



FEDERAL ELECTION COMMISSION

1125 K STREET NW.  
WASHINGTON, D.C. 20543

THIS IS THE END OF MUR # 1899

Date Filmed 6/27/85 Camera No. --- 1

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary  
FROM: Office of General Counsel *pd*  
DATE: June 6, 1985  
SUBJECT: MUR 1899 - Memorandum to the Commission

The attached is submitted as an Agenda document  
for the Commission Meeting of \_\_\_\_\_  
Open Session \_\_\_\_\_  
Closed Session \_\_\_\_\_

CIRCULATIONS

DISTRIBUTION

48 Hour Tally Vote	<input type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
Sensitive	<input 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 checked="" type="checkbox"/>	Other (see distribution below)	<input type="checkbox"/>
Sensitive	<input checked="" type="checkbox"/>		
Non-Sensitive	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

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SUMMARY FILE CHECK-OFF

MUR # 1899

5/15/85 Date of Close-out Letters (Mail...)

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\*\*

Paul R. Reyes Preparer of the Summary File

Date 6/17/85 File Reviewed by Dwight S. ... 6/24/85

\* 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.

85040525373



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
OFFICE OF THE FEC  
COMMISSION SECRETARY

85 JUN 7 A 9: 51

June 5, 1985

**SENSITIVE**

MEMORANDUM

TO: The Commission  
FROM: Charles N. Steele  
General Counsel  
By: Kenneth A. Gross  
Associate General Counsel  
SUBJECT: MUR 1899

Attached for your information is a letter with attachments received from the complainant, Mr. John Schrote, with respect to the file in MUR 1899, which was closed on May 7, 1985. In response to the Commission's letter to him, dated May 15, 1985, Mr. Schrote wishes the attached information to become part of the public record of this matter. This Office will place the attached information in the permanent public file of this matter along with a copy of this Memorandum.

8 5 0 4 0 5 2 5 3 7 1

85 JUN 3 9:38

617648  
Reyes

JUN 3 12:30  
Mr. John Schrote  
301 Cheshire Lane  
Alexandria, VA 22307

May 29, 1985

Mr. Paul Reyes  
Federal Election Commission  
Washington, D.C. 20463

**SENSITIVE**

Re: MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

Dear Mr. Reyes:

On May 28th, I advised you your letter of May 15th was received during the week of May 19th when I was out of town. It was in our mail when we returned on May 26th. By telephone May 28th, you advised me to submit additional materials which I wished to make a part of the record even though the 10 days has passed.

I would appreciate your making this letter and the enclosures a part of the record.

My relationship with Bishop, Bryant and Associates, Inc. was as an officer of the corporation and a member of the Board of Directors. I was not being compensated by the corporation, however, the option to the candidate was either hiring me directly or retaining Bishop, Bryant and Associates and, in which case, they would provide management of the campaign through me. There are some minor advantages unique to both ways and possible political considerations for Mr. Kusic. However, it was his decision. In either case my function would have been as manager of the campaign.

I do not understand the rationale by Mr. Kusic that no amount was due and owing to me until mid January 1985, since my services were terminated May 3rd, 1984.

I am not aware of any unauthorized expenditures. This concerns me because of the possibility the campaign may have paid some bills which they thought I had authorized and, in fact, might not have been authorized.

Enclosed are copies of correspondence, which in fact, does show Mr. Kusic was obligated prior to the letter from my attorney. There was no response to those letters.

Futhermore, the record of correspondence clearly states efforts were made by me to establish whether or not there was a dispute. In fact, the letter of May 15th, 1984 actually encouraged Mr. Kusic to take the first action and to suggest a settlement price. As indicated in the letter of May 28th, I responded to a conversation my wife, (Rachel) had with Mrs. Kusic and suggested alternative settlements. I believe the letter clearly suggests a spirit of negotiation or at least a point from which I would negotiate.

*Attachment*

1

8504052375

Mr. Paul Reyes  
May 29, 1985  
Page 2

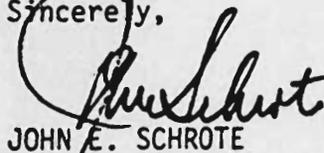
Though I did not document the telephone efforts, the enclosed copies of my correspondence, which were ignored, do indicate efforts on my part:

- 1) In fact, I provided a service to the candidate and his committee from April 24th until May 3rd.
- 2) The May 28th correspondence also indicates a verbal agreement prior to my termination.
- 3) Efforts by me were made to reach a reasonable settlement but were totally ignored until I retained an attorney.
- 4) At no time, even with my initiatives was there indication of a dispute or exception to my suggestion for settlement since May 28th.
- 5) There was no response by the candidate until I retained an attorney and there is no indication that there would have been any response without legal assistance.
- 6) Though Mr. Kusic ignored all efforts for collection or settlement, he does know he received the services and he did know, therefore, he had a liability.

I appreciate the FEC's review of this matter and am satisfied. However, I do feel Mr. Kusic succeeded in convincing the Commission there was "no evidence of a liquidating amount owing until an agreement was reached in settlement" rationalized by a condition resulting from his lack of response and delaying tactics until that time I had to obtain legal services to negotiate. In fact, there was opportunity to indicate a dispute and negotiate as early as May 15th.

Thank you for the opportunity of placing this information into the record.

Sincerely,

  
JOHN E. SCHROTE

JES:tg

85040525376

(2)

BISHOP,  
BRYANT & ASSOCIATES  
INC.

530 Eighth Street, S.E. ★ Washington, D.C. 20003 ★ 202/545-2330

5/15/84

~~Christy Smith~~  
Dear Sam.

Enclosed are plane tickets for April 24 and May 3  
totaling \$2000.00 you may need them for backup.

Please let me know what you decide regarding  
my compensation. Though I have some prospects  
there is nothing firm, partially because I  
"closed the door" until June 5 and those  
particular prospects went somewhere. So I  
had to start over again and I am about out  
of groceries. It would be very helpful if we  
get this matter resolved as quick as possible so  
my wife would love me again.

Best to Warbie

Jim

(3)

ISSUED BY **USAIR** PASSENGER TICKET AND BAGGAGE CHECK  
 SUBJECT TO CONDITIONS OF CONTRACT ON PASSENGER'S COUPON  
 NAME OF PASSENGER: **SCHROTE/JOHN**  
 DATE OF ISSUE: **13 MAY 84**  
 AIRLINE FORM: **037:4429:879:472**  
 SERIAL NUMBER: **USAIR 130714**  
**05/03/84 1993**  
**DT PIT/ATO**

NOT GOOD FOR PASSAGE	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS/TEXT DESIGNATOR	NOT VALID BEFORE	NOT VALID AFTER	ALLOW
PITTSBURGH PA.	AL	35	Y	3 MAY	8:30	OK	Y			
WASHINGTON/NATL										
--VOID--										
--VOID--										
--VOID--										

FORM OF PAYMENT: **104.00**  
**96.30 3MAY PITATLAS 104.00 1104.00**  
**7.70**  
**104.00**  
**1001 CP 01/85**  
**JOHN E SCHROTE 3/1/85**

ISSUED BY **USAIR** PASSENGER TICKET AND BAGGAGE CHECK  
 SUBJECT TO CONDITIONS OF CONTRACT ON PASSENGER'S COUPON  
 NAME OF PASSENGER: **SCHROTE/J**  
 DATE OF ISSUE: **23 APR 84**  
 AIRLINE FORM: **037:4429:643:451**  
 SERIAL NUMBER: **USAIR 142432**  
**04/24/84 1153**  
**DC DCA/ATO**

