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17 NOV 1976

William H. Schweitzer, Esq.
Baker, Hostetler, Frost
& Towers
Southern Building
Washington, D. C. 20005

Re: MUR 197 (76)

Dear Mr. Schweitzer:

This is to advise you that the Federal Election Commission has determined that there is no reason to believe that violations of the Federal Election Campaign Laws have been committed with respect to the above-captioned MUR. Accordingly, the file in this matter has been closed.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

7704002187

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

28 OCT 1976

John Sears, Chairman
Citizens for Reagan Committee
1835 K Street, N. W.
Washington, D. C. 20006

Re: MUR 197 (76)

Dear Mr. Sears:

I am forwarding the enclosed complaint pursuant to §437g(a)(2) of the Federal Election Campaign Act of 1971, as amended, for your information. As shown by the attached copy of my letter to complainant, the Commission believes that on the basis of the information in the complaint there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission does not intend to investigate the matter any further.

Sincerely yours,

John G. Murphy, Jr.
General Counsel

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Enclosures

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

OCT 28 1976

CERTIFIED MAIL
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Mr. Anthony R. Martin-Trigona
c/o Joel Joseph, Esq.
Suite 1010
1712 Eye Street, N. W.
Washington, D. C. 20006

Re: MUR 197 (76)

Dear Mr. Martin-Trigona:

This is to advise you that the Federal Election Commission has determined that there is no reason to believe that violations of the Federal Election Campaing Laws have been committed with respect to the above-captioned MUR. Accordingly, the file in this matter has been closed. A copy of a certification of the Commission's Action is enclosed.

Sincerely yours,

John G. Murphy, Jr.
General Counsel

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Martin-Trigona

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SIGNATURE ☐ Addressee ☐ Authorized agent

Paul Bannon

4. DATE OF DELIVERY OCT 29 1976 POSTMARK

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OFFICE OF GENERAL COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 197 (76)
Ronald Reagan, Citizens	)	
for Reagan and National	)	
Bank of Washington	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on October 26, 1976, the Commission determined by a vote of 5-0 that there was no reason to believe that violations of the Federal Election Campaign Act of 1971, as amended, had been committed in the above captioned matter; accordingly, the above matter is closed. Commissioner Tiernan was absent.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of	)	
	)	
Ronald Reagan, Citizens for Reagan and National Bank of Washington	)	MUR 197(76)

GENERAL COUNSEL'S REPORT

I. Allegations

The complaint in this matter was filed by Anthony R. Martin-Trigona and was received at the Commission on July 22, 1976.

Respondent, Ronald Reagan, was until August 19, 1976, a candidate for the Republican Party nomination for President. Citizens for Reagan ("Citizens") is the designated principal campaign committee for Ronald Reagan. The registration form and statement of organization for Citizens was received on July 24, 1975 and the first committee report dates from October 10, 1975. National Bank of Washington ("NBW") is a corporation and national bank engaging in the commercial banking business in the District of Columbia.

The complaint contains three primary allegations.

1. Excess contribution--That the Citizens for Reagan received on behalf of Ronald Reagan a contribution from one Leanore Pachocke of Earlahe, Ohio in the amount of $1,800

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on May 30, 1976, and that that amount is in violation of the $1,000 per candidate per election contribution limit established by 2 U.S.C. §441a(a)(1). See also Federal Election Commission proposed regulations §110.1(a)(1).

2. Receipt of contributions in the name of another--That one Clyde Bennett of Harlan, Kentucky made a $1,000 contribution to Ronald Reagan in the name of his 16-year old son, Joe Bennett, and, further, that Clyde Bennett made other, similar gifts in the name of another through his relatives in violation of 2 U.S.C. §441f. See also Federal Election Commission's proposed regulation §110.4(b). No date is cited for the contribution.

3. That Citizens for Reagan on behalf of Ronald Reagan received a loan from NBW in the amount of $1,300,000 which loan was not made in the ordinary course of business and was thus a violation of 2 U.S.C. §441b. See also Federal Election Commission's proposed regulation §114.2(a).

II. Evidence

(a) The first claim had already been the subject of correspondence between the Division of Disclosure and Compliance and Citizens prior to the filing of the complaint. Citizens responded that the entry for Mrs. Leanore Pachocke showing a contribution of $1,800 was actually two contributions of $900 each from Mr. and Mrs. Leanore Pachoke. The report has been corrected. No reason to believe that a violation

FEDERAL ELECTION COMMISSION
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has been committed exists with respect to this claim and it is recommended that it be dismissed.

(b) Because the second claim does not set forth any evidence to substantiate the violation and because the complainant has not submitted any further supporting evidence it is recommended that this claim be dismissed.

(c) The complaint alleges that the reports which the Citizens for Reagan filed with the Federal Election Commission show that the Citizens for Reagan received a loan in excess of $1,300,000 from NBW and that these loans were not secured and were not made in the ordinary course of business. Respondent NBW submitted a detailed affidavit in response to this regulation. Affiant Walton W. Sanderson is the President of NBW. Mr. Sanderson, while admitting that there were in fact two loans from NBW to Citizens, takes the position that both loans were in the ordinary course of business and fully secure. The Sanderson affidavit, which is unrefuted by any further submission from the complainant, describes the loan arrangement as one in which the bank was approached by Citizens which was having a cash flow problem generated by the 15-day interim period that it took the FEC to process its submissions for matching payments. There were two loan agreements. One was negotiated prior to the time that the Commission lost its authority to certify matching

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

payments on March 20, 1976. The second loan agreement was negotiated subsequent to May 11, 1976, the date the 1976 Amendments took effect. While there were minor differences in the two loan agreements the basic concept was the same in both. The amount of matching funds which could be expected to be received as a result of Citizens fundraising was calculated and a percentage discount applied to that figure. That sum was then loaned by the bank to Citizens for Reagan. The interest rate charged was the prime rate that the bank was charging its best corporate customers at the time. Citizens assigned all of its interest in any matching payment to the bank. At the time a matching payments check was issued by the Secretary of the Treasury, it would either be mailed directly to the bank or the counsel for Citizens would hand deliber the check to the bank. (This latter method saved Citizens two days interest.)

