FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 203/203a

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

December 20, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Reagan, Chairman
Citizens for the Republic
1253 7th Street
Suite 200
Santa Monica, CA 90401

Re: MUR 203(76)

Dear Mr. Reagan:

Please be advised that based on information available to it, the Federal Election Commission has determined that there is no reasonable cause to believe that a violation of 2 U.S.C. §441(f) and §434(b) was committed by Citizens for Reagan (now Citizens for the Republic) relative to independent expenditures made on behalf of Ronald Reagan's 1976 Presidential candidacy by the American Conservative Union and the Conservative Victory Fund. A copy of the certification of the Commission's action in this matter is enclosed.

Please be further advised that the Commission, in accordance with 2 U.S.C. §437g(a)(6)(C), will make available to the public the determination it has reached in this matter.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

cc: Loren A. Smith, Esq.
Ed Meese, Esq.

MUR 203 Johnson

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● 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).

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- [ ] RESTRICTED DELIVERY
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  Show to whom, date, and address of delivery. $____

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2. ARTICLE ADDRESSED TO:

Ronald Reagan
1253 7th St. Suite 200
Santa Monica, CA 90401

3. ARTICLE DESCRIPTION:

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☆ GPO : 1977—O-234-337

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

December 20, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. James Roberts
Executive Director
American Conservative Union
Conservative Victory Fund
422 First Street S.E.
Washington, DC 20003

Re: MUR 203(76)

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- [ ] RESTRICTED DELIVERY
  Show to whom and date delivered ____¢
- [ ] RESTRICTED DELIVERY
  Show to whom, date, and address of delivery $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

MR. James Roberts
422 First Street SE
Washington, DC 20003

3. ARTICLE DESCRIPTION

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943862	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

4. Henry Rush Jr

DATE OF DELIVERY 12-21-87

POSTMARK

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CLERK'S INITIALS

☆ GPO 1977—O-234-337

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General Counsel

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Sincerely yours,

RSJ

William C. Oldaker
General Counsel

Enclosure

cc: Brice Clagett, Esq.

7 8 0 4 0 0 4 1 1 2 2 9

Garr

MUR 203 and 203(a)

DISSENTING OPINION OF COMMISSIONER STAEBLER

I must dissent from the Commission's decision to find no Reasonable Cause to Believe that a violation to the FECA has occurred in MUR 203 and 203(a).

At issue here is the integrity of the limits on campaign contributions, so carefully drawn by Congress to protect citizens from undue influence on candidates by large contributors and special interest groups, as well as to attempt to equalize access to the political system.

The American Conservative Union (ACU) made $200,000 in expenditures on behalf of Ronald Reagan's 1976 campaign for president. Conservative Victory Fund (CVF), an acknowledged affiliate of ACU made $5,000 of in-kind contributions to Citizens for Reagan (CFR), Reagan's principal campaign committee. ACU asserts that its expenditures were independent of CFR and, therefore, under the Buckley case that they could be unlimited in amount.

Based on a pervasive pattern of traffic between the three committees, the Office of General Counsel recommended that the Commission find Reason to Believe that the expenditures were not independent and would, therefore, constitute in-kind contributions by ACU to the Reagan campaign in excess

of the statutory limits.

By striking down 18 U.S.C. 608(e) in Buckley, the Court allowed independent expenditures unlimited in amount. According to 2 U.S.C. 431(p), to be independent an expenditure must be made without "the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of the candidate."

§109.1(b)(4)(i) of the Commission's Regulations defines cooperation to mean:

> "(i) Any arrangement, coordination, or direction by the candidate or his or her agent prior to the publication, distribution, display, or broadcast of the communication. An expenditure will be presumed to be so made when it is ---
>
> (A) Based on information about the candidate's plans, projects, or needs provided to the expending person by the candidate, or by the candidate's agents, with a view toward having an expenditure made;"

A committee functions through the actions of its officers, staff, and members. Their communication, when made by persons in policy positions, is the committee's communication. Their knowledge becomes the committee's knowledge. Even the policy

making officers of the committee operate with staff advice and input.

Review of Federal Election Commission documents in this case indicates that at least 9 key ACU officers and employees engaged in political activities on behalf of the Reagan campaign for which they were compensated by the campaign. The activities apparently included campaigning, consulting, and participation at the senior level in campaign policy-making. Some, including the ACU's political director and five Members of the Board of Directors of ACU, were on the political payroll of the Reagan campaign. From their background and the amounts of money involved, the participation was apparently at a policy level.

Political committees depend for much of their political strategy and operations on various vendors and providers of professional services. The documents reveal that ACU and CFR received such services and advice from many of the same key people: consultants, advertising companies, direct mail firms, printers and similar organizations.

To be sure, the Reagan campaign was far larger than the ACU effort, and many CFR officers, employees and vendors were not associated with ACU. But that is not the relevant test. In order for ACU's expenditure's to be independent, ACU must be completely independent of CFR. The record incidates that

ACU personnel, by virtue of their active, widespread involvement in the Reagan campaign inevitably acquired from the candidate's agents material information about the campaign's plans, projects and needs; that the information was acquired at a time when the two organizations were working consciously toward the same goals; and that ACU expenditures paralleling and complimenting CFR efforts followed. The evasive and self-serving statements of ACU and CFR officials do not effectively contravene or explain the tie established between ACU and CFR by virtue of significant overlap in staff advisors. In response to Commission interrogitories, an ACU representative asserted that not only were the contributions independent of CFR, but the three member committee making the expenditure decisions were independent of ACU. These assertions at least bear further investigation. CFR, when sent written interrogitories concerning the MUR, chose not to answer FEC questions.

The realities of politics suggests that the ACU decision makers drew upon information supplied by their assistants and staff members. They, in turn, had been exposed to much of the detail of the Reagan campaign through information introduced by the overlapping staff. When the decision was to be implemented, staff members were called upon. Did they enter into the task with totally blank minds? They had been exposed to the common pool of information supplied by the overlapping staff.

The record of expenditures when compared state by state raises serious questions whether these organizations, with their extensive staffs, engaged in a common purpose, avoided - or sought to avoid - contacts which imparted plans and details of projects, and made large-scale spending decisions on the basis of that coordinated information. If these reasonable possibilities are true, the conduct of ACU, CFV, and CFR systematically and significantly violated the law. By their vote on this issue, my fellow Commissioners indicate their unwillingness to pursue these questions.

There will always be temptation for an administrative body to avoid battles difficult to win and a general sentiment not to pursue a defeated candidate and his supporters. There may well be explanations for the vote which deprive this case of precedential value.

I fear the impression left may be that if a committee is brazen enough and massive enough in its violations and sophisticated enough in its operations, the law will somehow not be applied.

The vote today would not have been a conclusion of guilt. I do not believe the record at this point contains sufficient information to reach a final conclusion. Rather, a vote to proceed would only have authorized a fuller inquiry into conduct by these committees, which appears highly suspicious and is without adequate explanation. By failing to act, the Commission

will most certainly encourage similar suspect practices.

If the Commission - and its Commissioners - are to preserve the credibility to which the public is entitled, more vigilence and perserverance must be utilized than was apparent in the vote. I must, therefore, dissent.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
ACU/CVF)

MUR 203 and 203(a) (76)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on December 1, 1977, the Commission determined by a vote of 5-1 to find there is no reasonable cause to believe that ACU, CVF, or CFR violated 2 U.S.C. §434(b) in connection with expenditures by ACU on behalf of Ronald Reagan's 1976 presidential candidacy, and to close the file in the above-captioned matter.

Voting for this determination were Commissioners Aikens, Harris, Springer, Thomson, and Tiernan. Commissioner Staebler cast a dissenting vote.

Accordingly, the file in this matter has been closed.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

November 14, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 203 Team #3 Stein

Please have the attached General Counsel's Report on MUR 203 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of November 29, 1977.

Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION
November 11, 1977

In the Matter of	)	
	)	MUR 203
ACU/CVF	)	203(a)

GENERAL COUNSEL'S REPORT

I. Summary of Allegations

This matter arose as a result of information obtained by the Commission in the normal course of examining reports filed by the named respondents relating to campaign activities in support of Ronald Reagan's presidential candidacy. The respondents are two affiliated political committees, the American Conservative Union (ACU) and the Conservative Victory Fund (CVF).

Initial review of the reports and other information suggested that expenditures totalling approximately $150,000 made by ACU and in-kind contributions totalling approximately $5,000 made by CVF in support of Reagan may have been made in cooperation or consultation with Reagan's principal campaign committee, Citizens for Reagan (CFR), or persons who were agents for CFR. The

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initial review disclosed that four individuals served as officials of both ACU and CFR: Charles Black, David Keene, Donald Devine, and Phil Crane were both ACU directors and CFR regional coordinators. Use of many of the same vendors by both ACU and CFR, and payments by CFR to ACU employees, further suggested possible consultation or coordination between ACU and CFR.

If such cooperation or consultation did occur between ACU and CFR, ACU's expenditures would be a contribution to CFR under 2 U.S.C. §431(p) and §441a(a)(7)(B)(i), rather than a series of independent expenditures; and ACU would have violated the contribution limitation of §441a(a).

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II. Summary of Prior Commission Action and Respondent's Response

On September 17, 1976, the Commission found reason to believe that 2 U.S.C. §434(b) had been violated by ACU and CVF. By letter dated September 22, 1976, ACU and CVF were notified of the Commission's determination and were requested to respond to a series of questions (see Attachment A). Counsel for the respondents submitted to the Commission, by correspondence dated

October 7, 1976, general answers to the questions and strong objections to the Commission's investigation (see Attachment B; please note that Exhibits 1 through 6 of this attachment were sent to the Commission with the May 16, 1977, Interim Investigation Report and are not attached hereto).

On March 3, 1977, the Commission issued an order, pursuant to 2 U.S.C. §437d(a)(1), compelling ACU/CVF to respond in writing and under oath, to a second series of questions (see Attachment C). These questions were designed to elicit further information with respect to the ACU independent effort and to clarify ambiguities in ACU/CVF's first answers.

Also, on March 3, 1977, the Commission found reason to believe that CFR had violated the Act because of its possible participation in this matter. A letter of notification was sent to CFR, requesting further information regarding its organizational and personal structure (see Attachment D).

Early in April, ACU/CVF submitted their answers, under oath, to the second set of questions posed (see Attachment E). This response set forth little additional relevant information and again denied any cooperation or

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or consultation with CFR.

James C. Roberts, ACU's executive director, stated that ACU's "independent" expenditures were made solely by a three-man committee consisting of himself, M. Stanton Evans and Thomas Winter; that on February 15, 1976, the ACU Board of Directors unanimously adopted a resolution stating that "in connection with any discussion of ACU activities concerning Reagan, no Board Members connected with the Reagan campaign be permitted to participate or observe"; that the "specific activities that were to be undertaken were not decided at the February 15, 1976 meeting . . . we did reach a general consensus. . . but the decision was no more precise than that"; that "ACU did not notify Citizens for Reagan of its decision to undertake an independent effort"; that two CFR officials (Thomas Ellis of North Carolina and Ron Dear of Texas) contacted Roberts about whether ACU would be conducting an independent campaign in their states and Roberts responded affirmatively but would not discuss the matter further; that except for Jameson Campaign and Gary Jarmin, no ACU directors or employees played a part in ACU's "independent" effort; that the actual allocation of CVF's in-kind contributions

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"was left for [Roberts] and no members of CVF's Executive Committee who came to have any official connection with Citizens for Reagan, were permitted to take any role in the Executive Committee's deliberations at or before the time of their connection with Citizens for Reagan"; that (other than Messrs. Ellis and Dear) Roberts had only one inconsequential communication with a representative of CFR as described in page 9 of his response (see Attachment E); that "the only correspondence between CVF and CFR relative to CVF's in-kind contributions were the copies of CVF's FEC filings which were sent to CFR as FEC regulations require."

CFR still has not answered the questions it received; instead, CFR has posed its own questions to the Commission and apparently takes the position that it won't answer the Commission's questions until the Commission answers CFR's questions (see Attachment F).

III. Investigation and Analysis

Following our review of the second set of ACU answers, further in-house research was undertaken in order to determine if ACU, CVF and CFR disclosure reports would reveal any pattern or trend of contributions or expenditures that would substantiate possible cooperation or consultation between ACU/CVF and CFR. Investigators conducted the following analyses of

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of reports filed with the Commission:

(1) Comparison of ACU and CFR expenditures to determine whether ACU concentrated expenditures in states where CFR had reached its legal limit (see Attachment G).

(2) Comparison of commercial vendors used by ACU and CFR to determine whether the two entities consistently purchased goods and services from common sources (see Attachment H).

(3) Review of Texas Reagan delegate committees' contributions and expenditures to determine whether such committees might have served as a "go-between" for ACU and CFR cooperation (see Attachment I).

(4) Review of expenditures made by CFR to individuals connected with ACU, and expenditures made by both CFR and ACU to the same individuals, to

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determine whether there was a pattern of consistent "overlapping" that might substantiate cooperation (see Attachment J).

(5) Comparison of CVF in-kind expenditures to individuals and ACU "independent" expenditures to see if there was any pattern suggesting cooperation or consultation between ACU and CFR (see Attachment K).

This review uncovered no additional information or discernible pattern that would prove cooperation or consultation between ACU and CFR. The results of this analysis are summarized in Attachments G through K.

IV. Conclusion

Although the facts and information initially available suggested possible cooperation or consultation between ACU and CFR, ACU's executive director denied that (with two minor exceptions) those four persons who were both ACU directors and CFR regional coordinators, and those persons we know to have received payments from

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both ACU and CFR, took part in ACU's "independent" effort for Reagan.[1] Mr. Roberts also denied that any person connected with CVF communicated with CFR officials; and that (with two minor exceptions) he did not communicate with any CFR official about the Reagan campaign. The investigation to date has revealed no specific information which conflicts with or contradicts Mr. Roberts' statements.

We believe there are three basic approaches the Commission could take toward this MUR at this time.

First, further information could be sought by deposing ACU's "Reagan Allocation Committee," the four CFR regional directors who are ACU board members, Ms. Norton (ACU's Political Director), and other ACU, CVF and CFR personnel; and subpoenaing ACU's long-distance telephone records, appointment books, and other documents that might prevent evidence of consultation between ACU and CFR.

Second, the Commission could take the position that

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[1] Mr. Roberts seems to be saying that ACU's independent effort was not only independent of CFR, but was independent from much of ACU also.

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the "overlap" of ACU and CFR personnel is alone and in itself sufficient to prevent ACU from characterizing its expenditures as "independent." However, this would seem to be a more expansive interpretation of "cooperation and consultation" than set forth in §109.1(b)(4)(i)(B) of the Regulations, which states that expenditures are not "independent" if made "by and through" any person "authorized to raise or expend funds, who is, or has been, an officer of an authorized committee or who is or has been receiving any compensation or reimbursement from the candidate or candidate's committee or agent."[2] Therefore, we believe that the Commission must consider not just an apparent overlap in personnel and the positions these individuals hold, but whether ACU's "independent expenditures were in fact made "by or through" these individuals. Although the list of overlapping personnel in Attachment J suggests that the named individuals served in capacities which would allow them the opportunity to be involved in ACU's decisions to expend funds on behalf of Mr. Reagan, Mr. Roberts has stated under oath that none of these individuals in fact took part in ACU's decisions to make

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[2] Although the Regulations were not officially promulgated until August 25, 1976 (41 Fed. Reg. 35947), they do provide a guide to the definition and interpretation of "independent expenditures."

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independent expenditures on behalf of Mr. Reag n. We have no information which conflicts with Mr. Roberts' statements.

Third, the Commission could consider Mr. Roberts' statements as accurate and sufficiently complete so that, based upon consideration of the information and evidence available to the Commission, there is no reasonable cause to believe that ACU, CVF, or CFR violated the Act.

11/11/77
Date

William C. Oldaker
General Counsel

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General Counsel

Enclosure

cc: Brice Clagett, Esq.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

ATTACHMENT A

FEDERAL ELECTION COMMISSION

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

Mr. James C. Roberts
Assistant Treasurer
Conservative Victory Fund
American Conservative Union
422 First Street, S.E.
Washington, D.C. 20003

Dear Mr. Roberts:

This letter is to notify you that, on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has determined that it has reason to believe that a violation of 2 U.S.C. §434(b) has occurred in the expenditures reported as "independent" on reports signed by you and filed on behalf of the American Conservative Victory Fund may not have been independent. Further investigation may indicate that a violation of 2 U.S.C. §441a(a)(2) has occurred.

Expenditures made by American Conservative Union and Conservative Victory Fund (which are considered affiliated committees) in cooperation, consultation, or concert with Citizens for Reagan or its agent, are not considered independent under the standards articulated by the Court in Buckley v. Valeo, 423 U.S. 1 (1976), and since codified in 2 U.S.C. 431(p) and 441a(a)(7). Any such expenditures would have been misreported in violation of 2 U.S.C. §434(b), by being labeled "independent expenditures", and if those expenditures were in fact contributions, they may exceed the legal limit on [illegible] under 2 U.S.C. §441a(a)(2).

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken. 2 U.S.C. §437g(a). As part of this process, we would appreciate your committee's response to the attached questions, as well as

your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Carolyn A. Reed (telephone no. 382-3153).

Sincerely yours,

John G. Murphy, Jr.
General Counsel

PS Form 3811, Mar. 1976

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..... ¢
- ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:

Mr. James C. Roberts

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	[illegible]	

(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

☆ GPO: 1976—O-201-456

1. Describe the process by which CVF has made expenditures since January 1, 1976. Include the following information:

(a) The identity of each person who was involved in that process at any time after January 1, 1976, by in anyway planning authorizing payments from any CVF accounts, by setting general policy for CVF expenditures, or otherwise; and the specific role of each person so listed.

(b) Any provisions of the CVF bylaws, charter, or other relevant documents which indicate the allocation of authority described in (a) above.

2. The following persons are listed on CVF reports as receiving payments or salary from CVF: Anne M. Cabanis, Donald Thibaut, Rebekah Norton, D.E. Lukens, John S. Buckley, and James C. Roberts. Please provide the following information about each person identified:

(a) a job description, including actual day-to-day responsibilities;

(b) the supervisor of each such person and the subordinates of each such person or an organizational chart;

(c) the responsibilities, if any, of each such person in connection with the keeping of records for or the filing of reports required by the Federal Election law; and

(d) if the particular person is not an employee, please so indicate.

3. Provide the dates of travel, destinations, and activities conducted during the travel indicated by the following entries on CVF reports:

a.	Anne M. Cabannis 422 First St.,SE Washington, D.C.	travel expense Citizens for Reagan	3/16/76	$279.59
b.	Donald Thibaut 422 First St.,SE	travel expense Citizens for Reagan	2/26/76	$200.00
c.	Rebekah Norton 530 First St.,SE Washington,D.C.	travel Citizens for Reagan	3/29/76	$488.34
d.	D.E. Lukens 422 First St.,SE Washington,D.C.	travel expense Citizens for Reagan	3/5/76	$300.00
e.	A.M.Wandling 4226 Suitland Rd. Washington,D.C.	travel expense Citizens for Reagan	3/2/76 2/28/76	$350.00 $140.00
f.	Frank Donatelli %Y.A.F. Box 65 Woodland Rd. Sterling, VA	travel Citizens for Reagan Contribution	4/2/76	$394.36
g.	Michelle Easton %Y.A.F. Box 65 Woodland Rd. Sterling, VA	travel Citizens for Reagan Contribution	4/2/76	$672.59

4. Identify the person(s) who made the following trip(s) for which the April 10 report filed by CVF indicates tickets were purchased. Include the date of the trip(s), the destination(s), and the activities conducted during the trip(s):

a.	Combined Airline Ticket Office 1801 Pa. Ave. Washington, D.C.	Air Travel Citizens for Reagan	3/1/76 3/24/76	$249.84 $177.46

5. Indicate whether the following contributions to Citizens for Reagan were cash contributions or contributions in-kind. If the contributions were in-kind, describe the good or services contributed.

a.	Holiday Inn of Boca Raton Boca Raton, Fla.	Contribution to Citizens for Reagan	5/11/76	$ 34.34
b.	Sawyer Associates 6573 Superior Ave. Sarasota, Fla.	Contribution to Citizens for Reagan	5/11/76	$140.66
c.	Phil Crane Office Account 1406 Longworth HOB Washington, D.C.	Contribution to Citizens for Reagan	5/11/76	$630.00
d.	Bonnie Moran Box 65, Woodland Rd. Sterling, VA.	Contribution to Citizens for Reagan	5/11/76	$ 30.16
e.	Gregg Moga 422 First St.,SE Washington,D.C.	Contribution to Citizens for Reagan	5/11/76	$ 38.00
f.	Richard Valero Box 65 Woodland Rd. Sterling, Va.	Contribution to Citizens for Reagan	5/11/76	$ 49.41
g.	Allan Crawford Box 65 Woodland Rd. Sterling, VA.	Contribution to Citizens for Reagan	5/11/76	$ 17.21
h.	Bill Rodin Box 65, Woodland Rd. Sterling, Va.	Contribution to Citizens for Reagan	5/11/76	$ 12.33

5. We note that entries indicate that Ms. Norton's was for a time considered an employee of Citizens for Reagan and hence her salary payment was considered an expenditure on behalf of Citizens for Reagan while a portion of her salary was not considered to be an expenditure on behalf of Citizens for Reagan. Please explain.

(a) entry from CVF report:

Rebekah Norton 530 Const., NE Washington,D.C.	Salary	3/22/76	$214.08
	Salary	3/29/76	$214.08
	Travel Citizens for Reagan	3/29/76	$488.34

b) entry from ACU report

Rebekah Norton	Salary	3/19/76	$156.58
520 Const., NE	Salary	3/26/76	$156.58
Washington, D.C.			

6. Identify and describe the role and authority of all directors, and board members who held and/or exercised authority with regard to ACU either through the setting of general policy or through the authorization of specific expenditures.

7. Provide a list of ACU board meetings held since January 1, 1976, at which expenditures or expenditure policy was discussed. Indicate the date and place of each meeting and the persons in attendance.

8. The following persons are listed on ACU reports as receiving payments or salary from ACU: Rebekah Norton, James C. Roberts, Anne M. Cabaniss, Greg M. Moga, Alison Borland, Gary Louis Jarmin, Anita Korten, and John D. Lofton, Jr. Please provide the following information about each person listed.

a) a job description, including actual day-to-day responsibilities;

b) the supervisor of each such person and the subordinates of each such person or an organization chart;

c) the responsibilities, if any, of each such person in connection with the keeping of records for or the filing of reports required by the Federal Election law; and

d) if the particular person is not an employee, please so indicate.

