



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2269

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**COMPLAINT BEFORE THE
FEDERAL ELECTION COMMISSION**

I. **INTRODUCTION**

1. The Democratic Campaign Congressional Committee ("DCCC") files this complaint revealing serious violations of the Federal Election Campaign Act of 1971, as amended, to 2 U.S.C. § 431 et. seq. ("FECA"), by an unregistered political committee called "Americans for Tax Reform" ("ATR"). These violations are described below.

II. **FACTS**

2. ATR was founded by Grover G. Norquist, formerly a tax analyst for the United States Chamber of Commerce.

3. Since late August 1986, ATR has contacted by mail all candidates for the 1986 elections to the House and Senate. Each candidate has been requested to sign a "Tax Reform Pledge" whereby the candidate pledges he or she will not vote to raise taxes from 15% and 28% for individual taxpayers, and 34% for corporate taxpayers. (Attachment No. 1)

4. The mailing to the candidate requests the candidate to sign a "Tax Reform Pledge" in the form of a card and to return it to ATR. The mailing also describes a program whereby ATR will publicize the candidate's pledge commitment. Specifically, the mailing informs the candidate that, upon

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receiving the candidate's executed "Tax Reform Pledge," ATR "will send press releases nationwide, including up to 50 in your district, commending your decision to take the pledge, and describing the tax reform pledge campaign." (emphasis added)

5. The mailing also informs the candidate that "[I]n addition, ATR will alert pledge coalition members (such as National Taxpayers Union and National Tax Limitation Committee), and they will further support your pro-taxpayer commitment."

6. A news weekly report published by ATR states that, within the month preceeding the November 1986 elections, ATR plans to publicize the responses from candidates "in a nationwide media campaign -- listing both those who have taken the pledge and those who have not." (Attachment No. 2)

7. Press reports indicate that this ATR "pledge" campaign has been coordinated with the support of the National Republican Congressional and Senatorial Campaign Committees, national committees of the Republican Party which are centrally involved in supporting Republican candidates to the House and Senate in the elections to be held on November 4, 1986. Evans and Novak, This Week, "Taking the Pledge" (Frontline Features, Release Week of September 15, 1986).

III. PERTINENT STATUTORY PROVISIONS

8. The FECA defines the term "political committee" as "any committee, club, association, or other group of

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persons . . . which makes expenditures aggregating in excess of \$1,000 during a calendar year." 2 U.S.C. § 431(4)(A).

9. The FECA defines the term "contribution" to include any funds spent on anything of value made "for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(8)(A)(i).

10. The FECA defines the term "expenditure" to include any payment or anything of value made "for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(9)(A)(i).

11. The Commission has held that communications by an organization to inform a candidate's constituents of the organization's approval of the candidate's views will be considered to have been made "for the purpose of influencing a Federal election" where, among other factors, the communications (a) are made to benefit a candidate for election or re-election; (b) contain a clear "election-influencing purpose;" and (c) are made in close proximity to the date of the election. The Commission further held that where the payments have been undertaken in coordination or consultation with the candidates, the payments must be treated as in-kind contributions, subject to the normal contribution limit. Advisory Opinion 1983-12, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5718 (1983); see also Advisory Opinion 1986-106, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5582 (December 23, 1986).

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12. The circumstances surrounding the activities of ATR are distinguishable from those of bona fide non-partisan organizations engaged with the support of federal candidates in communicating on public policy or other issues without any electioneering purpose. See, e.g., Advisory Opinion 1978-56, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5373 (November 22, 1978), and Advisory Opinion 1977-54, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5301 (March 24, 1978). Thus, in Advisory Opinion 1978-56, the FEC held that the FECA did not apply to restrict the activity of a "conservative" organization, chaired by a federal candidate, so long as the organization did not act with the intention or effect of directly supporting the Chairman's federal candidacy. The Commission specifically conditioned this ruling on the assumptions that:

. . . in no issuance [by the organization], of whatever type, has [the candidate] directly or indirectly been recognized, promoted, or otherwise identified as a candidate, nor will he be . . . that [the organization] does not seek to participate in primary elections . . . and that there would be no transfer of funds [from the organization to the candidate]."

13. By contrast, ATR has avowed an electioneering purpose in this program, specifically, to promote to the general public and to their individual voting constituencies candidates for federal office who have signed the ATR "pledge," and in like fashion to designate the candidacies of those declining to sign this pledge.