Mr. Sanderson's affidavit also states that, during the hiatus between the time that the Commission's authority to certify matching payments expired on March 20, 1976 and May 11, 1976, the bank was approached several times by the Reagan committee to make new loans but each time refused on the grounds that it was still uncertain that the FEC had the authority to certify matching payments. After

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the 1976 Amendments became effective, NBW agreed to make new loans to Citizens under the same system as discussed above. The Reagan Committee by that time had cash flow difficulties arising from the fact that it took Citizens about 15 days to secure the necessary documentation for submission to the Commission and then it took the Commission approximately 15 days to actually certify the matching funds. The procedure used by Citizens to count the money and compile the required documentations was as follows:

"Citizens received a certain amount of moneys each day in the form of checks and cash. At the close of the business day, the checks and cash were placed in NBW's vault for safe keeping and in the morning they were deposited into Citizens' account at NBW. After they were deposited, employees of Citizens would begin compiling the necessary information required by the FEC prior to certification for matching payments.

From this daily procedure, Citizens was able to compute an accurate estimation of the percentage of the daily contributions which were matchable. NBW agreed to loan Citizens a certain amount of money each day based on the matchable percentage, which was 60%, suggested by Citizens. In an abundance of caution and in order to cover possible errors, NBW agreed to loan moneys equal to 35% of the daily contributions. The rate of interest would

FEDERAL ELECTION COMMISSION
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be NBW's prime rate. When the documentation was ready for submission to the FEC, the loan was automatically converted into the initial loan arrangement described above." Sanderson Affidavit 5-6.

The maximum amount which NBW agreed to loan Citizens under this arrangement was $500,000. Although the underlying collateral was, of course, the earlier assignment of the matching funds, Citizens also assigned to NBW the checks which were being placed in NBW's vault on a daily basis.

This "intricate loan arrangement" proved to be somewhat unnecessary since the Citizens for Reagan Committee began receiving almost $300,000 daily. Only one loan, in the amount of $500,000, was made under the described arrangement and that loan was repaid in its entirety upon receipt by Citizens of the matching payments funds. Sanderson Affidavit 6. The Sanderson affidavit also sets out that all loans have been repaid plus interest and that the last loan was repaid on July 9, 1976.

III. Legal Analysis (Third claim only)

The complaint alleges a violation of 2 U.S.C. §441b in that the loan by NBW to Citizens for Reagan constituted a contribution in connection with a Federal election. For purposes of this analysis it should be pointed out initially that the 1976 Amendments to the Federal Election Campaign

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Act of 1971 did not alter the meaning of contribution in former 18 U.S.C. §610. That section (and 2 U.S.C. §441b) exempts a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business. See also 2 U.S.C. §431(e)(5)(G). There is no allegation that any applicable banking law or regulation was violated. The issue, although somewhat inartfully stated in the complaint, seems to be that the loan was not in the ordinary course of business insofar as it was secured by an assignment of the matching payment funds. The theory must be that the collateralization of a loan with matching payment funds, having never occurred previously since matching payment funds were never previously available before 1976, cannot be in the ordinary course of business. It is the opinion of the General Counsel that this theory is incorrect. The security in the form of a matching payment fund is, as stated in the Sanderson affidavit, probably better than on most bank loans, perhaps even better than on real estate loans where the real property is the collateral. Here the respondent had a statutory right to receive matching payment funds. He assigned that statutory right and was loaned money on a substantial discount from what he was due from the United States Government. It is the

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recommendation of the General Counsel that this count be dismissed.

CONCLUSION

There is no reason to believe that violations of the Federal Election Campaign laws have been committed as to any of complainant's allegations; close file, sending attached letter.

Date: October 22, 1976

John G. Murphy, Jr.
General Counsel

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SEP 28 1976

Joel Joseph, Esq.
Suite 850
Watergate Office Building
600 New Hampshire Ave., N.W.
Washington, D.C. 20037

Re: MUR 197 (76)

Dear Joel:

Would you kindly inform us as to the current address of Anthony R. Martin-Trigona. The notification in MUR 197 (76) which was sent to Suite 2910 A One I.B.M. Plaza, Chicago, Illinois 60611 was returned to the Commission.

Sincerely yours,

Andrew Athy, Jr.

AAthy:pjg:9/28/76
MUR file

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7704021893

CC#465
MUR 197

BAKER, HOSTETLER, FROST & TOWERS
COUNSELLORS AT LAW
SOUTHERN BUILDING
WASHINGTON, D.C. 20005
(202) 393-5360

IN CLEVELAND, OHIO
BAKER, HOSTETLER & PATTERSON
1956 UNION COMMERCE BUILDING
CLEVELAND, OHIO 44115
(216) 621-0200
TWX 810 421 8375

FEDERAL ELECTION COMMISSION
76 AUG 30 P 3: 52

August 30, 1976

John G. Murphy, Jr., Esq.
General Counsel
Federal Election Commission
1325 K Street N. W.
Washington, D.C. 20006

Re: MUR 197(76)

Dear Mr. Murphy:

Enclosed is the response of respondent National Bank of Washington to the complaint filed by Anthony R. Martin-Trigona.

Very truly yours,

William H. Schweitzer

William H. Schweitzer

WHS:gh
Encl.

