



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2189

DATE FILMED 7/1/00 CAMERA NO. 2

CAMERAMAN K.A.U.

88040710793

REC
G00# 12
86 MAR 19 09:57

March 18, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
999 E Street, N. W.
Washington, D. C. 20463

86 MAR 19 12:11
COMMUNICATIONS SECTION

Dear Mr. Steele:

This formal complaint is filed pursuant to 2 USC 437g(a)(1) and 11 CFR 111.4. The facts and allegations set forth are true to the best of my knowledge, belief and information.

Mr. James V. Sanchelli, 207D Saluda Avenue, Columbia, South Carolina, was Treasurer of the Hartnett for Congress Committee during the 1980 election cycle. Mr. Sanchelli also served on my Congressional staff from January 1981 to March 1982. After March 1982, Mr. Sanchelli left my Congressional staff to work for Herb Jones for Congress in the First Congressional District of Georgia. In May 1982, Mr. Sanchelli went to work for my campaign committee, Reelect Hartnett to Congress Committee and in November 1982, he left to work for Hartnett Realty and Insurance Company which became Hartnett-Carswell Insurance Company, Inc. on August 1, 1984. I am a partner in this company.

Recently, Hartnett-Carswell Insurance Company, Inc. found that a number of persons contacted about their apparent failure to make premium payments stated that they had in fact paid the premiums on time. A preliminary investigation has revealed the following:

- 1) Mr. Sanchelli, in September 1982 without authorization, explicit or implicit, from anyone connected with Hartnett for Congress, opened an account called "Hartnett for Congress", for which his was the only authorized signature.
- 2) This account was with Bankers Trust in South Carolina.
- 3) This account was never registered with the Federal Election Commission as required by 2 USC 432(h). All genuine Hartnett for Congress accounts have been so registered.

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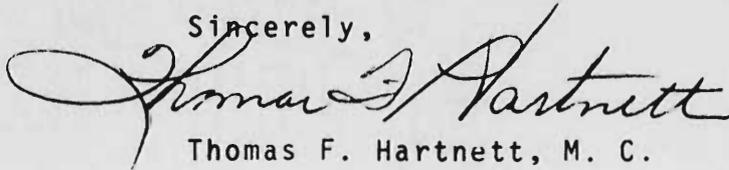
Mr. Charles Steele
Federal Election Commission
March 18, 1986
Page two

- 4) From bank records and discussions with Mr. Sanchelli, it appears that checks made out to Hartnett for Congress and Hartnett-Carswell Insurance Company, Inc. were intercepted at the post office and fraudulently deposited into the account.
- 5) An estimated \$102,000 passed through this account for the personal use of Mr. Sanchelli. Of this amount, approximately \$25,000 is believed to have been campaign funds.

Based on the foregoing information, I believe Mr. Sanchelli has violated the provisions of 2 USC 432(b) and 2 USC 432(e)(4).

My staff and I are, of course, willing to provide the Commission with any additional information or assistance it may require.

Sincerely,


Thomas F. Hartnett, M. C.

Sworn to before me this 18th day of March, 1986



Charles A. Mallon Notary Public
Notary Public, Dist. of Columbia
Commission Expires, Sept. 30, 1989

Commission Expires _____

88040710795



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 26, 1986

Representative Thomas F. Hartnett
United States House of Representatives
228 Cannon House Office Building
Washington, D.C. 20515

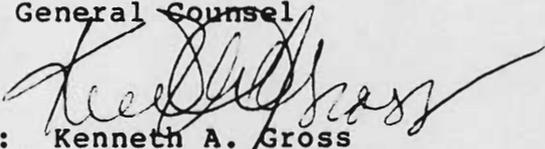
Dear Mr. Hartnett:

This letter will acknowledge receipt of a complaint filed by you which we received on March 19, 1986, which alleges a possible violation of the Federal Election Campaign Act of 1971, as amended, (the "Act"), by James V. Sanchelli. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedures for handling complaints. We have numbered this matter under review MUR 2152. Please refer to this number in all future correspondence. If you have any questions, please contact Lorraine F. Ramos at (202) 376-3110.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosure

88040710796



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 26, 1986

James V. Sanchelli
207D Saluda Avenue
Columbia, S.C. 29205

Re: MUR 2152

Dear Mr. Sanchelli:

This letter is to notify you that the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2152. Please refer to this number in all future correspondence.

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

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

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a) (4) (B) and § 437g(a) (12) (A) unless you notify the Commission in writing that you wish the matter to be made public.

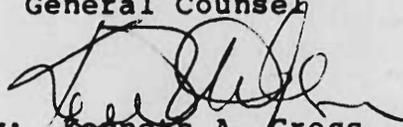
If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

88040710797

If you have any questions, please contact Patty Reilly the staff member assigned to this matter at (202)376-8200. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel



By: Kenneth A. Gross
Associate General Counsel

Enclosures
Complaint
Procedures
Designation of Counsel Statement

88040710798

LAW OFFICES OF
LIONEL S. LOFTON
SUITE 302, EAST BAY EXECUTIVE CENTER
174 EAST BAY STREET
CHARLESTON, S.C. 29401

(803) 722-6319

ASSOCIATE
FRANCES L. CAIN

MAILING ADDRESS
P.O. BOX 449

April 4, 1986

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

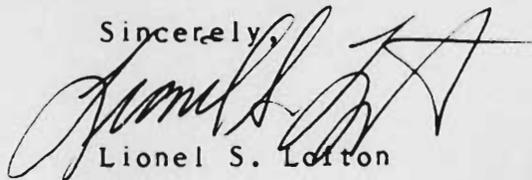
Re: MUR 2152

Daer Mr. Gross:

Please be advised that my office represents James V. Sanchelli in the above reference matter. The FBI as well as the State Law Enforcement Division (South Carolina) has an active investigation involving alleged related transactions and we have been cooperating with them in an effort to resolve this matter as quickly as possible. At this time, we do not wish to present any materials to the Commission. For your information, First Assistant United States Attorney, Cameron B. Littlejohn, Columbia, South Carolina, is in charge of the federal investigation here in South Carolina.

With kindest personal regards, I remain

Sincerely,



Lionel S. Lofton

LSL/amf

cc: Cameron B. Littlejohn, Esquire
Mr. James V. Sanchelli

GCH 178

86 APR 7 12:59

86 APR 7 3:48

38040710799

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2152

NAME OF COUNSEL: Lionel S. Lofton

ADDRESS: Suite 302, 174 E. Bay St.,
Charleston, S.C. 29401

TELEPHONE: 803-722-6319

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

4-2-86
Date

Jane V. Samford
Signature

RESPONDENT'S NAME: _____

ADDRESS: _____

HOME PHONE: _____

BUSINESS PHONE: _____

88040710800

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
James V. Sanchelli

)
)
) MUR 2152
) PRE-MUR 160

55
SENSITIVE

GENERAL COUNSEL'S REPORT

BACKGROUND

The Office of the General Counsel received a complaint on March 21, 1986 from Representative Thomas F. Harnett. The complaint alleges that in September, 1982, James V. Sanchelli, the former treasurer of the Harnett for Congress Committee (1980), opened up an unauthorized bank account in the name of the Reelect Harnett to Congress Committee (1982) ("the 1982 Committee") and deposited campaign funds into this account. Additionally, on April 7, 1986, and May 16, 1986 this Office received notices from the Federal Bureau of Investigation providing further information regarding alleged violations of the Act by Mr. Sanchelli.

FACTUAL AND LEGAL ANALYSIS

1. The Facts

The complaint alleges Mr. Sanchelli, while a staff member of the 1982 Committee opened an account ("the Account") in the name of the 1982 Committee at the Bankers Trust Bank in Charleston, South Carolina in September, 1982. The only authorized signature for the Account is said to have been that of Mr. Sanchelli. The complaint states Mr. Sanchelli intercepted checks intended for the 1982 Committee and deposited these checks into the Account. The Account also is alleged to have contained other funds fraudulently obtained by Mr. Sanchelli from his other employers.

