted prohibited contributions. Accordingly, this office proposes to hold in abeyance any reason to believe recommendations against the recipients of the asserted contributions until the Bank has had a chance to respond to a reason to believe notification. Lincoln's contributions are summarized as follows:

Description	Federal/State Candidate or Committee	Amt Rec'd	Date
Committee to reelect Sal F. Albanese	S	\$100	1/10/83
N.Y. Republican County Committee	F	\$100	2/3/83
Brooklyn Democrats	F	\$1,500	3/9/83
Opera Renaissance Build	?	\$55	4/6/83
Seergy Republican Club	?	\$35	5/6/83
SABAPAC	?	\$500	5/31/83
		\$2,290	

93040344872

[Lincoln becomes a Federally Chartered bank 7/18/83.]

Description	Federal/State Candidate or Committee	Amt Rec'd	Date
Conservative Party of Kings County	S	\$50	9/13/83
Committee to elect Don Halperin	S	\$200	9/14/83
Gloria D'Amico	F	\$100	9/29/83
New York State Republican Committee	F	\$250	10/18/83
Friends of Chris Mega	S	\$100	undated
Savings Bank Association	F	\$1,500	11/1/83
		<hr/>	
		\$2,200	

According to the Board's referral, Lincoln has explained that the contributions resulted from Lincoln's adherence to guidelines applicable to state chartered savings banks, which reportedly allowed contributions of up to \$5,000 per annum. Moreover, the Home Loan Board says that Lincoln's board of trustees assured the Board that the bank has been in full compliance with the prohibition against contributions or expenditures to political candidates since attention first was called to this matter during the December 1983 Home Loan Board Examination. Further, the Board says, it has no reason to believe that the contributions in question are attributable to anything other than unfamiliarity with the guidelines applicable to Federally chartered financial institutions.

35040544875

Based on the facts presented by the Federal Home Loan Bank Board's letter to the Commission, this Office recommends that the Commission find reason to believe that the Lincoln Savings Bank, FSB, and Alton G. Marshall, as Chief Executive Officer, violated 2 U.S.C. § 441b.

RECOMMENDATION

1. Open a MUR.
2. Find reason to believe that the Lincoln Savings bank, FSB, and Alton G. Marshall, as Chief Executive Officer, violated 2 U.S.C. § 441b.
3. Approve attached letter with General Counsel's Factual and Legal Analysis.

February 4, 1985
Date

Charles N. Steele
General Counsel

BY:

Kenneth A. Gross
Associate General Counsel

Attachments:

Proposed Letter with Factual and Legal Analysis
Referral Materials

85040544874

RECEIVED BY TELETYPE
FCC#S127
OCT 15 10:15

FEDERAL HOME LOAN BANK BOARD
SUPERVISORY AGENT - SECOND DISTRICT

ONE WORLD TRADE CENTER FLOOR 103 NEW YORK N.Y. 10048

FHLBB NO.

October 10, 1984

4pm
133

OCT 15 11:17 AM
GENERAL INVESTIGATIVE DIVISION

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

Gentlemen:

The purpose of this letter is to refer to your attention possible violations of the Federal Election Campaign Act of 1971, as amended, by The Lincoln Savings Bank, FSB, 200 Park Avenue, New York, New York 10166. Mr. Alton G. Marshall is the bank's Chairman of the Board and Chief Executive Officer.

A Federal Home Loan Bank Board Examination of the subject institution as of December 16, 1983 disclosed that political contributions of \$4,490 were made during the period from January 10, 1983 to November 1, 1983. These contributions, as identified in the bank's daily transactions journal, are summarized below:

<u>Date</u>	<u>Amount (\$)</u>	<u>Description</u>
1/10/83	100	Committee to reelect Sal F. Albanese
2/3/83	100	N.Y. Republican County Committee
3/9/83	1,500	Brooklyn Democrats
4/6/83	55	Opera Renaissance Build
5/6/83	35	Seergy Republican Club
5/31/83	500	SABAPAC
9/13/83	50	Conservative Party of Kings County
9/14/83	200	Committee to elect Don Halperin

Attachment 1

85040544875

October 10, 1984

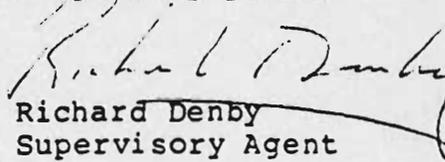
<u>Date</u>	<u>Amount (\$)</u>	<u>Description</u>
9/29/83	100	Gloria D'Amico
10/18/83	250	New York State Republican Committee
Undated	100	Friends of Chris Mega
11/1/83	1,500	Savings Bank Association

This matter also was brought to the attention of the bank's board of trustees. The board informed us that the contributions resulted from Lincoln's adherence to guidelines applicable to state chartered savings banks, which reportedly allowed contributions of up to \$5,000 per annum. While we are not in a position to comment upon regulations promulgated by the New York State Banking Board, we can confirm that Lincoln converted from a state to a Federal chartered savings bank on July 18, 1983.