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76 AUG 30 12:52

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ANTHONY R. MARTIN-TRIGONA Complainant v. NATIONAL BANK OF WASHINGTON, et. al. Respondents	MUR-197(76)

ANSWER OF RESPONDENT
NATIONAL BANK OF WASHINGTON
TO COMPLAINT

PRELIMINARY STATEMENT

On August 18, 1976, the President of respondent National Bank of Washington (hereinafter "NBW"), was served by certified mail with a letter from the general counsel of the Federal Election Commission (hereinafter "FEC") and a complaint signed and sworn to by complainant Anthony R. Martin-Trigona. The complaint contains three claims alleging violations of the Federal Election Campaign Act of 1971, (hereinafter "Act") as amended (P.L. 94-283). However, only the third claim alleges a violation of the Act by NBW. This claim reads in its entirety as follows:

> THIRD CLAIM: Violations of 2 U.S.C. Section 441b. Contributions by a bank.
>
> 9. According to reports filed with the Federal Election Commission, Citizens for Reagan received in excess of $1,300,000 from the National Bank of Washington. These loans were not secured and were not made in the ordinary course of business.

The instant pleading is NBW's reponse to complainant's allegations in the third claim of his complaint.

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ARGUMENT

I. The Statutory Scheme.

Citizens for Reagan (hereinafter "Citizens") is registered with the Federal Election Commission as a principal campaign committee and is organized for the purposes of raising and expending monies on behalf of Ronald Reagan, a candidate for the office of President of the United States. One of Citizens' tasks, during the recently concluded primary election campaign, was to raise and process contributions which would be matchable under the statutory requirements of the sections of the Act dealing with matching payments for the presidential primary elections. 26 U.S.C. §9031-9042. The matching payments are disbursed from the Presidential Primary Account (hereinafter "Account") to the candidate's principal campaign committee by the Secretary of the Treasury (hereinafter "Secretary"). However, prior to such disbursal, the FEC must certify to the Secretary that the candidate is qualified to receive payments and that the monies sought by the candidate are, indeed, matchable.

In order to qualify for matching payments, the candidate must comply with the requirments of 26 U.S.C. §9033. Reagan met the qualification test in January of 1976. Once a candidate has qualified, he must then submit documentation to the FEC in order to permit the FEC to make certain that the requested monies are matchable. The documentation required for the initial qualification and the subsequent payments is listed in the FEC's proposed regulations at sections 131.1-132.2. This documentation is reviewed and if the statutory requirements are fulfilled, the FEC will certify to the Secretary that a certain sum of money is to be paid to the candidate. The FEC may certify all or part

of a matching payment request. If the documentation is insufficient, the FEC may reject all or part of the request and ask for further information. See FEC Proposed Regulations at §132.4. The FEC must make a decision concerning certification within fifteen days of the date of the submission of the documentation by the candidate. See Proposed Regulations at §132.2.

II. The Loan Agreements.

A. The initial loan arrangement.

Citizens, like other presidential campaign committees, had a need for monies in order to operate its campaign during the 15 day interim period while the FEC was processing its submission. Therefore, it approached NBW for the purpose of negotiating a loan agreement whereby NBW would loan monies to Citizens while the documentation of Citizens was being examined for errors. NBW was provided Citizens' documentation as well as its prior experience concerning errors in its documentation. NBW examined these materials in order to arrive at an appropriate loan agreement. It was finally decided that a percentage of the expected matching payment would be loaned to Citizens at NBW's prime rate of interest. A loan of eighty-five to ninety percent of the anticipated matching payment was the agreement entered into by Citizens and NBW.

Citizens assigned any interest in its matching payment to NBW and the Secretary's check was either mailed directly to the bank or hand carried by Citizens' general counsel, Loren Smith, to NBW on the same day that it was issued. This latter procedure saved Citizens interest charges since mailing took at least two days. The loan was immediately repaid, plus interest, and any monies remaining from the matching payment were deposited into Citizens' account at

NBW. The matching payment always covered the loan balance and the maximum period that a loan was outstanding was twenty days.

These loans took place prior to the FEC's loss of its certification authority due to the decision of the United States Supreme Court in Buckley, et. al. v. Valeo, et. al., United States Supreme Court, Nos. 75-436, 75-437, decided January 30, 1976. When the FEC's certification authority expired on March 20, 1976, NBW ceased making loans to Citizens.

B. The second loan agreement.

Citizens approached NBW numerous times during the hiatus between March 20 and May 11, 1976, the date that the President signed into law the 1976 Amendments to the Act (P.L. 94-283), and requested that NBW reinstitute the loan agreement since it appeared clear to Citizens that a new bill, which would once again give the FEC certification authority, would be passed by Congress. NBW refused to reinstitute the loans until it was certain that the FEC had the authority to certify matching payments.

After the 1976 Amendments became effective, NBW agreed to make loans to Citizens under the same system discussed above. The loan arrangement was activated and loans were made on the day Citizens submitted it documentation to the FEC. Another assignment was executed by Citizens and the same repayment procedure was used.

However, Citizens, like the other presidential campaign committees, had a cash shortage because of the cessation of matching payments caused by the failure of Congress to pass promptly the 1976 Amendments. Moreover, Citizens needed approximately fifteen days from the time it received a check from a contributor until the proper documentation was compiled

for submission to the FEC for certification purposes. This delay resulted from the internal controls and computerization instituted by Citizens in order to comply with the certification requirements of the FEC. Thus, Citizens was faced with a thirty day rather than a fifteen day delay between the time it received a contribution and the time the contribution was matched by a payment from the Secretary. This delay would have been unimportant if the FEC had not lost its certification authority or if NBW had continued to make loans during the March 20 to May 11, 1976 time period.

In order to reduce this fifteen day delay, Citizens asked NBW to enter into a second loan arrangement. Citizens requested that NBW loan monies based on the amount of contributions received each day.