9. Please provide copies of any provision of ACU bylaws, charter, or other relevant documents which indicate the allocation of authority with regard to the setting of general policy for expenditures by ACU or the planning and authorization of specific expenditures.

ATTACHMENT B

COVINGTON & BURLING
888 SIXTEENTH STREET, N. W.
WASHINGTON, D. C. 20006

TELEPHONE (202) 452-6000
WRITER'S DIRECT DIAL NUMBER
202 452-6306

TWX 710 822-0009
TELEX 89-593
CABLE: COVLING

EDWIN S. COHEN
OF COUNSEL

October 7, 1976

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

RE: MUR 203 (76)

Dear Mr. Murphy:

On behalf of the American Conservative Union (ACU) and the Conservative Victory Fund (CVF), we make the following response to your letter to Mr. James C. Roberts, dated September 22, 1976.

1. The letter does not state with sufficient specificity any statutory violations alleged to have occurred, and thus deprives ACU and CVF of the opportunity to make a responsive response. In the four paragraphs of your September 22 letter, you state in the first paragraph only that the

Federal Election Commission (FEC or Commission) has reason to believe that certain violations of the Federal Election Campaign Act, as amended, (FECA) have occurred "in that expenditures reported as 'independent' ... may not have been independent." In the second paragraph, you paraphrase what you consider to be the applicable statutory provisions. No further elucidation is provided.

On Friday, October 1, 1976, Mr. John Bolton of this firm contacted the FEC staff attorney assigned to this matter (Ms. Carolyn Reed) by telephone in an effort to obtain more specific information regarding MUR 203(76). In the course of that conversation and a subsequent telephone conversation, Ms. Reed advised Mr. Bolton that it was the Commission's position that your letter of September 22 constituted the "summary of the matters brought into question" required by the Commission's proposed regulations, 11 C.F.R. §111.4 (Proposed). On behalf of the FEC, she declined to elaborate on your letter. Mr. Brice Clagett of this firm telephoned you on this point on Monday, October 4, and our request was again rejected by Mr. Oldaker on Wednesday, October 6.

We believe that the vague and conclusory language of your September 22 letter leaves us with two equally untenable procedural courses of action. We must either guess what alleged violations you have "reason" to believe ACU and/or CVP have committed, at penalty risk -- if we guess incorrectly

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-- the Commission may proceed to the next step of the enforcement process by determining that it has "reasonable cause to believe" that a violation of the FECA has occurred. On the other hand, we can attempt an encyclopaedic response, endeavoring to answer every allegation you might be able to conceive. Once again, if we omit a particular potential allegation, then the Commission can proceed to the second stage of the compliance procedure. If we happen to address what the Commission actually has in mind, significant amounts of ultimately needless preparation and expenses will have been undertaken or incurred.

Neither of these courses is procedurally fair. Neither in any way advances the purposes for which the FECA was enacted. Neither is the "reasonable opportunity to demonstrate that no action should be taken" against either ACU or CVF which is required by 2 U.S.C. §437g(a)(4). Neither satisfies the requirements of the Constitution. By responding to your letter of September 22, we do not waive any jurisdictional rights we possess to object to that letter or to obtain a more definite statement of the Commission's position. Cf. Fed. R. Civ. Proc. 12(e); U.S. Constitution, Amendment 5. Indeed, we emphatically assert such rights now.

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and we object to having to respond to the vague allegations contained in your letter.

2. Your September 22 letter states that 15 days from the date of receipt of the letter are permitted for ACU and CVF to respond thereto, and to answer certain questions attached to your letter. On October 1, Mr. Bolton requested from Ms. Reed an extension of the time within which to respond from October 8 until November 19, 1976. He stated to Ms. Reed that he was currently in trial in Baltimore four days a week, and that the trial was expected to continue for several more weeks at least. After checking with her superiors, Ms. Reed advised Mr. Bolton that no extension would be granted, that it was the Commission's position not to grant extensions, and that in fact no extensions had ever been granted. On October 6, in response to Mr. Clagett's telephone call to you on October 4, Mr. Oldaker again rejected our request for an extension.

We believe that such a position by the Commission is arbitrary and capricious. The Commission's proposed regulations governing compliance procedures nowhere state that no extensions of time to respond will be granted. See 11 C.F.R. Part 111 (Proposed). Quite apart from the fact that such a rule is unheard of in the normal practice of law, it is particularly inappropriate here. Citizens for Reagan, the only political committee other than ACU or CVF

mentioned in your September 22 letter, was unsuccessful in attempting to secure the Republican nomination for the candidate whose principal campaign committee it was. Therefore, no matter what actions are or are not taken against either ACU or CVF between now and the November general election, there can be no effect on the November elections. In our view, there is no necessity in this proceeding that a reasonable request for an extension be denied.

Accordingly, we object to the refusal to grant an extension of time within which to respond.

3. There are certain typographical and clerical errors on ACU and CVF reports that may have caused some confusion, but which can be cleared up quite simply. These errors were made by the independent accountant for ACU and CVF (see Responses to Questions, §2), amended forms will be filed correcting these errors.

First, on CVF's April 10, 1976 report (covering the period January 1 through March 31, 1976), there is a typographical error on line 23 of the Detailed Summary Schedule of Receipts and Expenditures. The sum of $0,613.99 (with one minor alteration, see *infra*) should be listed on line 23(b) rather than line 23(a).

Second, on the two pages of Itemized Expenditures -- Campaign Fundraising, Loans, and Transfers for line 23,

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the expenditures listed after the names D.F. Lukens, A.M. Wandling, Anne M. Cabaniss, and Rebekah Norton, and after the entry "Combined Airline Ticket Office" should all be listed, in the "Purpose of Expenditure" block, as "in-kind contributions" to Citizens for Reagan. See the answers to your Questions 3 and 4, infra, for more details regarding these in-kind contributions.

Third, the expenditure indicated after the name of Donald Thibaut was erroneously entered on the itemized breakdown for line 23. It should have been listed on the itemized breakdown for line 20. This expenditure was not an in-kind contribution to Citizens for Reagan. Accordingly, on lines 20(a) and 20(c) of the Detailed Summary Schedule of Receipts and Expenditures should be increased from $5,332.98 to $5,532.98, as should the same figure in Column B (Calendar year-to-date). Similarly, lines 23(b) and (c) should be [illegible] from $9,613.39 to $9,413.39, as should the same [illegible] in Column B (Calendar year-to-date). A [illegible] from CVP will bring these calendar year-to-date [illegible] through to the most recent report.

Fourth, the expenditures listed as salary payments to [illegible] (dated March [illegible] and March [illegible], 1976), in your [illegible], and [illegible] on the ATU's April 10,

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1976 report (covering the period January 1, through March 31, 1976) on page two of the Itemized Expenditures for line 20(a) of that report, are erroneously listed. During that period, Ms. Norton was not being compensated both by ACU and by CVF, but only by CVF. See Response to Questions, §5 (second).

The effect of these transfers is that Ms. Norton received in salary a total of $428.16 for the period indicated, not $731.32 as the reports appear to state.

Fifth, the total amount of in-kind contributions to Citizens for Reagan is less than the $5,000 limit applicable to CVF. The total amounts listed in your questions 3 through 5 total $4,945.61. (The same $488.34 travel expense for Rebekah Norton is reflected in both question 3 and question 5). When the amounts erroneously entered for Mr. Thibaut ($200) and Ms. Norton ($313.16) are subtracted from that amount, it totals only $4,432.45.

4. For the reasons noted previously, we believe that it is impossible to know whether any response we formulate to your September 28 letter will be sufficient, because we do not know what it is to which we are required to respond. Nonetheless, we can state with considerable assurance that

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the activities of ACU and CVF in no way contravened the restrictions of the FECA.

To further the Commission's understanding, however, we take this opportunity to explain in a general way the distinction between CVF's in-kind contributions to Citizens for Reagan and ACU's independent efforts. We start with the proposition that the FECA permits both contributions to and independent expenditures on behalf of a candidate for nomination for election to federal office. Compare former 18 U.S.C. §608(1) and id., §608(e). See Buckley v. Valeo, 424 U.S. 1, 7-8 (1976).*

As noted in the responses to your Questions 1 and 6 respectively, CVF and ACU decided to make the maximum permissible contribution to Citizens for Reagan through CVF

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* We do not understand the Commission to have raised the issue of whether ACU's expenditures were "independent expenditures" within the meaning of 2 U.S.C. §431(p), or whether they were what we term "independent non-expenditures," i.e., sums spent in ways which do not explicitly advocate the election or defeat of candidates for federal office. See Buckley v. Valeo, supra, 424 U.S. at 38 n. 52. These latter [illegible] are not within the scope of any of the FECA's requirements. We believe that ACU's campaign was, in fact, a campaign of independent non-expenditures.

and to mount an independent campaign through ACU. It was further decided that the most appropriate manner in which to make CVF's contribution was in the form of in-kind contributions, basically in the form of reimbursing expenses for persons who volunteered their services to Citizens for Reagan.

None of the persons to whom such reimbursements were made had any decision-making role in ACU's independent effort. See 11 C.F.R. §109.1(b)(5)(Proposed). None of these persons (several of whom were college students) occupied decision-making roles within Citizens for Reagan. None engaged in any coordination between CVF, ACU or Citizens for Reagan.

Based on these facts, and a further elaboration of the evidence found in the responses to your questions, we believe that no finding of a statutory violation is warranted.

[illegible]. Since the evidence does not suggest any violation of the FECA by either ACU or CVF, there is no present need to consider issues of statutory construction or constitutional law. However, we note that none of the Commission's regulations have been approved by the Congress, and that

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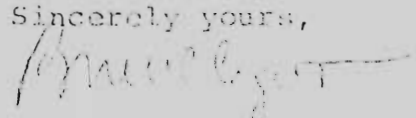
accordingly all such regulations have no force of law. Moreover, during the period between January 30, 1976, and May 11, 1976, (the effective date of the FECA Amendments of 1976), the FEC was precluded by the Supreme Court's decision in Buckley v. Valeo, 424 U.S. 1 (1976), from issuing advisory opinions pursuant to former 2 U.S.C. §437f.

We note further that ACU's position on the subject of independent expenditures remains the same as that stated during the testimony of Mr. Bolton on that subject, delivered orally and in writing before the Commission on June 9 and July 7, 1976.

In light of the foregoing, and in light of the ACU and CVF responses to the Questions you posed, we believe that there is no warrant in the record for the Commission to proceed further with any investigation of ACU or CVF. We would appreciate being notified of the Commission's decision in this matter at your earliest convenience.

Sincerely yours,



Brice M. Clagett
John R. Fulton

Covington & Burling
888 16th Street, N.W.
Washington, D.C.
452-6000

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RESPONSES TO QUESTIONS

1 (a). Conservative Victory Fund expenditures since January 1, 1976, fall into two categories: political contributions and general expenditures. Political contributions are generally made upon the recommendations of an informal executive committee of the CVF Board of Directors living in the Washington, D.C. area (Representatives [illegible] Ashbrook, Robert Bauman, Philip Crane and Steven [illegible], plus Daniel Joy, Thomas S. Winter, David A. Keene and Charles Black). Such an executive committee is necessary because many members of the CVF Board of Directors live far from Washington, thus precluding ready consultation regarding the contribution of funds to candidates.

General disbursements (e.g., operating expenses) are typically made at the direction of the Executive Director.

In the case of the Reagan candidacy, it was decided at the outset that the maximum permissible contribution would be [illegible]. The actual allocation of contributions was left to the discretion of the Executive Director, [illegible] nearly $[illegible],000 in the form of in-kind contributions. Members of the Executive Committee of CVF who [illegible] to have any official connection with Citizens

for Reagan ceased to have any role in the deliberations of the CVF Executive Committee at or before the time of their connection with Citizens for Reagan.

(b) A copy of the CVF Constitution and By-Laws is attached hereto as Exhibit 1.

2.

Anne Cabaniss is not an employee of ACU or CVF.

Donald Thibaut is not an employee of ACU or CVF.

Rebekah Norton is political director of ACU. In this capacity she is responsible for liaison with ACU's state affiliates. Her superior is ACU Executive Director James C. Roberts. In June, she was placed on the CVF payroll, in which capacity she does research for screening candidates who seek CVF's financial support. She also continued her duties as ACU political director. She has no responsibilities for keeping records or the filing of reports required by the FECA, as amended.

D. E. Lukens is not an employee of ACU or CVF.

John S. Buckley served from September 1975 until June 1976 as media director of ACU. In this capacity, he was responsible for writing press releases and for special ad hoc projects. During this period he reported to ACU

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Executive Director James C. Roberts. He had no responsibilities for keeping records or the filing of reports required by the FECA, as amended.

James C. Roberts is Executive Director of ACU and CVF. In this connection he is under the direction of ACU Chairman M. Stanton Evans and CVF Chairman Representative John M. Ashbrook. During the period in question Mr. Roberts' subordinates were Rebekah Norton, John S. Buckley, Gary Jarmin (ACU legislative director), Karola Beck (bookkeeper), Alison Borland (office manager), Anita Korten (secretary), and various college students who work as part-time interns. As assistant treasurer of ACU and CVF, he is responsible for keeping and filing reports required by the FEC. Day-to-day duties include the supervision of ACU/CVF activities and fundraising for both organizations under the direction of the respective chairman. The actual preparation of all FEC reports for ACU and CVF is handled by James E. Burgess of Arlington, Virginia, a certified public accountant retained for this purpose by ACU and CVF.

3. Anne M. Cabaniss and A. M. Wandling traveled by car to West Palm Beach, Florida, arriving on March 5, 1976. Thereafter they worked as volunteers in the Citizens for Reagan headquarters in West Palm Beach and Boca Raton.

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Their duties involved the operation of phone-banks and general office work. They returned to Washington on March 11.

D. E. Lukens traveled by air to St. Petersburg, Florida, on March 3, 1976, and, upon arrival, he offered [illegible] services to the Citizens for Reagan headquarters. After deciding his services were not being used in a worth-while manner, he returned to Ohio on March 7, 1976.

Frank Donatelli and Michelle Easton traveled by car to Orlando, Florida, arriving on March 4, 1976. Upon arrival they reported as volunteers at the Citizens for Reagan headquarters. Their job activities consisted basically of canvassing work. They returned to Washington on March 12.

Rebekah Norton traveled by air to Sarasota, Florida, arriving on February 27, 1976. Upon arrival she worked as a volunteer in the headquarters of Citizens for Reagan supervising phone-bank personnel and precinct workers. She returned to Washington on March 15, 1976.

[illegible] Thibaut traveled by air from Columbus, [illegible] Palm Beach, Florida arriving on March 2, [illegible] [illegible] during the Florida primary. He returned to Columbus on March 24. As noted previously, [illegible]

in connection with Mr. Thibaut's name was not an in-kind contribution to Citizens for Reagan.

4. The CVF check for $249.84 issued 3/1/76 to Combined Airlines Ticket Office was issued to cover travel for D. E. Lukens. The dates of travel, destination and activities conducted during the trip are listed in 3(d).

The CVF check for $177.46 issued to Combined Airlines Ticket Office on 3/24/76 was written to cover air travel to Columbus, Ohio, for Rebekah Norton and Charles Dutcher. Miss Norton is an employee of ACU/CVF. Charles Dutcher was at the time an undergraduate student at Ohio State University who was visiting Washington. Both went to Ohio to assist in a petition drive to put Gov. Reagan on the ballot in Ohio.

5.*/ The expenditures listed in items "a" through "h" are in-kind contributions to Citizens for Reagan. They represent reimbursements for expenses incurred by persons while rendering their services for Citizens for Reagan.

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*/ On the list of questions submitted by the Commission, there are two numbered "5". In light of this typographical error, we have also numbered our responses to both of these two questions as "5".

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5. There was an accounting error respecting the salary payment made to Rebekah Norton. Miss Norton was not an employee of Citizens for Reagan during the period in question. Rather, she was a volunteer in the Sarasota, Florida, office. CVF paid her salary for this period and the amount was listed on the CVF FEC filing as an in-kind contribution to Citizens for Reagan. In order to simplify filing procedures it was determined that in-kind contributions (up to the limit of $5,000) would be listed on the CVF report. All independent expenditures would be listed on the ACU report. Under this arrangement Miss Norton should have been paid by CVF. Instead, two ACU checks were issued and paid to Miss Norton, one on 3/19/76 and the other on 3/26/76, each for $156.58 (this amount reflects net income, not gross income). When this error was discovered, two compensating CVF disbursements were issued, one on 3/22/76 and the other on 3/29/76, both for $214.08 (this amount reflects gross income).

On the CVF report for March 31, 1976, page 2 of 2, line [illegible] this transaction is listed as an in-house [illegible] for the ACU. The same transaction is listed on the ACU report for June [illegible].

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6-7. ACU Board members responsible for general setting of policy for the organization are: M. Stanton Evans (Chairman), Thomas S. Winter (Vice Chairman), Jameson G. Campaigne, Jr., (Secretary), Daniel Joy (Treasurer), Representative John Ashbrook, C. Lee Barron, Representative Robert Bauman, Charles E. Black, Jr., Doug Bulcao, John Chamberlain, Representative Philip Crane, Donald Devine, Marvin Edwards, Alan Gottlieb, Richard Harvey, Ralph Hostetter, Jeffrey Kane, Barbara Keating, David A. Keene, James Linen, IV, J. Daniel Mahoney, John T. McCarty, Daniel Oliver, Stefan Possony, John Ryan, Phyllis Schlafly, Representative Steven Symms, and Tom R. Van Sickle.

Three ACU Board meetings have been held in 1976. Copies of the minutes of the first two of those meetings are attached hereto as Exhibits 2 and 3. The third meeting was held in Washington, D.C. on Sunday, October 3, 1976. A copy of the minutes of that meeting will be provided to the Commission as soon as they are prepared.

The Board meeting of February 15, 1975 (Exhibit [illegible]) was held shortly after the Supreme Court's decision in [illegible] in which both ACU and CVF participated as [illegible]. [illegible], in [illegible] of the Buckley opinion, it would [illegible] the constraints

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permitted by its financial situation, with regard to the ongoing political debate accompanying the 1976 campaign. There was general dissatisfaction shared by the leaders of ACU with the strategy and tone of Citizens for Reagan, a dissatisfaction which persisted throughout the campaign. ACU's independent effort was conceived as a way of raising issues of importance to conservatives, issues then being ignored or mishandled (in ACU's view) by Citizens for Reagan. Cognizant of the Supreme Court's decision that any expenditures by ACU (either those which explicitly advocated the election or defeat of any candidates or those which were issue-oriented and therefore not within the scope of the FECA) were required to be independent of the Reagan campaign or they would be treated as contributions to that campaign, the ACU Board decided to preclude any connection between ACU and Citizens for Reagan.

Accordingly, upon motion duly moved and seconded, the Board decided that when discussions of the Reagan campaign were held, any Board Members connected with Citizens for Reagan would not be permitted to participate or observe. (See paragraph 4 of Exhibit A.) It was further determined, pursuant to longstanding practice by the Chairman (M. Stanton Evans) and pursuant to Article Three, Paragraph 1 of the

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Constitution and By-Laws of ACU (attached hereto as Exhibit 4), that authority to make expenditures in this regard would be vested in a committee of three persons. Mr. Evans, by memorandum of February 26, 1976 (attached hereto as Exhibit 5) appointed ACU Executive Director James C. Roberts and Vice Chairman Thomas S. Winter to that committee. None of these three individuals has now or ever had any connection or affiliation with Citizens for Reagan. This three-person committee was responsible for the "setting of general policy" and "the authorization of specific expenditures" as part of ACU's independent efforts.

ACU maintained its independence from Citizens for Reagan, and consulted with counsel where appropriate in order to ensure that independence be preserved. In order to avoid even the appearance of coordination, stringent guidelines were ordered adopted by ACU Chairman Evans, and are outlined in a memorandum by Mr. Evans, dated May 10, 1976, and attached hereto as Exhibit 6.

5. Job description, supervisors and subordinates, day-to-day responsibilities and responsibilities for the keeping of records or the filing of FEC reports for the persons requested are as follows:

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Rebekah Norton (See above)

James C. Roberts (see above)

Anne M. Cabaniss (see above)

Greg M. Moga is not employed by ACU or CVF.

Alison Borland served until September 24, 1976, as office manager of ACU and CVF. Her duties consisted of responsibility for correspondence, ordering of supplies, handling of disbursements and supervision of part-time interns. Her immediate supervisor was Executive Director James C. Roberts. Her subordinates were secretary Anita Korten and various part-time interns. She was responsible for assisting ACU and CVF accountant James E. Burgess in preparing FEC reports, under the supervision of the Executive Director.

Gary Louis Jarmin serves as legislative director of ACU and as director of ACU's "bureaucratic watchdog project", Public Monitor. He is responsible for ACU's congressional lobbying efforts and for editing the Public Monitor [illegible]. His supervisor is the ACU Executive Director. His subordinates are part-time student interns placed in his charge. He has no responsibilities in connection with FEC reports.

Anita Korten is a secretary at ACU. She has numerous duties, the principal one being receptionist,

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typing of correspondence and reports, etc. In the absence of Alison Borland, she serves as office manager. She assists in typing of reports required by the FEC.

John D. Lofton, Jr., is a syndicated columnist and a consultant to ACU. His sole responsibility is the editing of Battle Line, ACU's monthly publication. He has no responsibilities connected with the FEC reports.

9. Copies of the documents requested are attached hereto as Exhibits 1 through 6.

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ATTACHMENT C

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 203 (76)
A.C.U./C.V.F.	)	

To: Mr. James Roberts
Executive Director
American Conservative Union
Conservative Victory Fund
422 First St., S.E.
Washington, D.C. 20003

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ORDER

The Federal Election Commission pursuant to its powers set forth in 2 U.S.C. §437d(a)(1), and in furtherance of its investigation in the above entitled matter, requires that you, on behalf of the American Conservative Union and the Conservative Victory Fund, submit in writing, and under oath, answers to the attached questions.

Please submit your answers within thirty (30) days of your receipt of this Order to:

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

Vernon W. Thomson

Vernon W. Thomson
Chairman
Federal Election Commission

FEDERAL ELECTION COMMISSION

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

Mr. James C. Roberts
Executive Director
American Conservative Union
Conservative Victory Fund
422 First St., S.E.
Washington, D.C. 20003

Re: MUR 203 (76)

Dear Mr. Roberts:

Please be advised that, with respect to the above numbered matter, further information will be necessary to resolve the issues raised in the complaint.