Lincoln's board of trustees assured us the bank has been in full compliance with the prohibition against contributions or expenditures to political candidates since attention first was called to this matter during the December 1983 Examination. Further, we have no reason to believe that the contributions in question are attributable to anything other than unfamiliarity with the guidelines applicable to Federal chartered financial institutions.

We would appreciate hearing from you concerning whatever action your office may consider in connection with this matter, and ask that you provide us with copies of all relevant correspondence with the bank. Please feel free to call should you have any questions or require additional information.

Very truly yours,


Richard Denby
Supervisory Agent

35040544876



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Alton G. Marshall, Chief
Executive Officer
Lincoln Savings Bank, FSB
200 Park Ave.
New York, New York 10166

RE: MUR _____
Lincoln Savings Bank, FSB
Mr. Alton G. Marshall, Chief
Executive Officer

Dear Mr. Marshall:

On January , 1985, the Federal Election Commission determined that there is reason to believe you, as Chief Executive Officer, and the Lincoln Savings Bank, FSB violated 2 U.S.C. § 441b, 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 and the Bank. 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, 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 and the Bank, 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

Attachment 2

85040544877

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 Paul Reyes, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosures

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

8 5 0 4 0 5 4 4 8 7 8

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT _____

MUR No. _____

SUMMARY OF ALLEGATIONS

An examination by the Federal Home Loan Bank Board revealed that the Lincoln Savings Bank, FSB, in New York, had made what the Board described as \$4,490 in political contributions during the period from January 10, 1983 to November 1, 1983. Thus the Board referred this matter to the Commission as a possible violation of 2 U.S.C. § 441b

FACTUAL AND LEGAL ANALYSIS

Section 441b, of Title 2, United States Code, provides that, "it is unlawful for any national bank or any corporation organized by authority of any law of Congress to make political contributions in connection with state or federal elections. Section 441b also prohibits officers of such organizations from consenting to the making of political contributions in connection with federal elections. While all corporations are prohibited by Section 441b from making contributions to federal candidates, many states, including New York, permit the use of limited corporate treasury funds in connection with state elections. Section 441b further provides that no candidate, political committee, or other person may knowingly accept or receive contributions prohibited by this section.

Lincoln appears to be a federally incorporated savings bank^{1/} established under the Federal Home Loan Bank Act,

^{1/} The Lincoln Savings Bank, FSB, does not appear to qualify as a national bank under The National Bank Act, codified at 12 U.S.C. §§ 21-215b. Federal Savings institutions are treated differently than national banks under federal law. See National State Bank, Elizabeth, N.J. v. Long, 630 F.2d 981,989 (1980)

85040544879

codified at 12 U.S.C. §§ 1421-1499 and, therefore, prohibited from making contributions in connection with any election by section 441b. The Board indicated that Lincoln attained the status of a federal bank on July 18, 1983. Prior to that time it was apparently incorporated under New York State law and thus prohibited from making contributions to federal (but not state) candidates by Section 441b.

According to the letter from the Board, Lincoln may have made \$2,100 in contributions to federally registered political committees prior to July 18, 1983 and thus before becoming a federal banking institution but while incorporated under state law. After July 18, 1983, according to the Board's letter, Lincoln may have contributed a total of \$2,200 to a combination of federal and non-federal candidates and political committees. Lincoln's expenditures were discovered on the bank's daily "transaction journal". According to Commission records, Lincoln does not support a separate segregated fund.

Some of the items that the Board called "political contributions" appear to be more in the nature of civic good-deed donations, e.g., the "Opera Renaissance Build". Therefore, at this time there is no evidence before the Commission indicating that the recipients knowingly accepted prohibited contributions. Accordingly, this office proposes to hold in abeyance any reason to believe recommendations against the recipients of the asserted contributions until the Bank has had a chance to respond to a reason to believe notification. Lincoln's contributions respondents are summarized as follows:

35040544830

Description	Federal/State Candidate or Committee	Amt Rec'd	Date
Committee to reelect Sal F. Albanese	S	\$100	1/10/83
N.Y. Republican County Committee	F	\$100	2/3/83
----- Brooklyn Democrats	F	\$1,500	3/9/83
----- Opera Renaissance Build	?	\$55	4/6/83
Seergy Republican Club	?	\$35	5/6/83
SABAPAC	?	\$500	5/31/83
----- [Lincoln becomes a Federally Chartered bank 7/18/83.]			
Conservative Party of Kings County	S	\$50	9/13/83
Committee to elect Don Halperin	S	\$200	9/14/83
Gloria D'Amico	F	\$100	9/29/83
New York State Republican Committee	F	\$250	10/18/83
Friends of Chris Mega	S	\$100	undated
Savings Bank Association	F	\$1,500	11/1/83
		----- \$2,200	