The procedure used by Citizens to count the money and compile the required documentation was as follows:

Citizens received a certain amount of monies each day in the form of checks and cash. At the close of the business day, the checks and cash were placed in NBW's vault for safekeeping and the following morning they were deposited into Citizens' account at NBW. After they were deposited, employees of Citizens would begin compiling the necessary information required by the FEC prior to certification for matching payments.

From this daily procedure, Citizens was able to compute an accurate estimation of the percentage of the daily contributions which were matchable. NBW agreed to loan Citizens a certain amount of money each day based on the matchable percentage, which was sixty percent, suggested by Citizens. In an abundance of caution and in order to cover possible errors, NBW agreed to loan monies equal to thirty-five

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OFFICE OF GENERAL COUNSEL

percent of the daily contributions. The rate of interest would be NBW's prime rate. When the documentation was ready for submission to the FEC, the loan automatically converted into the initial loan arrangement described above.

Under this second loan arrangement, the maximum amount of monies which NBW agreed to loan was $500,000. Also, Citizens assigned to NBW the amount of checks which were in NBW's vault on a daily basis as collateral for the loans. Of course, the matching payment, which had already been assigned, was the underlying collateral.

The intricate loan arrangement ultimately proved to be unnecessary because Citizens was receiving almost $300,000 on a daily basis. Therefore, NBW made one loan in the amount of $500,000 under this arrangement. The loan was repaid in its entirety upon receipt by Citizens of its matching payment. This loan arrangement was discussed with Daniel J. Swillinger, Deputy Assistant General Counsel of the FEC, prior to its implementation, in order to make certain that it was not violative of the Act. He concluded that this arrangement, as well as the first loan agreement, was in compliance with the Act.

C. Results of the loan arrangements.

NBW has received repayment, plus interest, of all outstanding loans to Citizens. The last loan was repaid on July 9, 1976.

III. The Acts' Requirements Concerning Loans by a National Bank.

A national bank was, prior to the 1976 Amendments, prohibited from making a contribution in connection with any election to any political office, or in connection with any primary election to select candidates for political office.

18 U.S.C. §610. The 1976 Amendments did not alter this prohibition. 2 U.S.C. §441b.

However, the Act, both prior to and subsequent to the 1976 Amendments, excepted from the definition of contribution a loan of money by a national bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. §§431(e)(5)(G) and 441b(b)(2); see also, former 18 U.S.C. §610.

It is without question that the loans made by NBW were in accordance with the applicable banking laws and in the ordinary course of business. The loans were secured by the matching payments made by the Secretary to Citizens and were immediately repaid upon the issuance of the check by the Secretary. The Secretary's check was mailed directly to the bank or hand carried by Citizens' General Counsel to NBW on the day it was issued. Citizens was charged NBW's prime rate of interest. NBW examined Citizens' documentation concerning the matching payments and also received confirmation of its average rate of error from the FEC. The amount of the loans was never one hundred percent of the submission but always a figure less than the error rate. Citizens assigned its interest in the matching payments to NBW as well as its interest in the daily receipts which were kept in NBW's vault. The second loan arrangement was pre-cleared with the FEC's Office of the General Counsel.

Lastly, the loans were repaid with interest in a timely fashion. The loans were as secure as any loans made by NBW in the ordinary course of business. Indeed, since the federal government was the ultimate payor, they were probably more secure than the normal bank loans.

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IV. Conclusion.

For the foregoing reasons, NBW respectfully requests that the FEC dismiss the instant complaint with prejudice.

Walton W. Sandersen
President
National Bank of Washington
619 14th Street, N.W.
Washington, D.C. 20006

Subscribed and sworn to before me this 30th day of August, 1976.

Notary Public

Special Counsel for National
Bank of Washington
Baker, Hostetler, Frost & Towers
805 15th Street, N.W.
Washington, D.C. 20005

By Webb C. Hayes III WHS
Webb C. Hayes, III

William H. Schweitzer

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OFFICE OF GENERAL COUNSEL

CC #120

The National
BANK OF
WASHINGTON

Dale L. Jernberg
Executive Vice President

Main Office
619 14th Street, N.W.
Washington, D.C. 20005
202-624-3011

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FEDERAL ELECTION
COMMISSION

76 AUG 20 A 9: 08

Mr. John G. Murphy, Jr.
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

August 19, 1976

Re: MUR 197 (76)

Dear Mr. Murphy:

Your letter dated 17 August 1976, addressed to Mr. Walton W. Sanderson, President of The National Bank of Washington, with reference to the above matter, has been received, and in Mr. Sanderson's absence I am acknowledging receipt thereof.

Your letter and the enclosed Complaint has been referred to William Schweitzer, Esq. of Baker, Hostetler, Frost and Towers, Southern Building, Washington, D. C. 20005. Mr. Schweitzer is Special Counsel for the bank in connection with this matter and he will be in communication with the attorney assigned, Andrew Athy, Jr.

Very sincerely,

Dale L. Jernberg
Executive Vice President

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

The National
BANK OF
WASHINGTON

Washington, D.C. 20005

Mr. John G. Murphy, Jr.
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

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OFFICE OF GENERAL COUNSEL

Put this in 197 file

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

17 AUG 1976

Anthony R. Martin-Trigona
Suite 2910 A
One I.B.M. Plaza
Chicago, Illinois 60611

Re: MUR 197 (76)

Dear Mr. Martin-Trigona:

This letter is to acknowledge receipt of your complaint dated July 21, 1976, alleging violations of the Federal Election Campaign Act of 1971, as amended, by Ronald Reagan, Citizens for Reagan and the National Bank of Washington. We have numbered your complaint as MUR 197, please refer to this number in any correspondence.

The Commission has opened a preliminary inquiry into your allegations. A copy of your complaint has been forwarded to respondent and he has been asked to submit any relevant material within ten days. If you have any other evidence regarding this matter, please submit it within five days.