Therefore, please respond to the attached set of questions within thirty days of receipt of this letter. You will note that these questions are issued pursuant to the Commission powers under 2 U.S.C. §437d(a)(1), and require answers to be made under oath. Also, a number of the questions, request summaries of documents presumably under your control. In lieu of these summaries, you may wish to provide the documents themselves.

If you have any questions, please contact David Stein, at 202/382-6646, the attorney handling the case.

Sincerely yours,

William Oldaker
General Counsel

cc: Brice Clagett, Esq.
Covington & Burling
888 16th Street
Washington, D.C.

Attachment C

1. Your letter of October 7, 1976, states on pages 7, 8, and 9 that the ACU decision to support Reagan, by way of independent expenditures was made at the February 15, 1976, Board meeting. However, the minutes of that meeting do not reflect such decision or substantive discussion of the matter. Therefore, please respond to the following.

   A. Provide a summary of the minutes of this meeting which do reflect the debate or discussion relating to the ACU decision to support Mr. Reagan's candidacy through independent expenditures.

   B. Set forth the identities of those participating in the debate.

   C. Set forth the identities of those voting and the results of such vote.

   D. Provide a summary of the minutes of any other ACU Board meeting in which the independent expenditure support decision was discussed, including dates and the meeting and those participating.

2. The response letter also indicates that a three-man committee was charged with the responsibility for authorizing expenditures of the ACU independent effort.

   A. Did this committee meet to determine what independent expenditures would be made? Set forth time and place of all meetings.

   B. Provide a summary of minutes of all meetings, or the substance of any records maintained to reflect such meeting.

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C. Set forth the dates, parties involved and the substance of any and all written communication or memoranda of oral communication between this committee and the ACU Board or Staff; the dates, parties and substance of any and all intra-committee memoranda subsequent to February 26, 1976.

D. Set forth the dates, parties and substance of any and all correspondence received or sent by this committee in the course of the committee's independent expenditures authorization function.

E. Set forth the duties and responsibilities, individually of each of the three members of the committee.

3. State whether CFR was notified of the ACU decision to mount an independent effort subsequent to date of decision. If so, set forth the substance of the communication and state when same took place and the individuals involved.

4. Set forth the duties, responsibilities, or participation in any way of Ms. Rebekah Norton, political director of ACU/CVF, with regard to the ACU independent support of Ronald Reagan. Include her involvement in any way in ACU board meetings, staff meetings, or any other policy or strategy discussions pertaining to the ACU independent effort.

5. Same as #4 for Mr. Jameson Campaign.

6. Steve Symms, M.C.

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7. Richard Harvey

8. Gary Jarmin

9. James Linen IV

10. Jeffrey Bell

11. Charles Black, Jr.

12. Phillip Crane, M.C.

13. Donald Devine

14. Liard Gutterson

15. Stephen Some

16. David Keene

17. A. When and where was the decision made by CVF to support Reagan by using in-kind contributions?

    B. Set forth a summary of minutes of this meeting, and text of the discussion or debate.

    C. Set forth the identities of those participating in the debate, or discussion.

    D. Set forth the identities of those voting and the results of such vote.

18. In counsel's response to question #1, it is stated that an eight-man informal executive committee of the CVF Board makes recommendations as to CVF political contributions.

A. Did this committee make such a recommendation, initially, with regard to support of Reagan's candidacy. If so, was this recommendation made to the full Board of CVF? If not, indicate what role this committee played with regard to the CVF decision to support Reagan by way of in-kind contributions. Set forth the text of any recommendation, or the substance of any minutes of any meeting reflecting discussion of this decision.

B. Indicate the role played by this committee in the allocation of in-kind contributions in support of Reagan. With whom did the Committee consult in the allocative process? Provide a summary of the minutes of any meetings of this committee, or a summary of minutes of any Board meetings in which this committee or its representative or members participated.

19. Counsel has indicated that James Roberts had responsibility for distributing CVF in-kind contributions in support of Reagan.

A. Describe in detail the process by which Mr. Roberts determined for what purpose and to whom the money would be distributed.

B. With whom did Mr. Roberts work in this regard, within CVF?

C. In the process of allocating contributions, did Mr. Roberts communicate at any time with CFR

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representatives? If so, provide the substance, parties and dates of any such correspondence, or memoranda or communication of any kind in this regard.

20. Set forth the dates, the individual involved, and the substance of, any and all correspondence, memoranda, or record of communication between representatives of CVF and CFR, relative to the CVF in-kind contributions to CFR.

ATTACHMENT D

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 203 (a) (76)
Citizens for Reagan	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 2, 1977, the Commission determined by a vote of 4-0 that there was reason to believe that 2 U.S.C. §434(b) and §441(f) have been contravened in the above-captioned matter. Finding reason to believe were Commissioners Aikens, Staebler, Thomson, and Tiernan. Commissioners Harris and Springer were not present at the time of the vote.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

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

March 7, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Senator Paul Laxalt
326 Russell Senate Office Bldg.
Washington, D.C. 20510

Re: MUR 203 (a)

Dear Senator Laxalt:

This letter is being sent to you in your former capacity as Chairman of Citizens for Reagan, as notification that on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has determined that Citizens for Reagan may have violated 2 U.S.C. §441a(f), which prohibits the knowing acceptance of contributions in violation of the limitations contained in §441a(a), and 2 U.S.C. §434(b), which requires disclosure of all contributions.

The Commission has information indicating that $200,000 in expenditures, on behalf of Mr. Reagan's presidential [illegible] by the American Conservative Union and the [illegible] in cooperation, [illegible] or its [illegible] [illegible] 2 U.S.C. §434(b), [illegible] 2 U.S.C. §441a(a)(2)(A), [illegible] Our information [illegible]

Upon reaching a determination that there is reason to believe that a violation has occurred, the Commission is required to conduct an investigation, and to afford your committee a reasonable opportunity to demonstrate that no action should be taken. Therefore, please submit any factual or legal materials you may deem relevant to this matter, and please respond to the following:

(a) Provide a list of all of your officers and supervisory personnel since the date on which Citizens for Reagan registered with the Commission (July 24, 1975). The list should set forth the duties and assignments of the individuals listed and their respective dates of services. Persons on the list should include, but not be limited to chairmen, vice-chairmen, treasurers, secretaries, members of the board of directors, and regional coordinators.

(b) Provide a list of officers or supervisory staff members of your committee, as described above, who were employed by, or were officers of, or were on the Board of Directors of, the American Conservative Union or the Conservative Victory Fund during 1975-1976.

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless you state in writing, that you wish the investigation to be made public. Please feel free to contact the attorney handling this matter, David Stein, at 202/382-6046, should you have any questions. We would appreciate it if you would respond within thirty days of your receipt of this letter.

Sincerely yours,

William C. Baker
General Counsel

[illegible]

FEDERAL ELECTION COMMISSION

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

March 7, 1977

Loren Smith, Esq.
1811 N. Highland St.
Arlington, Virginia

Dear Mr. Smith:

This letter is to inform you that the Federal Election Commission has found reason to believe that the Citizens for Reagan Committee, in its capacity as principal campaign committee for Mr. Ronald Reagan's federal candidacy during 1976, has violated the Federal Election Campaign Act of 1971, as amended.

Enclosed, please find the letter of notification to Senator Laxalt, in his capacity as Chairman of Citizens for Reagan. The substance of the allegations are included in this letter.

We do not hesitate to contact the attorney handling this matter, Mr. David Stein, at (202/382-6646), if you have any questions.

Sincerely yours,

William Oldaker
General Counsel

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JCC # 159

ATTACHMENT E

COVINGTON & BURLING

888 SIXTEENTH STREET, N. W.

WASHINGTON, D. C. 20006

TELEPHONE (202) 452-6000

WRITER'S DIRECT DIAL NUMBER

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BRICE McADOO CLAGETT
JOHN S. KOCH
PETER BARTON HUTT
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CYRIL V. SMITH, JR.
MARK A. WEISS
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CHARLES A. HORSKY
W. CROSBY ROPER, JR.
DANIEL M. GRIBBON
HARRY L. SHNIDERMAN
DON V. HARRIS, JR.
WILLIAM STANLEY, JR.
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EDWIN M. ZIMMERMAN
JEROME ACKERMAN
HENRY P. SAILER
JOHN H. SCHAFER
ALFRED H. MOSES
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PHILIP R. STANSBURY
CHARLES A. MILLER
RICHARD A. BRADY
ROBERT E. O'MALLEY
EUGENE I. LAMBERT
JOHN VANDERSTAR
NEWMAN T. HALVORSON, JR.
HARVEY M. APPLEBAUM
MICHAEL S. HORNE
JONATHAN D. BLAKE
CHARLES E. BUFFON
ROBERT N. SAYLER
E. EDWARD BRUCE
DAVID N. BROWN
PAUL J. TAGLIABUE
ANDREW W. SINGER
DAVID H. HICKMAN
RUSSELL H. CARPENTER, JR.
NICHOLAS W. FELS
THEODORE L. GARRETT

NEWELL W. ELLISON
JOHN G. LAYLIN
H. THOMAS AUSTERN
FONTAINE C. BRADLEY
EDWARD BURLING, JR.
J. HARRY COVINGTON
COUNSEL

JOHN SHERMAN COOPER
EDWIN S. COHEN
OF COUNSEL

TWX: 710 822-0005
TELEX: 89-593
CABLE: COVLING

April 5, 1977

Mr. William Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 203(76)

Dear Sir:

Enclosed herewith are the answers, under oath, of James C. Roberts to your questions of March 7, 1977. We take this opportunity to make the following additional comments.

We have previously stated, in our letter of October 7, 1976 to your predecessor Mr. Thursby, our position with respect to this matter. We reiterate all that we said in the October 7 letter. Moreover, we regard it as highly unusual, to say the least, that a full five months elapsed between the time of our first response and your letter of March 7, 1977. We note also that none of the concerns raised in our October 7 letter were addressed in yours of March 7.

We are convinced that there is no merit, either as a matter of fact or law, in continuing this investigation any further. Our response of October 7, 1976, and Mr. Roberts' present answers, under oath, fully demonstrate that there is no warrant for proceeding further. We trust that you will find yourself in agreement with us on this question.

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Since there is no reason to continue with this investigation, we hope that it will be concluded as expeditiously as possible. Should it not be concluded, please be advised that we will consider instituting discovery against the Commission in the near future.

Sincerely yours,

Brice M. Clagett/JRB

Brice M. Clagett
John R. Bolton

Enclosure

7804011287

BEFORE THE
FEDERAL ELECTION COMMISSION

In the matter of:	)	
American Conservative Union	)	MUR 203(76)

ANSWERS OF JAMES C. ROBERTS
TO QUESTIONS BY THE FEDERAL ELECTION COMMISSION

The following are my responses, under oath, to your questions to me of March 7, 1977.

1. The Federal Election Commission's Question One states that

> ". . . the ACU decision to support Reagan, by way of independent expenditures was made at the February 15, 1976, Board meeting. However, the minutes of that meeting do not reflect such decision or substantive discussion of the matter."

In the responses to your first set of questions, enclosed by letter of counsel, dated October 7, 1976, at pp. 7-8, there is no indication of any "ACU decision to support Reagan, by way of independent expenditures" at the February 15, 1976, Board meeting; that fact explains why "the minutes of that meeting do not reflect such decision or substantive discussion of that matter."

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To repeat and elaborate on what was stated in the letter of October 7, 1976, the leaders of ACU believed that 1976 was a potentially important year for the conservative philosophy. We felt, as one of the leading and most active proponents of that philosophy, that we should consider undertaking some role in ensuring that conservative interests be given some voice. As conservatives we had the highest hopes for the success of the Reagan campaign, and our discussions focused on that campaign more than any others. The specific activities that were to be undertaken were not decided at the February 15, 1976, meeting. We did reach a general consensus that we should try to do something with respect to the Reagan candidacy, but the decision was no more precise than that. Indeed, given the highly uncertain legal and political contexts, all discussions were highly tentative in nature.

In response to the FEC's specific questions:

A. There are no minutes of the February 15, 1976, ACU Board meeting other than those supplied to you as Exhibit 2 of the October 7, 1976, letter.

B. Several Board members participated during the discussion of possible courses ACU might follow in 1976. M. Stanton Evans, then Chairman of ACU, stressed several times

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that should ACU become involved in independent efforts for or against any candidate, there must be no participation by anyone associated with those campaigns who was also connected with ACU. I believe that I supported Mr. Evans in this regard.

Other members of the ACU Board participated in this discussion, but I do not now recall which ones.

C. The only vote taken, as noted in the letter of October 7, 1976, at p. 8 was on a resolution that in connection with any discussion of ACU activities concerning Reagan, no Board Members connected with the Reagan campaign be permitted to participate or observe. That vote was unanimous.

D. All other minutes of ACU Board meetings in 1976 have been previously provided, except those of October 3, 1976. Those minutes are attached as Exhibit 1 to these answers. There were no ACU Board meetings between February 15 and June 12, 1976, by which time the independent effort had essentially ended. The June 12, 1976, minutes, attached as Exhibit 3 to the October 7, 1976, letter reflect the near completion of the independent effort.

2. As described in the letter of October 7, 1976, a three-man committee was appointed by Mr. Evans on February 26, 1976. (See Exhibit 5 to the October 7, 1976, letter.)

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A. The three-man committee did not hold formal meetings, but met informally as appropriate, at times as often as once a day. Nearly all of the meetings took place at ACU's headquarters. Some may have taken place at lunch or dinner at restaurants on Capitol Hill.

B. No minutes or records reflecting such meetings were ever made.

C. The only written communication to the ACU Board or staff was Mr. Evans' memorandum of May 10, 1976. attached as Exhibit 6 to the letter of October 7, 1976. There were oral communications to ACU Board members, either at Board meetings, during telephone conversations, or during informal gatherings. I do not recall the specific dates or parties involved; generally, these oral communications would consist of reports of what we had done, and tentative plans for future action. At no time were oral communications concerning the ACU independent effort made by the three-man committee or its members to any Board member connected with the Reagan campaign.

There were oral communications to ACU staff members assisting in ACU's independent efforts as necessary to implement those efforts. These communications would have included requests for various kinds of assistance, ranging from

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typing advertising copy to placing the advertisements. I do not recall the specific dates or parties involved.

D. No items of correspondence of this nature, if any were sent or received, now exist. Bills, receipts and financial records, as reflected in our reports to the FEC, do exist.

E. There was no specific delineation of individual duties or responsibilities of the three members of the committee. Specific tasks were assumed or assigned as appropriate during the course of the committee's activities, after consultation among the members. Such activities included: making speeches, holding press conferences, writing advertisements, making the appropriate arrangements to produce, distribute and publish or broadcast advertisements, soliciting contributions, allocating total expenditures, consulting with counsel and related activites.

3. ACU did not notify Citizens for Reagan of its decision to undertake an independent effort. After the effort began, there were numerous reports in the press and widespread discussion on Capitol Hill concerning ACU's activities that may have resulted in CFR's being on notice.

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In addition, ACU's reports of expenditures and contributions were available for public inspection and copying at the FEC.

Mr. Thomas Ellis, then treasurer of Citizens for Reagan in North Carolina, called me in Florida during the week before the Republican presidential preference primary in that State. He asked whether ACU would be conducting a similar campaign in North Carolina. I said we would and pointed out to him the necessity of refraining from further discussion. He agreed.

Mr. Ron Dear, my immediate predecessor as ACU Executive Director until December, 1974, called me after the Florida primary. At that time, he was executive director of Texas Citizens for Reagan. I had kept Mr. Dear fully informed of all ACU activities since he left office, because of his continuing interest in the organization. When he asked me during that call whether ACU would be conducting an independent campaign in Texas similar to that in Florida, I replied only that we would and that I could not discuss the matter further. He agreed.

4. (a) Rebekah Norton had no involvement with the ACU independent effort.

(b) Jameson Campaigne assisted in planning and

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implementing an ACU direct mail fundraising package based on the independent effort. He also sold ACU various quantities of Sincerely, Ronald Reagan, a book published by Green Hill Publishers of which he is president. These books were distributed in ACU's independent effort on behalf of Reagan. As ACU Secretary until February of this year, Mr. Campaigne attended all ACU Board meetings in 1976 and took minutes of those meetings.

(c) Representative Steve Symms played no part in ACU's independent effort.

(d) Richard Harvey attended the February 15, 1976, ACU board meeting at which the Reagan campaign was discussed. He played no part in the independent effort.

(e) Gary Jarmin, ACU's legislative director, did research for the newspaper advertisements that ACU placed in several states in the course of the independent effort.

(f) James Linen IV attended the February 15 ACU board meeting at which the Reagan campaign was discussed. He played no role in the independent effort.

(g) Jeffrey Bell played no role in the ACU independent effort.

(h) Charles Black, Jr. arrived at the February 15 ACU board meeting after the discussion of the Reagan campaign had ended. He played no part in the independent effort.

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(i) Representative Philip Crane played no role in the ACU independent effort.

(j) Donald Devine attended the February 15 board meeting. He played no part in the independent effort.

(k) Laird Gutterson played no part in ACU's independent effort.

(l) Stephen Some played no part in ACU's independent effort.

(m) David Keene played no part in ACU's independent effort.

5. A-D. There was never a formal vote by the CVF Board to make in-kind contributions to the Reagan campaign, nor, to my knowledge, were any minutes made or kept that would reflect such a decision. There was a shared, perhaps largely unspoken, consensus that, as conservatives, we at CVF could do whatever was permissible for the Reagan campaign. As described in the letter of October 7, 1976, the actual allocation of contributions was left to me, and no members of CVF's Executive Committee who came to have any official connection with Citizens for Reagan were permitted to take any role in the Executive Committee's deliberations at or before the time of their connection with Citizens for Reagan.

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6. A-B. Other than the generalized decision described in response to Questions 5 A-D, the CVF Executive Committee never considered contributions to the Reagan campaign.

7. A. I would, from time to time, consult with the CVF Treasurer, Thomas S. Winter, as to the most appropriate form CVF contributions might take. Our decisions were based entirely on political considerations.

B. See my answer to Question 7 A.

C. The only communication I had with a representative of CFR regarding allocation of in-kind CVF expenditures was with Richard Williamson, then administrative assistant to Representative Philip Crane. Representative Crane was the keynote speaker at the 1976 Conservative Political Action Conference of which ACU was co-sponsor. He asked whether CVF would pay for the production of film copies of the speech. Although I had not seen the film, I agreed. Neither I or anyone else at CVF had anything to do with the utilization of these copies.

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8. The only correspondence between CVF and CFR relative to CVF's in-kind contributions were the copies of CVF's FEC filings which were sent to CFR as FEC regulations require.

James C. Roberts

James C. Roberts

State of Virginia
County of Carlington

SUBSCRIBED AND SWORN TO
before me this 7th day
of April, 1977.

James L. Burgess
My commission expires Jan 21 1978

7 8 0 4 0 0 1 1 2 9 7

MCC # 149
ATTACHMENT F

Citizens for the Republic
a political action committee

1253-7th Street, Suite 200
Santa Monica, California 90401
213/451-8548

April 5, 1977

Federal Election Commission
William C. Oldaker, Esq.
General Counsel
1325 K. St., N.W.
Washington, D.C. 20463

771089

Dear Mr. Oldaker:

In your letter of March 7, 1977, concerning MUR 203 (a) you have indicated that "on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has determined that Citizens for Reagan may have violated 2 U.S.C. §441a (f), which prohibits the knowing acceptance of contributions in violation of the limitations contained in §441a (a), and 2 U.S.C. §434 (b)..." Later in the same letter you also indicate that "The Commission has information indicating that $200,000 in expenditures, on behalf of Mr. Reagan's presidential candidacy, by the American Conservative Union and the Conservative Victory Fund, may have been made in cooperation, consultation or concert with Citizens for Reagan or its agents...."

Needless to say this letter of the 7th concerns our committee. During the 1976 primary campaign our committee scrupulously attempted to comply with both the letter and the spirit of the campaign reform laws. We believe we have succeeded in that compliance. Therefore, your letter raises several serious questions which we feel should be answered before we can adequately respond to your "determination."

We wish to know (1) The activities which constitute, in the Commission's view, the kind of coordination which turns an independent expenditure into a contribution. (2) The information refered to by the Commission in line 3 of your letter's first paragraph and in lines 1 and 14 of the second paragraph. (3) The formal and procedural

nature of the Commission's "determination" by which it was found that Citizens for Reagan "may" have violated §441a (f). (4) The relevance of your questions (a) and (b) to the issue of whether our committee has violated §441a (f).

In the meantime we are preparing the factual material relevant to your questions (a) and (b). I will note in closing that our committee has to the fullest extent possible complied with the Federal Election Campaign Act of 1971 as amended in 1974 and 1976. We stand fully ready to comply with any and all Commission requests for data related to our obligations under the law. We are also ready to meet with the Commission at any time to discuss any of the matters herein.

Yours truly,

Loren A. Smith

Loren A. Smith
Secretary of Citizens for
the Republic
(formerly Citizens for
Reagan)

cc: Senator Paul Laxalt
326 Russell Senate Office Building
Washington, D.C. 20510

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Summary

1. ACU expenditures were not concentrated in those states where CFR came closest to approaching its legal limit on expenditures (Tennessee, California, Indiana, Nebraska and Texas).

2. ACU and CFR both made concentrated expenditures in two states, Indiana and Texas.

3. In only two states, Ohio and Michigan, did ACU make heavy expenditures where CFR expenditures were minimal.

4. In only one state, California, did CFR concentrate expenditures (52% of CFR's total expenditures) while ACU's expenditures were minimal (1% of total ACU expenditures).

Conclusion

Analysis of the state-by-state expenditures made by ACU and CFR does not alone substantiate a contention that ACU and CFR cooperated or consulted by having ACU concentrate expenditures in states where CFR approached the legal spending limit; or that ACU and CFR cooperated or consulted by having ACU concentrate expenditures in the states where CFR was concentrating its expenditures.