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The complainant states that approximately \$102,000 passed through the Account, with approximately \$25,000 of the amount taken from campaign funds.^{1/}

Supplementing the complaint are informational notices sent to this Office by the Federal Bureau of Investigation ("the Pre-MUR"). This Pre-MUR is based upon an FBI interview with the complainant. It expands the allegations in the complaint to include the total amount of funds converted as \$250,000, with \$40,000 of this amount said to be composed of committee funds.^{2/} Additionally, the Pre-MUR states this \$40,000 figure is composed of funds from both 1982 and 1984 Committees. It is anticipated that the Assistant United States Attorney will seek criminal penalties for Mr. Sanchelli's alleged activities. See Pre-MUR at 2 (April 7, 1986).

On March 26, 1986, pursuant to 2 U.S.C. § 437g(a)(1), this Office notified Mr. Sanchelli of the complaint. He responded through his attorney, and stated that both the FBI and the State Law Enforcement Division of South Carolina are investigating this matter. Counsel for the respondent states that because Mr. Sanchelli is cooperating with these investigations, he does not wish to present any materials to the Commission.

^{1/} The additional funds were apparently taken from the candidate's insurance agency. Mr. Sanchelli was employed by this entity after leaving the candidate's congressional office.

^{2/} The May 16, 1986 informational notice states \$300,000 was embezzled, with \$30,000 of this figure composed of committee funds.

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2. The Law

The Act requires that all funds of a political committee be separated from, and may not be commingled with, the personal funds of any individual. 2 U.S.C. § 432(b)(3). Additionally, every political committee shall designate a campaign depository and maintain an account there. 2 U.S.C. § 432(h)(1). All receipts received by a political committee must be deposited into this depository account. Id. The Regulations impose responsibility upon the treasurer to ensure contributions are deposited into this account. 11 C.F.R. § 103.3(a).

3. Application of the Law to the Facts

It appears Mr. Sanchelli placed funds of the 1982 and 1984 committees into the Account established for the purpose of converting these funds for his personal uses. The Account also contained monies embezzled from his employer, as well as monies from unknown individuals. Therefore, this Office recommends that the Commission find reason to believe Mr. Sanchelli violated 2 U.S.C. §§ 432(b)(3). Moreover, because there is evidence that this was an intentional and deliberate scheme which also involved alleged criminal activity, this Office recommends that the Commission find reason to believe there violations were knowing and willful.^{3/}

^{3/} This is consistent with the Commission's action in MUR 1644.

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Additionally, in order to learn more about the facts in this matter, this Office has prepared the attached Order to answer questions and a subpoena for documents to be sent to Bankers Trust, and an order to answer questions and a subpoena for documents to James Sanchelli. 4/

RECOMMENDATIONS

1. Open a MUR regarding Pre-MUR 160.
2. Merge MUR 2152 with former Pre-MUR 160.
3. Find reason to believe that James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b)(3).
4. Approve the attached letters, subpoena and order, questions and legal and factual analyses.

Charles N. Steele
General Counsel

BY: 
Lawrence M. Noble
Deputy General Counsel

6/23/86
Date

Attachments

1. Response of Mr. Sanchelli
2. Proposed letters
3. Subpoenas
4. Factual and Legal Analysis
5. Questions
6. Right to Financial Privacy Act Documents

4/ Although the treasurer of 1982 and 1984 Committees did not place receipts into the depository account as required by the Act and regulations, this Office makes no recommendations regarding these committees at this time, because their failure to do so presently appears to have been the result of Mr. Sanchelli's alleged criminal conduct.

88040710804

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
James V. Sanchelli

)
)
)
MUR 2152
Pre-MUR 160

(M2189)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 25, 1986, the Commission decided by a vote of 6-0 to take the following actions in MUR 2152/Pre-MUR 160:

1. Open a MUR regarding Pre-MUR 160.
2. Merge MUR 2152 with former Pre-MUR 160.
3. Find reason to believe that James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b) (3).
4. Approve the letters, subpoena and order, questions and legal and factual analyses, as recommended in the General Counsel's Report signed June 23, 1986.

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

Attest:

6-25-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary:	Mon.,	6-23-86,	10:55
Circulated on 48 hour tally basis:	Mon.,	6-23-86,	4:00
Deadline for vote:	Wed.,	6-25-86,	4:00

88040710805



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 7, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bankers Trust Bank
P.O. Box 610
Charleston, S.C. 29401

Re: MUR 2189

Dear Sir:

Enclosed is a subpoena for documents, an order to provide written answers to questions and a Certificate of Compliance with the Right to Financial Privacy Act of 1978, all directed to the Bankers Trust Bank. Please provide the documents and answers within fifteen days of your receipt of this letter. Please note that a motion to quash the Commission's subpoena may be filed by Mr. James Sanchelli in district court within fourteen days of the date on this letter. If Mr. Sanchelli should file such a motion, the Commission will notify you. We recommend that you do not submit the requested materials until the fifteenth day following the date of this letter.

You are reminded of the provisions of 2 U.S.C. § 437g(a)(12), which prohibit making public any Commission investigation without the written consent of the persons with respect to whom such investigation is made. You are advised that no such consent has been given in this case.

If you have any questions, please direct them to Patty Reilly, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

Enclosures

Certification of Right to Financial Privacy Act
Subpoena and Order

89040710806



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 7, 1986

Lionel S. Lofton, Esquire
Suite 302
174 E. Bay Street
Charleston, S.C. 29401

Re: MUR 2189
James V. Sanchelli

Dear Mr. Lofton:

The Federal Election Commission notified your client on March 26, 1986, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act".) A copy of the complaint was forwarded to your client at that time. Additionally, the Commission also received other information from the FBI involving possible violations of the Act by your client ("the Pre-MUR").

Upon further review of the allegations contained in the complaint and the Pre-MUR, the Commission, on June 25, 1986, determined that there is reason to believe that your client has knowingly and willfully violated 2 U.S.C. § 432(b)(3), a provision of the Act. The General Counsel's factual and legal analysis, which formed a basis of the Commission's findings, is attached for your information.

Your client's response to the Commission's initial notification of this complaint did not provide complete information regarding the matters in question. Consequently, the Commission has issued the enclosed subpoena to produce documents and order to provide written answers. Please respond within 15 days of receipt of this letter.

Also enclosed are materials relating to the Commission's subpoena/order to the Banker's Trust Bank of Charleston, South Carolina. Pursuant to the Right to Financial Privacy Act, 2 U.S.C. § 3401 et. seq., your client may file the enclosed motion to quash the Commission's subpoena with the United States District Court in Charleston. You must file this motion within fourteen days of the date on this letter. If you intend to do so, we recommend that you notify the bank immediately.

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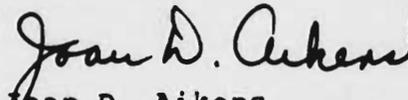
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation will not be entertained after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

If you have any questions, please contact Patty Reilly, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,


Joan D. Aikens
Chairman

Enclosures
Subpoena
Factual and Legal Analysis
Procedures
Right to Financial Privacy Information

88040710808



U.S. Department of Justice

Federal Bureau of Investigation

QCC#1079

06 JUL 30 11:2

Post Office Box 137
Columbia, South Carolina 29202
July 24, 1986

Mr. Charles L. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Attention: Attorney Patty Reilly

Re: JAMES VINCENT SANCHELLI
BANK FRAUD AND EMBEZZLEMENT;
MAIL FRAUD;
FRAUD AGAINST THE GOVERNMENT -
FEDERAL ELECTION COMMISSION
(EMBEZZLEMENT)

06 JUL 30 13:34

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

83040710809

Dear Mr. Steele:

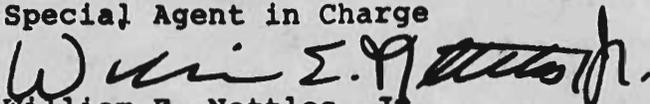
Reference is made to the telephone call between Special Agent C. Edward Rosenlieb of our Charleston, South Carolina, office and Attorney Patty Reilly, Federal Election Commission, on July 18, 1986.

This is to advise you that the Federal Bureau of Investigation (FBI) has conducted a complete and thorough investigation into the embezzlement activities of James Vincent Sanchelli of federal campaign contributions that were destined for Congressman Thomas F. Hartnett, First Congressional District of South Carolina, Charleston, South Carolina, by his supporters. All appropriate bank records have been obtained and the investigation is complete. The matter is currently in the prosecutorial stage. All records were obtained from banks during a joint investigation between the South Carolina Law Enforcement Division (SLED) and the FBI. All of these records were obtained after receipt of waivers signed by Sanchelli through his attorney, Lionel S. Lofton, Charleston, South Carolina.