NOT GOOD FOR PASSAGE	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS/TEXT DESIGNATOR	NOT VALID BEFORE	NOT VALID AFTER	ALLOW
WASHINGTON/NATL	AL	415	Y	24 APR	12:55	OK	Y			
PITTSBURGH PA.										
--VOID--										
--VOID--										
--VOID--										

FORM OF PAYMENT: **104.00**  
**56.30 24APR WASALPIT 104.00**  
**7.70 1104.00**  
**104.00**  
**6458 10/84**  
**JOHN E SCHROTE 10/84**

8 5 0 4 0 5 2 5 3 7 8

May 28, 1984

The Honorable Sam Kusic  
3900 Main Street  
Weirton, West Virginia 26062

Dear Sam:

Rachel said, after her conversation with Winky, you were waiting for an invoice. It is difficult to submit an invoice since the settlement - for lack of a better term - needs to be agreed upon. Based upon some assumptions, the following is a breakdown of alternatives for April 24, 1984 through May 3, 1984:

5 Day Workweek  
(8 working days)

7 Day Workweek  
(10 working days)

		<u>Contract</u>		
\$2500.00			\$2500.00	
208.00	airfare		208.00	airfare
<u>\$2708.00</u>		-total-	<u>\$2708.00</u>	

		<u>Daily Fee</u>		
		\$750/per day		
\$7500.00	-10 days		\$6000.00	-8 days
208.00	airfare		208.00	airfare
<u>\$7708.00</u>		-total	<u>\$6208.00</u>	

		<u>Weekly rate - \$1385.00</u>		
		<u>plus daily fee for part week</u>		
\$1385.00	-weekly fees-		\$1385.00	
2250.00	daily fees		2250.00	
208.00	airfare		208.00	
<u>\$2843.00</u>		-total-	<u>\$2843.00</u>	

		<u>Weekly rate - \$1385.00</u>		
		<u>plus prorated weekly rate</u>		
\$1385.00	-weekly-		\$1385.00	
(1) 831.00	part week	(2)	593.58	
208.00	airfare		208.00	
<u>\$2424.00</u>		-total-	<u>\$2186.58</u>	

(1)  $\frac{3 \text{ Days}}{5 \text{ Days}} \times \$1385.00$

(2)  $\frac{3 \text{ Days}}{7 \text{ Days}} \times \$1385.00$

5

35940545372

ERROR  
Should have  
been \$5000

Contract

We had agreed to \$5000.00 plus expenses and a \$3000.00 bonus if you won. This was spelled out in our proposed contract as \$2500.00 due upon execution of contract, \$2500.00 due in mid-May, and \$300.00 due upon your winning the primary. The contract was not signed and the schedule for payments were not specifically agreed to. However, if the contract had been signed, you would have compensated me \$2500.00 plus airfare prior to cancellation. Therefore, under this assumption, you would owe me \$2708.00.

Daily Fee

My normal daily fee is \$750.00. Though I have never been faced with contracting by the day and ending up staying a week. If that were to happen, I would offer the client the weekly rate. Therefore, if you really insist upon paying me by the day, I'll accept it and even waive the airfare expenses.

Weekly Rate plus daily fee for partial work

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If my services were required by the week and day, this is probably the way I would normally do it. I would, however, be willing to negotiate that the accumulated daily fees would not exceed \$1385.00 per week, which is my weekly fee. Though I showed accumulated daily fees in the above, actually I probably would not have billed for more than \$2770.00 plus airfare. If you would prefer this method, I'll again, waive airfare.

Weekly Rate plus prorated weekly rate

This is probably the most advantageous way for you on the basis of a seven day work week. In this case, I have no preference whether you choose to pay \$2186.58 to Bishop, Bryant or to me directly. This might be a political decision for you.

Sam, I would normally try to collect on the basis of the contract terms suggesting that the lack of signing was merely a technicality and that we had an implied agreement. If you agree to the Weekly Rate plus prorated weekly rate totalling \$2186.58 which is \$521.42 less than the Contract alternative, I will consider this acceptable and the matter closed provided I receive the payment by June 5, 1984.

Hope you win!

Sincerely,

John Schrote

6

BISHOP & ASSOCIATES  
BRYANT

*ONLY  
PLEASE ATTACH  
A COPY OF THE  
INVOICES TO THE  
AND RETURN TO  
me.  
John*

514 Eighth Street, S.E. \* Washington, D.C. 20003 \* 202-646-2330

June 13, 1984

Honorable Sam Kusic  
3900 Main Street  
Weirton, W. Va. 26062

Dear Sam:

The primary is over and I was sorry to hear the outcome.

I know the last few weeks were hectic for you and the family, but it has been over five weeks since I left your campaign. Under the particular circumstances of my departure, it appeared to require a negotiated settlement. I proposed a settlement to you and a list of alternatives as well as the rationale for each. That was sent registered mail and a receipt was returned indicating you received that letter on June 1, 1984. A copy of that letter is enclosed.

Likewise, you owe only expense money in the amount of \$111.10 to BB&a and \$208.00 to R/S/M. You have been invoiced for those expenses. I might add that I picked up the dinner for Vince at the airport when he was out there and did not include that in my expenses to you. Though I want to keep that in mind, at this time I do not intend to throw that in if you agree to one of my previous proposals.

Not only has my proposal been ignored, there have been no responses to the invoices from R/S/M and Bishop, Bryant.

In my own case, Sam, because of the original intention of my being with your campaign through June 5, there were no efforts made to nail down additional business for myself. Upon my separation, it was too late in the game to get new business. So this experience has been costly to me and is rapidly becoming distasteful. There has been no indication from you of any dispute and, speaking for myself and BB&a, there seems to be little or no excuse for not hearing from you. I believe R/S/M also shares this view.

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The three of us have no intention of forgiving these debts. We have been reasonable so far. Jay Bryant has not even billed you for the time he devoted to your direct mail program because you scrapped that idea of using him even though it was after you instructed him to proceed. Vince and Susan have billed only expenses and have not billed you for any of their time devoted to your campaign. There is no intention to write off any more.

If legal action is required, the time will be added on to the charges shown on their invoices.

We admit to being in somewhat of a bind, in that any action we take against you could have adverse effects on the other Republican races. On the other hand, you have some say-so over that possibility by settling these accounts immediately. For me it is merely a matter of just keeping food on my table.

Unless you have any questions or disputes regarding the charges, we expect those checks into us no later than June 27. Otherwise, I will be compelled to begin collection efforts.

Sincerely,

John E. Schrote  
Executive Vice President

cc: Bill Loy

85040525330

8

May 28, 1984

The Honorable Sam Kusic  
3900 Main Street  
Weirton, West Virginia 26062

Dear Sam:

Rachel said, after her conversation with Winky, you were waiting for an invoice. It is difficult to submit an invoice since the settlement - for lack of a better term - needs to be agreed upon. Based upon some assumptions, the following is a breakdown of alternatives for April 24, 1984 through May 3, 1984:

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(8 working days)

7 Day Workweek  
(10 working days)

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\$2500.00		\$2500.00
208.00	airfare	208.00
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	<u>Daily Fee</u>	
	<u>\$750/per day</u>	
\$7500.00	-10 days	\$6000.00
208.00	airfare	208.00
<u>\$7708.00</u>	-total	<u>\$6208.00</u>

	<u>Weekly rate - \$1385.00</u>	
	<u>plus daily fee for part week</u>	
\$1385.00	-weekly fees-	\$1385.00
2250.00	daily fees	2250.00
208.00	airfare	208.00
<u>\$2843.00</u>	-total-	<u>\$2843.00</u>

	<u>Weekly rate - \$1385.00</u>	
	<u>plus prorated weekly rate</u>	
\$1385.00	-weekly-	\$1385.00
(1) 831.00	part week	(2) 593.58
208.00	airfare	208.00
<u>\$2424.00</u>	-total-	<u>\$2186.58</u>

(1)  $\frac{3 \text{ Days}}{5 \text{ Days}} \times \$1385.00$

(2)  $\frac{3 \text{ Days}}{7 \text{ Days}} \times \$1385.00$

9

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Contract

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Weekly Rate plus daily fee for partial work

If my services were required by the week and day, this is probably the way I would normally do it. I would, however, be willing to negotiate that the accumulated daily fees would not exceed \$1385.00 per week, which is my weekly fee. Though I showed accumulated daily fees in the above, actually I probably would not have billed for more than \$2770.00 plus airfare. If you would prefer this method, I'll again, waive airfare.