The attorney assigned to this case is Andrew Athy, Jr. (telephone no. 202/382-6646). Please do not hesitate to write or call if you have any questions.

Sincerely yours,

John G. Murphy, Jr.
General Counsel

cc: Joel Joseph, Esq.
Suite 850
Watergate Office Building
600 New Hampshire Ave., N. W.
Washington, D. C. 20037

7704071905

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2. ARTICLE ADDRESSED TO:

Anthony R. Martin-Trigona

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325 K STREET N.W.
VASHINGTON, D.C. 20463

13 A10:3

RETURNED TO SENDER
REASON
Unclaimed
Addressee unknown
Insufficient address
No such street ____ number ____
No such office in state ____
Do not remail at this address

AHRNL

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

POSTAGE AND FEES PAID

U.S.MAIL

CERTIFIED MAIL
RETURN RECIEPT REQUESTED

Anthony R. Martin-Trigona
Suite 2910 A
One I.B.M. Plaza
Chicago, Illinois 60611

438192

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

17 AUG 1976

Mr. Walton W. Sandersen
President
National Bank of Washington
619 14th Street, N. W.
Washington, D. C. 20006

Re: MUR 197 (76)

Dear Mr. Sandersen:

This letter is to notify you that the Federal Election Commission has received a complaint against the National Bank of Washington, which we have numbered MUR 197. The third claim in the enclosed complaint is against the Bank and alleges, in essence, that it has violated 2 U.S.C. §441b. The Commission is forwarding this information to you to apprise you that these matters have been raised; it has made no final determination that the matters fall within its jurisdiction or that the allegations set forth any violation of the Federal Election Campaign Act of 1971, as amended.

The Commission is presently conducting a preliminary inquiry into this matter to determine what action, if any, it should take. Under the Act, the Commission must consider such matters expeditiously; accordingly, please submit within ten days any factual or legal materials which you believe are relevant to the Commission's analysis of the matters alleged to violate the Act.

You will be sent copies or summaries of all correspondence received by the Commission from the complainant concerning this matter. If you have any questions please do not hesitate to contact us. The attorney assigned to this matter is Andrew Athy, Jr. (telephone no. 202/382-6646).

Sincerely yours,

John G. Murphy, Jr.
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Atty [illegible] 8/10/76

SC

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

1. The following service is requested (check one).

- ☐ Show to whom and date delivered..... 15¢
- ☒ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY.
  Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:

Walter W. Sandersen

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	43853	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GOP : 1976—O-203-458

FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

17 AUG 1976

John Sears
Chairman
Citizens for Reagan Committee
1835 K Street, N.W.
Washington, D. C. 20006

Re: MUR 197 (76)

Dear Mr. Sears:

This letter is to notify you that the Federal Election Commission has recieved a complaint against Ronald Reagan and the Citizens for Reagan Committee. A copy of the complaint is enclosed. The Commission is forwarding this information to apprise you that these matters have been raised, it has made no final determination that the matters fall within its jurisdiction or that the allegations made set forth any violation of the Federal Election Campaign Act of 1971, as amended.

The Commission is presently conducting a preliminary inquiry into this matter to determine what action, if any, it should take. Under the Act, the Commission must consider such matters expeditiously; accordingly, please submit within ten days any factual or legal materials which you believe are relevent to the Commission's analysis of the matters alleged to violate the Act.

You will be sent copies or summaries of all correspondence received by the Commission from the complainant concerning this matter. The attorney assigned to this case is Andrew Athy, Jr. (telephone no. 202/382-6646). Please feel free to call if you have any questions regarding this matter.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

Enclosure

Athy mur 8/10/76

GC

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

1. The following service is requested (check one).

- ☐ Show to whom and date delivered..... 15¢
- ☒ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY. Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:

John Sears, Chairman
Citizens for Reagan

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GOP : 1976—O-203-456

ORIGINAL PAGE IS
OF POOR QUALITY
OFFICE OF GENERAL COUNSEL

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

17 AUG 1976

Anthony R. Martin-Trigona
Suite 2910 A
One I.B.M. Plaza
Chicago, Illinois 60611

Re: MUR 197 (76)

Dear Mr. Martin-Trigona:

This letter is to acknowledge receipt of your complaint dated July 21, 1976, alleging violations of the Federal Election Campaign Act of 1971, as amended, by Ronald Reagan, Citizens for Reagan and the National Bank of Washington. We have numbered your complaint as MUR 197, please refer to this number in any correspondence.

The Commission has opened a preliminary inquiry into your allegations. A copy of your complaint has been forwarded to respondent and he has been asked to submit any relevant material within ten days. If you have any other evidence regarding this matter, please submit it within five days.

The attorney assigned to this case is Andrew Athy, Jr. (telephone no. 202/382-6646). Please do not hesitate to write or call if you have any questions.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

cc: Joel Joseph, Esq.
Suite 850
Watergate Office Building
600 New Hampshire Ave., N. W.
Washington, D. C. 20037

Athy: esq 8/10/76

August 12, 1976

MEMORANDUM TO: BILL OLDAKER

FROM: MARGE EMMONS ME by B.S.K.

All of the MURS listed below were transmitted to the Commission on August 11, 1976 - 9:00 a.m. As of August 12, 1976 - 10:30 a.m., no objections were received in MURS 197 (76); 214A (76); 214B (76) & 215 (76).

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

DATE AND TIME OF TRANSMITTAL: 8/4/76

NO. MUR 197 (76)

REC'D: 7/22/76

FEDERAL ELECTION COMMISSION
Washington, D. C.

Complainant's Name: Anthony R. Martin-Trigona (Joel Joseph, Attorney)

Respondent's Name: Ronald Reagan, Citizens For Reagan and National Bank of Wash.