This letter will confirm that the FBI will fully disseminate any and all information desired by the Federal Election Commission upon obtaining an appropriate waiver by Sanchelli since the original purpose was for a criminal investigation.

Very truly yours,

Robert J. Ivey
Special Agent in Charge

By: 
William E. Nettles, Jr.
Supervisory Senior Resident Agent

88040710810

NCNB
P.O. Box 610
Charleston, SC 29402
Telephone 803 | 723-6895

RECEIVED THE FEC
ACC # 1062
86 JUL 29 A 7: 58

NCNB

16 JUL 29 AM 9: 33
RECEIVED
OFFICE OF THE
GENERAL COUNSEL

July 24, 1986

Ms. Patty Reilly
Federal Election Commission
Washington, DC 20463

Dear Ms. Reilly:

We received the subpoena from the Federal Election Commission on July 14, 1986. As we discussed on the telephone, NCNB is most willing to help in your efforts with this issue. We have already compiled all of this information you requested and released it to the FBI. It is my understanding that they have taken this data and compiled it in such a manner as to reduce your workload if you were to received this from them. In addition, it would reduce the costs of our having to reproduce this information again. We were able to release this information to the FBI pursuant to a waiver letter signed by Mr. Sanchelli (copy attached).

My discussions with the FBI office in Charleston indicated that they would be willing to release all of their information to the FEC if you requested.

If you need any additional information or if any information you desire is not included, please do not hesitate to call.

Sincerely,

Harold E. Jervey, III
Vice President

/njh

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March 12, 1986

Gentlemen:

This letter will serve as authorization for BANKERS TRUST OF SOUTH CAROLINA to release to WILLIAM C. THOMAS any and all information concerning any accounts I now have or had previously with your bank.

WITNESSED

Caroline Ballen

WITNESSED

James M. ...

SIGNED

J V Selli

JAMES V. SANCHELLI

8 3 0 4 0 7 1 0 8

RECEIVED THE FEC
C.C.A. 1045
26 JUL 28 9:18

LAW OFFICES OF
LIONEL S. LOFTON
SUITE 302, EAST BAY EXECUTIVE CENTER
174 EAST BAY STREET
CHARLESTON, S.C. 29401

(803) 732-8319

ASSOCIATE:
FRANCES L. CAIN

MAILING ADDRESS
P.O. BOX 440

July 24, 1986

Ms. Patty Riley
Office of General Counsel
Federal Election Commission
999 E. St. N.W.
Washington, D.C. 20463

Re: MUR 2189
James V. Sanchelli

Dear Ms. Riley:

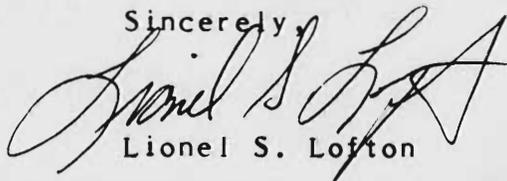
This letter will confirm our telephone conversation of July 22, 1986, regarding James V. Sanchelli. As I advised you in our telephone conversation, we have no objection to the Federal Election Commission obtaining any of Mr. Sanchelli's bank records now in the possession of the FBI for use in its investigation. We executed waivers to assist the FBI in its investigation and as far as we are concerned those waivers can be adopted by the FEC for purposes of your investigation. Additionally, as I advised you, we are most anxious to resolve this matter and will cooperate fully with your office.

I am in receipt of the FEC's letter of July 7, 1986, with enclosures. I would request an extension of time until August 4, 1986 to respond.

Thank you in advance for your consideration, and if I can be of further assistance please do not hesitate to contact me.

With kindest personal regards, I am

Sincerely,



Lionel S. Lofton

LSL/amf

88040710815

26 JUL 28 10:32

RECEIVED
GENERAL COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

SECRETARY

In the Matter of)
James V. Sanchelli)

MUR 2189 86 AUG 7 P 4: 53

COMPREHENSIVE INVESTIGATIVE REPORT #1

SENSITIVE

On June 25, 1986 the Commission found reason to believe James V. Sanchelli violated 2 U.S.C. § 432(b).^{1/} Underlying the Commission's findings was information that Mr. Sanchelli had opened an account in the name of the Hartnett for Congress Committee at the Bankers Trust Bank in Charleston, South Carolina ("the Bank").^{2/} It is alleged Mr. Sanchelli intercepted funds intended for this committee, deposited them into the account, and expended them for personal purposes.

Because respondent's counsel declined to provide the Commission with any information in response to the complaint, the Commission issued a subpoena for documents and an order to answer questions to Mr. Sanchelli. Additionally, the Commission authorized a subpoena to the Bank in order to ascertain the amount of campaign funds allegedly stolen by Mr. Sanchelli.

In response to these subpoenas, this Office received a phone call on July 18, 1986 from Edward Rosenlieb of the Federal Bureau of Investigation, Charleston Division. Mr. Rosenlieb indicated that he had spoken with the Bank regarding the Commission's

1/ This matter was formerly numbered Pre-MUR 160 and 2152.

2/It is unclear whether Mr. Sanchelli intercepted for only the Hartnett for Congress Committee (1982) or if he also intercepted funds for the Reelect Hartnett to Congress Committee (1984).

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subpoena. The Bank's officers were confused because they had previously complied with an FBI request for documents which encompassed materials sought by the Commission's subpoena.^{3/} Due to the complexity of the documentation and the volume of materials needed to be reviewed, the Bank requested the FBI to turn over to the Commission the Bank's materials in the FBI's possession in lieu of the Bank complying with the Commission's subpoena. This Office responded that because the Commission must comply with the Right to Financial Privacy Act, this Office could not accept these materials from the FBI without a waiver by Mr. Sanchelli.

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Following conversations with the Banks' officers and respondent's counsel, the parties reached an agreement whereby the Commission would obtain the Bank's materials from the FBI. In order to fully protect Mr. Sanchelli's rights under the Right to Financial Privacy Act, this Office requested and received the following materials: 1) a written request from the Bank asking the Commission to obtain its subpoenaed materials from the FBI; 2) a copy of Mr. Sanchelli's waiver permitting the FBI to have access to his banking materials; 3) a waiver submitted by Mr. Sanchelli's counsel so that the Commission may obtain Bank materials held by the FBI. In light of Bank's reluctance to repeat a time-consuming and expensive search for documents, this

^{3/}The FBI obtained this information pursuant to a waiver signed by Mr. Sanchelli.

Office believes this agreement will provide the Commission with the materials necessary to determine the scope of the violation with a minimum amount of expense and delay.

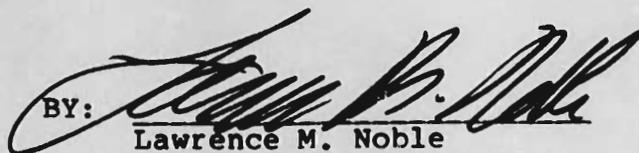
After obtaining and reviewing these materials, this Office will report to the Commission with appropriate recommendations.

Charles N. Steele
General Counsel

Date

8/6/86

BY:



Lawrence M. Noble
Deputy General Counsel

Attachments

1. Bank's Request
2. Mr. Sanchelli's FBI waiver
3. Mr. Sanchelli's Commission waiver

88040710816



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: *MWE* MARJORIE W. EMMONS/CHERYL A. FLEMING *CAF*

DATE: AUGUST 11, 1986

SUBJECT: MUR 2189 - COMPREHENSIVE INVESTIGATIVE REPORT #1
SIGNED AUGUST 6, 1986

The above-captioned matter was received in the Office of the Secretary of the Commission Thursday, August 7, 1986 at 4:53 P.M. and circulated on a 24 hour no-objection basis Friday, August 8, 1986 at 2:00 P.M.

There were no objections received in the Office of the Secretary of the Commission to the Comprehensive Investigative Report at the time of the deadline.