Weekly Rate plus prorated weekly rate

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Sam, I would normally try to collect on the basis of the contract terms suggesting that the lack of signing was merely a technicality and that we had an implied agreement. If you agree to the Weekly Rate plus prorated weekly rate totalling \$2186.58 which is \$521.42 less than the Contract alternative, I will consider this acceptable and the matter closed provided I receive the payment by June 5, 1984.

Hope you win!

Sincerely,

John Schrote

John E. Schrote  
2301 Cheshire Ia.  
Alexandria, VA 22307  
8/1/84

~~11~~ Honorable Sam Kusic  
3900 Main Street  
Weirton, W. VA 26062

Services rendered from April 24, 1984 through May 3, 1984 -	
Expenses (R.T. Airforce)	1978.58
	<u>208.00</u>
Total	2186.58

Reference: Letter May 28, 1984 from John Schrote to Sam Kusic.

85040525335

*[Handwritten signature]*

(11)

John E. Schrote  
2301 Cheshire Lane  
Alexandria, Va. 22307  
8/29/84

Honorable Sam Kusic  
3900 Main Street  
Weirton, W Va. 26062

INVOICE

Services rendered from 4/24/84 through 5/3/84	\$ 1978.58
Expenses (R.T. Airfare)	<u>208.00</u>
Total due	\$ 2186.58

REF: 5/28/84 Schrote to Kusic correspondence.

Considerable time has passed. Does your silence mean you  
dispute all or part of this? Please let me know if there  
are any questions. ✓



85040522  
Mailed to:  
3911 Palisades Dr.  
~~3900 Main St.~~  
Weirton W. Va. 26062  
on 8/29/84

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
West Virginians for Kusick ) MUR 1899  
Winkie Kusic, Treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of May 7, 1985, do hereby certify that the Commission took the following actions in MUR 1899:

1. Decided by a vote of 4-1 to find reason to believe that the West Virginians for Kusick Committee and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11, but take no further action, and close the file in this matter.

Commissioners Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision. Commissioner Elliott dissented. Commissioner Aikens was not present at the time of the vote.

2. Decided by a vote of 5-0 to direct the Office of General Counsel to send appropriate letters pursuant to the above decision.

Commissioners Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively. Commissioner Aikens was not present at the time of the vote.

Attest:

5-7-85

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

85040525387

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 1899  
West Virginians for Kusick )  
Winkie Kusic, Treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of April 30, 1985, do hereby certify that the Commission took the following actions in MUR 1899:

1. Failed in a vote of 2-3 to pass a motion to reject the recommendations contained in the General Counsel's report dated April 19, 1985.

Commissioners Harris and Reiche voted affirmatively for the motion; Commissioners Aikens, Elliott, and McGarry dissented; Commissioner McDonald was not present at the time of the vote.

2. Decided by a vote of 5-0 to continue consideration of this matter at the next executive session of the Commission.

Commissioners Aikens, Elliott, Harris, McGarry and Reiche voted affirmatively for the decision; Commissioner McDonald was not present at the time of the vote.

Attest:

5-1-85

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

85040525338



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

*PNM*

Samuel N. Kusic  
3900 Main Street  
Weirton, West Virginia 26062

RE:MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

Dear Mr. Kusic:

On \_\_\_\_\_, 1985, the Commission found reason to believe that the West Virginians for Kusic and Winkie Kusic, as treasurer, had violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.(3)(d) and 104.11, provisions of the Federal Election Campaign Act of 1971, as amended, ("the Act") and Commission Regulations in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file.

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

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

Sincerely,

John Warren McGarry  
Chairman

85040525387



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 15, 1985

Samuel N. Kusic  
3900 Main Street  
Weirton, West Virginia 26062

RE: MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

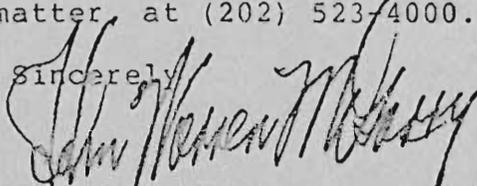
Dear Mr. Kusic:

On May 7, 1985, the Commission found reason to believe that the West Virginians for Kusic and Winkie Kusic, as treasurer, had violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.(3)(d) and 104.11, provisions of the Federal Election Campaign Act of 1971, as amended, ("the Act") and Commission Regulations in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file.

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

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

Sincerely,

  
John Warren McGarry  
Chairman

Enclosure  
General Counsel's Report

85040525390

SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT 2000 03:31

DATE AND TIME OF TRANSMITTAL  
BY OGC TO THE COMMISSION  
4/22/85 - 3:30

MUR #1899  
DATE COMPLAINT RECEIVED  
BY OGC 2/27/85  
DATE OF NOTIFICATION TO  
RESPONDENT 3/4/85  
STAFF MEMBER  
Paul Reyes

COMPLAINANT'S NAME: John E. Schrote  
RESPONDENTS' NAMES: West Virginians for Kusic  
Winkie Kusic, Treasurer  
RELEVANT STATUTES: 2 U.S.C. § 434(b)(8)  
11 C.F.R. § 104.3(d)  
11 C.F.R. § 104.11  
11 C.F.R. § 114.10

INTERNAL REPORTS  
CHECKED: Committee Reports  
FEDERAL AGENCIES  
CHECKED: None

SUMMARY OF ALLEGATIONS

The complaint alleges facts which indicate that the West Virginians for Kusic and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8) by failing to report a debt owed by the respondents. Complainant also requests Commission approval of a debt settlement with the respondents.

FACTUAL AND LEGAL ANALYSIS

Section 434(b)(8) of Title 2 United States Code, requires the reporting of "the amount and nature of outstanding debts and obligations owed by or to [a] political committee; and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and

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conditions under which such debts or obligations were extinguished and the consideration therefore [shall also be reported]."

Commission Regulations at 11 C.F.R. § 104.3(d) reiterate this requirement. Commission regulations at 11 C.F.R. § 104.11(a) further explain that debts and satisfaction of debts must be continuously reported. Section 104.11(b) provides that debts of \$500 or less shall be reported as of the time payment is made or no later than 60 days after the obligation is incurred, whichever comes first. Section 104.11(b) also provides that debts in excess of \$500 shall be reported as of the time of the transaction.

Complainant alleges that he was not paid for his services as a consultant to the West Virginians for Kusic, the principal campaign committee for Sam Kusic in the June 5, 1984, West Virginia Primary (Senate) election, until he finally acquired legal counsel. He explains that his counsel achieved a settlement with the Kusic Committee for \$1,000 or 47% of the amount allegedly owed, which is stated by the Complainant as, \$2,108. Complainant contends that his outstanding debt was never reported by the Kusic Committee as required by the Act and Regulations and seeks review of this settlement.

