



FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF RVR # 2025

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FEDERAL ELECTION COMMISSION

Internal documents - 12 Day, Assignment sheet,
RFAE, routing slips, duplicate documents, internal
memorandum, reference to internal rules and
practices

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

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

Signed John K. Berry
date 1/7/87

FEC 9-21-77

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

Mr. Patrick Conroy
P.O. Box 322
Detroit Lakes, MN 56501

RE: MUR 2225
Peterson '86 Committee
Patrick Conroy, Treasurer

Dear Mr. Conroy:

On December 16, 1986, the Commission found reason to believe that the Peterson '86 Committee and you, as treasurer, had violated 2 U.S.C. § 434(b)(4) and (8), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter the Commission has determined to take no further action and close its file.

In reviewing this matter, the Commission discovered certain errors in the Peterson '86 Committee's 1986 July Quarterly Report. Specifically, the total figure for expenditures on page 1 of Schedule B is \$9,183.82, not \$6,410.20 as listed. Further, the amounts you supplied on Line 7 of the Summary Page in the July and amended July reports (respectively \$76,681.31 and \$79,548.93) are incorrect. The correct amount is \$79,454.93. Please file an amended July Quarterly report incorporating these changes.

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

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

Sincerely,

Joan D. Aikens
Chairman

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plm

num



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 19, 1986

Mr. Leon Oistad
8030 Cedar Avenue
Bloomington, MN 55240

RE: MUR 2225

Dear Mr. Oistad:

The Federal Election Commission has reviewed the allegations contained in your complaint dated August 7, 1986. The Commission considered your complaint on December 16, 1986, and concluded that there is no reason to believe Collin Peterson violated 2 U.S.C. § 434(b)(8) and § 434(b)(4). The Commission found reason to believe the Peterson '86 Committee and Patrick Conroy, as treasurer, violated 2 U.S.C. §§ 434(b)(4) and (8). However, after considering the circumstances of this matter, including the information submitted by the respondents, the Commission has determined to take no further action and close its file.

Should you have any questions regarding MUR 2225, please contact John Drury, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel

Lawrence M. Noble
By: Lawrence M. Noble
Deputy General Counsel

Enclosure
Copy of First General Counsel's Report

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plm



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

Mr. Collin C. Peterson
Route 2, Box 287
Detroit Lakes, MN 56501

RE: MUR 2225
Collin Peterson

Dear Mr. Peterson:

On August 28, 1986, the Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 16, 1986, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that you have committed a violation of 2 U.S.C. §§ 434(b)(8) and 434(b)(4). Accordingly, the Commission has closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

By: Lawrence M. Noble
Deputy General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Collin Peterson)	
Peterson '86 Committee and)	MUR 2225
Patrick Conroy, as)	
treasurer)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 16, 1986, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2225:

1. Find reason to believe the Peterson '86 Committee and Patrick Conroy, as treasurer, violated 2 U.S.C. § 434(b) (8) and § 434(b) (4).
2. Find no reason to believe that Collin Peterson violated 2 U.S.C. § 434(b) (8) and § 434(b) (4).
3. Approve the letters attached to the General Counsel's report dated December 5, 1986.
4. Take no further action.
5. Close the file.

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

Attest:

12-17-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION _____

MUR # 2225
DATE COMPLAINT RECEIVED
BY OGC August 21, 1986
DATE OF NOTIFICATION TO
RESPONDENT August 28, 1986
STAFF MEMBER John Drury

COMPLAINANT'S NAME: Leon Oistad

RESPONDENTS' NAMES: Collin Peterson
Peterson '86 Committee ("the committee"),
and Patrick Conroy, as treasurer ("the
respondents")

RELEVANT STATUTE: 2 U.S.C. §§ 434(b)(2), 434(b)(4), and
434(b)(8); 11 C.F.R. 104.3(a)(2)(iii),
104.3(c)

INTERNAL REPORTS CHECKED: C Index

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

The complainant, Leon Oistad, in a document dated August 7, 1986 and filed at the Commission on August 21, 1986, alleges that the respondents misstated or failed to report expenditures, loans and other information on their reports, in violation of the above-listed sections of the Act and the regulations. The election in which Collin Peterson was a candidate was held on November 4, 1986. Local election officials recently completed tabulating the results, and have determined that Collin Peterson lost the election by a margin of one hundred twenty-one votes.