According to the Board's referral, Lincoln has explained that the contributions resulted from Lincoln's adherence to guidelines applicable to state chartered savings banks, which reportedly allowed contributions of up to \$5,000 per annum. Moreover, the Home Loan Board says that Lincoln's board of trustees assured the Board that the bank has been in full

65040544331

compliance with the prohibition against contributions or expenditures to political candidates since attention first was called to this matter during the December 1983 Home Loan Board Examination. Further, the Board says, it has no reason to believe that the contributions in question are attributable to anything other than unfamiliarity with the guidelines applicable to Federally chartered financial institutions.

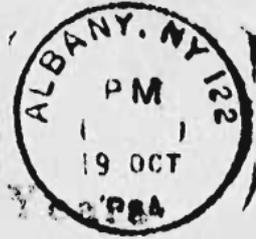
Based on the facts presented by the Federal Home Loan Bank Board's letter to the Commission, this Office recommends that the Commission find reason to believe that the Lincoln Savings Bank, FSB, and Alton G. Marshall, as Chief Executive Officer, violated 2 U.S.C. § 441b.

85040544832

AFTER 5 DAYS RETURN TO
STATE OF NEW YORK
STATE BOARD OF ELECTIONS



P.O. BOX 4
ONE COMMERCE PLAZA
ALBANY, NY 12260



VOTE
Protect 200 Years
Of Democracy



Mr. Paul Rayes
Federal Election Commission
Office of General Counsel
1325 K Street NW
Washington, D.C. 20463

1984 OCT 19





FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 18, 1984

Richard Denby
Supervisory Agent
Federal Home Loan
Bank Board
One World Trade Center
Floor 103
New York, New York 10048

Re: Pre-MUR 133

Dear Mr. Denby:

This is to acknowledge receipt of your letter of October 10, 1984 advising us of the possibility of a violation of the Federal Election Campaign Act of 1971, as amended, (the "Act") by the Lincoln Savings Bank, FSB, 200 Park Avenue, New York, New York. We are currently reviewing the matter and will advise of the Commission's determination.

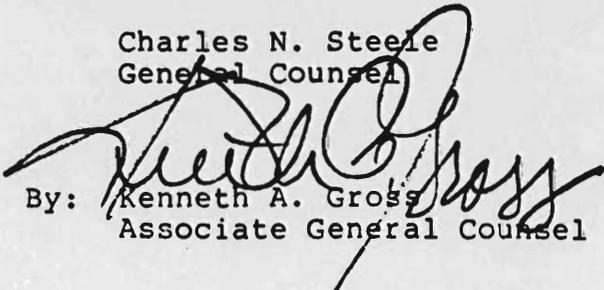
Due to the confidentiality requirement of the Act, at 2 U.S.C. §437g(a)(12), we will not be able to send you copies of relevant correspondence, as requested, until this matter is finally resolved.

If you have any questions or additional information, please call Paul Reyes, the staff person assigned to this matter, at (202) 523-4000.

Pursuant to 2 U.S.C. § 437g(a)4(B) and § 437g(a)(12)(A), the Commission's review of this matter shall remain confidential.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

85040544834

RECEIVED AT THE FEC
GCC#8127
84 OCT 15 AM: 10

FEDERAL HOME LOAN BANK BOARD
SUPERVISORY AGENT - SECOND DISTRICT

ONE WORLD TRADE CENTER, FLOOR 103, NEW YORK, N. Y. 10048

FHLBB NO.

October 10, 1984

PM
133

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
14 OCT 15 AM: 17

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

Gentlemen:

The purpose of this letter is to refer to your attention possible violations of the Federal Election Campaign Act of 1971, as amended, by The Lincoln Savings Bank, FSB, 200 Park Avenue, New York, New York 10166. Mr. Alton G. Marshall is the bank's Chairman of the Board and Chief Executive Officer.