Relevant Statute: 2 U.S.C. 441a(f), 411f, 411b

Internal Reports Checked: Citizens for Reagan

Federal Agencies Checked:

SUMMARY OF ALLEGATION

Notarized complaint sets forth the following claims, 1) Citizens for Reagan accepted a contribution in the amount of $1,800 from one individual, namely Leanore Pachocke. 2) Clyde Bennett of Harlan, Kentucky contributed $1,000 to Ronald Reagan but identified that contribution as being from his son Joe Bennet.

3) That National Bank of Washington loaned Citizens for Reagan $1,300,000 and that such a loan was not in the ordinary course of business thus in violation of 2 U.S.C. Sec. 441(b).PRELIMINARY LEGAL ANALYSIS

1) Appears to be a violation of 2 U.S.C. 441a(f) warranting further inquiry.

2) Further evidence needed to find reason to believe but an initial inquiry is warranted.

3) Further evidence needed to find reason to believe but an initial inquiry is warranted. However, if the loan was secured on the basis of Gov. Reagan's personal assets and those assets were sufficient for Gov. Reagan to obtain a loan in the ordinary course of business, it would be permissible. See Buckley v. Valeo, 96 S. Ct. 612, 650 (1976

RECOMMENDATION

Date of Next Commission Review:

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John Sears
Chairman
Citizens for Reagan Committee
1835 K Street, N.W.
Washington, D. C. 20006

Re: MUR 197 (76)

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You will be sent copies or summaries of all correspondence received by the Commission from the complainant concerning this matter. The attorney assigned to this case is Andrew Athy, Jr. (telephone no. 202/382-6646). Please feel free to call if you have any questions regarding this matter.

Sincerely yours,

Enclosure

John G. Murphy, Jr.
General Counsel

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Walton W. Sandersen
President
National Bank of Washington
619 14th Street, N. W.
Washington, D. C. 20006

Re: MUR 197 (76)

Dear Mr. Sandersen:

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Sincerely yours,

Enclosure

John G. Murphy, Jr.
General Counsel

FEDERAL ELECTION COMMISSION
OFFICIAL
OFFICE OF GENERAL COUNSEL

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Anthony R. Martin-Trigona
Suite 2910 A
One I.B.M. Plaza
Chicago, Illinois 60611

Re: MUR 197 (76)

Dear Mr. Martin-Trigona:

This letter is to acknowledge receipt of your complaint dated July 21, 1976, alleging violations of the Federal Election Campaign Act of 1971, as amended, by Ronald Reagan, Citizens for Reagan and the National Bank of Washington. We have numbered your complaint as MUR 197, please refer to this number in any correspondence.

The Commission has opened a preliminary inquiry into your allegations. A copy of your complaint has been forwarded to respondent and he has been asked to submit any relevant material within ten days. If you have any other evidence regarding this matter, please submit it within five days.

The attorney assigned to this case is Andrew Athy, Jr. (telephone no. 202/382-6646). Please do not hesitate to write or call if you have any questions.

Sincerely yours,

John G. Murphy, Jr.
General Counsel

cc: Joel Joseph, Esq.
Suite 850
Watergate Office Building
600 New Hampshire Ave., N. W.
Washington, D. C. 20037

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

FEDERAL ELECTION COMMISSION

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

August 10. 1976

MEMORANDUM TO: David Spiegel

THROUGH: Al Keema

FROM: Nancy Davis

SUBJECT: Complaint filed by Anthony R. Martin-Trigona against Ronold Reagon, Citizen for Reagon, and the National Bank of Washington

First Claim: Leanore Pachocke did make a contribution of $1,800 on 5/30/76 as reported on the Citizens for Reagon's 6/10 Report. A first letter was sent in conjunction with the Memorandum of Understanding for which no response has yet been received. A second letter, "reason to believe", was sent on 8/6/76.

Second Claim: It is impossible at the present time to check this contribution without knowing the date it was received by the Citizens for Reagon Committee.

Third Claim: The Citizens for Reagon Committee has in fact received $1,300,000 in loans from the National Bank of Washington and originally failed to disclose the guarantors and/or endorsers of the loans. The Commission however, requested the required information which has subsequently been disclosed. See the attached.

Attachment

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

August 6, 1976

MEMORANDUM TO: Al Keema

THRU: Bill Oldaker

FROM: David Spiegel

Attached is a complaint filed by Anthony R. Martin-Trigona against Ronald Reagan, Citizens for Reagan, and the National Bank of Washington.

Would you kindly determine if the contributions and loans complained of were entered in the reports on file.

Attachment

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

7704002191 9

MUR 191
RECEIVED
FEDERAL ELECTION
COMMISSION
76 JUL 22 P 3:36
FEC CORRESPONDENCE
CONTROL # 76-1188

Before the
FEDERAL ELECTION COMMISSION
Washington, D. C. 20463

ANTHONY R. MARTIN-TRIGONA
Suite 2910 A
ONE I. B. M. PLAZA
Chicago, Illinois 60611
(312) 467-6760

Complainant

vs.

RONALD REAGAN

and

CITIZENS FOR REAGAN

and

NATIONAL BANK OF WASHINGTON

Respondents

F. E. C. NUMBER _____

COMPLAINT

I

PRELIMINARY STATEMENT

1. This Complaint involves three different types of violations of the Federal Election Campaign Act, as amended. First, CITIZENS FOR REAGAN has received contributions from individuals in excess of $1,000. Second, CITIZENS FOR REAGAN has received contributions from young children whose parents actually provided money for the contributions and third, CITIZENS FOR REAGAN received more than $1,300,000 from the NATIONAL BANK OF WASHINGTON supposedly as a loan but the "loan" was not secured.