Respondents were notified about this complaint by letter dated March 4, 1985. Respondents' response to the complaint notification was received by the Commission on March 27, 1985. Mr. Kusic, the former candidate, responded on behalf of

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respondents. Mr. Kusic explains that the payment of \$1,000 will be disclosed on his committee's next filed report. Respondents contend that no amount was due and owing to the complainant, Mr. Schrote until mid January 1985.

Respondents contend that Mr. Schrote came to West Virginia for a few days to manage Mr. Kusic's campaign. Respondents contend that Mr. Schrote was not a consultant. Further, respondents state that Mr. Schrote did not work out and that they mutually agreed that Mr. Schrote should return to Washington, D.C. Respondents say that Mr. Schrote did work for a corporation called Bishop, Bryant and Associates while he was supposed to be working for the respondents; and that he made unauthorized expenditures to the detriment of the respondents. Finally, respondents contend that a letter (attached) from Mr. Schrote's attorney, dated January 15, 1985, represents the first determination that a sum of money was due and owing.

From the facts presented it is apparent that Mr. Schrote was asked to come to West Virginia to manage Mr. Kusic's campaign. Respondents state that Mr. Schrote worked for a "few days". The complainant contends that \$2,108 was owed to him for the time he served on the campaign. The respondents say that no amount was fixed for Mr. Schrote's service until an accord was achieved with Mr. Schrote's attorney for \$1,000. The General Counsel believes that the facts indicate that Mr. Schrote and the respondents entered into some sort of an agreement during the Spring of 1984

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for the performance of services. However, the complainant asserts no basis for the amount of \$2,108 as due and owing. There is no evidence of a written agreement, contract, or any document setting a fee schedule or obligation.

Clearly, whether and what amount was due and owing was in dispute. Further, it is unclear from the complaint and response whether this debt was actually owed to Mr. Schrote or Bishop, Bryant and Associates, Incorporated. Mr. Kusic's check, number 309, for \$1,000 was made payable to "John Schrote and Bishop, Bryant and Associates" at the request of Mr. Schrote's attorney. The check was endorsed by "Bishop, Bryant and Associates, Inc. [and] John Schrote". From the facts available, it is also unclear what Mr. Schrote's relationship was to Bishop, Bryant and Associates, Inc. While there are some unanswered questions, the dispute here concerns a business relationship with no evidence of a liquidated amount owing until an agreement was reached in settlement. Thus, there is an insufficient basis to conclude that a reporting obligation arose prior to the payment of \$1,000. The \$1,000 amount was properly reported to the Commission. Therefore, the General Counsel recommends that the Commission find no reason to believe that the West Virginians for Kusic, and Winkie Kusic as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11 by failing to properly report this debt and the closing of the file.

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Debt Settlement

The complainant also asks for a determination of the acceptability of this settlement. The General Counsel's Office believes that this situation does not require a formal debt settlement review by the Commission pursuant to 11 C.F.R. § 114.10. Debt settlements are generally construed by the Commission to exclude circumstances in which a creditor and a committee have reached an agreement over the amount of a disputed debt provided that the committee pays the agreed upon amount and no specific amount in obligation was determined prior to settlement.

RECOMMENDATIONS

1. Find no reason to believe that the West Virginians for Kusic Committee and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8), 11 C.F.R. §§ 104.(3)(d) and 104.11.
2. Approve and send the attached letters.
3. Close the File

Charles N. Steele  
General Counsel

*[Handwritten Signature]*  
Kenneth A. Gross  
Associate General Counsel

By:

*April 19, 1985*  
Date

Attachment  
Kusic Committee response  
Letters (2)

85040525395



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

FOR

Mr. John Schrote  
2301 Cheshire Lane  
Alexandria, Virginia 22307

RE: MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

Dear Mr. Schrote:

This is in reference to the complaint you filed with the Commission on February 27, 1985, concerning the West Virginians for Kusic.

On , 1985, the Commission found reason to believe that the West Virginians for Kusic and Winkie Kusic as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.(3)(d) and 104.11, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file. The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

If you have any questions, please direct them to 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

85040525396



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 15, 1985

Mr. John Schrote  
2301 Cheshire Lane  
Alexandria, Virginia 22307

RE: MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

Dear Mr. Schrote:

This is in reference to the complaint you filed with the Commission on February 27, 1985, concerning the West Virginians for Kusic.

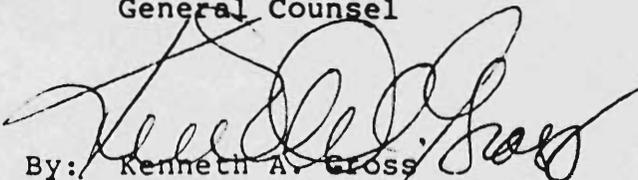
On May 7, 1985, the Commission found reason to believe that the West Virginians for Kusic and Winkie Kusic as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.(3)(d) and 104.11, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file. The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

If you have any questions, please direct them to 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  
General Counsel's Report

85040525397

**SENSITIVE**

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

FIRST GENERAL COUNSEL'S REPORT 83:31

DATE AND TIME OF TRANSMITTAL  
BY OGC TO THE COMMISSION  
4/22/85 - 3:30

MUR #1899  
DATE COMPLAINT RECEIVED  
BY OGC 2/27/85  
DATE OF NOTIFICATION TO  
RESPONDENT 3/4/85  
STAFF MEMBER  
Paul Reyes

COMPLAINANT'S NAME: John E. Schrote  
RESPONDENTS' NAMES: West Virginians for Kusic  
Winkie Kusic, Treasurer  
RELEVANT STATUTES: 2 U.S.C. § 434(b)(8)  
11 C.F.R. § 104.3(d)  
11 C.F.R. § 104.11  
11 C.F.R. § 114.10

INTERNAL REPORTS  
CHECKED: Committee Reports

FEDERAL AGENCIES  
CHECKED: None

SUMMARY OF ALLEGATIONS

The complaint alleges facts which indicate that the West Virginians for Kusic and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8) by failing to report a debt owed by the respondents. Complainant also requests Commission approval of a debt settlement with the respondents.

FACTUAL AND LEGAL ANALYSIS

Section 434(b)(8) of Title 2 United States Code, requires the reporting of "the amount and nature of outstanding debts and obligations owed by or to [a] political committee; and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and

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conditions under which such debts or obligations were extinguished and the consideration therefore [shall also be reported]."

Commission Regulations at 11 C.F.R. § 104.3(d) reiterate this requirement. Commission regulations at 11 C.F.R. § 104.11(a) further explain that debts and satisfaction of debts must be continuously reported. Section 104.11(b) provides that debts of \$500 or less shall be reported as of the time payment is made or no later than 60 days after the obligation is incurred, whichever comes first. Section 104.11(b) also provides that debts in excess of \$500 shall be reported as of the time of the transaction.

Complainant alleges that he was not paid for his services as a consultant to the West Virginians for Kusic, the principal campaign committee for Sam Kusic in the June 5, 1984, West Virginia Primary (Senate) election, until he finally acquired legal counsel. He explains that his counsel achieved a settlement with the Kusic Committee for \$1,000 or 47% of the amount allegedly owed, which is stated by the Complainant as, \$2,108. Complainant contends that his outstanding debt was never reported by the Kusic Committee as required by the Act and Regulations and seeks review of this settlement.

Respondents were notified about this complaint by letter dated March 4, 1985. Respondents' response to the complaint notification was received by the Commission on March 27, 1985. Mr. Kusic, the former candidate, responded on behalf of

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respondents. Mr. Kusic explains that the payment of \$1,000 will be disclosed on his committee's next filed report. Respondents contend that no amount was due and owing to the complainant, Mr. Schrote until mid January 1985.