A Federal Home Loan Bank Board Examination of the subject institution as of December 16, 1983 disclosed that political contributions of \$4,490 were made during the period from January 10, 1983 to November 1, 1983. These contributions, as identified in the bank's daily transactions journal, are summarized below:

<u>Date</u>	<u>Amount (\$)</u>	<u>Description</u>
1/10/83	100	Committee to reelect Sal F. Albanese
2/3/83	100	N.Y. Republican County Committee
3/9/83	1,500	Brooklyn Democrats
4/6/83	55	Opera Renaissance Build
5/6/83	35	Seergy Republican Club
5/31/83	500	SABAPAC
9/13/83	50	Conservative Party of Kings County
9/14/83	200	Committee to elect Don Halperin

85040544835

October 10, 1984

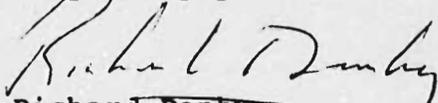
<u>Date</u>	<u>Amount (\$)</u>	<u>Description</u>
9/29/83	100	Gloria D'Amico
10/18/83	250	New York State Republican Committee
Undated	100	Friends of Chris Mega
11/1/83	1,500	Savings Bank Association

This matter also was brought to the attention of the bank's board of trustees. The board informed us that the contributions resulted from Lincoln's adherence to guidelines applicable to state chartered savings banks, which reportedly allowed contributions of up to \$5,000 per annum. While we are not in a position to comment upon regulations promulgated by the New York State Banking Board, we can confirm that Lincoln converted from a state to a Federal chartered savings bank on July 18, 1983.

Lincoln's board of trustees assured us the bank has been in full compliance with the prohibition against contributions or expenditures to political candidates since attention first was called to this matter during the December 1983 Examination. Further, we have no reason to believe that the contributions in question are attributable to anything other than unfamiliarity with the guidelines applicable to Federal chartered financial institutions.

We would appreciate hearing from you concerning whatever action your office may consider in connection with this matter, and ask that you provide us with copies of all relevant correspondence with the bank. Please feel free to call should you have any questions or require additional information.

Very truly yours,


Richard Denby
Supervisory Agent

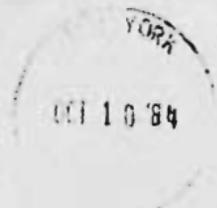
85040544836

FEDERAL HOME LOAN BANK BOARD

SUPERVISORY AGENT • SECOND DISTRICT

FLOOR 103

**ONE WORLD TRADE CENTER
NEW YORK, NEW YORK 10048**



5
0
4
0
5
4
4
8
3
7

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

090010



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

85040544839

THIS IS THE BEGINNING OF MUR # 1892

Date Filmed 8/30/85 Camera No. --- 3

Cameraman AS



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 1892 .

85040554167



ALISSA E. BALLOT
COUNSEL

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

6667303
M 1982
85 APR 26 11:05

25 APR 26 2:08

April 24, 1985

Mr. Paul Reyes
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1982 1892
Lincoln Savings Bank, FSB

Dear Mr. Reyes:

As per our telephone conversation of April 22, 1985, please be advised that The Lincoln Savings Bank, FSB (the "Bank") does not wish to dispute the analysis contained in the General Counsel's Brief, especially insofar as such analysis concludes that the fact that the Bank was unaware that Federal law forbade the making of political contributions may be considered in mitigation of the Bank's offense (General Counsel's Brief, page 5).

Thus, the Bank does not deny that its post-July 18, 1983 contributions, as listed on page 4 of the General Counsel's Brief (other than the contribution to the Savings Banks Association, which the General Counsel concluded was non-political), were made in violation of 2 U.S.C. § 441b, albeit unknowingly.

If you have any questions, please feel free to call.

Very truly yours,

Alissa E. Ballot

cc: Charles N. Steele, Esq.

85040554168



RECEIVED AT THE FEC
85 APR 26 AM 10:05

ALISSA E. BALLOT
COUNSEL

April 24, 1985

Mr. Paul Reyes
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1982
Lincoln Savings Bank, FSB

Dear Mr. Reyes:

As per our telephone conversation of April 22, 1985, please be advised that The Lincoln Savings Bank, FSB (the "Bank") does not wish to dispute the analysis contained in the General Counsel's Brief, especially insofar as such analysis concludes that the fact that the Bank was unaware that Federal law forbade the making of political contributions may be considered in mitigation of the Bank's offense (General Counsel's Brief, page 5).

Thus, the Bank does not deny that its post-July 18, 1983 contributions, as listed on page 4 of the General Counsel's Brief (other than the contribution to the Savings Banks Association, which the General Counsel concluded was non-political), were made in violation of 2 U.S.C. § 441b, albeit unknowingly.

If you have any questions, please feel free to call.

Very truly yours,

Alissa E. Ballot

cc: Charles N. Steele, Esq. ✓

85040554169

85040554170



Charles N. Steele, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

85 APR 26 11:05



3 5 0 4 0 5 5 4 1 7 1



Mr. Paul Reyes
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

65 APR 26 411:05