88040710817

LAW OFFICES OF
LIONEL S. LOFTON
SUITE 302, EAST BAY EXECUTIVE CENTER
174 EAST BAY STREET
CHARLESTON, S.C. 29401

(803) 782-6319

ASSOCIATE
FRANCES L. CAIN

MAILING ADDRESS
P.O. BOX 449

August 18, 1986

Ms. Patty Riley
Office of General Counsel
Federal Election Commission
999 E. St. N.W.
Washington, D.C. 20463

Re: James V. Sanchelli

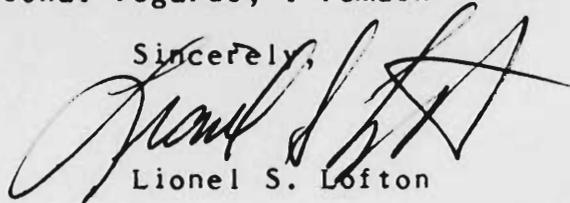
Dear Ms. Riley:

Enclosed please find Mr. Sanchelli's answers to your questions and request for documents. I have forwarded a signed "Authorization to Release Information" form to the FBI so they can release any of Mr. Sanchelli's records to the Federal Election Commission.

If I can be of further assistance, please do not hesitate to contact me.

With kindest personal regards, I remain

Sincerely,



Lionel S. Lofton

LSL/amf
Enclosure

cc: Mr. James C. Sanchelli

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AUG 20 10:36
QCC#1276

36 AUG 20 P 3: 14

RECEIVED
GENERAL COUNSEL

88040710818

In the Matter of)
)
)

MUR 2189

QUESTIONS AND REQUEST FOR DOCUMENTS

TO: James V. Sanchelli

1. State whether you opened bank account(s) in the name of either the Reelect Thomas Hartnett to Congress Committee 1982 ("the 1982 Committee") or Reelect Thomas Hartnett to Congress Committee 1984 ("the 1984 Committee") which were not authorized by either the candidate or these committees.

~~None~~

There were no other checking accounts other than those listed below

2. For each such account, state:
 - a) the name of the bank in which the account was opened
Hartnett For Congress Bankers Trust of S.C.
 - b) the name in which the account was held
Hartnett for Congress
 - c) the account number
I don't remember
 - d) whether the account is still open
No

3. State whether you deposited checks and/or cash intended for the 1982 or 1984 Committees into any accounts listed in question 2. If so, for each deposit state:

- a) the source of the funds, amount of the funds, and date the funds were given

I deposited funds intended for both committees in Hartnett for Congress account at Bankers Trust.

I have signed an authorization for the FBI to release (over)

88040710819

b) the endorsement on each check deposited

4. State the sources of all other funds contained in the accounts listed in question 2, including:

a) the source of each deposit

- ① Checks made payable to Hentrett Ins.
- ② Checks made payable to Hentrett Carswell Ins
- ③ Personal checks of James V Sanchell.

b) the identity of the depositor

James V. Sanchell

c) whether any of your personal funds were at any time in such accounts

yes - amount is unknown but not estimated to be insignificant

FBI has copies

5. Provide the following documents:

a) copies of all bank statements and/or bank records from these accounts

b) copies of all cancelled checks deposited into these accounts

c) all documents and records relating to these accounts

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Chas
FBI office
has these

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2189
James V. Sanchelli)

95 OCT 23 12:19

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OFFICE OF THE
SECRETARY
COMMISSIONER

COMPREHENSIVE INVESTIGATIVE REPORT #2

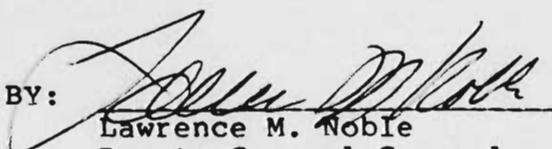
On June 25, 1986 the Commission found reason to believe James V. Sanchelli violated 2 U.S.C. § 432(b). Underlying the Commission's finding was information that Mr. Sanchelli had opened a bank account in the name of the Hartnett for Congress Committee at the Bankers Trust Bank in Charleston, South Carolina ("the Bank"). It is alleged Mr. Sanchelli intercepted funds intended for this committee, deposited them into the account, and expended them for personal purposes.

At the time of the reason to believe finding, the Commission also authorized subpoenas to Mr. Sanchelli and to the Bank. At the Bank's request, and pursuant to a written waiver from Mr. Sanchelli, this Office arranged to obtain the banking materials from the Federal Bureau of Investigation. The Bank had previously released these materials to the F.B.I. as part of a criminal investigation.

On October 1, 1986, this Office received from the FBI voluminous records that will require extensive review. Upon completion of this review this Office will report to the Commission.

Charles N. Steele
General Counsel

10/23/86
Date

BY: 
Lawrence M. Noble
Deputy General Counsel

88040710821



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS^{mmw}/CHERYL A. FLEMING

DATE: OCTOBER 24, 1986

SUBJECT: MUR 2189 - COMPREHENSIVE INVESTIGATIVE REPORT #2
SIGNED OCTOBER 23, 1986

The above-captioned matter was received in the Office of the Secretary of the Commission Thursday, October 23, 1986 at 12:19 P.M. and circulated to the Commission on a 24-hour no-objection basis Thursday, October 23, 1986 at 4:00 P.M.

There were no objections received in the Office of the Secretary of the Commission to the Comprehensive Investigative Report at the time of the deadline.

88040710822



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ JOSHUA MCFADDEN *JM*

DATE: JANUARY 12, 1987

SUBJECT: COMMENTS ON MUR 2189 - COMPREHENSIVE INVESTIGATIVE
REPORT #3
SIGNED JANUARY 9, 1987

Attached is a copy of Commissioner Aiken's
vote sheet with comments regarding the above-captioned matter.

8 3 0 4 0 7 1 0 8 2 3

Attachment:
copy of vote sheet

24 HOUR NO-OBJECTION MATTER

SENSITIVE



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DATE & TIME OF TRANSMITTAL Monday, January 12, 1987 11:00

COMMISSIONER: AIKENS, ELLIOTT, JOSEFIK, McDONALD, McGARRY, THOMAS

RETURN TO OFFICE OF COMMISSION SECRETARY BY Tuesday, Jan 13, 1987 11:00

SUBJECT: MUR 2189 - COMPREHENSIVE INVESTIGATIVE REPORT #3
SIGNED JANUARY 9, 1987

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STAMP
JAN 12
11:44

() I object to the attached report.

COMMENTS:

When can we speed action?

DATE

1-12-87

SIGNATURE

Joan D. Aikens

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ONLY THIS SHEET TO THE COMMISSION SECRETARY.

FROM THE OFFICE OF THE SECRETARY OF THE COMMISSION



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: *mwe* MARJORIE W. EMMONS/JOSHUA MCFADDEN *JM*

DATE: JANUARY 13, 1987

SUBJECT: MUR 2189 - COMPREHENSIVE INVESTIGATIVE REPORT #3
SIGNED JANUARY 9, 1987

The above-captioned matter was received in the Office of the Secretary of the Commission Friday, January 9, 1987 at 3:10 P.M. and circulated to the Commission on a 24-hour no-objection basis Monday, January 12, 1987 at 11:00 A.M.

There were no objections received in the Office of the Secretary of the Commission to the Comprehensive Investigative Report #3 at the time of the deadline.

88040710825

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
James V. Sanchelli) MUR 2189

COMPREHENSIVE INVESTIGATIVE REPORT #3

On June 25, 1986 the Commission found reason to believe James V. Sanchelli violated 2 U.S.C. § 432(b)(3). Underlying the Commission's finding was information that Mr. Sanchelli had opened a bank account in the name of the Hartnett for Congress Committee at the Bankers Trust Bank in Charleston, South Carolina ("the Bank"). It is alleged Mr. Sanchelli intercepted funds intended for this committee, deposited them into the account, and expended them for personal purposes.

Pursuant to an agreement by the parties, on October 1, 1986, this Office received voluminous banking records from the Federal Bureau of Investigation. These records are currently being reviewed in order to determine the total amount of funds allegedly diverted by Mr. Sanchelli and the identities of persons whose contributions composed this amount. Upon completion of this review this Office will report to the Commission.