Respondents contend that Mr. Schrote came to West Virginia for a few days to manage Mr. Kusic's campaign. Respondents contend that Mr. Schrote was not a consultant. Further, respondents state that Mr. Schrote did not work out and that they mutually agreed that Mr. Schrote should return to Washington, D.C. Respondents say that Mr. Schrote did work for a corporation called Bishop, Bryant and Associates while he was supposed to be working for the respondents; and that he made unauthorized expenditures to the detriment of the respondents. Finally, respondents contend that a letter (attached) from Mr. Schrote's attorney, dated January 15, 1985, represents the first determination that a sum of money was due and owing.

From the facts presented it is apparent that Mr. Schrote was asked to come to West Virginia to manage Mr. Kusic's campaign. Respondents state that Mr. Schrote worked for a "few days". The complainant contends that \$2,108 was owed to him for the time he served on the campaign. The respondents say that no amount was fixed for Mr. Schrote's service until an accord was achieved with Mr. Schrote's attorney for \$1,000. The General Counsel believes that the facts indicate that Mr. Schrote and the respondents entered into some sort of an agreement during the Spring of 1984

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for the performance of services. However, the complainant asserts no basis for the amount of \$2,108 as due and owing. There is no evidence of a written agreement, contract, or any document setting a fee schedule or obligation.

Clearly, whether and what amount was due and owing was in dispute. Further, it is unclear from the complaint and response whether this debt was actually owed to Mr. Schrote or Bishop, Bryant and Associates, Incorporated. Mr. Kusic's check, number 309, for \$1,000 was made payable to "John Schrote and Bishop, Bryant and Associates" at the request of Mr. Schrote's attorney. The check was endorsed by "Bishop, Bryant and Associates, Inc. [and] John Schrote". From the facts available, it is also unclear what Mr. Schrote's relationship was to Bishop, Bryant and Associates, Inc. While there are some unanswered questions, the dispute here concerns a business relationship with no evidence of a liquidated amount owing until an agreement was reached in settlement. Thus, there is an insufficient basis to conclude that a reporting obligation arose prior to the payment of \$1,000. The \$1,000 amount was properly reported to the Commission. Therefore, the General Counsel recommends that the Commission find no reason to believe that the West Virginians for Kusic, and Winkie Kusic as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11 by failing to properly report this debt and the closing of the file.

85040525401

Debt Settlement

The complainant also asks for a determination of the acceptability of this settlement. The General Counsel's Office believes that this situation does not require a formal debt settlement review by the Commission pursuant to 11 C.F.R. § 114.10. Debt settlements are generally construed by the Commission to exclude circumstances in which a creditor and a committee have reached an agreement over the amount of a disputed debt provided that the committee pays the agreed upon amount and no specific amount in obligation was determined prior to settlement.

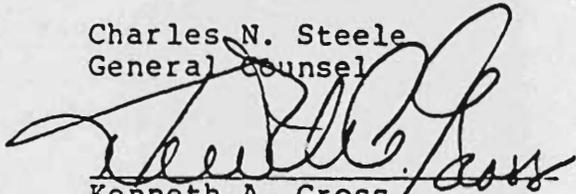
RECOMMENDATIONS

1. Find no reason to believe that the West Virginians for Kusic Committee and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8), 11 C.F.R. §§ 104.(3)(d) and 104.11.
2. Approve and send the attached letters.
3. Close the File

85040525402

April 19, 1985  
Date

By:

Charles N. Steele  
General Counsel  
  
Kenneth A. Gross  
Associate General Counsel

Attachment  
Kusic Committee response  
Letters (2)



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary  
 FROM: Office of General Counsel *Cut*  
 DATE: April 22, 1985  
 SUBJECT: MUR 1899 - 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"/>		

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\_\_\_\_\_  
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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL  
FROM: MARJORIE W. EMMONS/JODY C. RANSON *JCR*  
DATE: APRIL 25, 1985  
SUBJECT: OBJECTION - MUR 1899 First General Counsel's  
Report signed April 19, 1985

The above-named document was circulated to the  
Commission on Tuesday, April 23, 1985 at 11:00.

Objections have been received from the Commissioners  
as indicated by the name(s) checked:

Commissioner Aikens \_\_\_\_\_  
Commissioner Elliott \_\_\_\_\_  
Commissioner Harris \_\_\_\_\_  
Commissioner McDonald \_\_\_\_\_  
Commissioner McGarry \_\_\_\_\_  
Commissioner Reiche \_\_\_\_\_ X

This matter will be placed on the Executive Session  
agenda for Tuesday, April 30, 1985.

85040525404

**SENSITIVE**

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

ED  
THE FEC  
SECRETARY

**FIRST GENERAL COUNSEL'S REPORT**

APR 22 P 3:31

DATE AND TIME OF TRANSMITTAL  
BY OGC TO THE COMMISSION

4/22/85 - 3:30

MUR #1899

DATE COMPLAINT RECEIVED

BY OGC 2/27/85

DATE OF NOTIFICATION TO  
RESPONDENT 3/4/85

STAFF MEMBER

Paul Reyes

COMPLAINANT'S NAME:

John E. Schrote

RESPONDENTS' NAMES:

West Virginians for Kusic  
Winkie Kusic, Treasurer

RELEVANT STATUTES:

2 U.S.C. § 434(b)(8)  
11 C.F.R. § 104.3(d)  
11 C.F.R. § 104.11  
11 C.F.R. § 114.10

INTERNAL REPORTS  
CHECKED:

Committee Reports

FEDERAL AGENCIES  
CHECKED:

None

**SUMMARY OF ALLEGATIONS**

The complaint alleges facts which indicate that the West Virginians for Kusic and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8) by failing to report a debt owed by the respondents. Complainant also requests Commission approval of a debt settlement with the respondents.

**FACTUAL AND LEGAL ANALYSIS**

Section 434(b)(8) of Title 2 United States Code, requires the reporting of "the amount and nature of outstanding debts and obligations owed by or to [a] political committee; and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and

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conditions under which such debts or obligations were extinguished and the consideration therefore [shall also be reported]."

Commission Regulations at 11 C.F.R. § 104.3(d) reiterate this requirement. Commission regulations at 11 C.F.R. § 104.11(a) further explain that debts and satisfaction of debts must be continuously reported. Section 104.11(b) provides that debts of \$500 or less shall be reported as of the time payment is made or no later than 60 days after the obligation is incurred, whichever comes first. Section 104.11(b) also provides that debts in excess of \$500 shall be reported as of the time of the transaction.

Complainant alleges that he was not paid for his services as a consultant to the West Virginians for Kusic, the principal campaign committee for Sam Kusic in the June 5, 1984, West Virginia Primary (Senate) election, until he finally acquired legal counsel. He explains that his counsel achieved a settlement with the Kusic Committee for \$1,000 or 47% of the amount allegedly owed, which is stated by the Complainant as, \$2,108. Complainant contends that his outstanding debt was never reported by the Kusic Committee as required by the Act and Regulations and seeks review of this settlement.

Respondents were notified about this complaint by letter dated March 4, 1985. Respondents' response to the complaint notification was received by the Commission on March 27, 1985. Mr. Kusic, the former candidate, responded on behalf of

85040525406

respondents. Mr. Kusic explains that the payment of \$1,000 will be disclosed on his committee's next filed report. Respondents contend that no amount was due and owing to the complainant, Mr. Schrote until mid January 1985.