II

JURISDICTION

2. Jurisdiction is conferred on the Federal Election Commission by 2 U. S. C. Section 437 g.

7704021921

cc #334

III

COMPLAINANT

3. ANTHONY R. MARTIN-TRIGONA is a person who believes that a violation of the Federal Election Campaign Act, as amended, has occurred.

IV

RESPONDENTS

4. RONALD REAGAN is a candidate for President of The United States.

5. CITIZENS FOR REAGAN is Mr. Reagan's principal campaign committee.

6. THE NATIONAL BANK OF WASHINGTON is a corporation.

V

FIRST CLAIM: Knowing acceptance of contributions in excess of $1,000 in violation of 2 U. S.C. Section 441 a (f).

7. CITIZENS FOR REAGAN received on behalf of RONALD REAGAN contributions from Leanore Pachocke of Earlahe, Ohio of $1,800 on May 30, 1976, which amount is in violation of the $1,000 limitation established by 2 U. S. C. Section 441 a (a) (1).

VI

SECOND CLAIM: Violations of 2 U. S. C. Section 441 f. Contributions in the name of another.

8. Joe Bennett, 16 years old, son of Clyde Bennett, of Harlan, Kentucky is listed in reports filed with the Federal Election Commission to have contributed $1,000 to RONALD REAGAN. Clyde Bennett used his son's name to make this contribution. Clyde Bennett has made other similar gifts in the name of another through use of his relatives.

VII

THIRD CLAIM: Violations of 2 U. S. C. Section 441 b. Contributions by a bank.

FEDERAL ELECTION COMMISSION
OFFICIAL MAIL

7704111921

CC#336

9. According to reports filed with the Federal Election Commission, CITIZENS FOR REAGAN received in excess of $1,300,000 from the NATIONAL BANK OF WASHINGTON. These loans were not secured and were not made in the ordinary course of business.

VIII

REQUEST FOR RELIEF

10. Complainant requests that the Federal Election Commission order Respondents to return all contributions in excess of $1,000 received from individuals and be fined $25,000 pursuant to 2 U. S. C. Section 441 j for each violation. Further, Complainant requests that all contributions in the name of another be ordered to be returned and Respondent fined $25,000 for each violation. Further, Complainant requests that Respondents be fined for money received from a bank when not loaned in the ordinary course of business.

ANTHONY R. MARTIN-TRIGONA

SUBSCRIBED and sworn to before me this 21st day of July , 1976.

NOTARY PUBLIC

My commission expires: 9-30-76

JOEL D. JOSEPH
ATTORNEY FOR COMPLAINANT
Suite 850
Watergate Office Building
600 New Hampshire Ave., N. W.
Washington, D. C. 20037
338-5560

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

7704021921

Calendar No. 223

92D CONGRESS 1st Session } SENATE { REPORT No. 92-229

FEDERAL ELECTIONS CAMPAIGN ACT OF 1971

REPORT

OF THE

SENATE COMMITTEE ON RULES AND ADMINISTRATION

(TOGETHER WITH SUPPLEMENTAL AND ADDITIONAL VIEWS)

ON

S. 382

TO PROMOTE FAIR PRACTICES IN THE CONDUCT OF ELECTION CAMPAIGNS FOR FEDERAL POLITICAL OFFICES, AND FOR OTHER PURPOSES

JUNE 21, 1971.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
48-010 O WASHINGTON : 1971

LIBRARY
FEDERAL ELECTION COMMISSION

the expenditure sums which would be permitted in the bill by or on behalf of a candidate for broadcast or nonbroadcast media. The bill, as reported from the Commerce Committee, sets a limitation for broadcast media of five cents multiplied by the estimate of resident population of voting age for the particular Federal office sought, and a separate but identical limitation for nonbroadcast media.

This Rules Committee amendment would permit a candidate to spend for broadcast media any unexpended balance of the amount he would be permitted to spend for nonbroadcast media and, conversely, to expend for nonbroadcast media any unexpended balance of the amount he would be permitted to spend for broadcast media. In essence, the amendment permits complete interchangeability of allowable expenses, pursuant to applicable formulae, for either broadcast or nonbroadcast media in the discretion of the candidate, or ten cents per eligible voter.

The purpose of the amendment is to insure that no candidate for Federal elective office is disadvantaged by the particular structure of the spending limitations as they apply to the office he seeks.

The Committee heard testimony from the Deputy Attorney General, representatives of the broadcasting industry, and individual Senators to the effect that campaign situations vary from one part of the country to the other. Candidates for Congress in New York City, for example, may find that television and radio time is simply not available for their campaigns. Therefore, those candidates would be required to spend more on newspaper advertisements, magazine advertisements, and billboard facilities. Conversely, candidates in rural areas having weekly newspapers and a widely diffused electorate, may be required to rely on television and radio facilities located in neighboring states. Those candidates may be required to devote most of their campaign funds to broadcast facilities.

Therefore, the Committee adopted the amendment permitting a candidate to use his full allowances for broadcast communications media or nonbroadcast communications media at his discretion.

Title II, S. 382

(*a*) The term "runoff" is included within the definition of an "election" in order to reflect the Committee's amendment discussed immediately above.

(*b*) In order to provide fullest contemplated coverage to this proposed legislation, an amendment was approved to include within the definitions of the terms "election," "contribution" and "expenditure," the election of delegates to a United States Constitutional Convention.

(*c*) In 1971, indictments were sought against certain banks because of an interpretation of existing law to the effect that a loan to a candidate or political committee was tantamount to a contribution or expenditure prohibited by section 610 of title 18 of the United States Code.

Testimony received from witnesses was unanimously in favor of the granting of loans by national or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and demand, where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously.