Charles N. Steele
General Counsel

1/9/86
Date

Lois G. Leyner
By: Lois G. Leyner
Associate General Counsel

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87 MAR 9 10:00

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
James V. Sanchelli) MUR 2189

GENERAL COUNSEL'S REPORT

Based on an assessment of information currently available,
the Office of the General Counsel is prepared to close the
investigation in this matter as to James V. Sanchelli.

87 MAR 26
P 3:37

3/26/87
Date

Lawrence M. Noble
Lawrence M. Noble
Acting General Counsel

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SENSITIVE



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1987

07 APR 27 04:12
COMMUNICATIONS SECTION

MEMORANDUM

TO: The Commission
FROM: Lawrence M. Noble *LMN*
Acting General Counsel
SUBJECT: MUR #2189

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the Respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on April 27, 1987. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondent

88040710828



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1987

Lionel S. Lofton, Esquire
Suite 302, East Bay Executive Center
174 East Bay Street
Charleston, South Carolina 29401

RE: MUR 2189
James V. Sanchelli

Dear Mr. Lofton:

Based on a complaint filed with the Commission on March 21, 1986, and information supplied by the Federal Bureau of Investigation, the Commission determined on June 25, 1986, that there was reason to believe that your client had knowingly and willfully violated 2 U.S.C. § 432(b)(3), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a knowing and willful violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

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

Should you have any questions, please contact Patty Reilly, the attorney assigned to handle this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
Acting General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
James V. Sanchelli) MUR 2189

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

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This matter arose from a complaint filed by Congressman Thomas Hartnett, and from information supplied to the Commission by the Federal Bureau of Investigation. These materials alleged that James V. Sanchelli, former treasurer of the Hartnett for Congress Committee (1980), a former campaign worker with the Reelect Hartnett Committee (1982), and a former employee of the Hartnett/Carswell Insurance Agency, intercepted contributions intended for the 1982 and 1984 Hartnett Committees and expended these funds for personal uses. On the basis of this information, on June 25, 1986, the Commission found reason to believe James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b)(3).

An investigation conducted by the Commission revealed that in September 1982, Mr. Sanchelli established an unauthorized bank account at the Bankers Trust Bank in Charleston, South Carolina, in the name of the "Hartnett for Congress Committee." Between September 1982 and October 1984, Mr. Sanchelli intercepted contributions intended for the Hartnett Committees and placed these funds into this unauthorized account. Nearly 200 checks totalling approximately \$23,957 were thus diverted from the Hartnett Committees.* / Mr. Sanchelli also placed in this account

* / The names of the prospective donors, the amount of the checks and date of the deposit of the checks into the account are listed at Attachment 1 to this brief. Also included in this listing are Respondent's funds that were also deposited into the account.

approximately \$64,720 in funds intended for the Hartnett/Carswell Insurance Agency, as well as funds drawn on other accounts controlled by Mr. Sanchelli. Over the course of this two year period, Mr. Sanchelli withdrew virtually all of the funds contained in the account and expended these funds for stock market investments.

II. LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 432(b)(3), the funds of a political committee are required to be separated from, and may not be commingled with, the personal funds of any individual. Contrary of this prohibition, Mr. Sanchelli placed campaign funds into an unauthorized account and used these funds for personal uses. Additionally, Mr. Sanchelli continuously placed other campaign funds into this account that were also converted for his personal uses. Mr. Sanchelli also placed in this account his personal funds, as well as the funds of the Hartnett/Carswell Insurance Agency. Accordingly, the Office of the General Counsel recommends that the Commission find probable cause to believe James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b)(3).

III. RECOMMENDATION

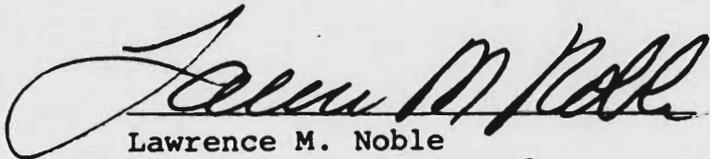
1. Find probable cause to believe James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b)(3).

Date

4/24/87

Attachment

1. Listing of Diverted Contributions


Lawrence M. Noble
Acting General Counsel

Deposits Into Account Number 2907-9420
(Hartnett for Congress Committee)

Deposit Date: 09/10/82

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
09/02/82	Harry C. Belk	\$ 250
	<u>Subtotal:</u>	\$ 250

Deposit Date: 10/07/82

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
09/29/82	Life Insurer's Underwriters PAC	\$1,000
09/30/82	A.T. Masey Coal PAC	\$ 250
09/20/82	John Kimbell	\$ 200
	<u>Subtotal:</u>	\$1,450

Deposit Date: 11/01/82

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/19/82	Springs PAC	\$ 250
10/14/82	AVCO PAC	\$ 200
10/20/82	Figgie Industries Employees Better Government Committee	\$ 300
10/09/82	GOODPAC	\$ 500
10/27/82	Moore, McCormick, Pickands, Mathew PAC	\$ 500
10/26/82	Fairchild PAC	\$ 250
10/25/82	WALTPAC	\$ 250
10/06/82	Blue Bell Employees' PAC	\$ 250
	<u>Subtotal:</u>	\$2,500

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Deposit Date: 11/11/82

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/08/82	Richard Bishop	\$ 100
10/22/82	Charles Heffron	\$ 200
11/01/82	C.F. Carnes, Jr.	\$ 25
11/07/82	Walter Magee	\$ 50
11/01/82	Mack B. Whittle	\$ 50
11/07/82	Frank Hankel	\$ 100
11/06/82	Gertrude Inteman	\$ 25
11/01/82	James Wilson	\$ 25
11/08/82	D. Lamson-Scribner	\$ 25
11/06/82	Dorothy McMillian	\$ 25
11/06/82	John or Ethel Swygert	\$ 15
11/03/82	Barbara Hyott	\$ 15
11/08/82	Quida Phillips	\$ 20
11/04/82	Goldie Davis	\$ 25
11/07/82	Lewis Miller	\$ 10
11/09/82	Morris Waldorf	\$ 15
11/08/82	John Huss	\$ 15

Subtotal: \$ 740^{1/}

-No Activity Between 12/82 and 4/83

Deposit Date: 05/26/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
05/09/83	Ashland Oil PAC	\$ 300
04/27/83	GTE Good Government Club	\$ 250
05/05/83	Boeing PAC	\$ 250
04/26/83	Beech Aircraft PAC	\$ 250

Subtotal: \$1,050

Deposit Date: 06/02/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
05/10/83	Fluor Public Affairs Committee	\$ 250

Subtotal: \$ 250

^{1/} An illegible check for \$5.00 was not included in this amount because the donor could not identified.

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Deposit Date: 07/06/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
06/21/83	Martin Marietta PAC	\$ 500
	<u>Subtotal:</u>	\$ 500

Deposit Date: 07/13/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
[07/13/83	James V. Sanchelli	\$1,500]*
	<u>Subtotal:</u>	\$1,500

Deposit Date: 07/20/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
06/16/83	Textron PAC	\$ 250
	<u>Subtotal:</u>	\$ 250

Deposit Date: 07/27/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
[07/27/83	James V. Sanchelli	\$ 700]
	<u>Subtotal:</u>	\$ 700

Deposit Date: 07/28/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
-	Cash Deposit	\$2,000*
[<u>Subtotal:</u>	\$2,000]

Deposit Date: 08/15/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
08/10/83	James Gibbs	\$ 100
08/10/83	John B. Williams	\$ 25

*/ "Contribution" from the Respondent.

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Deposit Date: 08/15/83 (continued)

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
08/08/83	T. H. Hydrick, Sr.	\$ 25
08/08/83	Benedict G. Kelly	\$ 25
08/09/83	James Holcombe	\$ 25
<u>Subtotal:</u>		\$ 200

Deposit Date: 09/29/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
08/13/83	D. Fred Parker	\$ 15
08/12/83	William Krakoff	\$ 10
08/14/83	Robert McEvoy	\$ 25
09/01/83	Robert Hagreen	\$ 50
08/10/83	W. Davis Hurricut	\$ 50
08/18/83	B. J. Riddock	\$ 15
08/06/83	Jean Jenkins Martin	\$ 10
08/26/83	Lowell Lawson	\$ 15
08/15/83	Robert B. Clark	\$ 25
08/03/83	T. D. Bulwinkle	\$ 25
08/15/83	Harold Kirk	\$ 10
08/08/83	A. T. Massey Coal PAC	\$ 250
08/27/83	George Struzyna	\$ 25
08/29/83	G. R. Hennigan, M.D.	\$ 15
09/04/83	Terrell Shade	\$ 15
<u>Subtotal:</u>		\$ 555

Deposit Date: 11/10/83^{2/}

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/17/83	W. Redd Turner	\$ 100
10/25/83	Curtis E. Calder	\$ 100
10/28/83	Nicholas Zernos	\$ 150
10/27/83	Douglas Panham, D.D.S.	\$ 200
10/28/83	William Schneider	\$ 100

^{2/} Not included in this deposit total are 3 illegible checks. According to a listing of checks provided by the Bank (containing most, but not all of the checks) two of these checks were apparently contributions from William or Rennee Maskek (\$15) and T.S. Beckheister (\$25). The status of the third contribution is unknown.