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7 8 0 4 2 0 1 1 3 0 3

STATE	ACU EXPENDITURES	% OF TOTAL EXPENDITURES	CFR EXPENDITURES	% OF LEGAL LIMIT	% OF TOTAL CFR EXPENDITURES
Arkansas	$ 3,363.68	3	$ 942.48	*	*
California	926.77	1	701,000.00	27	52
District of Columbia	-0-	-0-	20,265.00	9	2
Florida	-0-	-0-	69,000.00	7	5
Georgia	1,500.00	1	17,732.00	3	1
Indiana	9,830.96	8	111,000.00	18	8
Illinois	-0-	-0-	8,332.44	1	1
Kentucky	3,363.68	3	5,840.00	1	*
Maryland	3,595.00	3	840.00	*	*
Michigan	20,000.00	17	1,490.26	*	*
Montana	1,500.00	1	7,000.00	3	1
Nebraska	4,380.00	4	29,043.96	13	2
New Jersey	5,033.27	4	-0-	-0-	-0-
North Carolina	-0-	-0-	14,043.07	2	1
Ohio	25,033.27	21	13,564.54	1	1
South Dakota	1,500.00	1	8,501.84	4	1
Tennessee	3,363.68	3	144,118.64	29	11
Texas	33,000.00	28	144,000.00	10	11
Virginia	-0-	-0-	7,233.37	1	1
West Virginia	3,265.00	3	292.42	*	*
Wisconsin	-0-	-0-	32,250.00	6	2
TOTAL	$119,655.51		$1,336,625.79		

*Less than 1%

NOTE: All percentages rounded

ATTACHMENT H

Records indicate that twelve vendors received expenditures from both ACU and CFR.

(1)	Bruce W. Eberle & Associates Vienna, Virginia Chantilly, Virginia Baltimore, Maryland	 ACU: CFR:	 $ 440.00 153,245.62
(2)	Omega List Company Vienna, Virginia Manassas, Virginia	 ACU:	 7,671.30 412,255.77
(3)	The Mail Room, Inc. Manassas, Virginia	ACU: CFR:	50,462.07 801,294.08
(4)	Lone Star Press Manassas, Virginia	ACU: CFR:	1,072.98 16,001.29
(5)	Commercial Envelope Company Baltimore, Maryland	ACU: CFR:	11,081.94 168,131.66
(6)	Metro Printing & Mailing Fairfax, Virginia	ACU: CFR:	15,558.88 111,929.45
(7)	Park Lane Press Baltimore, Maryland Falls Church, Virginia	 ACU: CFR:	 3,147 00 204,108.00
(8)	Green Hill Publishers Ottawa, Illinois	ACU: CFR:	9,211.25 3,776.00
(9)	Craftsman Printing Vienna, Virginia	ACU: CFR:	1,166.36 1,923.42
(10)	Direct Mail Group Culpepper, Virginia	ACU: CFR:	1,261.30 18,494.99
(11)	Opt-D Graphics Associates Arlington, Virginia	ACU: CFR:	692.50 462.00

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(12)	Wandling Graphics Suitland, Maryland	ACU: CFR:	$ 4,995.00 1,167.50

CFR reported expenditures to over 300 different vendors in the course of the campaign, while ACU expended funds to approximately 40 vendors in connection with the Reagan effort. The 12 vendors listed above do not appear to be a particularly large percentage of the total number of vendors used by both committees, and the use of these particular vendors by both committees does not, by itself, indicate a pattern showing "cooperation and consultation" between ACU and CFR.

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ATTACHMENT I

The date and source of each contribution received and each expenditure made by the following Texas Reagan delegate committees from March 1976 through December 1976 were compared with the contributions received and expenditures made by ACU for the same period:

An Evening With Ronald Reagan
Dallas County Democrats for Reagan
Delegates for Reagan - Fort Worth
Delegates for Reagan - Texas 9th Cong. Dist.
Delegates for Reagan - Congressional District # 10
Delegates for Reagan - 13th Congressional District
Delegates for Reagan - Waco
Houston Area Delegates for Reagan
Ronald Reagan Delegate Committee - Dallas
Seventeenth Congressional District for Reagan
Texas for Reagan
Ronald Reagan Delegate Committee Cong. Dist. #1 and #4
Reagan Delegate Committee - San Antonio
Reagan Delegate Committee - Midland
Pilots for Reagan

This review uncovered less than a half-dozen persons reported as contributors to both ACU and a Reagan delegate committee; and only about four vendors (other than newspapers) who were recipients of expenditures by both ACU and a Reagan delegate committee.

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ATTACHMENT J

Nine individuals were ACU directors or employees and also received payments from CFR:

(1) Rebekah Norton, political director of ACU, received $499.34 in expense reimbursements and $1,000 in consulting fees from CFR;

(2) Jameson Campaign, secretary of ACU's Board of Directors, received $1,125 reported as "payroll" by CFR;

(3) Gary Jarmin, ACU legislative director, received $51.73 for travel expenses from CFR;

(4) Charles Black, ACU director, received $10,501.97 from January 1, 1976 to June 15, 1976 as payroll, and $5,558.13 from December 17, 1975 to June 30, 1976 for travel and expense reimbursement, from CFR;

(5) David Keene, ACU director, received $3,749.06 as payroll and $2,479.77 for travel expenses from CFR;

(6) Steve Symms, ACU director, received $177.83 for travel expenses from CFR;

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(7) Richard Harvey, ACU director, received a total of $65.70 for advertising services from CFR;

(8) Philip Crane, ACU director, received $2,582.92 from February 24, 1976 to June 16, 1976 for travel expense from CFR;

(9) Charles K. Dutcher, ACU student intern, received $1,306.10 from April 12, 1976 to May 21, 1976 for consultant fees and expense reimbursement from CFR;

Three individuals (not known to be ACU directors or employees) received payments from both ACU and CFR:

(1) A. M. Wandling received $500 for advertising services in May, 1976 from CFR; he received $1,259.05 for "creative fee" and other services from June 1, 1974 to April 16, 1976 from ACU. ACU also loaned Wandling $600 on April 15, 1976 and $200 on May 4, 1976.

(2) Hugh Beard received $111 for tickets sold for Reagan luncheon in July, 1976 from DCF; he received a total of $340.33 for car rentals in April 5, 1976 and May 27, 1976 from ACU.

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(3) Robert Carlson received a total of $650.58 for "reimbursed traveling expenses" between May 28, 1976 and July 23, 1976 from CFR; he also received a total of $1,275.31 for "independent expenditure for Reagan for President plane fare TX/In" between April 21, 1976 and May 27, 1976 from ACU.

Summary

The overlap in personnel tends to suggest cooperation between ACU and CFR with respect to committee expenditures, but the sworn statement of Mr. James Roberts, ACU's executive director, asserts that ACU's "independent" expenditures were, in fact, made solely by a three-man committee, which did not include any of the people listed above. We have no specific evidence indicating that any of the people listed above participated in ACU's actual decisions to make expenditures on behalf of Mr. Reagan. Although ACU's expenditures may have been made "through" certain individuals who had received compensation or reimbursement from CFR, §109.1 (b)(4)(i)(B) of the Regulations was not effective at the time of the expenditures.

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ATTACHMENT K

Summary

A comparison of CVF in-kind expenditures to individuals and ACU "independent" expenditures showed the following:

(1) ACU made two "independent" expenditures on behalf of Mr. Reagan to Ms. Rebekah L. Norton: $266.64 on March 15, 1976 and and $48.44 on March 16, 1976 for travel. CVF made three expenditures to Ms. Norton: $488.34 on March 29, 1976 for travel; $214.08 on March 22, 1976 as salary; $214.08 on March 29, 1976 as salary. These expenditures were designated as "Citizen for Reagan" expenses.

(2) ACU made an independent expenditure to Mr. A. M. Wandling on April 16, 1976 for $350, while CVF made two expenditures to Mr. Wandling: on February 28, 1976 for $140 and on March 2, 1976 for $350, designated as travel, "Citizen for Reagan" expenses.

Conclusion

The CVF in-kind expenditures to individuals and ACU independent expenditures does not disclose any clear pattern that would suggest cooperation or consultation between ACU and CFR.

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June 9, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Loren Smith, Esquire
1811 N. Highland Street
Arlington, Virginia

Re: MUR 203a(77)

Dear Mr. Smith:

This letter is to inform you that the Federal Election Commission has not, to date, received a response from Citizens for Reagan to the request for further information included in our letter of March 7, 1977.

Please contact me at 202/523-4175 so that we may expedite this matter.

Sincerely yours,

/s/

David Stein
Attorney

DStein/scc 6/9/77

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GC

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● **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:
Loren Smith
MUR 2032 (M)

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	993343	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY

POSTMARK
JUN 13 1977

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GOP 1976—O-203-456

BEFORE THE FEDERAL ELECTION COMMISSION

May 16, 1977

In the Matter of	)	
	)	MUR 203, 203a
ACU/CFR	)	(76)

INTERIM INVESTIGATION REPORT

On February 28, 1977 the Commission, upon the recommendation of the General Counsel, ordered the respondents American Conservative Union/Conservative Victory Fund to respond, in writing and under oath to a series of interrogatories pursuant to 2 U.S.C. 437(d)(a)(1). These questions were designed to elicit further data from the respondents relative to the issues contained in this matter. Further, the co-respondent Citizens for Reagan, was sent notification that the Commission had found reason to believe that the Act had been violated and was requested to respond in writing to a number of questions included in the letter of notification.

On April 5, 1977 we received from ACU/CFR the answers, under oath signed by James Roberts, executive director of ACU/CFR. Citizens for Reagan (now known as Citizens for the Republic) has to date failed to respond to our inquiry.

The ACU/CFR response to our interrogatories has failed to provide us with any new data beyond what has previously been developed by our in-house research and the earlier

ACU/CFR response submitted in October, 1976. Accordingly, it has been determined by the General Counsel's Office to continue this investigation by way of further in-house research, in order to supplement the present record prior to our next recommendation to the Commission.

A three member team of investigators, in conjunction with the staff attorney assigned to this case, is presently examining the reports of ACU/CVF and CFR, in an attempt to isolate the transactions comprising the latter's "independent effort" on behalf of the Reagan presidential candidacy. It is anticipated that by isolating these transactions, and those which comprise the CFR activities, a pattern may emerge which would tend to illustrate some degree of coordination or consultation among these committees.

Date: 5/10/77

WILLIAM C. OLDAKER
GENERAL COUNSEL

Gcc # 149

Citizens for the Republic
a political action committee

1253-7th Street, Suite 200
Santa Monica, California 90401
213/451-8548

April 5, 1977

Federal Election Commission
William C. Oldaker, Esq.
General Counsel
1325 K. St., N.W.
Washington, D.C. 20463

771089

Dear Mr. Oldaker:

In your letter of March 7, 1977, concerning MUR 203 (a) you have indicated that "on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities the Federal Election Commission has determined that Citizens for Reagan may have violated 2 U.S.C. §441a (f), which prohibits the knowing acceptance of contributions in violation of the limitations contained in §441a (a), and 2 U.S.C. §434 (b)..." Later in the same letter you also indicate that "The Commission has information indicating that $200,000 in expenditures, on behalf of Mr. Reagan's presidential candidacy, by the American Conservative Union and the Conservative Victory Fund, may have been made in cooperation, consultation or concert with Citizens for Reagan or its agents...."

Needless to say this letter of the 7th concerns our committee. During the 1976 primary campaign our committee scrupulously attempted to comply with both the letter and the spirit of the campaign reform laws. We believe we have succeeded in that compliance. Therefore, your letter raises several serious questions which we feel should be answered before we can adequately respond to your "determination."

We wish to know (1) The activities which constitute, in the Commission's view, the kind of coordination which turns an independent expenditure into a contribution. (2) The information refered to by the Commission in line 3 of your letter's first paragraph and in lines 1 and 14 of the second paragraph. (3) The formal and procedural

nature of the Commission's "determination" by which it was found that Citizens for Reagan "may" have violated §441a (f). (4) The relevance of your questions (a) and (b) to the issue of whether our committee has violated §441a (f).

In the meantime we are preparing the factual material relevant to your questions (a) and (b). I will note in closing that our committee has to the fullest extent possible complied with the Federal Election Campaign Act of 1971 as amended in 1974 and 1976. We stand fully ready to comply with any and all Commission requests for data related to our obligations under the law. We are also ready to meet with the Commission at any time to discuss any of the matters herein.

Yours truly,

Loren A. Smith

Loren A. Smith
Secretary of Citizens for
the Republic
(formerly Citizens for
Reagan)

cc: Senator Paul Laxalt
326 Russell Senate Office Building
Washington, D.C. 20510

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Citizens for the Republic
a political action committee

1253-7th Street, Suite 200
Santa Monica, California 90401

WASHINGTON, DC
PM
5 APR

Federal Election Commission
William C. Oldaker, Esq.
General Counsel
1325 K. St., N.W.
Washington, D.C. 20463

Attn.: David Stein, Esq.

JCC # 159

COVINGTON & BURLING

888 SIXTEENTH STREET, N. W.

WASHINGTON, D. C. 20006

TELEPHONE (202) 452-6000

WRITER'S DIRECT DIAL NUMBER

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WILLIAM H. ALLEN
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PETER J. NICKLES
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ALLAN J. TOPOL
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CHARLES LISTER
PETER D. TROOBOFF
WESLEY S. WILLIAMS, JR.
DORIS D. BLAZEK
WILLIAM D. IVERSON

CHARLES A. HORSKY
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HARRY L. SHNIDERMAN
DON V. HARRIS, JR.
WILLIAM STANLEY, JR.
WEAVER W. DUNNAN
EDWIN M. ZIMMERMAN
JEROME ACKERMAN
HENRY P. SAILER
JOHN H. SCHAFER
ALFRED H. MOSES
JOHN LeMOYNE ELLICOTT
PAUL R. DUKE
PHILIP R. STANSBURY
CHARLES A. MILLER
RICHARD A. BRADY
ROBERT E. O'MALLEY
EUGENE I. LAMBERT
JOHN VANDERSTAR
NEWMAN T. HALVORSON, JR.
HARVEY M. APPLEBAUM
MICHAEL S. HORNE
JONATHAN D. BLAKE
CHARLES E. BUFFON
ROBERT N. SAYLER
E. EDWARD BRUCE
DAVID N. BROWN
PAUL J. TAGLIABUE
ANDREW W. SINGER
DAVID H. HICKMAN
RUSSELL H. CARPENTER, JR.
NICHOLAS W. FELS
THEODORE L. GARRETT

NEWELL W. ELLISON
JOHN G. LAYLIN
H. THOMAS AUSTERN
FONTAINE C. BRADLEY
EDWARD BURLING, JR.
J. HARRY COVINGTON
COUNSEL

JOHN SHERMAN COOPER
EDWIN S. COHEN
OF COUNSEL

TWX: 710 822-0005
TELEX: 89-593
CABLE: COVLING

April 5, 1977

Mr. William Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 203(76)

Dear Sir:

Enclosed herewith are the answers, under oath, of James C. Roberts to your questions of March 7, 1977. We take this opportunity to make the following additional comments.

We have previously stated, in our letter of October 7, 1976 to your predecessor Mr. Murphy, our position with respect to this matter. We reiterate all that we said in the October 7 letter. Moreover, we regard it as highly unusual, to say the least, that a full five months elapsed between the time of our first response and your letter of March 7, 1977. We note also that none of the concerns raised in our October 7 letter were addressed in yours of March 7.

We are convinced that there is no merit, either as a matter of fact or law, in continuing this investigation any further. Our response of October 7, 1976, and Mr. Roberts' present answers, under oath, fully demonstrate that there is no warrant for proceeding further. We trust that you will find yourself in agreement with us on this question.

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Since there is no reason to continue with this investigation, we hope that it will be concluded as expeditiously as possible. Should it not be concluded, please be advised that we will consider instituting discovery against the Commission in the near future.

Sincerely yours,

Brice M. Clagett/jrb

Brice M. Clagett
John R. Bolton

Enclosure

7804001317

BEFORE THE
FEDERAL ELECTION COMMISSION

In the matter of:	)	
American Conservative Union	)	MUR 203(76)

ANSWERS OF JAMES C. ROBERTS
TO QUESTIONS BY THE FEDERAL ELECTION COMMISSION

The following are my responses, under oath, to your questions to me of March 7, 1977.

1. The Federal Election Commission's Question One states that

> ". . . the ACU decision to support Reagan, by way of independent expenditures was made at the February 15, 1976, Board meeting. However, the minutes of that meeting do not reflect such decision or substantive discussion of the matter."

In the responses to your first set of questions, enclosed by letter of counsel, dated October 7, 1976, at pp. 7-8, there is no indication of any "ACU decision to support Reagan, by way of independent expenditures" at the February 15, 1976, Board meeting; that fact explains why "the minutes of that meeting do not reflect such decision or substantive discussion of that matter."

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To repeat and elaborate on what was stated in the letter of October 7, 1976, the leaders of ACU believed that 1976 was a potentially important year for the conservative philosophy. We felt, as one of the leading and most active proponents of that philosophy, that we should consider undertaking some role in ensuring that conservative interests be given some voice. As conservatives we had the highest hopes for the success of the Reagan campaign, and our discussions focused on that campaign more than any others. The specific activities that were to be undertaken were not decided at the February 15, 1976, meeting. We did reach a general consensus that we should try to do something with respect to the Reagan candidacy, but the decision was no more precise than that. Indeed, given the highly uncertain legal and political contexts, all discussions were highly tentative in nature.

In response to the FEC's specific questions:

A. There are no minutes of the February 15, 1976, ACU Board meeting other than those supplied to you as Exhibit 2 of the October 7, 1976, letter.

B. Several Board members participated during the discussion of possible courses ACU might follow in 1976. M. Stanton Evans, then Chairman of ACU, stressed several times

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that should ACU become involved in independent efforts for or against any candidate, there must be no participation by anyone associated with those campaigns who was also connected with ACU. I believe that I supported Mr. Evans in this regard.

Other members of the ACU Board participated in this discussion, but I do not now recall which ones.

C. The only vote taken, as noted in the letter of October 7, 1976, at p. 8 was on a resolution that in connection with any discussion of ACU activities concerning Reagan, no Board Members connected with the Reagan campaign be permitted to participate or observe. That vote was unanimous.

D. All other minutes of ACU Board meetings in 1976 have been previously provided, except those of October 3, 1976. Those minutes are attached as Exhibit 1 to these answers. There were no ACU Board meetings between February 15 and June 12, 1976, by which time the independent effort had essentially ended. The June 12, 1976, minutes, attached as Exhibit 3 to the October 7, 1976, letter reflect the near completion of the independent effort.

2. As described in the letter of October 7, 1976, a three-man committee was appointed by Mr. Evans on February 26, 1976. (See Exhibit 5 to the October 7, 1976, letter.)

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A. The three-man committee did not hold formal meetings, but met informally as appropriate, at times as often as once a day. Nearly all of the meetings took place at ACU's headquarters. Some may have taken place at lunch or dinner at restaurants on Capitol Hill.

B. No minutes or records reflecting such meetings were ever made.

C. The only written communication to the ACU Board or staff was Mr. Evans' memorandum of May 10, 1976. attached as Exhibit 6 to the letter of October 7, 1976. There were oral communications to ACU Board members, either at Board meetings, during telephone conversations, or during informal gatherings. I do not recall the specific dates or parties involved; generally, these oral communications would consist of reports of what we had done, and tentative plans for future action. At no time were oral communications concerning the ACU independent effort made by the three-man committee or its members to any Board member connected with the Reagan campaign.

There were oral communications to ACU staff members assisting in ACU's independent efforts as necessary to implement those efforts. These communications would have included requests for various kinds of assistance, ranging from

typing advertising copy to placing the advertisements. I do not recall the specific dates or parties involved.

D. No items of correspondence of this nature, if any were sent or received, now exist. Bills, receipts and financial records, as reflected in our reports to the FEC, do exist.

E. There was no specific delineation of individual duties or responsibilities of the three members of the committee. Specific tasks were assumed or assigned as appropriate during the course of the committee's activities, after consultation among the members. Such activities included: making speeches, holding press conferences, writing advertisements, making the appropriate arrangements to produce, distribute and publish or broadcast advertisements, soliciting contributions, allocating total expenditures, consulting with counsel and related activites.

3. ACU did not notify Citizens for Reagan of its decision to undertake an independent effort. After the effort began, there were numerous reports in the press and widespread discussion on Capitol Hill concerning ACU's activities that may have resulted in CFR's being on notice.

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In addition, ACU's reports of expenditures and contributions were available for public inspection and copying at the FEC.

Mr. Thomas Ellis, then treasurer of Citizens for Reagan in North Carolina, called me in Florida during the week before the Republican presidential preference primary in that State. He asked whether ACU would be conducting a similar campaign in North Carolina. I said we would and pointed out to him the necessity of refraining from further discussion. He agreed.

Mr. Ron Dear, my immediate predecessor as ACU Executive Director until December, 1974, called me after the Florida primary. At that time, he was executive director of Texas Citizens for Reagan. I had kept Mr. Dear fully informed of all ACU activities since he left office, because of his continuing interest in the organization. When he asked me during that call whether ACU would be conducting an independent campaign in Texas similar to that in Florida, I replied only that we would and that I could not discuss the matter further. He agreed.

4. (a) Rebekah Norton had no involvement with the ACU independent effort.

(b) Jameson Campaigne assisted in planning and

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implementing an ACU direct mail fundraising package based on the independent effort. He also sold ACU various quantities of Sincerely, Ronald Reagan, a book published by Green Hill Publishers of which he is president. These books were distributed in ACU's independent effort on behalf of Reagan. As ACU Secretary until February of this year, Mr. Campaigne attended all ACU Board meetings in 1976 and took minutes of those meetings.

(c) Representative Steve Symms played no part in ACU's independent effort.

(d) Richard Harvey attended the February 15, 1976, ACU board meeting at which the Reagan campaign was discussed. He played no part in the independent effort.

(e) Gary Jarmin, ACU's legislative director, did research for the newspaper advertisements that ACU placed in several states in the course of the independent effort.

(f) James Linen IV attended the February 15 ACU board meeting at which the Reagan campaign was discussed. He played no role in the independent effort.

(g) Jeffrey Bell played no role in the ACU independent effort.

(h) Charles Black, Jr. arrived at the February 15 ACU board meeting after the discussion of the Reagan campaign had ended. He played no part in the independent effort.

(i) Representative Philip Crane played no role in the ACU independent effort.

(j) Donald Devine attended the February 15 board meeting. He played no part in the independent effort.

(k) Laird Gutterson played no part in ACU's independent effort.

(l) Stephen Some played no part in ACU's independent effort.

(m) David Keene played no part in ACU's independent effort.