FACTUAL AND LEGAL ANALYSIS

Specifically, the complaint states that the respondents neglected to provide the interest rate, date incurred and date due

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for a \$21,000 loan appearing on the 1986 July Quarterly Report, despite being obligated to do so by 2 U.S.C. § 434(b)(8) and 11 C.F.R. § 104.3(d). Although the respondents did not list this data on the July 1986 report, on August 22, 1986, they filed an amended report correcting this deficiency.

In addition, the complaint alleges that the committee did not include this \$21,000 loan in the figure representing all debts and obligations on Line 10 of the Summary Page. That allegation appears correct, since the amount listed in the original July Quarterly was \$10,046.59. The respondents corrected this mistake on their amended report, filed on August 22, 1986, which showed debts and obligations on line 10 of \$31,046.59, an increase of \$21,000.

According to the complaint, the respondents understated the amount of expenditures on the July 1986 Quarterly report. Specifically, the complaint claims that the figure should be \$9,183 rather than the \$6,410.20 listed as the total on page 1 of Schedule B. This, the complaint points out, violates 2 U.S.C. § 434(b)(4) and 11 C.F.R. §§ 104.3(c)(1) and (2). Actually, since subsection (c)(1) discusses contributions but not expenditures, 104.3(c)(1) is inapposite. However, §§ 434(b)(4) and 104.3(c)(2) do apply. The respondents attempted to correct this error on their amended July report filed August 22. Line 7 of the Summary Page requests a figure for the total operating expenditures of the committee. In the original July report, the committee used the amount of \$76,681.31. The respondents understated expenditures on the original report by \$2,773.62

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(\$9,183.82 -\$6,410.20). In order to correct this inaccuracy, they supplied a new figure which presumably reflected the correction. This was \$79,548.93. However, this amount still does not appear correct. The correct figure is \$76,681.31 + \$2,773.62 = \$79,454.93. In any event, the committee attempted to correct the problem in their amended report.

The complaint refers to a "similar misstatement ... found in the Committee's First Quarter Report," saying, "This time, [the respondents] understated [their] expenditures by over \$3,000, nearly 10 percent of the disbursements summary for that period." However, tabulation of the respondents' expenditures produces a figure that matches that supplied on the report. Therefore, the complainant's allegation in this instance appears incorrect.

This Office surmises that the complainant also believes that the respondents violated 2 U.S.C. §§ 434(b)(2) and 434(b)(2)(D). These sections require the committee to disclose the total amount of receipts for the period, including contributions from other political committees. However, the complainant does no more than generally invoke these provisions, neglecting to link them with any conduct by the respondents. In fact, there is no evidence that the respondents violated these sections of the Act. For this reason, this Office makes no recommendation regarding these sections, to which the complaint has referred generally.

Finally, the complaint notes that the numbers given in the April and Year to Date Columns on the April Quarterly Report do not agree, despite the fact that the figures should be the same on the first report of the year. In an amended report, the

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committee made the figures equal in both columns.

In defense, the respondents state that these errors were inadvertent clerical mistakes made by volunteers, and that future reports will be prepared by a professional accountant. As the respondents note, "In each case where there has been an error, we have corrected it promptly and to the Commission's satisfaction. We truly feel that no further action is required." (See Attachment II)

The respondents have also corrected a small number of other reporting discrepancies detected by the Reports Analysis Division ("RAD"). [REDACTED]

[REDACTED] In light of the fact that the errors cited in the complaint are not of great significance, and given the respondent's record of correcting these errors, this Office recommends that the Commission find reason to believe the committee and Patrick Conroy, as treasurer, violated § 434(b) and take no further action. Although the complaint alleges that candidate Collin Peterson violated §§ 434(b)(4) and (8), there is no evidence that Peterson was personally involved in completing the committee's reports. Therefore, this Office recommends that the Commission find no reason to believe that Collin Peterson violated 2 U.S.C. § 434(b)(8) and § 434(b)(4).

RECOMMENDATION

1. Find reason to believe the Peterson '86 Committee and Patrick Conroy, as treasurer, violated 2 U.S.C. § 434(b)(8) and § 434(b)(4).
2. Find no reason to believe that Collin Peterson violated 2 U.S.C. §434(b)(8) and §434(b)(4).

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3. Approve the attached letters.
4. Take no further action.
5. Close the file.