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Deposit Date: 11/10/83 (continued)

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/30/83	Joseph Flowers, M.D.	\$ 100
10/27/83	Thomas Foye	\$ 100
10/27/83	Walter Dalton	\$ 10
10/22/83	John P. Smith	\$ 10
10/27/83	R.G. Darby Rental Account	\$ 100
10/20/83	Lt. Colonel Harvey Dick	\$ 25
10/28/83	Neva Ralston	\$ 25
10/24/83	Col. George Howley	\$ 25
10/25/83	Anna Wrixon	\$ 20
10/27/83	Frank De Figlio	\$ 10
10/28/83	Roz Smith	\$ 50
10/24/83	Fred Latham	\$ 25
10/26/83	Coleman Cameron	\$ 25
10/30/83	Charles Crockett	\$ 25
10/27/83	Lowell Lawson	\$ 25
10/30/83	L. Rourk	\$ 25
?	Rosemary Cambell Clark	\$ 25
?	S. Ruskin	\$ 50
10/27/83	Rea Williams	\$ 25
10/21/83	Thomas E. D. Pre	\$ 25
10/24/83	D. Cohen	\$ 25
10/26/83	Joseph Groome	\$ 50
10/26/83	A. Z. Jones, Jr.	\$ 100
10/25/83	William Folke, III	\$ 5
10/27/83	Rear Admiral E.B. Grantham, Jr.	\$ 50
10/83	John Braubon	\$ 50
	<u>Subtotal:</u>	\$1,655

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Deposit Date: 12/22/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
12/20/83	Dawson Trucking Company	\$ 50
12/18/83	William Nuding, Jr.	\$ 15
12/13/83	Leroy Miller	\$ 25
12/13/83	James B. Bobo	\$ 50
12/12/83	Thomas Thornhill	\$ 25
12/16/83	F. Abbott Whitney	\$ 25
12/13/83	A. J. Hathaway	\$ 100
12/13/83	James Chapman	\$ 50

Deposit Date: 12/22/83 (continued)

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
12/15/83	A. L. Wagenbrenner	\$ 50
12/18/83	Richard Coon	\$ 25
12/17/83	Clark Black	\$ 50
12/26/83	William B. Smoak	\$ 50
12/15/83	Jean Wallace	\$ 50
	<u>Subtotal:</u>	\$ 565

Deposit Date: 12/28/83

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/24/83	John Hines	\$ 25
10/24/83	Fran Beylotte	\$ 25
10/21/83	Virginia Bonnette	\$ 100
10/22/83	Mike Munoz	\$ 10
10/21/83	Mrs. George Hightower	\$ 25
10/21/83	Leon F. Henry	\$ 25
10/22/83	R. A. Wideman	\$ 25
10/22/83	W. K. Weston	\$ 5
10/21/83	G. Simms McDowell, Jr.	\$ 100
10/21/83	David Montano	\$ 25
10/21/83	Patrick Sullivan	\$ 25
10/21/83	R. Elizabeth Patet	\$ 25
10/21/83	Ivan Mercer	\$ 25
10/22/83	John Coates	\$ 15
10/21/83	Louis Draisin	\$ 25
10/21/83	Fred Parsons	\$ 25
10/22/83	Harry L. McGurk	\$ 50
10/23/83	Martin Niess	\$ 15
10/21/83	Ruth Hornik	\$ 25
10/23/83	George Allen	\$ 10
	<u>Subtotal:</u>	\$ 605

Deposit Date: 01/24/84

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
12/29/83	Mary C. Stone	\$ 10
12/28/83	Allen L. Harrell	\$ 50
01/18/83	George W. Smith, Jr.	\$ 50
12/27/83	Benedict Kelly	\$ 100
12/28/83	Kathleen Sugar	\$ 50

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Deposit Date: 01/24/84 (continued)

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
12/19/83	Gary L. Bryant	\$ 25
10/26/83	Frank Bailey	\$ 15
12/15/83	Virginia Walker	\$ 10
12/22/83	Charles Boykin	\$ 25
12/21/83	Roland Fulmer	\$ 100
12/26/83	James Linder	\$ 15
	<u>Subtotal:</u>	\$ 450

Deposit Date: 02/03/84

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
02/03/84	James V. Sanchelli	\$900*/
01/12/84	Martha Sanders	\$ 100
	<u>Subtotal:</u>	\$1,000

Deposit Date: 04/03/84

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
04/17/84	Frederick Them	\$100
04/16/84	Charles Wilson	\$100
04/18/84	EMPAC	\$1,500
04/15/84	Gaylord Baham	\$100
04/18/84	Carson Morton	\$100
04/16/84	Albert W. Butler	\$100
04/16/84	H. C. Burns	\$100
	<u>Subtotal:</u>	\$2,100

Deposit Date: 05/17/84

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
04/17/84	Barclay Morrison	\$ 100
04/24/84	Joseph Kloval	\$ 50
04/15/84	John Blandford	\$ 100
03/08/84	International Association of Holiday Inns, INN/PAC	\$ 500
04/17/84	B. R. Jenkins	\$ 100
	<u>Subtotal:</u>	\$ 850

*/ "Contribution" from the Respondent.

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Deposit Date: 07/26/84

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
06/28/84	Greyhound Good Government Program	\$ 250
03/20/84	Marathon Oil PAC	\$ 250
07/18/84	Hugh C. Lane, Jr.	\$1,000
06/30/84	J. Willis Cantley	\$ 100
07/07/84	Jean Wallace	\$ 100
	<u>Subtotal:</u>	\$1,700

Deposit Date: 11/05/84

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/30/84	Kimberly-Clark Good Government Fund	\$ 400
10/24/84	NAUS-PAC	\$ 500
10/24/84	W.S. O'Shea Co. Inc.	\$ 100
10/03/84	Linda Poole	\$ 500
09/12/84	Motorola Employees Good Government Committee	\$ 250
09/19/84	Flour Public Affairs Committee	\$ 350
09/24/84	Dresser Industries Political Action Committee	\$ 350
08/24/84	NACSA PAC	\$ 250
10/08/84	U-PAC	\$ 250
10/29/84	Charleston Cardiology Association	\$ 100
10/01/84	SONOCO PAC	\$ 250
10/17/84	Council for National Defense	\$ 250
	<u>Subtotal:</u>	\$3,550