5. A-D. There was never a formal vote by the CVF Board to make in-kind contributions to the Reagan campaign, nor, to my knowledge, were any minutes made or kept that would reflect such a decision. There was a shared, perhaps largely unspoken, consensus that, as conservatives, we at CVF could do whatever was permissible for the Reagan campaign. As described in the letter of October 7, 1976, the actual allocation of contributions was left to me, and no members of CVF's Executive Committee who came to have any official connection with Citizens for Reagan were permitted to take any role in the Executive Committee's deliberations at or before the time of their connection with Citizens for Reagan.

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6. A-B. Other than the generalized decision described in response to Questions 5 A-D, the CVF Executive Committee never considered contributions to the Reagan campaign.

7. A. I would, from time to time, consult with the CVF Treasurer, Thomas S. Winter, as to the most appropriate form CVF contributions might take. Our decisions were based entirely on political considerations.

B. See my answer to Question 7 A.

C. The only communication I had with a representative of CFR regarding allocation of in-kind CVF expenditures was with Richard Williamson, then administrative assistant to Representative Philip Crane. Representative Crane was the keynote speaker at the 1976 Conservative Political Action Conference of which ACU was co-sponsor. He asked whether CVF would pay for the production of film copies of the speech. Although I had not seen the film, I agreed. Neither I or anyone else at CVF had anything to do with the utilization of these copies.

8. The only correspondence between CVF and CFR relative to CVF's in-kind contributions were the copies of CVF's FEC filings which were sent to CFR as FEC regulations require.

James C. Roberts

James C. Roberts

State of Virginia
County of Arlington

SUBSCRIBED AND SWORN TO
before me this 7th day
of April, 1977.

James L. Burgess
My commission expires Jan 31 1978

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FIRST CLASS

COVINGTON & BURLING
888 SIXTEENTH STREET, N W
WASHINGTON, D C 20006

Mr. William Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ATTENTION: David Stein
4th Floor

COVINGTON & BURLING
888 SIXTEENTH ST., N. W.
WASHINGTON, D. C. 20006

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

Mr. James C. Roberts
Executive Director
American Conservative Union
Conservative Victory Fund
422 First St., S.E.
Washington, D.C. 20003

Re: MUR 203 (76)

Dear Mr. Roberts:

Please be advised that, with respect to the above numbered matter, further information will be necessary to resolve the issues raised in the complaint.

Therefore, please respond to the attached set of questions within thirty days of receipt of this letter. You will note that these questions are issued pursuant to the Commission powers under 2 U.S.C. §437d(a)(1), and require answers to be made under oath. Also, a number of the questions, request summaries of documents presumably under your control. In lieu of these summaries, you may wish to provide the documents themselves.

If you have any questions, please contact David Stein, at 202/382-6646, the attorney handling the case.

Sincerely yours,

William Oldaker
General Counsel

cc: Brice Clagett, Esq.
Covington & Burling
888 16th Street
Washington, D.C.

Attachment C

1. Your letter of October 7, 1976, states on pages 7, 8, and 9 that the ACU decision to support Reagan, by way of independent expenditures was made at the February 15, 1976, Board meeting. However, the minutes of that meeting do not reflect such decision or substantive discussion of the matter. Therefore, please respond to the following.

   A. Provide a summary of the minutes of this meeting which do reflect the debate or discussion relating to the ACU decision to support Mr. Reagan's candidacy through independent expenditures.

   B. Set forth the identities of those participating in the debate.

   C. Set forth the identities of those voting and the results of such vote.

   D. Provide a summary of the minutes of any other ACU Board meeting in which the independent expenditure support decision was discussed, including dates and the meeting and those participating.

2. The response letter also indicates that a three-man committee was charged with the responsibility for authorizing expenditures of the ACU independent effort.

   A. Did this committee meet to determine what independent expenditures would be made? Set forth time and place of all meetings.

   B. Provide a summary of minutes of all meetings, or the substance of any records maintained to reflect such meeting.

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C. Set forth the dates, parties involved and the substance of any and all written communication or memoranda of oral communication between this committee and the ACU Board or Staff; the dates, parties and substance of any and all intra-committee memoranda subsequent to February 26, 1976.

D. Set forth the dates, parties and substance of any and all correspondence received or sent by this committee in the course of the committee's independent expenditures authorization function.

E. Set forth the duties and responsibilities, individually of each of the three members of the committee.

3. State whether CFR was notified of the ACU decision to mount an independent effort subsequent to date of decision. If so, set forth the substance of the communication and state when same took place and the individuals involved.

4. Set forth the duties, responsibilities, or participation in any way of Ms. Rebekah Norton, political director of ACU/CVF, with regard to the ACU independent support of Ronald Reagan. Include her involvement in any way in ACU board meetings, staff meetings, or any other policy or strategy discussions pertaining to the ACU independent effort.

5. Same as #4 for Mr. Jameson Campaign.

6. Steve Symms, M.C.

7. Richard Harvey

8. Gary Jarmin

9. James Linen IV

10. Jeffrey Bell

11. Charles Black, Jr.

12. Phillip Crane, M.C.

13. Donald Devine

14. Liard Gutterson

15. Stephen Some

16. David Keene

17. A. When and where was the decision made by CVF to support Reagan by using in-kind contributions?

    B. Set forth a summary of minutes of this meeting, and text of the discussion or debate.

    C. Set forth the identities of those participating in the debate, or discussion.

    D. Set forth the identities of those voting and the results of such vote.

18. In counsel's response to question #1, it is stated that an eight-man informal executive committee of the CVF Board makes recommendations as to CVF political contributions.

A. Did this committee make such a recommendation, initially, with regard to support of Reagan's candidacy. If so, was this recommendation made to the full Board of CVF? If not, indicate what role this committee played with regard to the CVF decision to support Reagan by way of in-kind contributions. Set forth the text of any recommendation, or the substance of any minutes of any meeting reflecting discussion of this decision.

B. Indicate the role played by this committee in the allocation of in-kind contributions in support of Reagan. With whom did the Committee consult in the allocative process? Provide a summary of the minutes of any meetings of this committee, or a summary of minutes of any Board meetings in which this committee or its representative or members participated.

19. Counsel has indicated that James Roberts had responsibility for distributing CVF in-kind contributions in support of Reagan.

A. Describe in detail the process by which Mr. Roberts determined for what purpose and to whom the money would be distributed.

B. With whom did Mr. Roberts work in this regard, within CVF?

C. In the process of allocating contributions, did Mr. Roberts communicate at any time with CFR

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representatives? If so, provide the substance, parties and dates of any such correspondence, or memoranda or communication of any kind in this regard.

20. Set forth the dates, the individual involved, and the substance of, any and all correspondence, memoranda, or record of communication between representatives of CVF and CFR, relative to the CVF in-kind contributions to CFR.

ORDER ISSUED
ON 2/25/77

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 203 (76)
A.C.U./C.V.F.	)	

To: Mr. James Roberts
Executive Director
American Conservative Union
Conservative Victory Fund
422 First St., S.E.
Washington, D.C. 20003

ORDER

The Federal Election Commission pursuant to its powers set forth in 2 U.S.C. §437d(a)(1), and in furtherance of its investigation in the above entitled matter, requires that you, on behalf of the American Conservative Union and the Conservative Victory Fund, submit in writing, and under oath, answers to the attached questions.

Please submit your answers within thirty (30) days of your receipt of this Order to:

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

Vernon W. Thomson

Vernon W. Thomson
Chairman
Federal Election Commission

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

March 7, 1977

Brice Clagett, Esq.
Covington & Burling
888 16th Street
Washington, D.C.

Dear Mr. Clagett:

Enclosed, please find the Commission's request for more information from your client, Mr. James C. Roberts, in his capacity as Executive Director of the American Conservative Union.

Please do not hesitate to contact the attorney handling this matter, Mr. David Stein, at 202/382-6646 if you have any questions.

Sincerely yours,

William Oldaker
General Counsel

Enclosure

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

March 7, 1977

Loren Smith, Esq.
1811 N. Highland St.
Arlington, Virginia

Dear Mr. Smith:

This letter is to inform you that the Federal Election Commission has found reason to believe that the Citizens for Reagan Committee, in its capacity as principal campaign committee for Mr. Ronald Reagan's Federal candidacy during 1976, has violated the Federal Election Campaign Act of 1971, as amended.

Enclosed, please find the letter of notification to Senator Laxalt, in his capacity as Chairman of Citizens for Reagan. The substance of the allegations are included in this letter.

Please do not hesitate to contact the attorney handling this matter, Mr. David Stein, at (202/382-6646), if you have any questions.

Sincerely yours,

William Oldaker
General Counsel

Enclosure

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

March 7, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Senator Paul Laxalt
326 Russell Senate Office Bldg.
Washington, D.C. 20510

Re: MUR 203 (a)

Dear Senator Laxalt:

This letter is being sent to you in your former capacity as Chairman of Citizens for Reagan, as notification that on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has determined that Citizens for Reagan may have violated 2 U.S.C. §441a(f), which prohibits the knowing acceptance of contributions in violation of the limitations contained in §441a(a), and 2 U.S.C. §434(b), which requires disclosure of all contributions.

The Commission has information indicating that $200,000 in expenditures, on behalf of Mr. Reagan's presidential candidacy, by the American Conservative Union and the Conservative Victory Fund, may have been made in cooperation, consultation or concert with Citizens for Reagan, or its agents. Expenditures made in this way, although reported as "independent expenditures," are, in fact, contributions pursuant to §441a(a)(7), see also, 2 U.S.C. §431(d), which defines independent expenditures. On this basis, the Commission found reason to believe that ACU and CVF may have violated 2 U.S.C. §434(b) by misreporting these expenditures as independent and 2 U.S.C. §441a(a)(2)(A), since $200,000 in contributions to Mr. Reagan would exceed the permissible limit of that provision. Our information indicates that Citizens for Reagan may have knowingly accepted these series, and failed to disclose the receipt of these funds.

Upon reaching a determination that there is reason to believe that a violation has occurred, the Commission is required to conduct an investigation, and to afford your committee a reasonable opportunity to demonstrate that no action should be taken. Therefore, please submit any factual or legal materials you may deem relevant to this matter, and please respond to the following:

(a) Provide a list of all of your officers and supervisory personnel since the date on which Citizens for Reagan registered with the Commission (July 24, 1975). The list should set forth the duties and assignments of the individuals listed and their respective dates of services. Persons on the list should include, but not be limited to chairmen, vice-chairmen, treasurers, secretaries, members of the board of directors, and regional coordinators.

(b) Provide a list of officers or supervisory staff members of your committee, as described above, who were employed by, or were officers of, or were on the Board of Directors of, the American Conservative Union or the Conservative Victory Fund during 1975-1976.

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless you state in writing, that you wish the investigation to be made public. Please feel free to contact the attorney handling this matter, David Stein, at 202/382-6646, should you have any questions. We would appreciate it if you would respond within thirty days of your receipt of this letter.

Sincerely yours,

William Oldaker
General Counsel

cc: Duncan Smith, Esq.
[illegible] W. [illegible] St.
[illegible], Virginia 22101

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 203 (a) (76)
Citizens for Reagan	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 2, 1977, the Commission determined by a vote of 4-0 that there was reason to believe that 2 U.S.C. §434(b) and §441(f) have been contravened in the above-captioned matter. Finding reason to believe were Commissioners Aikens, Staebler, Thomson, and Tiernan. Commissioners Harris and Springer were not present at the time of the vote.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

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2/25/77

NO. MUR 203(a) (76)

DATE AND TIME OF TRANSMITTAL: _____

REC'D: _____

FEDERAL ELECTION COMMISSION
Washington, D. C.

Complainant's Name: Internally Generated

Respondent's Name: Citizens for Reagan

Relevant Statute: 2 U.S.C. §431(p), §434(b), §441a(a)(7)

Internal Reports Checked: Reports of CFR, ACU, CVF

Federal Agencies Checked: None

SUMMARY OF ALLEGATION

The American Conservative Union, an earlier named co-respondent, made $200,000 in independent expenditures on behalf of Ronald Reagan's Federal candidacy. Conservative Victory Fund affiliated with ACU made in-kind contributions to CFR $5,000 during the time ACU was supporting Reagan. Interlocking directorates and staff members, and common payees, among the three committees, suggests that the ACU expenditures on behalf of Reagan may have been made in cooperation, consultation or coordination with Citizen for Reagan officials or persons acting as agents for CFR.

PRELIMINARY LEGAL ANALYSIS

If expenditures, made by ACU/CVF were made in cooperation, consultation, or concert with CFR or its agents, these expenditures would become contributions to CFR, pursuant to §431(p) and §441a(a)(7), and would be in excess of the contribution limitations of §441a. CFR would be in violation of §434(b), for failing to report these contributions, and in violation of §441(f) for having knowingly accepted contributions in excess of the §441a limitation.

RECOMMENDATION

Find reason to believe that 2 U.S.C. §434(b) and §441(f) have been contravened. Send proposed notification.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 203
	)	203(a)
ACU/CVF	)	

INTERIM INVESTIGATIVE REPORT

I. Summary of Allegations/Background

The above captioned matter was generated on the basis of information obtained by the Commission in the normal course of examining reports filed by the respondents, relative to recent campaign activities in support of Ronald Reagan's presidential candidacy. The respondents are two affiliated political committees, the American Conservative Union (ACU) and the Conservative Victory Fund (CVF).

The preliminary information discussed in this report suggests that expenditures made by ACU and in-kind contributions made by CVF in support of Reagan, may have been coordinated with Mr. Reagan's principal campaign committee, Citizens for Reagan (CFR) or persons acting as agents for the Reagan Committee. If such cooperation or consultation did occur between ACU and CFR, ACU independent expenditures would be a contribution to the Reagan campaign, under 2 U.S.C. §§431(p) and 441a(a)(7)(B)(i), rather than a series of independent expenditures.

On September 17, 1976 the Commission found reason to believe that the Act had been violated by ACU/CVF. By letter dated September 22, the respondent committees were notified of the Commission's finding, and were requested to respond to a series of enclosed questions (See Attachment A). Counsel for the respondents filed with the Commission, by correspondence dated October 7, 1976, answers to the questions posed, in addition to criticism of and legal objections to the Commission's inquiry. (See Attachment B).

This response contained objections to the manner in which the FEC had conducted the investigation, with specific reference to the Commission's refusal to grant counsel an extension of time within which to submit his response; statements protesting the "untenable procedural courses of action" the Commission had taken within this matter; a summary regarding the circumstances surrounding the ACU/CVF support of Mr. Reagan's presidential candidacy; answers to the questions posed by the FEC letter of inquiry dated September 22, 1976; and various enclosures including minutes of ACU meetings, staff memoranda relative to the ACU Reagan support, and ACU/CVF constitution and by-laws.

It should be noted that on the basis of information discovered during the preliminary investigation and set forth in the Section entitled "ACU - CFR," we are recommending in the accompanying 48 hour report that the Commission find reason to believe that the Act has been violated with regard to

a third committee, Citizens for Reagan.

II. Evidence

A. ACU and CVF

The American Conservative Union and the Conservative Victory Fund are admittedly affiliated political committees both of which were formed for the purpose of supporting conservative political candidates. CVF was instituted by ACU in 1972; the groups share the same mailing address; the CVF letterhead and the August 1972 with the House of Representatives,expressly name ACU as an affiliated organization. The two groups share the same executive director and assistant treasurer, (James C. Roberts) the same political director, (Rebekan Norton). ACU and CVF employ many of the same staff members in addition to Roberts and Norton and more significantly at least eight members of the ACU Board of Directors including the treasurer and Vice-Chairman occupy seats on the Board of CVF. It also appears, based upon minutes of ACU board meetings supplied by counsel, that CVF business is handled during ACU board meetings. In addition, all eight members of the CVF Board of Directors Informal Executive Committee, charged with making recommendation on CVF political expenditures, are ACU Board Members, including the treasurer and Vice-Chairman of ACU.

Sometime in early 1976 or late 1975, a decision was made by ACU/CVF to exert an optimum effort on behalf of

Ronald Reagan's Presidential candidacy. According to counsel for the respondent committees ". . . CVF and ACU decided to make the maximum permissible contribution to Citizens for Reagan through CVF and to mount an independent campaign through ACU." (Attachment B) The CVF contributions were effected by reimbursing expenses of persons who volunteered their services to Citizens for Reagan, i.e., in-kind contributions to CFR subject to 441(a) limitations. The ACU participation was through a program of mass expenditures, totalling approximately $200,000.

The response letter, reveals basic information about the ACU/CVF Reagan support, but is lacking in other details. Initially, it is explained that ACU and CVF decided to support Reagan by an ACU independent effort and CVF maximum in-kind contribution plan. However, we are not told who was involved in this policy decision; when it was made; how this determination was arrived upon; what plans were set out to implement this strategy; which persons had staff responsibilities to further the scheme.

It is stated in answers six and seven that the policy makers of ACU arrived at the decision to mount an independent effort for Reagan during the February 15, 1976 Board Meeting. Yet the enclosed minutes of that meeting are not reflective of any decision having been made to that effect, nor do the minutes reflect any discussion of this matter, other than the mention of a motion passed, to exclude any members of the

Board connected to CFR when the Reagan campaign was discussed.

It is further stated in the response letter that during this meeting, "there was general dissatisfication shared by the leaders of ACU with the strategy and tone of Citizens for Reagan, a dissatisfication which persisted through the campaign. ACU's independent effort was conceived as a way of raising issues of importance to conservatives, issues then being ignored or mishandled by CFR." Once again, this dicussion does not appear in the enclosed minutes of that meeting.

In addition it is asserted that, during the February meeting, "authority to make expenditures in this regard would be vested in a committee of three persons." Although the minutes are silent with respect to this committee, an enclosed memoranda, dated February 26, 1976, indicates that it was comprised of ACU Board Chairman Stanton Evans, Vice-Chairman Thomas Winter, and ACU Executive Director James Roberts. We are provided with any further details as to how this committee performed its allocative function.

Therefore, counsel's explanation seems to lack the necessary basis upon which the Commission could draw a conclusion relative to ACU/CVF, one way or another.

An important aspect of this inquiry is to determine how the relationship of CVF and ACU functioned relative to CFR.

It is relevant to note, that James Roberts, assistant treasurer and executive director of ACU and CVF, was responsible for allocation of CVF in-kind contributions to CFR and also served on the three man ACU committee which had the authority to make independent expenditures in furtherance of ACU's support of Reagan. Furthermore, an eight man executive committee of the CVF Board of Directors, which makes recommendation as to political contributions, and was admittedly, directly involved in the CVF Reagan support, is comprised of four members who also sit on the ACU Board. These same four individuals were also regional coordinators for CFR, see infra Section II B(i). Also, Ms. Rebekah Norton, the political director of both the ACU and CVF, worked at CFR Florida headquarters during the Florida primary and was reimbursed by CVF as part of that committee's in-kind contribution to Ronald Reagan's candidacy.

It is important to discover what if any, communication or consultation took place between CFR representaives and CVF functionaries with regard to the latter's in-kind contributions. Certainly, it is safe to assume that CVF would wish to maximize the effectiveness of its contributions by knowing where and to whom their assistance should be given. Such guidance may have been generated by CFR. If this guidance was extended through CVF people to their ACU counterparts, consultation

or cooperation, as defined by the Act, may have taken place between ACU and CFR through CVF.

If Mr. Roberts, or one of the members of the CVF committee obtained, through his CVF activities, or CFR organizational ties, any special knowledge with regard to CFR needs or deficiencies, his influence on ACU Reagan expenditures would strongly suggest coordination or cooperation between CFR and ACU. Similarly, Ms. Norton's direct involvement with CFR, combined with her high ranking ACU/CVF position, raises an inference of cooperation or consultation among the committees.

B. ACU and CFR

In light of the ACU decision to mount extensive "independent" support of Mr. Reagan, it was necessary to determine what, if any, line of connection existed between ACU and Reagan's principal campaign committee, CFR. In-house sources reveal a number of organizational and operational connections maintained during the time ACU was conducting its expenditures on behalf of Mr. Reagan. They are as follows:

i). Four members of the ACU Board of Directors were, during the Reagan candidacy, regional coordinators of CFR: Charles Black, David Keene, Donald Devine, and Phil Crane.

ii). The following payments were made by Citizens for Reagan to ACU officers or high ranking staff members; these

transactions took place during the ACU independent effort, a time when ACU claims it maintained complete independence from CFR.

(a) Rebekah Norton, political director of ACU and CVF received payments totalling $1,499.34 directly from Citizens for Reagan, in April, 1976. These payments are listed as $499.34 in expense reimbursements, and, $1,000 for consulting fees. Apparently, the smaller figure was to cover expenses incurred when Ms. Norton was a "volunteer" in CFR headquarters in Sarasota, Florida, from February 27 through March 15.

(b) Jameson Campaign received on February 13, 1976, $1,125, listed as "payroll" from CFR. Apparently, this money is compensation form Mr. Campaign's work in the CFR fundraising drive in Illinois. At the time Mr. Campaign was and still is, Secretary of the ACU Board of Directors.

(c) Gary Jarman, ACU lobbyist, legislative director, and head of the group's "Public Monitor" program, received $51.73 from CFR for travel expenses.

(d) Charles Black, an ACU Board of Director, received payroll funds from CFR for his work as CFR Regional Coordinator, in addition to $171.50 for travel expenses in December, 1975.

(e) David Keene, while serving on the ACU Board of Directors received during late 1975, $3,749.06 in payroll checks from CFR for his service as regional coordinator,

and $2,479.77 in travel expenses.

(f) Phil Crane, ACU Board member and Illinois CFR Coordinator, was reimbursed $630.00 to cover expenses incurred during his work with CFR in Florida, during May, 1976.

(g) Steve Symms, Idaho Congressman and ACU Board Member received $177.83 in reimbursed travel expenses, on May 20, 1976, from CFR.

(iii)The following individuals, some of whom are ACU staff members or board members, also received payments from both ACU and CFR. The exact amounts received have not, to date, been ascertained.

(a) Jeffrey Bell, who served as a salaried consultant to ACU in 1974, and is CFR's director of research, received reimbursements to cover travel expenses from both CFR and ACU, in March, April, June, July and August, 1976.

(b) Richard Harvey, received payments from CFR for advertising sevices rendered in May and June, 1976 while he was on the ACU Board of Directors.

(c) Expenditures made by CFR went to Charles K. Dutcher, an employee of ACU for consultant fees and expense reimbursement.

(d) James Linen IV, while a member of ACU's Board of Directors received travel reimbursements from CFR.