2. Line 15 - Incorrect Aggregates

Contributor	Aggregate Year to Date	Receipts This Period
a. F. R. Insinger (p. 94) P. O. Box 123 La Jolla, CA 92038	$1,000.00	5/14/76 200.00 5/14/76 800.00
b. Mrs. Mildred Steinhaver 1180 S. Temperance Fresno, CA 93727	$215.00	5/27/76 20.00 5/27/76 20.00 5/27/76 20.00 5/28/76 50.00

3. Line 16

The loans from the National Bank of Washington and the Bank of Virginia have no endorsers or guarantors.

Response to letter dated July 6, 1976; re: FEC Report covering period 3/1/76 to 3/31/76:

The following entry, on page 155 of line 15

Savon Office Products
500 Las Vegas Blvd. So.
Las Vegas, Nevada 89101

Typewriter $232.08

Actually represents an in-kind contribution from F. Michael Corrigan, since he paid for the expense. The entry should have read

F. Michael Corrigan
P. O. Box 15025
Las Vegas, Nevada 89114

Typewriter $232.08
Aggregate Year
To Date — $487.08

Response to letter not dated; re: FEC report covering period 5/1/76 to 5/31/76:

On Page 134 of Line 15 Mrs. Lenore Pachocke was reported as having contributed $1,800.00 on 5/17/76. The $1,800.00 was actually two contributions. Our records show this clearly, so we can only assume it was a key-punch error. The entry should have read:

Mrs. Lenore Pachocke
646 Robin Drive
Earltahe, Ohio 44094

Aggregate Year
To Date $900.00

$900.00

Mr. Lenore Pachocke
646 Robin Drive
Earltahe, Ohio 44094

Aggregate Year
To Date $900.00

$900.00

7603023490

FEDERAL ELECTION COMMISSION
76 JUL 21 P2:18

CITIZENS FOR REAGAN

1835 K Street N.W. • Washington, D.C. 20006 • 202/452-7676

July 21, 1976

C00029918

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

Dear Mr. Vance:

At the end of this week we will be submitting an amended report that will include all the information requested by the Commission on the June 19, 1976 Request for Additional Information. This information covers the period of May 1 to May 31, 1976.

With respect to omitted data, let me quote from my letter to you on May 21, 1976:

> "Fifth, in a number of prior FEC Form 12's and Form 1600's, the Commission requested additional information on some addresses. In cases of an inadequate address, i.e., Mr. John Smith/Washington, D.C., we make every effort to obtain the missing data. However, when a check without such data or source document comes in, we may not be able to obtain the information. In every report beginning with the April report, we are showing the number of times we have requested the required information as well as the date of the last request. This will apply to address, occupation, and principal place of business. Federal law only requires occupation or business address where the person has one. If several requests for additional information go unanswered in these areas, we can only assume that the individual has no occupation (that he indentifies as such) or no business address."

Citizens for Reagan -- Senator Paul Laxalt, Chairman, Henry M. Buchanan, Treasurer
A copy of our report is filed with and available for purchase from the Federal Election Commission, Washington, D.C. 20463

Finally, all loans made by our committee from the National Bank of Washington are without endorsers or guarantors. They were evidenced by promissory notes signed by me in my committee capacity as General Counsel. They were made in the regular and normal course of business for legally adequate security, rather than being backed by any individual's personal credit.

Sincerely,

Loren A. Smith

Loren A. Smith
General Counsel

7 7 1 4 1 0 1 1 9 2 7

RECEIVED
FEDERAL ELECTION
COMMISSION

'76 MAY 19 PM 3:25

CITIZENS FOR REAGAN

1835 K Street N.W. • Washington, D.C. 20006 • 202/452-7676

May 18, 1976

Mr. Keith Vance
Reporting Division
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

Dear Mr. Vance:

On our January, February, March and April monthly financial reports to the Commission we indicated several loans from three different banks. Our reports did not indicate the names of any guarantors of such loans since there were none.

We negotiated all of these loans with these banks, to the best of our knowledge, in complete compliance with the provisions of 18 U.S.C. section 610. These loans were all properly collateralized, so that there could be no danger of default and, hence, even the possibility of a corporate contribution. Of course, we have fully reported these loans, pursuant to Title 2 of the Code.

Pursuant to our discussions with the Commission we herein provide the following additional information:

1. National Bank of Washington

   The bank made loans against the committee's submission of matching funds. On the date of submission the bank would loan the committee, on a promissory note signed by an officer of the committee, 90% of the face value of the submission request. As assignment, to the extent permitted by federal law, was given to the bank against future matching fund payment checks. Each loan worked in the same way.

2. River Oaks Bank and Trust Company

   The bank made three loans to the committee. All are currently paid in full. The collateral was an assignment,

OFFICE OF GENERAL COUNSEL

Copies of reports and statements may be purchased from the Federal Election Commission Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION

'76 MAY 19 PM 3:25

to the extent permitted by law, of an amount of future matching fund payments adequate to pay the loan in full. Further, the proceeds of T.V. show fund raising would provide an additional source of payment, with a first payment right held by the bank. The second loan was secured by an additonal amount of collateral; the proceeds of direct mail fundraising by the committee. The third loan was made after the the first two had been paid in full. It involved the same types of collateral as the first two; future matching fund payments, future T.V. fundraising proceeds and future direct mail proceeds. It has also been paid in full.

3. Commerce Bank

A short term loan (a few days) against an undeposited batch of contribution checks (part of a backlog) stored with the Commerce Bank. This loan was paid in full.

We hope this letter answers any questions the Commission has regarding our loans with banks. Any loans made after May 1, 1976, will, of course, continue to be reported by our committee. In addition, we will provide a note to the report indicating the type of collateral. The guarantors, if any, will be listed and their absence will be noted where none were involved.

If we can provide any further information on this matter please let us know.

Sincerely,

Loren A. Smith

Loren A. Smith

General Counsel

FEDERAL ELECTION COMMISSION
OFFICIAL MAIL
OFFICE OF GENERAL COUNSEL