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Deposit Date: 11/13/84^{3/}

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/31/84	E.E. Jones	\$ 100
10/31/84	D.R. Tire	\$ 100
11/05/84	Phyllis Redling	\$ 100
10/18/84	Alfred Davis	\$ 50
10/17/84	O. M. Rutledge	\$ 50
10/18/84	Jefferson King	\$ 50
10/31/84	A. G. Burris	\$ 100
11/01/84	Joseph A. Myers	\$ 50
11/05/84	G. S. Croffead, M.D.	\$ 50
10/16/84	Mrs. Fred Parsons	\$ 50
10/16/84	Keeley Buckus	\$ 50
11/02/84	Kathryn Leinbach	\$ 25
10/31/84	Peter De Luca	\$ 50
11/02/84	William Kopacka	\$ 50
11/01/84	Carson Rentz	\$ 50
11/02/84	Frank Bailey	\$ 25
11/02/84	James Larisey	\$ 25
11/02/84	Patricia McCrary - Smith	\$ 25
11/02/84	Arthur Brewer	\$ 25
11/02/84	Sheila Williams	\$ 25
11/02/84	Dorothy Grice	\$ 25
11/02/84	P. L. Hills	\$ 25
11/02/84	H. Howard	\$ 25
	McIver	
10/16/84	Rebecca Clayton	\$ 3
10/18/84	Elinore Stephens	\$ 5
10/17/84	Walter Dalton	\$ 10
11/02/84	Jennie Lancaster	\$ 10
10/19/84	E. C. Scott	\$ 14
11/13/84	J. H. Smith, Jr.	\$ 20
10/18/84	James Frampton	\$ 25
10/17/84	Helen Roberts	\$ 25
10/17/84	Dorothy Grice	\$ 25
10/18/84	Irene Fox	\$ 25
10/17/84	Herbert Johnson	\$ 25
11/04/84	Douglas Pounder	\$ 25
10/18/84	Robert L. Hammond	\$ 25
11/05/84	Henry Tammenga	\$ 25
11/04/84	Dona C. Williams	\$ 25
11/01/84	Cynthia Wright	\$ 25
11/03/84	Col. B.D. Kitchings	\$ 25
11/05/84	William R. Smoak	\$ 25

83040710841

^{3/} Not included in this deposit total are 2 illegible checks. According to the listing of checks provided by the Bank, these were apparently contributions made by Baxton Kelly (\$25) and William/Meadrue McKerley (\$10).

Deposit Date: 11/13/84 (continued)

<u>Check Date</u>	<u>Donor</u>	<u>Amount</u>
10/22/82	Locki Jean	\$ 25
	C. Hand	
10/17/84	Dorothy Grice	\$ 25
	<u>Subtotal:</u>	\$1,537
	<u>Totals:</u>	250
		1,450
		2,500
		740
		1,050
		250
		500
		1,500
		250
		700
		2,000
		200
		555
		1,655
		565
		605
		450
		1,000
		2,100
		850
		1,700
		3,550
		1,537
	<u>Grand Total:</u>	\$25,957

88040710842

LAW OFFICES OF
LIONEL S. LOFTON
SUITE 302, EAST BAY EXECUTIVE CENTER
174 EAST BAY STREET
CHARLESTON, S.C. 29402

RECEIVED AT THE FEC
GCC# 3365
87 MAY 13 PR: M

LIONEL S. LOFTON
FRANCES L. CAIN
SANDRA S. LEMPESIS

MAILING ADDRESS
P.O. BOX 449
(803) 722-6310

May 8, 1987

Patty Reilly, Esquire
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2189
James V. Sanchelli

Dear Ms. Reilly:

I am in receipt of Mr. Noble's letter dated April 27, 1987. As I have just returned from a two week federal trial in Panama City, Florida, I would appreciate you granting to me a twenty day extension of time to reply.

If the above is not agreeable, please advise me immediately. Otherwise, I will file a reply on behalf of Mr. Sanchelli no later than Monday, June 1, 1987.

With kindest personal regards, I remain

Sincerely yours,

Lionel S. Lofton
Lionel S. Lofton

LSL:aml
cc: Mr. James V. Sanchelli

88040710843

87 MAY 13 PR: M



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RLM

May 20, 1987

Lionel S. Lofton, Esquire
Suite 302, East Bay Executive Center
174 East Bay Street
Charleston, S.C. 29402

Re: MUR 2189
James V. Sanchelli

Dear Mr. Lofton:

The Office of the General Counsel is in receipt of your recent letter requesting a twenty day extension of time in which to submit briefs in the above-captioned matter. After reviewing the circumstances as detailed in your request, this Office will grant the requested extension. Accordingly, your response is due no later than June 4, 1987.

If you have any questions please contact Patty Reilly, the attorney assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Acting General Counsel

By: George F. Rishel
Acting Associate General
Counsel

89040710844

BCC 3562

RECEIVED AT THE FEC

LAW OFFICES OF
LIONEL S. LOFTON
SUITE 302, EAST BAY EXECUTIVE CENTER
174 EAST BAY STREET
CHARLESTON, S.C. 29402

87 JUN 9 AM: 40

LIONEL S. LOFTON
FRANCES L. CAIN
SANDRA S. LEMPESIS

MAILING ADDRESS
P.O. BOX 449
87 JUN 9 722-6319

RECEIVED
GENERAL COUNSEL

June 2, 1987

BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Lawrence M. Noble, Esquire
Acting General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: James V. Sanchelli
MUR 2189

Dear Mr. Noble:

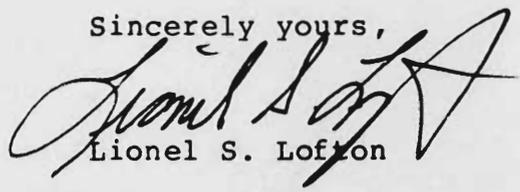
I have discussed your brief dated April 27, 1987, with Mr. Sanchelli and he has advised me that he does not contest the facts contained therein.

In mitigation, Mr. Sanchelli is truly sorry for what he has done. He has been severely punished and is currently serving a prison sentence in connection with his illegal activity. Additionally, Mr. Sanchelli has a number of civil judgments against him.

In view of the above, it is requested that Mr. Sanchelli not be punished further and that the imposition of any fine be suspended.

With kindest personal regards, I remain

Sincerely yours,



Lionel S. Lofton

LSL:aml
cc: James V. Sanchelli

89040710845

SENSITIVE

EXECUTIVE SESSION

JUL 07 1987

BEFORE THE FEDERAL ELECTION COMMISSION

07 JUN 29
10:40

In the Matter of
James V. Sanchelli

)
)
) MUR 2189

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On June 25, 1986, the Commission found reason to believe James V. Sanchelli, former treasurer of the Hartnett for Congress Committee (1980), a former campaign worker with the Reelect Hartnett Committee (1982), and a former employee of the Hartnett/Carswell Insurance Agency, knowingly and willfully violated 2 U.S.C. § 432(b)(3). Underlying the Commission's determination was a complaint filed by Congressman Hartnett and information obtained by the Federal Bureau of Investigation indicating that Mr. Sanchelli had opened an unauthorized bank account in the name of the Hartnett for Congress Committee and placed in this account funds intended for the 1982 and 1984 Hartnett Committees, as well as his own personal funds.

II. ANALYSIS

As detailed in the General Counsel's Brief dated April 24, 1987, Mr. Sanchelli diverted approximately \$23,957 from the 1982 and 1984 Hartnett Committees. Respondent's one page brief, received at the Commission on June 9, 1987, does not contest the facts in the General Counsel's Brief. As discussed below, Respondent's counsel requests only that Mr. Sanchelli not be "punished" and that the imposition of any fine be suspended.

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III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

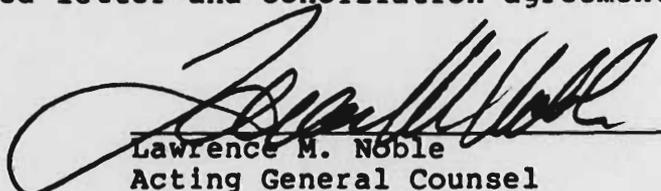
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IV. RECOMMENDATIONS

1. Find probable cause to believe James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b)(3).
2. Approve the attached letter and conciliation agreement.

Date

6/29/87


Lawrence M. Noble
Acting General Counsel

Attachments

1. Conciliation Agreement
2. Proposed Letter



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 10, 1987

Lionel S. Lofton
Suite 302, East Bay Executive Center
174 East Bay Street
Charleston, SC 29402

RE: MUR 2189
James V. Sanchelli

Dear Mr. Lofton:

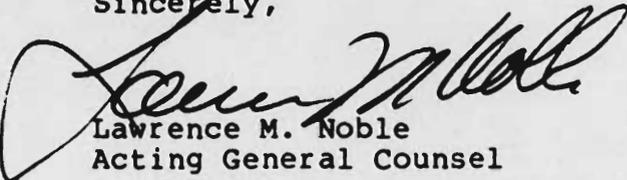
On July 7, 1987, the Federal Election Commission found that there is probable cause to believe your client, James V. Sanchelli, knowingly and willfully violated 2 U.S.C. § 432(b)(3), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with commingling campaign funds of the 1982 and 1984 Reelect Hartnett Committees with his personal funds.