(e) A.M. Wandling performed advertising services for CFR in May, 1976. In April he received an ACU "independent"

expenditure for a "creative fee" on behalf of Mr. Reagan, in addition to ACU money for other advertising services within the ACU independent effort.

(f) Hugh Beard received reimbursements from CFR in July, 1976, sold tickets for CFR in support of Ronald Reagan's luncheon in Charlotte, N.C., and is listed as a payee of $260.63 in independent expenditures fro Reagan in North Carolina by ACU, in May, 1976.

(g) Liard Gutterson was paid for his work as an ACU consultant in June, 1975 and received money from CFR in May, 1976 to cover expenses.

(h) New Hampshire Governor Meldrin Thompson, Jr. was paid by ACU in June and July, 1976 for travel costs and received similar payments from CFR in March and May of 1976.

(i) Robert Carlson, during the early summer of 1976 was the recipient of CFR and $926.31 in ACU funds, to cover travel expenses and consultant fees.

(iv) ACU and CFR, both utilize to a great extent, the same vendors in their partisan activities. Substantial expenditures have been made, on a continuing basis to the following vendors by both groups:

Bruce W. Eberle and Associates; the Omega List Company; Graphics 440; Computer Communication; The Mail Room,

Inc.; Lone Star Press; Integrity Auto Typing; Alpha Associates; Commercial Envelope Company; Metro Printing and Mailing; Park Lane Press; Green Hill Publishers; Philip F. Sheats Associates; Craftsman Printing; Direct Mail Group; Communications Corporation of America; Opt-D-Graphics Associates; Decision Making Information; Wandling Graphics; Young Americans for Freedom.

Mr. Bruce Eberle, president of both the Omega List Comapny and Bruce Eberle Associates, is employed by CFR as its direct mail consultant with authority to draft, print, and mail campaign solitication materials. As stated above, ACU extensively utilized Mr. Eberle's services during its independent expenditure effort.

III. Analysis and Proposed Investigation

Section 431(p) of the Act defines an independent expenditure as:

> "an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate or any authorized committee or any agent of such candidate and which is not made with or at the request or suggestion of any candidate or any authorized committee or agent of such candidate."

Section 441a(a)(7)(B)(i) states:

> "expenditures made by any person in cooperation, consultation, or concert, with or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate"

The thrust of this investigation is to determine whether the ACU and or CVF support of Reagan's presidential candidacy was in the nature of a §431(p) independent expenditure, as claimed by ACU, or a §441a(a)(7)(B)(i) contribution.

The above information generated by our in-house survey although by no means determinative, clearly raises an inference that these committee were not acting independently of each other. Despite the indication in the response letter that these groups were operating in accordance with §431(p), there is lacking, in our opinion, sufficient factual evidence to close the investigation.

The questions posed in Attachment C are intended to generate more specific data as to the roles played by certain hign ranking ACU staffers, officers, and payees with regard to the ACU Reagan support. The questions are also designed to amplify information originally provided by the ACU/CVF response letter; to narrow the factual scope of the inquiry by forcing ACU/CVF to commit themselves with respect to certain factual issues; and to produce more data on meetings, coorespondence, memoranda, and organizational structure, bearing on the ACU/CVF Reagan support. Through this information, we hope to identify any and all communications among the three committees, or among individuals who have interconnection between the committees, and involvement in the ACU/CVF Reagan effort.

IV. Recommendation

Issue, pursuant to 2 U.S.C. §437d(a)(1) special orders to ACU/CVF to submit in writing, under oath, answers to the questions posed in Attachment C.

WILLIAM OLDAKER
GENERAL COUNSEL

2/28/77

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CC.685
MUR 203

COVINGTON & BURLING
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ERNEST W. JENNES
STANLEY L. TEMKO
JAMES C. McKAY
JOHN W. DOUGLAS
HAMILTON CAROTHERS
J. RANDOLPH WILSON
ROBERTS B. OWEN
EDGAR F. CZARRA, JR.
WILLIAM H. ALLEN
DAVID B. ISBELL
JOHN B. JONES, JR.
H. EDWARD DUNKELBERGER, JR.
BRICE McADOO CLAGETT
JOHN S. KOCH
PETER BARTON HUTT
HERBERT DYM
CYRIL V. SMITH, JR.
MARK A. WEISS
HARRIS WEINSTEIN
JOHN B. DENNISTON
PETER J. NICKLES
MICHAEL BOUDIN
BINGHAM B. LEVERICH
ALLAN J. TOPOL
VIRGINIA G. WATKIN
RICHARD D. COPAKEN
CHARLES LISTER
PETER D. TROOBOFF
WESLEY S. WILLIAMS, JR.
JOHN G. LAYLIN
FONTAINE C. BRADLEY
EDWARD BURLING, JR.
JOEL BARLOW
J. HARRY COVINGTON
W. CROSBY ROPER, JR.
DANIEL M. GRIBBON
HARRY L. SHNIDERMAN
DON V. HARRIS, JR.
WILLIAM STANLEY, JR
WEAVER W. DUNNAN
EDWIN M. ZIMMERMAN
JEROME ACKERMAN
HENRY P. SAILER
JOHN H. SCHAFER
ALFRED H. MOSES
JOHN LeMOYNE ELLICOTT
DAVID E. McGIFFERT
PHILIP R. STANSBURY
CHARLES A. MILLER
RICHARD A. BRADY
ROBERT E. O'MALLEY
EUGENE I. LAMBERT
JOHN VANDERSTAR
NEWMAN T. HALVORSON, JR.
HARVEY M. APPLEBAUM
MICHAEL S. HORNE
JONATHAN D. BLAKE
CHARLES E. BUFFON
ROBERT N. SAYLER
E. EDWARD BRUCE
DAVID N. BROWN
PAUL J. TAGLIABUE
ANDREW W. SINGER
DAVID H. HICKMAN

EDWIN S. COHEN
OF COUNSEL

762761

October 7, 1976

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

RE: MUR 203 (76)

Dear Mr. Murphy:

On behalf of the American Conservative Union (ACU) and the Conservative Victory Fund (CVF), we make the following response to your letter to Mr. James C. Roberts, dated September 22, 1976.

1. The letter does not state with sufficient specificity any statutory violations alleged to have occurred, and thus deprives ACU and CVF of the opportunity to make a complete response. In the four paragraphs of your September 22 letter, you state in the first paragraph only that the

Federal Election Commission (FEC or Commission) has reason to believe that certain violations of the Federal Election Campaign Act, as amended, (FECA) have occurred "in that expenditures reported as 'independent' ... may not have been independent." In the second paragraph, you paraphrase what you consider to be the applicable statutory provisions. No further elucidation is provided.

On Friday, October 1, 1976, Mr. John Bolton of this firm contacted the FEC staff attorney assigned to this matter (Ms. Carolyn Reed) by telephone in an effort to obtain more specific information regarding MUR 203(76). In the course of that conversation and a subsequent telephone conversation, Ms. Reed advised Mr. Bolton that it was the Commission's position that your letter of September 22 constituted the "summary of the matters brought into question" required by the Commission's proposed regulations, 11 C.F.R. §111.4 (Proposed). On behalf of the FEC, she declined to elaborate on your letter. Mr. Brice Clagett of this firm telephoned you on this point on Monday, October 4, and our request was again rejected by Mr. Oldaker on Wednesday, October 6.

We believe that the vague and conclusory language of your September 22 letter leaves us with two equally untenable procedural courses of action. We must either guess what alleged violations you have "reason" to believe ACU and/or CVF have committed, on penalty that -- if we guess incorrectly

-- the Commission may proceed to the next step of the enforcement process by determining that it has "reasonable cause to believe" that a violation of the FECA has occurred. On the other hand, we can attempt an encyclopaedic response, endeavoring to answer every allegation you might be able to conceive. Once again, if we omit a particular potential allegation, then the Commission can proceed to the second stage of the compliance procedure. If we happen to address what the Commission actually has in mind, significant amounts of ultimately needless preparation and expenses will have been undertaken or incurred.

Neither of these courses is procedurally fair. Neither in any way advances the purposes for which the FECA was enacted. Neither is the "reasonable opportunity to demonstrate that no action should be taken" against either ACU or CVF which is required by 2 U.S.C. §437g(a)(4). Neither satisfies the requirements of the Constitution. By responding to your letter of September 22, we do not waive any due-process rights we possess to object to that letter or to obtain a more definite statement of the Commission's position. Cf. Fed. R. Civ. Proc. 12(e); U.S. Constitution, Amendment 5. Indeed, we emphatically assert such rights now,

and we object to having to respond to the vague allegations contained in your letter.

2. Your September 22 letter states that 15 days from the date of receipt of the letter are permitted for ACU and CVF to respond thereto, and to answer certain questions attached to your letter. On October 1, Mr. Bolton requested from Ms. Reed an extension of the time within which to respond from October 8 until November 19, 1976. He stated to Ms. Reed that he was currently in trial in Baltimore four days a week, and that the trial was expected to continue for several more weeks at least. After checking with her superiors, Ms. Reed advised Mr. Bolton that no extension would be granted, that it was the Commission's position not to grant extensions, and that in fact no extensions had ever been granted. On October 6, in response to Mr. Clagett's telephone call to you on October 4, Mr. Oldaker again rejected our request for an extension.

We believe that such a position by the Commission is arbitrary and capricious. The Commission's proposed regulations governing compliance procedures nowhere state that no extensions of time to respond will be granted. See 11 C.F.R. Part 111 (Proposed). Quite apart from the fact that such a rule is unheard of in the normal practice of law, it is particularly inappropriate here. Citizens for Reagan, the only political committee other than ACU or CVF

mentioned in your September 22 letter, was unsuccessful in attempting to secure the Republican nomination for the candidate whose principal campaign committee it was. Therefore, no matter what actions are or are not taken against either ACU or CVF between now and the November general election, there can be no effect on the November elections. In our view, there is no necessity in this proceeding that a reasonable request for an extension be denied.

Accordingly, we object to the refusal to grant an extension of time within which to respond.

3. There are certain typographical and clerical errors on ACU and CVF reports that may have caused some confusion, but which can be cleared up quite simply. These errors were made by the independent accountant for ACU and CVF (see Responses to Questions, §2), amended forms will be filed correcting these errors.

First, on CVF's April 10, 1976 report (covering the period January 1 through March 31, 1976), there is a typographical error on line 23 of the Detailed Summary Schedule of Receipts and Expenditures. The sum of $9,613.99 (with one minor alteration, see <u>infra</u>) should be listed on line 23(b) rather than line 23(a).

Second, on the two pages of Itemized Expenditures -- Campaign Fundraising, Loans, and Transfers for line 23,

7 8 7 4 0 1 1 3 6 1

the expenditures listed after the names D.F. Lukens, A.M. Wandling, Anne M. Cabaniss, and Rebekah Norton, and after the entry "Combined Airline Ticket Office" should all be listed, in the "Purpose of Expenditure" block, as "in-kind contributions" to Citizens for Reagan. See the answers to your Questions 3 and 4, infra, for more details regarding these in-kind contributions.

Third, the expenditure indicated after the name of Donald Thibaut was erroneously entered on the itemized breakdown for line 23. It should have been listed on the itemized breakdown for line 20. This expenditure was not an in-kind contribution to Citizens for Reagan. Accordingly, on lines 20(a) and 20(c) of the Detailed Summary Schedule of Receipts and Expenditures should be increased from $5,332.98 to $5,532.98, as should the same figure in Column B (Calendar year-to-date). Similarly, lines 23(b) and (c) should be reduced from $9,613.39 to $9,413.39, as should the same figure in Column B (Calendar year-to-date). A subsequent report from CVF will bring these calendar year-to-date corrections through to the most recent report.

Fourth, the expenditures listed as salary payments to Rebekah Norton (dated March 19 and March 26, 1976), in your Question 5(b), and itemized on the ACU's April 10,

1976 report (covering the period January 1, through March 31, 1976) on page two of the Itemized Expenditures for line 20(a) of that report, are erroneously listed. During that period, Ms. Norton was not being compensated both by ACU and by CVF, but only by CVF. See Response to Questions, §5 (second).

The effect of these transfers is that Ms. Norton received in salary a total of $428.16 for the period indicated, not $731.32 as the reports appear to state.

Fifth, the total amount of in-kind contributions to Citizens for Reagan is less than the $5,000 limit applicable to CVF. The total amounts listed in your questions 3 through 5 total $4,945.61. (The same $488.34 travel expense for Rebekah Norton is reflected in both question 3 and question 5). When the amounts erroneously entered for Mr. Thibaut ($200) and Ms. Norton ($313.16) are subtracted from that amount, it totals only $4,432.45.

4. For the reasons stated previously, we believe that it is impossible to know whether any response we formulate to your September 22 letter will be sufficient, because we do not know what it is to which we are required to respond. Nonetheless, we can state with considerable assurance that

the activities of ACU and CVF in no way contravened the restrictions of the FECA.

To further the Commission's understanding, however, we take this opportunity to explain in a general way the distinction between CVF's in-kind contributions to Citizens for Reagan and ACU's independent efforts. We start with the proposition that the FECA permits both contributions to and independent expenditures on behalf of a candidate for nomination for election to federal office. Compare former 18 U.S.C. §608(l) and id., §608(e). See Buckley v. Valeo, 424 U.S. 1, 7-8 (1976).*

As noted in the responses to your Questions 1 and 6 respectively, CVF and ACU decided to make the maximum permissible contribution to Citizens for Reagan through CVF

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* We do not understand the Commission to have raised the issue of whether ACU's expenditures were "independent expenditures" within the meaning of 2 U.S.C. §431(p), or whether they were what we term "independent non-expenditures," i.e., sums spent in ways which do not explicitly advocate the election or defeat of candidates for federal office. See Buckley v. Valeo, supra, 424 U.S. at 38 n. 52. These latter disbursements are not within the scope of any of the FECA's requirements. We believe that ACU's campaign was, in fact, a campaign of independent non-expenditures.

and to mount an independent campaign through ACU. It was further decided that the most appropriate manner in which to make CVF's contribution was in the form of in-kind contributions, basically in the form of reimbursing expenses for persons who volunteered their services to Citizens for Reagan.

None of the persons to whom such reimbursements were made had any decision-making role in ACU's independent effort. See 11 C.F.R. §109.1(b)(5)(Proposed). None of these persons (several of whom were college students) occupied decision-making roles within Citizens for Reagan. None engaged in any coordination between CVF, ACU or Citizens for Reagan.

Based on these facts, and a further elaboration of the evidence found in the responses to your questions, we believe that no finding of a statutory violation is warranted.

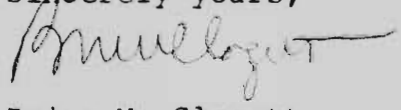
5. Since the evidence does not suggest any violation of the FECA by either ACU or CVF, there is no present need to consider issues of statutory construction or constitutional law. However, we note that none of the Commission's regulations have been approved by the Congress, and that

accordingly all such regulations have no force of law. Moreover, during the period between January 30, 1976, and May 11, 1976, (the effective date of the FECA Amendments of 1976), the FEC was precluded by the Supreme Court's decision in Buckley v. Valeo, 424 U.S. 1 (1976), from issuing advisory opinions pursuant to former 2 U.S.C. §437f.

We note further that ACU's position on the subject of independent expenditures remains the same as that stated during the testimony of Mr. Bolton on that subject, delivered orally and in writing before the Commission on June 9 and July 7, 1976.

In light of the foregoing, and in light of the ACU and CVF responses to the Questions you posed, we believe that there is no warrant in the record for the Commission to proceed further with any investigation of ACU or CVF. We would appreciate being notified of the Commission's decision in this matter at your earliest convenience.

Sincerely yours,



Brice M. Clagett
John R. Bolton

Covington & Burling
888 16th Street, N.W.
Washington, D.C.
452-6306

Enclosures

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RESPONSES TO QUESTIONS

1 (a). Conservative Victory Fund expenditures since January 1, 1976, fall into two categories: political contributions and general expenditures. Political contributions are generally made upon the recommendations of an informal executive committee of the CVF Board of Directors living in the Washington, D.C. area (Representatives John Ashbrook, Robert Bauman, Philip Crane and Steven Symms, plus Daniel Joy, Thomas S. Winter, David A. Keene and Charles Black). Such an executive committee is necessary because many members of the CVF Board of Directors live far from Washington, thus precluding ready consultation regarding the contribution of funds to candidates.

General disbursements (e.g., operating expenses) are typically made at the direction of the Executive Director.

In the case of the Reagan candidacy, it was decided at the outset that the maximum permissible contribution would be made. The actual allocation of contributions was left to the discretion of the Executive Director, who distributed nearly $5,000 in the form of in-kind contributions. Members of the Executive Committee of CVF who came to have any official connection with Citizens

for Reagan ceased to have any role in the deliberations of the CVF Executive Committee at or before the time of their connection with Citizens for Reagan.

(b) A copy of the CVF Constitution and By-Laws is attached hereto as Exhibit 1.

2.

Anne Cabaniss is not an employee of ACU or CVF.

Donald Thibaut is not an employee of ACU or CVF.

Rebekah Norton is political director of ACU. In this capacity she is responsible for liaison with ACU's state affiliates. Her superior is ACU Executive Director James C. Roberts. In June, she was placed on the CVF payroll, in which capacity she does research for screening candidates who seek CVF's financial support. She also continued her duties as ACU political director. She has no responsibilities for keeping records or the filing of reports required by the FECA, as amended.

D. E. Lukens is not an employee of ACU or CVF.

John S. Buckley served from September 1975 until June 1976 as media director of ACU. In this capacity, he was responsible for writing press releases and for special ad hoc projects. During this period he reported to ACU

Executive Director James C. Roberts. He had no responsibilities for keeping records or the filing of reports required by the FECA, as amended.

James C. Roberts is Executive Director of ACU and CVF. In this connection he is under the direction of ACU Chairman M. Stanton Evans and CVF Chairman Representative John M. Ashbrook. During the period in question Mr. Roberts' subordinates were Rebekah Norton, John S. Buckley, Gary Jarmin (ACU legislative director), Karola Beck (bookkeeper), Alison Borland (office manager), Anita Korten (secretary), and various college students who work as part-time interns. As assistant treasurer of ACU and CVF, he is responsible for keeping and filing reports required by the FEC. Day-to-day duties include the supervision of ACU/CVF activities and fundraising for both organizations under the direction of the respective chairman. The actual preparation of all FEC reports for ACU and CVF is handled by James E. Burgess of Arlington, Virginia, a certified public accountant retained for this purpose by ACU and CVF.

3. Anne M. Cabaniss and A. M. Wandling traveled by car to West Palm Beach, Florida, arriving on March 5, 1976. Thereafter they worked as volunteers in the Citizens for Reagan headquarters in West Palm Beach and Boca Raton.

Their duties involved the operation of phone-banks and general office work. They returned to Washington on March 11.

D. E. Lukens traveled by air to St. Petersburg, Florida, on March 3, 1976, and, upon arrival, he offered his services to the Citizens for Reagan headquarters. After deciding his services were not being used in a worthwhile manner, he returned to Ohio on March 7, 1976.

Frank Donatelli and Michelle Easton traveled by car to Orlando, Florida, arriving on March 4, 1976. Upon arrival they reported as volunteers at the Citizens for Reagan headquarters. Their job activities consisted basically of canvassing work. They returned to Washington on March 12.

Rebekah Norton traveled by air to Sarasota, Florida, arriving on February 27, 1976. Upon arrival she worked as a volunteer in the headquarters of Citizens for Reagan supervising phone-bank personnel and precinct workers. She returned to Washington on March 15, 1976.

Donald Thibaut traveled by air from Columbus, Ohio, to West Palm Beach, Florida arriving on March 2, 1976. Thereupon, he worked in ACU's independent effort during the Florida primary. He returned to Columbus on March 24. As noted previously, the expenditure reported

in connection with Mr. Thibaut's name was not an in-kind contribution to Citizens for Reagan.

4. The CVF check for $249.84 issued 3/1/76 to Combined Airlines Ticket Office was issued to cover travel for D. E. Lukens. The dates of travel, destination and activities conducted during the trip are listed in 3(d).

The CVF check for $177.46 issued to Combined Airlines Ticket Office on 3/24/76 was written to cover air travel to Columbus, Ohio, for Rebekah Norton and Charles Dutcher. Miss Norton is an employee of ACU/CVF. Charles Dutcher was at the time an undergraduate student at Ohio State University who was visiting Washington. Both went to Ohio to assist in a petition drive to put Gov. Reagan on the ballot in Ohio.

5.*/ The expenditures listed in items "a" through "h" are in-kind contributions to Citizens for Reagan. They represent reimbursements for expenses incurred by persons volunteering their services for Citizens for Reagan.

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*/ On the list of questions submitted by the Commission, there are two numbered "5". In light of this typograhpical error, we have also numbered our responses to both of these two questions as "5".

5. There was an accounting error respecting the salary payment made to Rebekah Norton. Miss Norton was not an employee of Citizens for Reagan during the period in question. Rather, she was a volunteer in the Sarasota, Florida, office. CVF paid her salary for this period and the amount was listed on the CVF FEC filing as an in-kind contribution to Citizens for Reagan. In order to simplify filing procedures it was determined that in-kind contributions (up to the limit of $5,000) would be listed on the CVF report. All independent expenditures would be listed on the ACU report. Under this arrangement Miss Norton should have been paid by CVF. Instead, two ACU checks were issued and paid to Miss Norton, one on 3/19/76 and the other on 3/26/76, each for $156.58 (this amount reflects net income, not gross income). When this error was discovered, two compensating CVF disbursements were issued, one on 3/22/76 and the other on 3/29/76, both for $214.08 (this amount reflects gross income).

On the CVF report for March 31, 1976, page 2 of 2, line 23, this transaction is listed as an in-house reimbursement to ACU. The same transaction is listed on the ACU report for June 30.

6-7. ACU Board members responsible for general setting of policy for the organization are: M. Stanton Evans (Chairman), Thomas S. Winter (Vice Chairman), Jameson G. Campaigne, Jr., (Secretary), Daniel Joy (Treasurer), Representative John Ashbrook, C. Lee Barron, Representative Robert Bauman, Charles R. Black, Jr., Doug Bulcao, John Chamberlain, Representative Philip Crane, Donald Devine, Marvin Edwards, Alan Gottlieb, Richard Harvey, Ralph Hostetter, Jeffrey Kane, Barbara Keating, David A. Keene, James Linen, IV, J. Daniel Mahoney, John T. McCarty, Daniel Oliver, Stefan Possony, John Ryan, Phyllis Schlafly, Representative Steven Symms, and Tom R. Van Sickle.