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14. The federal candidates participating in this program have done so with the express understanding that ATR will reward this participation with expenditures in support of their candidacy in the manner set forth in ¶¶ 4-6 of this Complaint.

IV. VIOLATIONS

15. In making "contributions" and "expenditures" apparently exceeding the \$1,000 threshold in this calendar year, ATR has failed to register a "political committee" under FECA and to file financial reports under 2 U.S.C. §§ 433 and 434.

16. Because candidates taking the "Tax Reform Pledge" offered by ATR are requested to cooperate fully with ATR, on the understanding that their pledge will entitle them to favorable publicity on their candidacy financed by ATR, expenditures for this purpose constitute in-kind contributions to candidates, reportable as such and subject to contribution limitations under 2 U.S.C. § 441a.

17. If ATR has been organized as a corporation, contributions for "an election-influencing purpose" constitute prohibited corporate contributions to the candidate in violation of 2 U.S.C. § 441b.

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V. CONCLUSION

18. Whereas DCCC requests that the Commission investigate this complaint and assure that no further violations by ATR occur.

Respectfully submitted,

Robert F. Bauer

Robert F. Bauer

PERKINS COIE
1110 Vermont Avenue, N.W.
Washington, D.C. 20005
(202) 887-9030

Attorney for the Democratic
Congressional Campaign Committee

Dated: 16th October 1986

Subscribed and sworn to before me this 16th day of October 1986.

Nancy A. Bader

Notary Public

My commission expires: July 14, 1991

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AMERICANS FOR TAX REFORM

Inside U.S. Tax Policy

An exclusive news weekly covering tax reform policy and its aftermath

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Aiming to make taxes a key '88 election issue

COALITION SEEKS PLEDGE FROM CONGRESSIONAL CANDIDATES TO RETAIN NEW TAX RATES

A broad coalition of business and conservative group interests has launched a unique campaign aimed at making permanent the sharp tax cuts for individuals and corporations in the tax reform compromise, sources say. The coalition is seeking written pledges from every candidate running for House or Senate seats in November (plus Senate incumbents not up for election) that they will oppose any increase in marginal rates. ~~_____~~ the coalition seeks both to have a major impact on the '88 elections — by making future tax policy a campaign focal point — and to reduce the likelihood of a tax increase in the next session of Congress.

Executives at the Republican National Committee, meanwhile, are said to believe that the fall '88 campaign — to gain written pledges from each candidate — will have more of an impact on the 1988 election than on this November's, because, according to one source: "The liberals will take the pledge this fall and then if they double-cross their constituencies and vote for a tax hike, [the RNC] will use it to pound them over the head [with] in the 1988 elections."

The coalition has gained the endorsement of the Chamber of Commerce, the National Taxpayers Union and the National Tax Limitation Committee, with similar backing hoped for from the National Assn. of Manufacturers, National Federation of Independent Business, Tax Reform Action Committee and National Assn. of Wholesaler-Distributors, according to sources familiar with the group's work.

The campaign is labeled the "Taxpayer Protection Pledge," with letters sent late August to every candidate seeking election this fall, asking each to return a signed pledge form that commits the candidate to: 1. oppose any effort to increase tax rates from the 15% and 28% rates for individuals and the 34% top rate for businesses; and 2. oppose any further reduction or elimination of deductions and credits, unless it is matched dollar for dollar by further reducing tax rates. As of mid-week, the coalition had received 20 pledges, with candidates asked to reply by Sept. 9. On Sept. 15, the coalition plans to publicize the responses in a nationwide media campaign — listing both those who have "taken the pledge" and those who have not.



AMERICANS FOR TAX REFORM

Dear Mr. McMillen:

We anticipate that tax reform will become law this year.

Unfortunately, we also expect the "tax and spenders" to try to roll it back. This cannot happen. Working Americans have paid oppressively high taxes for too long. They need your help to make the gains of tax reform permanent.

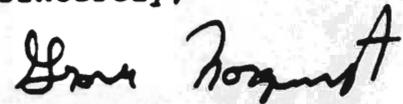
That is why we are asking you to take the "Tax Reform Pledge." "The Pledge" is a commitment that, if elected this fall, you will oppose any attempt to raise income tax rates on individuals or companies and oppose any effort to eliminate or reduce any deductions or credits unless tax rates are reduced further on a dollar-for-dollar basis.