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within 10 days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Patty Reilly, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
Acting General Counsel

Enclosure

Conciliation Agreement

8 8 0 4 0 7 1 0 8 4 9

7/10/87

GCC#9330

RECEIVED
FEDERAL ELECTION COMMISSION

88 MAY 19 AM 11:52

LAW OFFICES OF
LIONEL S. LOFTON
SUITE 302, EAST BAY EXECUTIVE CENTER
174 EAST BAY STREET
CHARLESTON, S.C. 29402

LIONEL S. LOFTON
FRANCES L. CAIN
KATHRYN C. ALMENGUAL

P.O. BOX 440
(803) 722-6319

May 17, 1988

Lois G. Lerner, Esquire
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2189
James V. Sanchelli

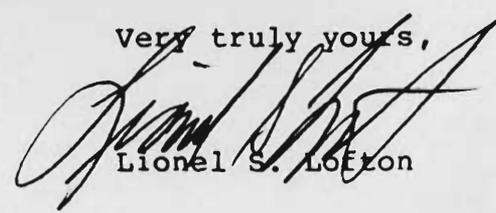
Dear Ms. Lerner:

Thank you for your letter of May 6, 1988, in the above referenced matter. Enclosed please find the original Conciliation Agreement which has been signed by Mr. Sanchelli.

If I may be of further assistance in this matter, please don't hesitate to contact me.

With kindest personal regards, I remain

Very truly yours,



Lionel S. Lofton

LSL:aml
enclosure
cc: Mr. James V. Sanchelli

88040710850

RECEIVED
FEDERAL ELECTION COMMISSION
88 MAY 20 PM 3:20

BEFORE THE FEDERAL ELECTION COMMISSION

88 MAY 24 PM 4:54

In the Matter of
James V. Sanchelli

)
)
)

MUR 2189

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

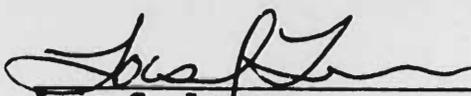
Attached for Commission approval is a conciliation agreement signed by James V. Sanchelli.

Therefore, the Office of the General Counsel recommends that the Commission approve the attached agreement and close the file in this matter.

II. RECOMMENDATIONS

1. Approve the conciliation agreement signed by James V. Sanchelli.
2. Approve the attached proposed letters.
3. Close the file in this matter.

Lawrence M. Noble
General Counsel

By: 
Lois G. Lerner
Associate General Counsel

5/24/88
Date

Attachments

1. Response
2. Conciliation Agreement
3. Proposed letters (3)

Staff Person: Patty Reilly

88040710851

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
James V. Snachelli) MUR 2189

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 27, 1988, the Commission decided by a vote of 6-0 to take the following actions in MUR 2189:

1. Approve the conciliation agreement signed by James V. Sanchelli, as recommended in the General Counsel's Report signed May 24, 1988.
2. Approve the proposed letters, as recommended in the General Counsel's Report signed May 24, 1988.
3. Close the file in this matter.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

5-27-88

Date

Mary H. Dove
for Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	Tues., 5-24-88, 4:54
Circulated on 48 hour tally basis:	Wed., 5-25-88, 11:00
Deadline for vote:	Fri., 5-27-88, 11:00

88040710852



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 6, 1988

Lionel S. Lofton, Esquire
Suite 302, East Bay Executive Center
174 East Bay Street
Charleston, S.C. 29402

RE: MUR 2189
James V. Sanchelli

Dear Mr. Lofton:

On May 27, 1988, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 432(b)(3), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
James V. Sanchelli) MUR 2189

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Congressman Thomas B. Hartnett. The Commission also received information from the Federal Bureau of Investigation in this matter. An investigation has been conducted, and the Commission found probable cause to believe that James V. Sanchelli ("Respondent") knowingly and willfully violated 2 U.S.C. § 432(b)(3) by commingling campaign funds with personal funds.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

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

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

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

1. Respondent, James V. Sanchelli, was associated with the 1982 Reelect Hartnett to Congress Committee and subsequently was employed at the Hartnett/Carswell Insurance Agency.

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2. In September, 1982, Respondent established an unauthorized bank account ("the unauthorized account") in the name of "Hartnett for Congress Committee."

3. Between September, 1982, and October, 1984, Respondent intercepted checks payable to the 1982 and 1984 Reelect Hartnett to Congress Committees. Approximately \$25,957 in contributions (including 3 contributions purportedly made by the Respondent to the 1984 Hartnett Committee) were placed in the unauthorized account. Respondent also placed his personal funds into this account.

4. During January, 1985, and March, 1985, Respondent also placed into the unauthorized account checks intended for Hartnett/Carswell Insurance Agency. These checks totalled approximately \$64,720.

5. Between September, 1982, and March, 1985, Respondent expended virtually all of the funds in the account for personal uses.

6. Respondent was subsequently charged in General Sessions Court, state of South Carolina, Charleston, with one inclusive count of Breach of Trust with fraudulent intent covering amounts embezzled from two insurance companies and the Hartnett Committees.

7. Respondent was also charged with one count of tax fraud under South Carolina law.

8. Respondent pleaded guilty to these above-noted charges.

9. Respondent was sentenced to 12 years in South Carolina prison, suspended upon service of four years.

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10. Respondent is currently incarcerated.

11. Pursuant to 2 U.S.C. § 432(b)(3), all funds of a political committee shall be segregated from and may not be commingled with the personal funds of any individual.

V. Respondent intercepted funds intended for the 1982 and 1984 Reelect Hartnett Committees and placed these funds in an account containing Respondent's personal funds as well as funds intended for the Hartnett/Carswell Insurance Agency, in knowing and willful violation of 2 U.S.C. § 432(b)(3).

VI. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

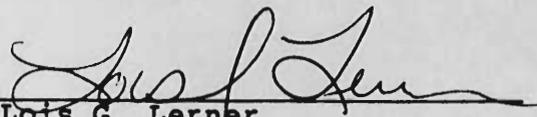
VII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

VIII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

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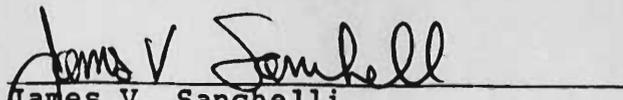
oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

Lawrence M. Noble
General Counsel

By: 
Lois G. Lerner
Associate General Counsel

6/2/88
Date

FOR THE RESPONDENT:


James V. Sanchelli
Respondent

5-13-88
Date

8 8 0 4 0 7 1 0 8 5 7



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 6, 1988

Edward Rosenlieb
Federal Bureau of Investigation
P.O. Box 137
Columbia, South Carolina 29202

RE: MUR 2189

Dear Mr. Rosenlieb:

This is in reference to the matter involving James V. Sanchelli, which your office referred to the Federal Election Commission.

After conducting an investigation into this matter, the Commission found that there was probable cause to believe James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 434(b)(3), a provision of the Federal Election Campaign Act of 1971, as amended, and has now entered into a conciliation agreement in the matter. A copy of this agreement is enclosed for your information.

We appreciate your cooperation in helping the Commission meet its enforcement responsibilities under the Federal Election Campaign Act of 1971, as amended.

If you have any questions, please contact Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in cursive script, appearing to read "Lois G. Lerner", written over a horizontal line.

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

88040710858



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 6, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Thomas F. Hartnett
c/o the Hartnett Agency
P.O. Box 238
Charleston, South Carolina 29402

RE: MUR 2189

Dear Mr. Hartnett:

This is in reference to the complaint you filed with the Federal Election Commission on March 18, 1986, (formerly captioned MUR 2152), concerning James V. Sanchelli.

After conducting an investigation in this matter, the Commission found that there was probable cause to believe James V. Sanchelli knowingly and willfully violated 2 U.S.C. § 432(b)(3), a provision of the Federal Election Campaign Act of 1971, as amended. On May 27, 1988, a conciliation agreement signed by the respondent was accepted by the Commission, thereby concluding the matter. Accordingly, the Commission closed the file in this matter on .
A copy of this agreement is enclosed for your information.

If you have any questions, please contact Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

8 9 0 4 0 7 1 0 8 5 9



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2189

DATE FILMED 7/1/88 CAMERA NO. 2

CAMERAMAN K.A.U.

88040710860