Three ACU Board meetings have been held in 1976. Copies of the minutes of the first two of those meetings are attached hereto as Exhibits 2 and 3. The third meeting was held in Washington, D.C. on Sunday, October 3, 1976. A copy of the minutes of that meeting will be provided to the Commission as soon as they are prepared.

The Board meeting of February 15, 1975 (Exhibit 2) was held shortly after the Supreme Court's decision in Buckley v. Valeo, in which both ACU and CVF participated as plaintiffs. ACU decided that, in light of the Buckley opinion, it would take some role, within the constraints

permitted by its financial situation, with regard to the ongoing political debate accompanying the 1976 campaign. There was general dissatisfaction shared by the leaders of ACU with the strategy and tone of Citizens for Reagan, a dissatisfaction which persisted throughout the campaign. ACU's independent effort was conceived as a way of raising issues of importance to conservatives, issues then being ignored or mishandled (in ACU's view) by Citizens for Reagan. Cognizant of the Supreme Court's decision that any expenditures by ACU (either those which explicitly advocated the election or defeat of any candidates or those which were issue-oriented and therefore not within the scope of the FECA) were required to be independent of the Reagan campaign or they would be treated as contributions to that campaign, the ACU Board decided to preclude any connection between ACU and Citizens for Reagan.

Accordingly, upon motion duly moved and seconded, the Board decided that when discussions of the Reagan campaign were held, any Board Members connected with Citizens for Reagan would not be permitted to participate or observe. (See paragraph 8 of Exhibit 2.) It was further determined, pursuant to longstanding practice by the Chairman (M. Stanton Evans) and pursuant to Article Three, Paragraph 1 of the

Constitution and By-Laws of ACU (attached hereto as Exhibit 4), that authority to make expenditures in this regard would be vested in a committee of three persons. Mr. Evans, by memorandum of February 26, 1976 (attached hereto as Exhibit 5) appointed ACU Executive Director James C. Roberts and Vice Chairman Thomas S. Winter to that committee. None of these three individuals has now or ever had any connection or affiliation with Citizens for Reagan. This three-person committee was responsible for the "setting of general policy" and "the authorization of specific expenditures" as part of ACU's independent efforts.

ACU maintained its independence from Citizens for Reagan, and consulted with counsel where appropriate in order to ensure that independence be preserved. In order to avoid even the appearance of coordination, stringent guidelines were ordered adopted by ACU Chairman Evans, and are outlined in a memorandum by Mr. Evans, dated May 10, 1976, and attached hereto as Exhibit 6.

8. Job description, supervisors and subordinates, day-to-day responsibilities and responsibilities for the keeping of records or the filing of FEC reports for the persons requested are as follows:

Rebekah Norton (see above)

James C. Roberts (see above)

Anne M. Cabaniss (see above)

Greg M. Moga is not employed by ACU or CVF.

Alison Borland served until September 24, 1976, as office manager of ACU and CVF. Her duties consisted of responsibility for correspondence, ordering of supplies, handling of disbursements and supervision of part-time interns. Her immediate supervisor was Executive Director James C. Roberts. Her subordinates were secretary Anita Korten and various part-time interns. She was responsible for assisting ACU and CVF accountant James E. Burgess in preparing FEC reports, under the supervision of the Executive Director.

Gary Louis Jarmin serves as legislative director of ACU and as director of ACU's "bureaucratic watchdog project", Public Monitor. He is responsible for ACU's congressional lobbying efforts and for editing the Public Monitor Report. His supervisor is the ACU Executive Director. His subordinates are part-time student interns placed in his charge. He has no responsibilities in connection with FEC reports.

Anita Korten is a secretary at ACU. She has numerous duties, the principal ones being receptionist,

typing of correspondence and reports, etc. In the absence of Alison Borland, she serves as office manager. She assists in typing of reports required by the FEC.

John D. Lofton, Jr., is a syndicated columnist and a consultant to ACU. His sole responsibility is the editing of Battle Line, ACU's monthly publication. He has no responsibilities connected with the FEC reports.

9. Copies of the documents requested are attached hereto as Exhibits 1 through 6.

Minutes of the
Meeting of the Board of Directors of the
American Conservative Union
Held at the Plaza Hotel
New York, N.Y. - April 19, 1970

The meeting was called to order by the Chairman, Hon. John M. Ashbrook at 1:25 p.m. Also in attendance were Mrs. Maytag and Messrs. Bauman, Chamberlain, Linen, MacKay, McCarty, McCaffrey, Rusher, Winter and Yergan; also Executive Director John Jones and staff member, Jeffrey Bell.

The minutes of the meeting of January 21, 1970 were read and approved.

Mr. John Jones gave the financial report and distributed copies of the annual audit for 1969.

It was unanimously agreed that all future financial statements should not show the amount held in savings accounts as a current asset but should be listed as a separate asset held as a reserve fund.

During the general discussion of the Conservative Victory Fund the following action was taken:

Mr. Bauman moved, Mr. Linen seconded, that contributions from the Fund may be made to candidates for both the U. S. House of Representatives and the U. S. Senate; provided that such contributions are to be made: (1) first to conservatives candidates who are likely winners; and (2) in the 1970 elections contributions should be made to U. S. Senate candidates on a priority basis. The motion was unanimously approved.

Mr. Bauman moved, Mr. Linen seconded, the following operating guidelines for the Conservative Victory Fund:

(1) In all states represented by members of the Board of Directors of ACU, the Executive Director will consult such Board members prior to making any recommendations for, or contributions to, candidates from that state.

(2) A weekly statement of the status of the fund will be sent to the three members of the fund's executive committee.

(3) The fund is authorized to accept "conduit contributions" in cases in which donors wish to pass their contributions through the Fund to a specific candidate.

(4) The Executive Director is authorized to develop a procedure by which the Fund can keep an accurate record of any contributions

made on the basis of recommendations of the fund when such contributions are made directly to candidates by donors not wishing to pass the donation through the fund.

(5) All other things being equal, the Executive Committee of the fund is directed to allocate contributions, first, to candidates who have the unanimous approval of the Executive Committee, then to those who have less than unanimous approval.

(6) The Executive Director is authorized and directed to conduct polling of the Executive Committee (other than at formal meetings of the group) by telephone conference call. A record of the date, time and votes of the committee are to be maintained in writing by the Executive Director.

(7) A "candidate questionnaire" to be answered by all prospective recipients of the fund's contributions is hereby authorized, but the wording of same must have final approval of the National Chairman of ACU before distribution and use.

The foregoing motion was unanimously approved.

Mr. Bauman moved, Mr. Linen seconded, that pursuant to a notice given to the Board at the meeting held March 2, 1969, the following Amendment to the Bylaws be adopted; in Article Three, Section 2, line 2 of the Bylaws, the total number of Members of the Board be increased from "21" to "23."

Mr. Winter moved that the amendment be changed to read "25" rather than "23."

The Bauman Amendment, as modified by the Winter Amendment, was adopted by voice vote, and so the Bylaws are amended.

Mr. Linen nominated, Mr. Bauman seconded, Randal Cornell Teague of Washington, D.C. to be a member of the Board of Directors. The election was unanimous.

Mr. Chamberlain nominated, Mr. Rusher seconded, Mr. Neal Freeman of New York City as a Member of the Board of Directors.

After some discussion, Mr. McCarty moved to table the previous nomination and this was agreed to by a voice vote.

Mr. Rusher moved, Mrs. Maytag seconded, that in the future all nominations for the Board are to be considered at one Board meeting after due notice of such consideration and the vote on the election of the nominee shall not occur until the next following Board meeting. The motion was unanimously approved.

It was unanimously agreed, on motion of the Chair, that the next meeting of the Board will be held on Sunday, September 13, 1970, in New York City.

Mr. Rusher moved, and Mr. McCarty seconded, that the Executive Director is directed to integrate all ACU state organizations into the activities of the Conservative Victory Fund and report the success of same to the next meeting of the Board. The motion was unanimously approved.

Mr. Winter moved, Mr. Rusher seconded, that all appropriate leaders of state ACU organizations be invited to a meeting to be held in conjunction with the next meeting of the ACU Board, provided that all such persons be encouraged to pay their own expenses and in cases where this is impossible, ACU will pay them. The motion was unanimously approved.

The Secretary announced that Mr. John Jones, Mr. Jeffrey Bell and himself had registered and were now reporting under the provisions of the Federal Lobbying Law.

Messrs. Rusher, Yergan and Linen left the meeting due to travel commitments.

Mr. McCaffrey moved, Mr. Chamberlain seconded, that Jeffrey Bell be directed to cooperate with the Ripon Society in drafting a statement on the topic of the voucher system as a means of financing education with the objective of issuing such statement jointly with the Ripon Society. The motion was defeated on a division vote of 3 in favor, 4 opposed.

On motion of the Chair, it was agreed that the Secretary is directed to produce a suitable statement on the topic of the voucher system no later than June 1, 1970, which statement the Ripon Society is to be invited to endorse.

On motion of Mr. McCaffrey, the Board adjourned at 5:45 p.m.

Respectfully submitted,

Robert E. Bauman,
Secretary

File

Minutes of ACU Board Meeting December 8, 1973, Washington D.C.

Meeting called to order 10:25 am by Chairman Evans. Attending were Board Members: Joy, Edwards, Campaigne, Linen, Schlafly, Winter, Chamberlain, McCarty, Rusher, Hostetter. Also staff members: Dear, Norton, Davis, Barnett, and Meyer; and consultants Phillips and Lofton.

Mr. Linen moved waiving the reading of the minutes of the last meeting, seconded by Mr. Winter. Passed.

Elections were held, the name of Ronald Docksai having been placed in nomination by Mr. Joy and seconded by Mr. Campaigne. Mr. Docksai was elected unanimously, by secret ballot.

Mr. Rusher nominated Daniel Oliver for a board position, seconded by Mr. Linen.

Mr. Winter nominated David Keene, seconded by Mr. Campaigne.

The financial report was given, and explained. Mr. Linen and others pressed for keeping checking account balances low, putting idle funds into interest-bearing certificates. Mr. Winter moved acceptance of financial report (separate exhibit), seconded by Mr. Rusher. Passed.

The Conservative Victory Fund was discussed in general. A resolution concerning CVF was introduced by Mr. Joy (appendix A), seconded by Mrs. Schlafly. Passed unanimously.

Mr. Mahoney arrived at 11:00 am.

Mr. Lofton discussed Battle Line, now almost back on schedule. He asked for ideas, direction from the Board.

Mrs. Meyer delineated the ACU Studies under way: "Inflation" by Levy, ready; "Urban Renewal", also ready; "Federal aid to Education", being edited; "The Voucher System" by Uzzell, being edited; "Medicaid", returned to author for revision; "Social Security", also returned for revision. Assigned studies include: Taxation (Getz); Ecology (Jukes); Issues Facing the Nation; East-West Trade (Costick).

It was stated as policy that payment for studies would only be made after delivery of an acceptable manuscript. The Board was encouraged to offer additional ideas for studies. The Libertarian Task Force Report was noted. The studies will be promoted through Battle Line.

Mr. Davis gave his research report, covering various subjects (FDA, tax reform, energy, etc.), noting that cheaply-produced, more journalistic "studies" would also be issued periodically by the ACU office. Board members were encouraged to forward both original and already-printed articles/studies for consideration by ACU as publishable middle-level propaganda.

Mr. Phillips reported on Public Monitor, noting that the left is heavily funded as a result

continued

of the dues checkoff, the Nader checkoff, and the public funds checkoff. We are forced to rifle-shot attacks on specific liberal initiatives. The legal services battle ahead will be a full-blown one, on which all resources will be concentrated.

Mrs. Schlafly proposed that ACU develop a system of key congressional contacts in each of the 435 districts, who would serve as a conduit (local) through which ACU national operations could feed pressure/persuasion back to Congressmen in Washington. Mr. Rusher endorsed the proposal; discussion deferred until after Mr. Barnett's report, which followed.

The Minnesota ACU has further developed its excellent rating system, incorporating a conservatism rating, a spending rating, and a key legislative rating.
The Washington ACU was involved in the rollback of legislative pay increase, and from that campaign has developed a network.
In North Carolina ACU was involved in the race for state GOP chairman and from that a good conservative organization is being built.
Nebraska and Illinois both have pockets of interest but no statewide operations as yet.
Iowa started up late in 1973.
Indiana is also in the rating game, keeping track of the city council as well as the state legislature. Other projects include medicaid repeal and the Reagan tax initiative idea.
Ohio is currently inoperative; a new startup is planned.

Mr. Barnett reported that in Congress, the Allen filibuster was a success, the Kennedy amendment re Chile a defeat, that the postcard registration bill was in doubt, East-West trade a battle; he noted also the Helms initiative on busing during the energy crisis (lost) and that there is confusion in attempts to try to bring the national budget under control.

He also reported on A.L.E.C. Some 1800 legislators are on file (including 700 Democrats and 5 Independents); that the Chicago meeting that had been planned was being re-scheduled to April.

He stressed again the need to lobby the middle-road congressmen on key votes.

Mrs. Schlafly moved a sense of the Board, seconded by Mr. Mahoney, that the earlier-discussed "ACU Congressional Contact Program" be implemented. Passed unanimously.

Mssrs. Linen, Mahoney, McCarty and Rusher left at 3:30 pm.

Mr. Winter discussed the Conservative Victory Fund and the Senator Buckley/David Jones negotiations.

Resolutions were offered: Mr. Edwards (Winter seconding) that Sect. 249F of PL 92-60 -- the PSRO ACT be repealed. Passed.
Mr. Edwards (Schlafly seconding) that there be no gasoline rationing. Passed.

Mrs. Schlafly moved (Hostetter seconding) that Dean Manion be congratulated on 20 years of conservative broadcasting -- his 999th broadcast was aired on 12/1 -- and that conservatives look into the possibility of a May 1974 testimonial dinner. Passed.

continued

Mr. Winter stressed the importance of the upcoming Conservative Political Action Conference.

The meeting adjourned at 4:15 pm.

Respectfully submitted, Jameson G. Campaigne, Jr., Secretary.

JGC/ak

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Appendix A

WHEREAS, Conservative Victory Fund is an unincorporated association of the District of Columbia, for the purpose of raising funds to aid in the election of candidates for public office who are dedicated to the principles of conservatism;

WHEREAS, though allied with The American Conservative Union in its furtherance of conservative principles, Conservative Victory Fund, like The American Conservative Union, is an independent entity and exists as such under the common law of the District of Columbia;

WHEREAS, in accomplishing the purposes for which it was established, Conservative Victory Fund has adopted and uses the words "CONSERVATIVE VICTORY FUND" and the initials "CVF" to indicate to the public the source or origin of its publications and services;

WHEREAS, in the course of issuing its publications and rendering its services, Conservative Victory Fund properly refers to the fact that Conservative Victory Fund is allied with The American Conservative Union in its dedication to the principles of conservatism; and

WHEREAS, The American Conservative Union desires that no confusion exist as to the relationship between The American Conservative Union and Conservative Victory Fund,

BE IT RESOLVED that The American Conservative Union recognizes that Conservative Victory Fund is a legal entity separate and distinct from The American Conservative Union and that the alliance which has existed and now exists between Conservative Victory Fund and The American Conservative Union derives from the goals and aspirations common to both entities; and

BE IT FURTHER RESOLVED that the words "CONSERVATIVE VICTORY FUND" and the initials "CVF", when used either as a trade name, trademark or service mark, are the sole property of Conservative Victory Fund and that The American Conservative Union has neither the right to use nor the right to register as a trade name, trademark or service mark the words "CONSERVATIVE VICTORY FUND" or the initials "CVF".

7

MINUTES OF ACU BOARD MEETING 2/15/76, Washington, D.C.

Chairman Evans called the meeting to order at 6:00 p.m. In attendance were board members Harvey, Gottlieb, Possony, Edwards, Linen, Ryan, Devine, Campaigne, Winter and Black, as well as staff members Roberts, Korten, Borland, Jarmin and Norton.

Mr. Winter moved and Mr. Ryan seconded, that reading of the minutes be dispensed with. Passed.

The Chairman gave his report, which specifically noted the recently concluded CPAC, the growing strength and quality of our state leadership and state organizational structure, the My Guys project and the Reagan campaign. A general discussion ensued. Campaigne moved, Mr. Ryan seconded, that Peter Monk be officially thanked for his work on the My Guys project. Passed.

The financial report was given; our recent December-January period was one of the strongest in recent years, the highlight of which was the reduction by $60,000 of our deficit. Specifics were in the printed reports distributed to members of the board.

The direct mail committee (Keene, Ryan, Campaigne & ex-officio Evans) gave a brief report to the board. It was decided that Alan Baldridge of Chicago would be given a trial with some packages in the Spring. If ACU was happy with the results, the arrangement would continue until either party wished to sever it. Production would be placed at various vendors based on low bids and quality. Alan Gottlieb was added to the direct mail committee, with responsibility for list selection for ACU's mailings.

Campaigne suggested that Kathy Norton or a suitable substitute with experience in businessman-fund-raising be contracted with for ACU fund raising (on a commission basis). The Chairman said he would follow up on this, for both ACU and ACUERI, with specific attention given the corporate PACs for the former.

Regarding in-house handling of ACU's lists and our caging operation, Mr. Winter said they would have a report from Anagram soon that would resolve the problems we have been having.

Mr. Devine moved, and Mr. Linen seconded, that when discussions of the Reagan campaign were held by the Board, any board members connected with Citizens for Reagan would leave the room. Passed.

Gary Jarmin discussed the ratings of Congress, and the National Coalition for Children.

Becky Norton passed out her state report and noted the rising enthusiasm of state operations.

The Chairman reported on the move of ALEC into new hands, and ACU's new representation on their proposed board. He promised a report at the next board meeting on how that situation would be resolved.

Publications were discussed briefly, specifically Battle Line and My Guys. Dr. Devine asked that Lofton work a recent Washington Star on Tet into a Battle Line piece, for the "moral record".

The Chairman moved and Dr. Possony seconded, that the staff be commended for its outstanding job of running the CPAC, and the thanks for the Board. Passed.

Mr. Winter moved adjournment at 8:00p.m.

Respectfully submitted, Jameson G. Campaigne, Jr., Secretary.

MINUTES OF ACU BOARD MEETING - 6/12/76 - NEW YORK CITY HOLIDAY INN

Meeting called to order at 4:25 by Chairman Evans. Attending, board members Joy, Oliver, Kane, Gottlieb, Ryan, Winter, Campaigne, Keating, Chamberlain, Mahoney and staff, Roberts, Norton, Jarmin, Beck, Borland.

Minutes of previous meeting approved without reading.

Evans noted that ACU had spent to date $230,000 on its independent effort in behalf of Ronald Reagan and ~~passed out~~ draft on the lead article for forthcoming Battle Line detailing this effort.

Mr. Winter interrupted at 4:30 with the results of the Missouri GOP convention; 19 delegates for Reagan.

A brief financial report showed ACU to be in the red again; Evans said all efforts would be made to rebuild our financial situation now that independent spending in behalf of Reagan was ending. As of June, ACU had raised $481,000 for the year. Mr. Joy cautioned against the red ink, noting that CVF was being neglected...ie, House and Senate races.

Mr. Gottlieb suggested that an ACU house ad in Battle Line could result in two contribution checks instead of the usual one coming in the envelope enclosed with each issue.

The Chairman noted that there were two vacancies on the board and called for nominations. There were none.

A written Capitol Hill report was distributed, the highlights of which included new ratings of Congress, the saving of the SISS, sustaining day care veto and plans to expand the legislative alert to put more constituent pressure on Congress (and the White House). Two ACU Capitol Hill seminars, on strategic imbalance and on Humphrey-Hawkins, were also reported on.

Gary Jarmin was named new editor of Public Monitor (6000 subscribers); it will be project-oriented and more small-business oriented, dealing with OSHA, EPA, CPSC, FEA, etc. It is hoped a new class of names can be added to the ACU master file through Public Monitor's activities. Mr. Jarmin also distributed copies of the new "Public Monitor Report" (formerly called "The Fine Print").

Becky Norton reviewed the growing number of state affiliates and board members expressed great satisfaction with the progress made. The Washington State situation was discusses by Messrs. Gottlieb and Kane and it was suggested that they could work more closely with Miss Norton.

New board members asked for both an up-to-date set of bylaws of ACU and also the ACU state organization manual. Mr. Winter suggested Miss Norton formally cut off affiliation of non-active state affiliates (referring to Gottlieb/Kane complaint about their state).

Battle Line, the general outlook and the summer intern program were all discussed in brief.

Mr. Campaign moved the following addition to the bylaws: "Any Board Member who misses five consecutive meetings of the Board will be deemed

to have tendered his resignation from the Board." His motion was seconded by Gottlieb and passed. (According to the Constitution, this bylaw change will have to be voted on again at the next Board meeting.)

A CVF brochure for mailing to outside lists (universes unfamiliar with ACU/CVF) was requested of the direct mail committee. The first mailing of the CVF list will be a letter signed by Congressman Paul, staff-written, edited by Baldridge. The next ACU mailing will be the Phyllis Schlafly letter (on the family) for prospecting to social conservative lists as well as to the house list.

The meeting was adjourned at 7:20 pm.

Respectfully submitted,

Jameson G. Campaigne, Jr.
Secretary

CONSTITUTION AND BY-LAWS

ARTICLE ONE - Name

1. The name of this Association shall be the AMERICAN CONSERVATIVE UNION.

ARTICLE TWO - Purpose

The AMERICAN CONSERVATIVE UNION is a non-profit, voluntary, unincorporated association. The objectives or purposes to be promoted or carried on are:

1. To maintain an organization for American people who adhere to the following statement of principles:

"We believe that the Constitution of the United States is the best political charter yet created by men for governing themselves. It is our belief that the Constitution is designed to guarantee the free exercise of the inherent rights of the individual through strictly limiting the power of government.

"We reaffirm our belief in the Declaration of Independence, and in particular the belief that our inherent rights are endowed by the Creator. We further believe that our liberties can remain secure only if government is so limited that it cannot infringe upon those inherent rights.

"We believe that capitalism is the only economic system of our time that is compatible with political liberty. It has not only brought a higher standard of living to a greater number of people than any other economic system in the history of mankind; more important, it has been a decisive instrument in preserving freedom through maintaining private control of economic power and thus limiting the power of government.