Respondents contend that Mr. Schrote came to West Virginia for a few days to manage Mr. Kusic's campaign. Respondents contend that Mr. Schrote was not a consultant. Further, respondents state that Mr. Schrote did not work out and that they mutually agreed that Mr. Schrote should return to Washington, D.C. Respondents say that Mr. Schrote did work for a corporation called Bishop, Bryant and Associates while he was supposed to be working for the respondents; and that he made unauthorized expenditures to the detriment of the respondents. Finally, respondents contend that a letter (attached) from Mr. Schrote's attorney, dated January 15, 1985, represents the first determination that a sum of money was due and owing.

From the facts presented it is apparent that Mr. Schrote was asked to come to West Virginia to manage Mr. Kusic's campaign. Respondents state that Mr. Schrote worked for a "few days". The complainant contends that \$2,108 was owed to him for the time he served on the campaign. The respondents say that no amount was fixed for Mr. Schrote's service until an accord was achieved with Mr. Schrote's attorney for \$1,000. The General Counsel believes that the facts indicate that Mr. Schrote and the respondents entered into some sort of an agreement during the Spring of 1984

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for the performance of services. However, the complainant asserts no basis for the amount of \$2,108 as due and owing. There is no evidence of a written agreement, contract, or any document setting a fee schedule or obligation.

Clearly, whether and what amount was due and owing was in dispute. Further, it is unclear from the complaint and response whether this debt was actually owed to Mr. Schrote or Bishop, Bryant and Associates, Incorporated. Mr. Kusic's check, number 309, for \$1,000 was made payable to "John Schrote and Bishop, Bryant and Associates" at the request of Mr. Schrote's attorney. The check was endorsed by "Bishop, Bryant and Associates, Inc. [and] John Schrote". From the facts available, it is also unclear what Mr. Schrote's relationship was to Bishop, Bryant and Associates, Inc. While there are some unanswered questions, the dispute here concerns a business relationship with no evidence of a liquidated amount owing until an agreement was reached in settlement. Thus, there is an insufficient basis to conclude that a reporting obligation arose prior to the payment of \$1,000. The \$1,000 amount was properly reported to the Commission. Therefore, the General Counsel recommends that the Commission find no reason to believe that the West Virginians for Kusic, and Winkie Kusic as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11 by failing to properly report this debt and the closing of the file.

85040525408

Debt Settlement

The complainant also asks for a determination of the acceptability of this settlement. The General Counsel's Office believes that this situation does not require a formal debt settlement review by the Commission pursuant to 11 C.F.R. § 114.10. Debt settlements are generally construed by the Commission to exclude circumstances in which a creditor and a committee have reached an agreement over the amount of a disputed debt provided that the committee pays the agreed upon amount and no specific amount in obligation was determined prior to settlement.

**RECOMMENDATIONS**

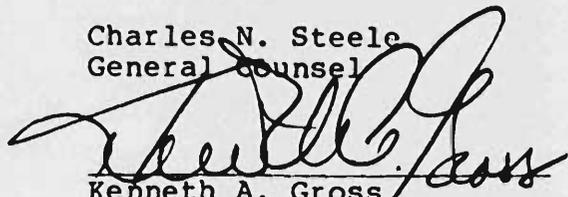
1. Find no reason to believe that the West Virginians for Kusic Committee and Winkie Kusic, as treasurer, violated 2 U.S.C. § 434(b)(8), 11 C.F.R. §§ 104.(3)(d) and 104.11.
2. Approve and send the attached letters.
3. Close the File

85040525409

April 19, 1985  
Date

Charles N. Steele  
General Counsel

By:

  
Kenneth A. Gross  
Associate General Counsel

Attachment  
Kusic Committee response  
Letters (2)

3900 Main Street  
Weirton, W.Va. 26062  
March 22, 1985

85 MAR 21 11:33  
85 MAR 27 11:55  
GENERAL INVESTIGATIVE  
DIVISION

Kenneth A. Gross  
Assoc. Gen. Counsel  
Federal Election Commission  
1325 K. Street, N.W.  
Washington, D.C. 20463

Re: MUR 1899

Dear Mr. Gross:

I received your letter of March 4, 1985 on March 8, 1985. I immediately called Paul Reyes to determine which section of the law may have been violated. He suggested that I look at 11CFR 104.11.

To begin with my campaign was run on a cash basis. As contributions came in they were deposited in the bank and when bills came in they were paid by me.

The \$1000.00 that was paid to John Schrote and Bishop, Bryant and Associates was by check #309 dated January 30, 1985 and will be reported on the next report that covers expenditures that occurred after December 31, 1984. I thought that was the proper time to report it. Up until the point in time in mid-January 1985 when Mr. Schrote's attorney had contacted me, there had been no determination if any money was due and owing to or was going to be paid to John Schrote and Bishop, Bryant and Associates. Mr. Schrote would not even return my telephone calls.

In mid-January 1985 a determination was made by me that it was worth \$1000.00 not to be sued and not to have to hire an attorney from both a personal and political standpoint.

Mr. Schrote did in fact come to West Virginia for a few days to manage my campaign. He was not a consultant. He did not work out at all. We mutually agreed that it would be best for him to return to Washington. While in West Virginia he did in fact do work for Bishop, Bryant and Associates while he was supposed to be working for me, he made unauthorized expenditures and caused several major disruptive problems.

I have enclosed herein copies of the cancelled check for \$1000.00, a letter to Mr. Schrote's attorney and a letter from Mr. Schrote's attorney. The latter letter represents the first determination that a sum of money was due and owing.

If it is necessary to file an amended statement, please let me know; but until mid-January 1985 there was neither a debt nor a sum of money owed by me or my campaign to John Schrote or to Bishop, Bryant and Associates.

Please consider this response for both Sam Kusic and West Virginians for Sam Kusic. Winkie Kusic, treasurer, is my wife.

Let me know if you are in need of additional information. I can be reached at Weirton 304-748-2664.

Sincerely yours,  
*Samuel N. Kusic*  
Samuel N. Kusic

Attachment 1  
1

85040525410

MCDERMOTT, BONENBERGER & STIMMEL  
ATTORNEYS AT LAW

JAMES D. MCDERMOTT  
LANDERS P. BONENBERGER  
JOHN P. STIMMEL

January 15, 1985

53 WASHINGTON AVENUE  
WHEELING, WEST VIRGINIA 26003

—  
KEVIN A. STRYKER  
(ADMITTED IN WV & OH)

—  
AREA CODE 304  
242-3220

Mr. Sam Kusic  
3900 Main Street  
Weirton, WV 26062

Dear Mr. Kusic:

The \$1,000.00 offer is acceptable. Please make the check payable to John Schrote and Bishop, Bryant and Associates and forward to me.

Yours very truly,

LANDERS P. BONENBERGER

LPB:jmt

85040525411

January 30, 1985

Mr. Landers P. Bonenberger  
Attorney at Law  
53 Washington Avenue  
Wheeling, West Virginia 26003

Dear Mr. Brandenberger:

Enclosed herein you will find a \$1,000.00 check made payable to John Schrote and Bishop, Bryant and Associates. It is my understanding that this will satisfy any and all claims arising out of my 1984 U.S. Senate campaign.

I appreciate your efforts to get this resolved.

With kind personal regards

Samuel N. Kusic

SNK:h  
encl.