Americans for Tax Reform, a coalition of low-income groups, corporations, and civic organizations, is expanding its coalition and forming the "Tax Reform Pledge Coalition" that will work to make tax reform permanent. On September 15 we will launch a nationwide media campaign, at which time we will announce the names of congressional candidates--incumbents and challengers--(and senators not facing re-election) who have taken "The Pledge."

Tax reform will be "the issue" in the fall campaign. Won't you make this commitment to your constituents?

Write us on your campaign or personal letterhead by September 9. Take "The Pledge." Let's make tax reform permanent.

Sincerely,



Grover Norquist
Executive Director

Co-Chairmen

JOHN M. RICHMAN

Chairman and
Chief Executive Officer
Dart & Kraft Inc

ROBERT L. WOODSON

President
National Center for
Neighborhood Enterprise

JAMES C. DOBSON

President
Focus on the Family

Executive Director

GROVER G. NORQUIST

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AMERICANS FOR TAX REFORM

September 9, 1986

Dear Congressman:

Two weeks ago I mailed you a letter describing the Tax Reform Pledge and asking you to join the campaign to protect tax reform from the "tax-and-spenders" who will push for higher rates next year. Enclosed is your signature copy of the Pledge plus information to assist you in making and publicizing your decision to protect tax reform.

By taking the Tax Reform Pledge you show voters that you will protect the growth, fairness and job creation that tax reform will spur in the next two years.

The passage of tax reform is the crowning victory of President Reagan's struggle to lower taxes for working men and women. The 1986 elections offer a unique opportunity to make this victory permanent.

Candidates who refuse to take the Pledge, who refuse to oppose tax increases, are not acting in the voters' best interest. It is fair for you to ask your opponent who refuses to take the Pledge just what plans he or she has for raising taxes. Demand a specific answer!

To take the Tax Reform Pledge, please sign the enclosed signature form and return a copy to Americans for Tax Reform. I have enclosed suggestions for publicizing your Pledge commitment.

Americans for Tax Reform will send press releases nationwide, including up to 50 in your district, commending your decision to take the Pledge, and describing the Tax Reform Pledge Campaign.

In addition, ATR will alert Pledge Coalition members (such as National Taxpayers Union and National Tax Limitation Committee), and they will further support your pro-taxpayer commitment.

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Co-Chairman
JOHN M. RICHMAN
Chairman and
Chief Executive Officer
Democratic Action
ROBERT L. WOODSON
President
National Center for
Neighborhood Enterprise
JAMES C. DOBSON
President
Focus on the Family
Executive Director
ROBERT G. NORQUIST

By taking the tax reform pledge, you go on record as a front-line protector of tax reform and ensure that Americans will benefit from the growth it will produce. Take the Pledge - help make tax reform permanent.

I hope to hear from you in the near future.

Sincerely,



Grover G. Norquist
President

encl.

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THE TAX REFORM PLEDGE

I _____, pledge to the taxpayers of the _____
District of The State of _____, and to the American people
that I will

ONE, Oppose any effort to increase marginal tax rates from the 15
and 28 percent rates for individuals and the 34 percent top rate for
businesses; and

TWO, Oppose any further reduction or elimination of deductions
and credits, unless matched dollar for dollar by further reducing tax
rates.

Signature _____

Date _____

Witness _____

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Why Should I As A Candidate For Congress Take The Pledge?

Tax reform is a powerful campaign issue.

President Reagan showed in the 1984 election that pledging not to raise taxes is a politically powerful campaign issue.

By taking "the pledge" to oppose any effort to raise rates from the 15 and 28 percent for individuals and 34 percent for businesses and to oppose any reduction in credits or deductions unless they are matched dollar for dollar by rate reduction, you as a candidate are promising to protect the gains of President Reagan's tax reform.

If your opponent refuses the Pledge, he becomes another Mondale.

There is only one reason a candidate would refuse to take the pledge to the taxpayers in your district - if he or she had a secret plan to raise taxes after the election.

Challenge your opponent to take the pledge or be honest with the voters and tell them just how high he plans to raise taxes. And whose taxes will he or she raise?

Why should I take the Pledge now?

Americans for Tax Reform and the Pledge Coalition are releasing the names of those candidates who take the pledge to the press. In some campaigns it will be a campaign issue as to who took the pledge first.