"We believe that collectivism and capitalism are incompatible, and that when government competes with capitalism, it jeopardizes the natural economic growth of our society and the well-being and freedom of the citizenry.

"We believe that our national security is threatened by the international Communist movement. We reject as an impossibility, if we are to preserve liberty, a policy of appeasement of Communism. We believe that our aim should be to maintain our strength and to exert steady pressure against the organized international Communist movement; and we believe that all aspects of our foreign and military policy should be coordinated with this aim of achieving victory in the Cold War.

"We believe that it is the responsibility of the individual citizen, whenever his inherent rights are threatened from within or without, to join together with other individuals to protect these rights, or, when they have been temporarily lost, to regain them.

"We believe that any responsible conservative organization must conduct itself within the framework of the Constitution. In pursuance of this belief we refuse to countenance any actions which conflict in any way with the traditions of the American political system.

"The American Conservative Union is created to realize these ends through the cooperation, in responsible political action, of all Americans who cherish the principles upon which the Republic was founded.

at its next regularly scheduled meeting. A majority vote of the Board and the Executive Committee shall be sufficient to approve contracts for services.

The Board of Directors must review all payments to officers and directors for the prior year at the Annual Meeting of the ACU.

Contracts with Organizations in which Board Members have an Interest Permitted under Certain Circumstances. The ACU may enter into contracts with firms, corporations, associations or organizations with which officers and directors, staff members and employees have a business interest. The Board of Directors must approve any such contract at a regularly scheduled meeting before it is entered into, provided however, that if, in the opinion of the Chairman, such services must be performed before the next regularly scheduled Board meeting, the Executive Committee may approve such contract before it is entered into. The Board shall ratify any such contract at its next regularly scheduled meeting.

Disclosures Required. Officers, directors, staff members and employees of ACU shall disclose any interest they have in firms, corporations, organizations or associations or with individuals with which ACU has a business relationship.

Commissions in Return for Placing ACU Business Prohibited. No officer, director, staff member or employee of ACU who enters into a contract on behalf of ACU with any firm, corporation, association, organization or individual shall receive a rebate, fee, or commission from any such firm, corporation, association, organization or individual in return for having entered into any such contract on behalf of ACU. Nothing in this section shall prohibit the receipt of Christmas gifts or other seasonal gifts customarily given by business organizations to those with whom they have business relations.

Payments for Expenses. Nothing in this Article shall prohibit payments for actual expenses incurred in the service of ACU. Payments described in this Section need not be authorized by the Board.

ARTICLE FOUR - Advisory Assembly

1. There shall be an Advisory Assembly composed of conservative leaders from throughout the nation. Members of the Advisory Assembly shall be elected by majority vote of the Board of Directors.

2. The Board of Directors shall, by majority vote, elect one of their number to serve as Chairman of the Advisory Assembly. It shall be the responsibility of the Chairman of the Advisory Assembly to see that Advisory Assembly members are periodically informed about American Conservative Union affairs.

3. The Board of Directors may convene meetings of members of the Advisory Assembly at a place and time of the Board's choosing.

ARTICLE FIVE - Officers

1. The National Chairman, the First Vice Chairman, the Second Vice Chairman, the Secretary and the Treasurer shall be the general officers of the Association, and they shall be Directors of the Association. All officers will be elected by the Board of Directors for a two-year term subject to removal by an affirmative vote of two-thirds of the Board of Directors, as defined in Article Three, Section 9.

2. The National Chairman shall be the chairman of the Board of Directors and the Ad-

ARTICLE SEVEN - Members

1. Any individual, who is a citizen of the United States and in agreement with the Statement of Principles stated in Article Two, Section one, of these By-Laws, may become a member of the AMERICAN CONSERVATIVE UNION upon completion of an application form, payment of dues, and upon approval as a member by the National Chairman.

2. Applications for membership may be reviewed, refused, and/or revoked by the Board of Directors, except that membership may not be denied or revoked for reasons of race, creed, color, or national origin. The Board of Directors may review, refuse to approve or revoke membership on the grounds that the individual member has engaged in or is engaging in activities which are, according to the determination of the Board, contrary to the Statement of Principles contained in Article Two, Section one.

3. Any member may terminate his membership by written resignation at any time.

4. No personal benefit shall inure to any member, Director or officer, except that reasonable compensation, as authorized by the Board of Directors, may be paid for services actually performed for or on behalf of the Association.

5. All members of the Board of Directors and Advisory Assembly must be members of the Association. All members, Directors, and members of the Advisory Assembly shall pay dues in amounts to be established by action of the Board of Directors.

ARTICLE EIGHT - State Organizations

1. State organizations may be chartered by the Association.

2. All State charters must be approved by two-thirds of the Board of Directors present at a regularly scheduled meeting.

3. A State charter may be reviewed at any time. A majority of the Board of Directors present at a regularly scheduled meeting may revoke a state charter.

4. In no event shall the Association be liable for debts incurred by state organizations or officers.

5. The purpose of a state organization affiliated with this Association shall be established by the Board of Directors.

ARTICLE NINE - District Action Clubs

1. This Association may charter congressional District Action Clubs.

2. All district action club charters must have the approval of the state organization and this Association's National Chairman or his delegated representative.

3. A district action club charter may be review at any time. A majority of the Board of Directors present at a regularly scheduled meeting may revoke a district action club charter

4. All chartered district action clubs shall be subject to the continuing supervision of the state organization.

5. In no event shall the Association be liable for debts incurred by district action clubs or officers.

governed by Roberts Rules of Order, Revised.

ARTICLE FIFTEEN - Amendments

The Board of Directors by vote of two-thirds of the Directors may amend the Constitution and By-Laws, provided that the motion for amendment must have been submitted at the previous meeting at least 30 days earlier.

ARTICLE SIXTEEN - Council

1. There shall be a Council of State Chairmen consisting of the Chairman of every state Conservative Union Chapter that has been voted affiliation with the American Conservative Union by majority vote of the American Conservative Union Board of Directors.

2. The Council of State Chairmen shall convene at least once a year to elect a Chairman and conduct other business.

3. The Chairman of the Council shall serve as an ex-officio member of the Board of Directors of the American Conservative Union with the right to vote on all matters.

As amended December 6, 1975 - Washington, D.C.

American Conservative Union

422 First Street, S.E.-Capitol Hill-Washington, D.C. 20003-Phone (202) 546-6555

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M. Stanton Evans
Editor and Author
VICE CHAIRMAN
Thomas S. Winter
Editor, Human Events
SECRETARY
Jameson Campaigne, Jr.
Publisher
TREASURER
Daniel Joy
Washington, D.C.

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Steven D. Symms
Member of Congress, Idaho
Tom R. VanSickle
Scottsdale, Ariz.

(Titles for identification only)

EXECUTIVE DIRECTOR

James C. Roberts

February 26, 1976

MEMORANDUM

To: Tom Winter
Jim Roberts

From: Stan Evans

Re: Political Education Committee

In order to facilitate our independent issue efforts, I hereby appoint you two gentlemen to serve with me as members of the ACU Political Education Committee.

The function of this committee will be to evaluate the political situation as it unfolds in this and subsequent election seasons, raise funds for newspaper or television ads, distribution of flyers, etc., and to make decisions concerning placement of such ads and distribution of such materials.

In the conduct of these activities, I would again stress to you what we have previously discussed: That all such efforts should be authentically independent on our part, and that in making our decisions we shall not under any circumstances discuss our projected actions with affected candidates, their committees, or their representatives.

MEMO

May 10, 1976

From: Stan Evans

To: Jim Roberts

Re: Independent campaign

I know it is hard to contain the enthusiasm of some of our staff, interns, and also state leaders who want to work in the Reagan campaign. However, it is imperative that our independent campaign effort not be sullied by any action which has even the appearance of coordination with the official Reagan effort. Therefore I reiterate and ask that you reemphasize to all concerned:

1. Members of our staff and interns are not to engage in activities of any kind connected with the official Reagan effort, including volunteer work after hours. If any one on the staff feels an overmastering desire to participate in the Reagan effort, they can do so only if they leave the ACU payroll. There should be no intermingling, real or apparent, of efforts.

2. By the same token, even incidental conversations with people who are involved in the official Reagan campaign should be minimized. I realize it is impossible to avoid running into such people on some social occasions, but such contacts should be held to a minimum and discussion of our efforts, and theirs, should be avoided.

3. If and when any of our state affiliates have become involved in offic-

cial Reagan efforts, we must thereafter avoid any discussion with them of the independent campaign and, needless to remark, must conduct our independent activities in those states through other contacts.

###

7804011395

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

22 SEP 1976

Mr. James C. Roberts
Assistant Treasurer
Conservative Victory Fund
American Conservative Union
422 First Street, S.E.
Washington, D.C. 20003

Re: MUR 203 (76)

Dear Mr. Roberts:

This letter is to notify you that, on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has determined that it has reason to believe that a violation of 2 U.S.C. §434(b) has occurred in that expenditures reported as "independent" on reports signed by you and filed on behalf of the American Conservative Union may not have been independent. Further investigation may indicate that a violation of 2 U.S.C. §441a(a)(2) has occurred.

Expenditures made by American Conservative Union and Conservative Victory Fund (which are considered affiliated committees) in cooperation, consultation, or concert with Citizens for Reagan or its agent are not considered independent under the standards articulated by the Court in Buckley - Valeo, 423 U.S. 1 (1976), and since codified in 2 U.S.C. [illegible] and 441a(a)(7). Any such expenditures would have be[illegible] [illegible]ported in violation of 2 U.S.C. §434(b) by being lab[illegible] "in[illegible]pendent expenditures", and if those expenditures [illegible] in [illegible] contributions, they may exceed the legal limi[illegible] contributions under 2 U.S.C. §441a(a)(2).

Upon makin[illegible] determination that there is reason to believe that a [illegible] has occurred, the Commission is required to make [illegible] investigation and to afford you a reasonable opportu[illegible] demonstrate that no action should be taken. 2 U.S.[illegible]). As part of this process, we would appreciate y[illegible] [illegible]ttee's response to the attached questions within 1[illegible] receipt of this letter, as well

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as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Carolyn A. Reed (telephone no. 382-4055).

Sincerely yours,

John G. Murphy, Jr.
General Counsel

7604001398

C Reed
9/21

CReed:pjg:9/20/76
MUR file 203

1. Describe the process by which CVF has made expenditures since January 1, 1976. Include the following information:

a) The identity of each person who was involved in that process at any time after January 1, 1976, by in any way planning or authorizing payments from any CVF accounts, by setting general policy for CVF expenditures, or otherwise; and the specific role of each person so listed.

b) Any provisions of the CVF by-laws, charter, or other relevant documents which indicate the allocation of authority described in (a) above.

2. The following persons are listed on CVF reports as receiving payments or salary from CVF: Anne M. Cabanis, Donald Thibaut, Rebekah Norton, D.E. Lukens, John S. Buckley, and James C. Roberts . Please provide the following information about each person identified:

a) a job description, including actual day-to-day responsibilities;

b) the supervisor of each such person and the subordinates of each such person or an organization chart;

c) the responsibilities, if any, of each such person in connection with the keeping of records for or the filing of reports required by the Federal Election law; and

(d) if the particular person is not an employee, please so indicate.

3.

3. Provide the dates of travel, destinations, and activities conducted during the travel indicated by the following entries on CVF reports:

a.	Anne M. Cabannis 422 First St.,SE Washington, D.C.	travel expense Citizens for Reagan	3/16/76	$279.59
b.	Donald Thibaut 422 First St.,SE	travel expense Citizens for Reagan	2/26/76	$200.00
c.	Rebekah Norton 530 First St.,SE Washington,D.C.	travel Citizens for Reagan	3/29/76	$488.34
d.	D.E. Lukens 422 First St.,SE Washington,D.C.	travel expense Citizens for Reagan	3/5/76	$300.00
e.	A.M.Wandling 4226 Suitland Rd. Washington,D.C.	travel expense Citizens for Reagan	3/2/76 2/28/76	$350.00 $140.00
f.	Frank Donatelli %Y.A.F. Box 65 Woodland Rd. Sterling, VA	travel Citizens for Reagan Contribution	4/2/76	$394.36
g.	Michelle Easton %Y.A.F. Box 65 Woodland Rd. Sterling, VA	travel Citizens for Reagan Contribution	4/2/76	$672.59

4. Identify the person(s) who made the following trip(s) for which the April 10 report filed by CVF indicates tickets were purchased. Include the date of the trip(s), the destination(s), and the activities conducted during the trip(s):

a.	Combined Airline Ticket Office 1801 Pa. Ave. Washington, D.C.	Air Travel Citizens for Reagan	3/1/76 3/24/76	$249.84 $177.46

5. Indicate whether the following contributions to Citizens for Reagan were cash contributions or contributions in-kind. If the contributions were in-kind, describe the good or services contributed.

a.	Holiday Inn of Boca Raton Boca Raton, Fla.	Contribution to Citizens for Reagan	5/11/76	$ 34.34
b.	Sawyer Associates 6573 Superior Ave. Sarasota, Fla.	Contribution to Citizens for Reagan	5/11/76	$140.66
c.	Phil Crane Office Account 1406 Longworth HOB Washington, D.C.	Contribution to Citizens for Reagan	5/11/76	$630.00
d.	Bonnie Moran Box 65, Woodland Rd. Sterling, VA.	Contribution to Citizens for Reagan	5/11/76	$ 30.16
e.	Gregg Moga 422 First St.,SE Washington,D.C.	Contribution to Citizens for Reagan	5/11/76	$ 38.00
f.	Richard Valero Box 65 Woodland Rd. Sterling, Va.	Contribution to Citizens for Reagan	5/11/76	$ 49.41
g.	Allan Crawford Box 65 Woodland Rd. Sterling, VA.	Contribution to Citizens for Reagan	5/11/76	$ 17.21
h.	Bill Rodin Box 65, Woodland Rd. Sterling, Va.	Contribution to Citizens for Reagan	5/11/76	$ 12.33

5. We note that entries indicate that Ms. Norton's was for a time considered an employee of Citizens for Reagan and hence her salary payment was considered an ~~contribution to~~ expenditure on behalf of Citizens for Reagan while a portion of her salary was not considered to be an ~~contribution to~~ expenditure on behalf of Citizens for Reagan. Please explain.

a) entry from CVF report:

Rebekah Norton 530 Const., NE Washington,D.C.	Salary	3/22/76	$214.08
	Salary	3/29/76	$214.08
	Travel Citizens for Reagan	3/29/76	$488.34

b) entry from ACU report

Rebekah Norton	Salary	3/19/76	$156.58
520 Const., NE	Salary	3/26/76	$156.58
Washington,D.C.			

6. Identify and describe the role and authority of all directors, and board members who held and/or exercised authority with regard to ACU either through the setting of general policy or through the planning and authorization of specific expenditures.

7. Provide a list of ACU board meetings held since January 1, 1976, at which expenditures or expenditure policy was discussed. Indicate the date and place of each meeting and the persons in attendance.

8. The following persons are listed on ACU reports as receiving payments or salary from ACU: Rebekah Norton, James C. Roberts, Anne M. Cabaniss, Greg M. Moga, Alison Borland, Gary Louis Jarmin, Anita Korten, and John D. Lofton, Jr. Please provide the following information about each person listed.

a) a job description, including actual day-to-day responsibilities;

b) the supervisor of each such person and the subordinates of each such person or an organization chart;

c) the responsibilities, if any, of each such person in connection with the keeping of records for or the filing of reports required by the Federal Election law; and

d) if the particular person is not an employee, please so indicate.

9. Please provide copies of any provision of ACU bylaws, charter, or other relevant documents which indicate the allocation of authority with regard to the setting of general policy for expenditures by ACU or the planning and authorization of specific expenditures.

OC

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● 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..... ¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:

Mr. James C. Roberts

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	438069	

(Always obtain signature of addressee or agent)

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

Steven Clark

4. DATE OF DELIVERY 9-23-76

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GOP 1976—O-203-456

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 203 (76)
American Conservative Union (ACU);	)	
Conservative Victory Fund (CVF)	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on September 17, 1976, the Commission determined by a vote of 6-0 that there was reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, had been committed in the above-captioned matter. Voting that there was reason to believe were Commissioners Aikens, Harris, Springer, Staebler, Thomson, and Tiernan.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

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8-12-76

INTERIM GENERAL COUNSEL'S REPORT (MUR 203 (76))

This report is an interim summary of the ongoing legal review of an Office of Disclosure and Compliance Report regarding possible consultation and cooperation between Citizens for Reagan and two groups allegedly making independent expenditures on behalf of Governor Reagan's Presidential candidacy -- American Conservative Union and Young America's Campaign Committee.

The large body of information set forth in the Office of Disclosure and Compliance Report suggests that there was consultation and cooperation between Citizens for Reagan and American Conservative Union and Young America's Campaign Committee, and that expenditures made by the latter two groups are therefore not independent within the meaning of Buckley v. Valeo, 424 U.S. 1 (1976), 96 S. Ct. 612, 648, fn. 53, 663-664 and 2 U.S.C. §431(p). However, because of the sensitive nature of the materials involved, and their extensive nature, we believe that further analysis is required before a recommendation can be made by the Office of General Counsel as to how to proceed.

To date, our tentative review indicates the following significant areas of interest:

1. Four persons listed as members of the Board of Directors of the American Conservative Union on recent letterheads of the organization -- Donald Devine, David Keene, Charles Black, and Philip Crane -- appear to hold or have held policy level positions with Citizens for Reagan. One of these four -- Philip Crane -- is listed as having received substantial expenditures from Citizens for Reagan in 1976 ($2,582.92). In addition, James Campaigne, listed on American Conservative Union's letterhead as its executive secretary from 1975-1976 and Rebekah Norton, listed as its political director from 1974-1976, both appear to have received substantial payments in 1976 from Citizens for Reagan ($2,625 and $1,494.34 respectively). However, we will need further time to determine if available public records have more precise information as to the nature of the organizational ties of the above-named individuals.

2. With regard to Citizens for Reagan and Young America's Campaign Committee, the Office of Disclosure and Compliance Report indicates that there are at least four individuals who have had affiliations with both groups. However, the dates and nature of the affiliations are not completely clear.

3. There is also evidence of inter-organization personnel ties between American Conservative Union and Young America's Campaign Committee. Donald Devine and Charles Black, both apparent members of the American Conservative Union's board

of directors, have made reported expenditures on behalf of Young America's Campaign Committee. John Buckley, listed as Treasurer of Young America's Campaign Committee,is also a research aide for American Conservative Union; Jeffrey Kane, National Director and a member of the board of directors of Young America's Campaign Committee, is also a member of the American Conservative Union's board of directors according to its letterheads.

4. It also appears that the American Conservative Union has personnel ties with at least two other groups that have made expenditures on behalf of Governor Reagan's Presidential candidacy -- the Conservative Victory Fund and the Right to Keep and Bear Arms Political Victory Fund. If the groups are affiliated, they would have a common ceiling for contributions to Governor Reagan's candidacy (2 U.S.C. §441a(a)(5)). However, the nature of the personnel ties and contributions to each group must be analyzed further.

5. Apart from possible interlocking personnel relationships, a large proportion of expenditures by Citizens for Reagan American Conservative Union, and Young America's Campaign Committee, appear to involve common vendors. The vendors also may have interlocking relationships. However, it is unclear what services were purchased from the vendors, or whether there was inter-organizational consultation with the vendors.

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In view of the inferential force of the information thus far adduced, we feel that there may be reason to believe that a formal investigation is warranted to determine if each of the groups named herein are conducting a cooperative effort on behalf of Governor Reagan's Presidential candidacy. Such an effort might involve violations of 2 U.S.C. §§434, 441a(a)(1) and (2) and (b)(1)(A). We expect to have a final recommendation ready in a week.

DATE OF TRANSMITTAL: SEP 15 1976

TIME OF TRANSMITTAL: 9:00 a.m.

NO. 203 (76)

REC'D:

FEDERAL ELECTION COMMISSION
Washington, D. C.

Complainant's Name: Internally generated

Respondent's Name: American Conservative Union (ACU); Conservative Victory Fund (CVF)

Relevant Statute: 2 U.S.C. §§431(p), 434(b), 441a(a)(2),(7)

Internal Reports Checked: Reports of ACU, CVF and Citizens for Reagan (CFR)

Federal Agencies Checked: None

SUMMARY OF ALLEGATION

American Conservative Union and Conservative Victory Fund are affiliated political committees which share the same executive director and political director (see attachment 1). The reports indicate that ACU has made expenditures labeled "independent", totaling approximately $134,174 on behalf of Ronald Reagan; (attachment 2). The CVF reports indicate contributions to Citizens for Reagan totaling approximately $4,193. The inference that the

Cont'd.

PRELIMINARY LEGAL ANALYSIS

If expenditures were made by ACU/CVF in cooperation, consultation, or concert with Citizens for Reagan or its agents, those expenditures would not be considered independent under the standards articulated by the Court in Buckley v. Valeo and since codified in 2 U.S.C. §§431(p) and 441a(a)(7). Those expenditures therefore would have been misreported, in violation of 2 U.S.C. §434(b), by being labeled "independent expenditures" instead of "contributions", and

Cont'd.

RECOMMENDATION

(1) Find reason to believe that a violation of the Act has occurred.

(2) Send proposed notification and questions (attachment 7).

Date of Next Commission Review:

MUR 203 (76)

SUMMARY OF ALLEGATION (Cont'd.)

expenditures by ACU are not independent is based on the following three factors:

1. As indicated by ACU letterheads, at least four members of the ACU Board of Directors are also listed on CFR reports as holding positions with Citizens for Reagan, (attachment 3). And ACU reports indicate that several meetings of the ACU Board were held during the primary season (attachment 4).

2. Citizens for Reagan reports indicate that at least three officials or employees of ACU/CVF (including the Secretary of ACU and the individual who serves as political director of both ACU and CVF) have received payments from Citizens for Reagan during the time they were officers or employees of ACU/CVF (attachment 5).

3. Expenditures for travel by ACU/CVF staff in support of the Reagan campaign were sometimes listed as contributions to Citizens for Reagan (attachment 6), and other times listed as independent expenditures (attachment 1). That certain expenditures were admittedly coordinated with Citizens for Reagan suggests that other expenditures may have been coordinated with Citizens for Reagan.

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MUR 203 (76)

PRELIMINARY LEGAL ANALYSIS (Cont'd.)

if those expenditures were in fact contributions, they may exceed the legal limit on contributions under 2 U.S.C. §441a(a)(2).

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FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 203/203a

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