85040525412

WEST VIRGINIANS FOR  
SAM KUSIC

309

3900 MAIN ST.  
WEIRTON, WV 26062

January 30, 1985

69-104  
434

02-14-85 002 15 011

PAY TO THE ORDER OF John Schrote & Bishop, Bryant and Associates \$ 1,000.00

SAMUEL KUSIC \$ 1000.00 DOLLARS

2350 2 03 02-1-85 155 337201327

FIRST NATIONAL BANK OF WEIRTON  
WEIRTON, W. VA. 26062

FEB 14 1985 ACCOUNT OPENED 042084

MEMO PAYMENT IN FULL

FIRST NATIONAL BANK  
WEIRTON, W. VA.  
*Samuel Kusic*

⑆043401048⑆ 016 202 69104 9050 000010000⑆

85040525413

PAY TO THE ORDER OF  
 THE NATIONAL CAPITAL BANK  
 OF WASHINGTON  
 WASHINGTON, D.C.

Bishop, Bryant & Associates, Inc.  
 1500 K STREET, N.W.  
 WASHINGTON, D.C.

FEB 14 1985

EAST AFRICAN BANK, P.E.G.  
 THE NATIONAL  
 CAPITAL BANK  
 WASHINGTON, DC  
 15-5

⑆043401048⑆ 016 202 69104 9050 000010000⑆

4



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Samuel N. Kusic  
3900 Main Street  
Weirton, West Virginia 26062

RE:MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

Dear Mr. Kusic:

On March 4, 1985, the Commission notified the West Virginians for Kusic and Winkie Kusic, as treasurer, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission on \_\_\_\_\_, 1985, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission has closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele  
General Counsel

By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
General Counsel's Report

5

85040525411



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Mr. John Schrote  
2301 Cheshire Lane  
Alexandria, Virginia 22307

RE: MUR 1899  
West Virginians for Kusic  
Winkie Kusic, Treasurer

Dear Mr. Schrote:

The Federal Election Commission has reviewed the allegations of your complaint dated February 19, 1985, and determined that on the basis of the information provided in your complaint (and information provided by the Respondent) there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, (the "Act") has been committed. Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4.

Sincerely,

Charles N. Steele  
General Counsel

By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
General Counsel's Report

85040525415

TEC

3900 Main Street  
Weirton, W.Va. 26062  
March 22, 1985

85 MAR 21 P12: 33

85 MAR 27 P1: 55

GENERAL COUNSEL

Kenneth A. Gross  
Assoc. Gen. Counsel  
Federal Election Commission  
1325 K. Street, N.W.  
Washington, D.C. 20463

Re: MUR 1899

Dear Mr. Gross:

I received your letter of March 4, 1985 on March 8, 1985. I immediately called Paul Reyes to determine which section of the law may have been violated. He suggested that I look at 11CFR 104.11.

To begin with my campaign was run on a cash basis. As contributions came in they were deposited in the bank and when bills came in they were paid by me.

The \$1000.00 that was paid to John Schrote and Bishop, Bryant and Associates was by check #309 dated January 30, 1985 and will be reported on the next report that covers expenditures that occurred after December 31, 1984. I thought that was the proper time to report it. Up until the point in time in mid-January 1985 when Mr. Schrote's attorney had contacted me, there had been no determination if any money was due and owing to or was going to be paid to John Schrote and Bishop, Bryant and Associates. Mr. Schrote would not even return my telephone calls.

In mid-January 1985 a determination was made by me that it was worth \$1000.00 not to be sued and not to have to hire an attorney from both a personal and political standpoint.

Mr. Schrote did in fact come to West Virginia for a few days to manage my campaign. He was not a consultant. He did not work out at all. We mutually agreed that it would be best for him to return to Washington. While in West Virginia he did in fact do work for Bishop, Bryant and Associates while he was supposed to be working for me, he made unauthorized expenditures and caused several major disruptive problems.

I have enclosed herein copies of the cancelled check for \$1000.00, a letter to Mr. Schrote's attorney and a letter from Mr. Schrote's attorney. The latter letter represents the first determination that a sum of money was due and owing.

If it is necessary to file an amended statement, please let me know; but until mid-January 1985 there was neither a debt nor a sum of money owed by me or my campaign to John Schrote or to Bishop, Bryant and Associates.

Please consider this response for both Sam Kusic and West Virginians for Sam Kusic. Winkie Kusic, treasurer, is my wife.

Let me know if you are in need of additional information. I can be reached at Weirton 304-748-2664.

Sincerely yours,

*Samuel N. Kusic*  
Samuel N. Kusic

85040525416

**MCDERMOTT, BONENBERGER & STIMMEL**  
ATTORNEYS AT LAW

JAMES D. MCDERMOTT  
LANDERS P. BONENBERGER  
JOHN P. STIMMEL

January 15, 1985

53 WASHINGTON AVENUE  
WHEELING, WEST VIRGINIA 26003

—  
KEVIN A. STRYKER  
(ADMITTED IN WV & OH)

—  
AREA CODE 304  
242-3220

Mr. Sam Kusic  
3900 Main Street  
Weirton, WV 26062

Dear Mr. Kusic:

The \$1,000.00 offer is acceptable. Please make the check payable to John Schrote and Bishop, Bryant and Associates and forward to me.

Yours very truly,

LANDERS P. BONENBERGER

LPB:jmt

85040525417

January 30, 1985

Mr. Landers P. Bonenberger  
Attorney at Law  
53 Washington Avenue  
Wheeling, West Virginia 26003

Dear Mr. Brandenberger:

Enclosed herein you will find a \$1,000.00 check made payable to John Schrote and Bishop, Bryant and Associates. It is my understanding that this will satisfy any and all claims arising out of my 1984 U.S. Senate campaign.

I appreciate your efforts to get this resolved.

With kind personal regards

Samuel N. Kusic

SNK:h  
encl.

8 5 0 4 0 5 2 5 4 1 8

WEST VIRGINIANS FOR  
SAM KUSIC

3900 MAIN ST.

WEIRTON, WV 26062

January 30, 1985

309

69-104  
434

02-14-85 002 15 011  
PAY TO THE  
ORDER OF John Schrote & Bishop, Bryant and Associates \$ 1,000.00

SAMUEL KUSIC \$ 1000.00 DOLLARS

8350 2 03 02-14-85 153 837201327

FIRST NATIONAL BANK OF WEIRTON  
WEIRTON, W. VA. 26062

FEB 14 85 ACCOUNT OPENED 042084

PAYMENT IN FULL

FIRST NATIONAL BANK  
WEIRTON, W. VA.

*Samuel Kusic*

0000 100000

85040525417

PAY TO THE ORDER OF  
 THE NATIONAL CAPITAL BANK  
 OF WASHINGTON  
 WASHINGTON, D.C.  
 Bishop, Bryant & Associates, Inc.  
 A MEMBER AND MANAGER  
 OF THE FEDERAL RESERVE SYSTEM  
 2200 NATIONAL  
 CAPITAL BANK  
 WASHINGTON, DC  
 20004  
 15-5  
 FEB 14 85  
 FIRST NATIONAL BANK, PEG.  
 WEIRTON, WV 26062

Kusic  
3900 Main St.  
Weirton, W.Va. 26062

5415

RETURN RECEIPT  
REQUESTED

Kenneth A. Gross  
Assoc. Gen. Counsel  
Federal Election Commission  
1325 K. Street, N.W.  
Washington, D.C. 20463

**CERTIFIED**

P 591 258 249

**MAIL**

U.S. MAIL



RECEIVED AT THE FEC  
ACC# 6970  
85 MAR 25  
AO: 44  
GENERAL COUNSEL  
NO: 48

3900 Main Street  
Weirton, W.Va. 26062  
March 22, 1985

Kenneth A. Gross  
Assoc. Gen. Counsel  
Federal Election Commission  
1325 K. Street, N.W.  
Washington, D.C. 20463

Re: MUR 1899

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Sincerely yours,  
*Samuel N. Kusic*  
Samuel N. Kusic

85040525421

MCDERMOTT, BONENBERGER & STIMMEL  
ATTORNEYS AT LAW

JAMES D. MCDERMOTT  
LANDERS P. BONENBERGER  
JOHN P. STIMMEL

January 15, 1985

53 WASHINGTON AVENUE  
WHEELING, WEST VIRGINIA 26003

—  
KEVIN A. STRYKER  
(ADMITTED IN WV & OH)

—  
AREA CODE 304  
242-3220

Mr. Sam Kusic  
3900 Main Street  
Weirton, WV 26062

Dear Mr. Kusic:

The \$1,000.00 offer is acceptable. Please make the check payable to John Schrote and Bishop, Bryant and Associates and forward to me.