Charles N. Steele
General Counsel

Date 12/5/86

By: Lawrence M Noble (LH)
Lawrence M. Noble
Deputy General Counsel

Attachments

- I. Complaint
- II. Response to the Complaint
- III. Proposed Letters

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PETERSON 86

P.O. Box 703
Detroit Lakes, Minnesota 56501

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September 15, 1986

LAWRENCE W. NOBLE
Deputy Counsel
Federal Election Commission
Washington, D.C. 20463

re: Complaint Mur 2225

Dear Mr. Noble:

I am in receipt of your letter of August 28, which arrived on September 3. I am writing to demonstrate why no further action should be taken against my campaign pursuant to this complaint.

1. I feel I must point out that, while not directly relevant to the complaint in my view, the introduction of the complaint is a political statement not related to the complaint's substance. The attribution of the phrase "...balancing the books in Washington..." as my campaign theme is flatly false. I have never used this phrase and it does not appear in any of my campaign literature. The idea that I am running on this phrase is an invention of Mr. Oistad in order to make his attack on my integrity credible with the press and public.

2. All of the errors cited in the complaint are the result of inadvertent clerical errors which have subsequently been corrected by amended reports. I am sure you can appreciate the complexity of these regulations, and the fact that most of the services utilized in the preparation of these reports are performed by volunteers who have little understanding of the complexity of the documents they are typing. This of course does not relieve the campaign of its responsibility to submit accurate reports. To that end, my campaign manager has made it a practice to contact the Commission staff after the submission of each report to discuss the report. These calls have produced several amended reports on my campaign's behalf. We have tried to the best of our ability to maintain a record of full compliance with the law and regulations. In addition, we have recently shifted the responsibility of report preparation to a professional accountant in hopes of eliminating these errors in the future.

3. In the specific case of the inadvertent failure to properly disclose the \$21,000 loan, I can point out that the loan itself is disclosed on Schedule C of the report and page 2 of the Summary Report. It just didn't end up on page 1, line 10 of the Summary Report. The fact that it was not included was due to a volunteer's failure to include it when she typed the report. The absence of the due date and interest rate is a similar clerical error. Clearly our staff failed to properly double-check the report, but I can assure you they will be more diligent in the future.

4. With regard to the two mathematical errors cited in the July 15 and the April 18 reports, I can only say that they are also clerical errors. All expenditures are disclosed, but they are simply incorrectly totaled. My staff

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OFFICE OF THE
GENERAL COUNSEL

Lawrence W. Noble
September 15
page 2

has been in touch with the Commission staff concerning these matters and has filed amended reports.

The complaint implies that we are engaged in an effort to mislead the public and vendors about the campaign's viability. This is simply neither true nor logical. In each case where there has been an error, we have corrected it promptly and to the Commission's satisfaction. We truly feel that no further action is required.

Sincerely,



COLLIN C. PETERSON
Candidate for Congress
7th Congressional District
Minnesota

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INDEPENDENT REPUBLICANS OF MINNESOTA

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M 2225

August 7, 1986

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OFFICE OF THE
GENERAL COUNSEL

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20004

Dear Mr. Steele:

This Complaint against Collin Peterson ("Peterson") and the Peterson 86 Committee, Box 703, Detroit Lakes, Minnesota 56501 is filed with the Federal Election Commission ("FEC") pursuant to 2 U.S.C. 434(b)(2), 2 U.S.C. 434(b)(2)(D), 2 U.S.C. 434(b)(4), 2 U.S.C. 434(b)(8), 11 C.F.R. 104.3(a)(2)(iii), 11 C.F.R. 104.3(c)(i) and (iii), 11 C.F.R. 104.3(c)(2)(i) and (iii), and 11 C.F.R. 104.3(d).

I. INTRODUCTION

This is the case of "calling the accountant to account." Peterson is a Certified Public Accountant and a candidate for the U.S. House of Representatives from the Seventh District of Minnesota. Peterson's campaign theme is "balancing the books in Washington." Yet he has resorted to creative bookkeeping in his own campaign that paints less than a true picture of its finances.

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Peterson's Reports of Receipts and Disbursements show that the FEC needs to investigate how Peterson: (A) obscured the reporting of a \$21,000 loan to his committee; and (B) engaged in deceptive tactics to obscure his campaign's true financial health. (Exhibits 1 and 2).

The result of this "double entry" into the public's trust is that Peterson's reporting practices deliberately conceal from public scrutiny the true financial picture of his campaign. The FEC must investigate Peterson's fundamental abuse of this tenet of federal election law.

II. VIOLATIONS OF LAW

A. Debts And Obligations -- Federal election law includes precise rules governing campaign committee debts and obligations:

Each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

2 U.S.C. 434(b)(8). The Regulations also hold that "each report filed under 11 C.F.R. 104.1 shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee." 11 C.F.R. 104.3(d). The instructions for completion of these reports further require a committee to list all "debts and obligations owed by the committee, itemizing all on Schedule C or Schedule D," and report the aggregate total on Line 10 of the Summary.

Thus, if a candidate or campaign committee secures a loan, the nature and details of the loan must be reported on Schedule C,

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and the loan must be included in the total reported on Line 10 of the Summary.

The Peterson 86 Committee reported a \$21,000 loan from the First American Bank of Detroit Lakes on Schedule C of its Second Quarter, 1986 FEC Report. The report fails, however, to include the required information on the nature and details of the loan. Furthermore, the loan is not included in the total reported on Line 10 of the Summary page.

The Committee's neglect in reporting the nature and details of its \$21,000 loan and failure to include it on Line 10 of its Detailed Summary Pages serves to intentionally disguise the Peterson's campaign's bankruptcy on the final day of the reporting period. The truth is that Peterson's campaign was \$15,000 in debt. Instead, the Detailed Summary Pages of its FEC report shows it in the black. This misreporting thus deceived local businessmen and potential donors who, unaware of the insolvency of this campaign, might otherwise provide their support. Peterson's failure to have his FEC report accurately show his debts and obligations is in direct violation of 2 U.S.C. 434(b)(8) and 11 C.F.R. 104.3(d).

B. Contributions And Expenditures -- Federal law includes precise rules governing the expenditure reports of campaign committees. A candidate is required to disclose "for the reporting period and the calendar year, the total amount of all disbursements." 2 U.S.C. 434(b)(4). Federal Regulations state that each report shall disclose the committee's total operating expenditures. 11 C.F.R. 104.3(c)(1) and (2).

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On both its First and Second Quarter Reports, Peterson's Committee misrepresented its expenditures. In its Second Quarter Report, the Committee reported disbursements totalling \$6,410 on page one of Schedule B; the correct figure is \$9,183. This mathematical error understates campaign spending by approximately 50 percent and is reflected in the total disbursement figures for the second quarter.

A similar misstatement is found in the Committee's First Quarter Report. This time, Peterson understated his expenditures by over \$3,000, nearly 10 percent of the disbursements summary for that period.

When Peterson under-reported his campaign expenditures in both the first and second quarters of 1986, by 10 and 50 percent, respectively, he violated 2 U.S.C. 434(b) and 11 C.F.R. 104.3(c). This resulted in showing the campaign more financially viable than it was. This could induce vendors to extend credit to the campaign which, given the status of its reserves, which likely could never be repaid.

The Committee's misrepresentation of its expenditures appears to be an attempt to inflate public perceptions of the Peterson campaign. Such blatant errors undermine the public's ability to scrutinize the campaign and undermine public confidence in the ability of the FEC to monitor campaign finance.

It is also curious that in its First Quarter Report, total contributions, net contributions and net operating expenditures in Columns A and B of the Peterson Committee's Summary Page did not

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match. Since this report was the first for calendar year 1986, the figures in Columns A and B should be identical.

Reports filed by the Peterson Committee reflect a pattern of misrepresentation which constitute a threat to the most basic tenet of election law -- that public scrutiny of a campaign's activity is the crucial safeguard against abuse.

III. CONCLUSION

The undersigned hereby requests that the FEC investigate these potential violations and enforce, as necessary, the FECA and the FEC's regulations protecting the proper use of campaign funds and the proper reporting procedures by candidates for the U.S. House of Representatives.

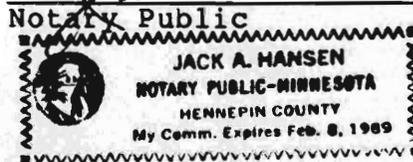
IV. VERIFICATION

The undersigned swears that the allegations and facts set forth in this Complaint are true to the best of his knowledge, information and belief.

[Handwritten signature]

Subscribed and sworn to before me this 11 day of August, 1986.

[Handwritten signature: Jack Hansen]



My Commission Expires: _____

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FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF FUR # 2225

Date Filmed 1/30/87 Camera No. --- 2

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