Yours very truly,

LANDERS P. BONENBERGER

LPB:jmt

85040525422

January 30, 1985

Mr. Landers P. Bonenberger  
Attorney at Law  
53 Washington Avenue  
Wheeling, West Virginia 26003

Dear Mr. Brandenberger:

Enclosed herein you will find a \$1,000.00 check made payable to John Schrote and Bishop, Bryant and Associates. It is my understanding that this will satisfy any and all claims arising out of my 1984 U.S. Senate campaign.

I appreciate your efforts to get this resolved.

With kind personal regards

Samuel N. Kusic

SNK:h  
encl.

8 5 0 4 0 5 2 5 4 2 3

WEST VIRGINIANS FOR  
SAM KUSIC

3900 MAIN ST.  
WEIRTON, WV 26062

January 30, 1985

309

69-104  
434

02-14-85 002 15 011

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SAMUEL KUSIC \$ 1000.00 DOLLARS

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FIRST NATIONAL BANK OF WEIRTON  
WEIRTON, W. VA. 26062

FEB 14 85 ACCOUNT OPENED 042084

PAYMENT IN FULL

FIRST NATIONAL BANK  
WEIRTON, W. VA.

0000 100000

850405254241

PAY TO THE ORDER OF  
THE NATIONAL CAPITAL BANK  
OF WASHINGTON  
WASHINGTON, D.C.

*SBS*

Bishop, Bryant & Associates, Inc.  
MEMPHIS AND MANAGEMENT  
MEMPHIS, TN

WEST VIRGINIANS FOR  
SAM KUSIC  
3900 MAIN ST.  
WEIRTON, WV 26062

FEB 14 85

FIRST NATIONAL BANK  
OF WASHINGTON, D.C.  
15-5

WEST VIRGINIANS FOR  
SAM KUSIC  
3900 MAIN ST.  
WEIRTON, WV 26062

0000 100000

Kusic  
3900 Main Street  
Weirton, W.Va. 26062



Paul Reyes  
Office of the General Counsel  
Federal Election Commission  
1325 K. Street, N.W.  
Washington, D.C. 20436

5 0 4 0 5 2 5 4 2 5

U N I T E D  
S T A T E S  
P O S T A L  
S E R V I C E



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 4, 1985

Mr. John E. Schrote  
2301 Cheshire Lane  
Alexandria, Virginia 22307

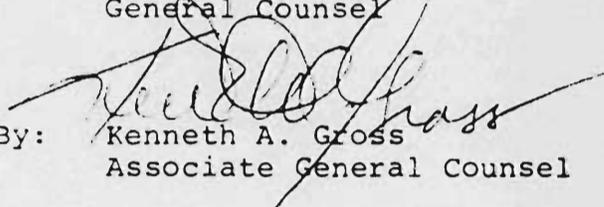
Dear Mr. Schrote:

This letter is to acknowledge receipt of your complaint which we received on February 27, 1985, against Mr. Sam Kusic and the West Virginians for Sam Kusic and its Treasurer, which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Cheryl R. Thomas at (202) 523-4143.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure

85040525426



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

March 4, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Winkie Kusic, Treasurer  
West Virginians for Sam Kusic  
3900 Main Street  
Weirton, West Virginia 26062

Re: MUR 1899

Dear Mr. Kusic:

This letter is to notify you that on February 27, 1985 the Federal Election Commission received a complaint which alleges that West Virginians for Sam Kusic and you, as treasurer, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1899. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against West Virginians for Sam Kusic and you, as treasurer, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain 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 matter to be made public.

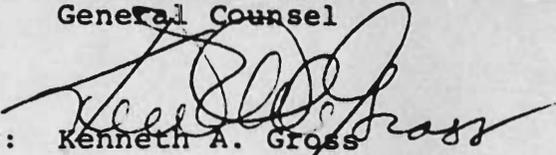
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

85040525427

If you have any questions, please contact Paul Reyes, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

cc: Sam Kusic

85040525423

600-6782

85 FEB 27 4 3: 56

February 19, 1985

Mr. Charles Steele  
General Counsel  
Federal Election Commission  
FSN  
Franklin Square North  
1325 K Street, N.W.  
Washington, D.C. 20463

2301 Cheshire Lane  
Alexandria, VA 22307

Gentlemen:

I had served as a consultant to Mr. Sam Kusic in the West Virginia primary last spring. Mr. Kusic was a candidate for the U.S. Senate.

I was not compensated for the time I served. After many and regular attempts to collect, I finally obtained legal counsel. On his advice, I settled for \$1,000 on an amount of \$2,108 owed to me.

In reviewing his reports to the FEC, I notice he did not list me as an outstanding debt. This appears to be in violation of the Federal Election reporting statutes and I encourage you to investigate for a possible violation.

I would also appreciate your review of the settlement to determine whether or not I can legally consider it final.

Sincerely,

*John E. Schrote*  
JOHN E. SCHROTE

Subscribed and sworn to me this 26<sup>th</sup>  
day of Feb., 1985.

JES/tg

*Sheila F. Groves*  
Notary

~~Notary Commission Expires March 31, 1986~~

85040525429

600-6782

M1899

RECEIVED  
OFFICE OF THE FEC  
COMMISSION SECRETARY

85 FEB 27 10:00

February 19, 1985 05 MAR 11 09:00

Mr. Charles Steele  
General Counsel  
Federal Election Commission  
FSN  
Franklin Square North  
1325 K Street, N.W.  
Washington, D.C. 20463

2301 Cheshire Lane  
Alexandria, VA 22307

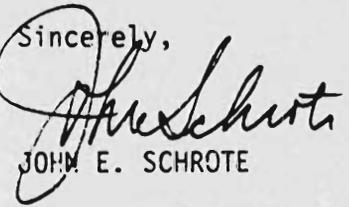
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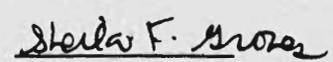
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Sincerely,  
  
JOHN E. SCHROTE

Subscribed and sworn to me this 26th  
day of Feb., 1985.

  
Notary

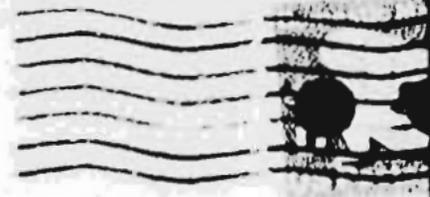
My Commission Expires March 31, 1986

85040525430

02:24 PM '85

*Auto  
Washington  
Washington, DC 20507*

857405251



Mr. Charles Steele  
General Counsel  
Federal Election Commission  
FSN  
Franklin Square North  
1325 K Street, N.W.  
Washington, D.C. 20463

05 FEB 27 10:51



FEDERAL ELECTION COMMISSION

1325 K STREET NW  
WASHINGTON, DC 20463

85040525432

THIS IS THE BEGINNING OF MUR # 1899

Date Filmed 6/27/85 Camera No. --- 1

Cameraman AS