ATR will send out press releases commending those who take the pledge as soon as they send written confirmation of their decision. ATR will also be contacting the press to alert them when candidates fail to take the pledge.

What about the deficit?

Deficit spending is a problem. It is a problem of too much spending - not too little taxing. If a majority of those elected in 1986 have taken the pledge, then they will join President Reagan who promised in 1984 not to increase taxes in forcing Congress to control spending. As long as the spenders hold out hope that they can increase taxes we will never achieve serious spending or deficit reduction.

Does the Pledge protect indexing?

Absolutely. Any effort to delay, weaken or eliminate indexing of tax brackets or of the value of deductions or credits is the equivalent of raising rates which pledge takers specifically commit not to do.

What if I believe that tax rates should be even lower?

You're right. Tax rates should be lower. The pledge simply commits you to opposing changes in the income tax code that would increase the tax burden. Cuts in taxes are always in season.



AMERICANS FOR TAX REFORM

Inside report

By ROWLAND EVANS and ROBERT NOVAK



McFarlane's refusal

DESPITE heavy pressure, President Reagan's former national security adviser, Robert C. (Bud) McFarlane, refused to sign the "talking paper" sent to Secretary of State George Shultz on Aug. 1 by high national security officials of three former administrations.



BUD McFARLANE's close decision.

McFarlane, who last December left the White House angry over unfounded White House-linked rumors about his personal life, was strongly urged by other signers to join the nuclear arms policy paper to Shultz.

They included former Secretaries of Defense Melvin Laird, Harold Brown and James Schlesinger, former Secretary of State Cyrus Vance and former National Security aide — and McFarlane's intimate — Brent Scowcroft.

The message to Shultz recommended a ban on testing space-based weapons for 10 years and adherence to ceilings on long-range nuclear weapons set by the unratified 1979 SALT treaty.

McFarlane's agreement on these proposals would have been a body blow to Reagan's Strategic Defense Initiative, but one insider thinks McFarlane's decision not to go along was a close one.

NIXON'S WARNING
FORMER President Richard Nixon has sent an eye-only memorandum to President Reagan that described Soviet leader Mikhail Gorbachev as far and away the most effective, resourceful and dangerous antagonist the U.S. has ever had in the Soviet hierarchy.

Coming from an American regarded as no mean master of the political trade, Nixon's analysis of Gorbachev warns Reagan to be extremely cautious in dealing with him on nuclear arms control.

Nixon's conversation with Gorbachev in July was one of the longest any Westerner has had.

Comparing Gorbachev to Nikita Khrushchev, also well-known to Nixon as a result of the famed "kitchen debate," Nixon says that Khrushchev was quicker and more evasive.

But Gorbachev, deeper, wittier and more intelligent, is a far more dangerous adversary in Nixon's view.

KEMP'S POWWOW

PARTLY to demonstrate national support for Rep. Jack Kemp, about 70 of his key presidential supporters from across the country met secretly this month at a hotel outside O'Hare Airport in Chicago. Present were conserva-

tive activists Phyllis Schlafly and Richard Vigueria, conservative Rep. Newt Gingrich of Georgia and Vin Weber of Minnesota, and state party leaders including South Dakota state chairman Neil Rosenthal, national commissioner Peggy Fahn of Illinois and Chairman's House Majority Whip Bob Franks.

The Kemp backers were cheered by the report on his prospects in New Hampshire's first-to-the-nation primary. But they left Chicago wondering whether he could survive the earlier Michigan and Iowa caucuses, where Kemp now runs third and fourth, respectively.

WINTER YOUNG?

WILLIAM Louis, the black ex-Democrat candidate by Republicans for governor of Michigan, is reported by associates as believing the state's and powerful black politician, Mayor Coleman Young of Detroit, will not make an all-out assault against him.

Young has launched Louis' campaign, intensifying pushing the GOP would never nominate a black for governor. But Young is an fervent admirer of Democratic Gov. James Blanchard III.

1986 NO-TAX PLEDGE

SOME candidates for Congress may be on the spot in a novel campaign asking each Democrat and Republican running for the Senate or House to sign a pledge to vote against any increase in personal or corporate income taxes beyond the rates set in the tax reform bill.

The feasibility of Gov. Norquist, a former Chamber of Commerce analyst, the proposed pledge under the bipartisan American For Tax Reform asks each candidate to "promise to oppose any effort to increase marginal tax rates from the 15 and 28 percent rates for individuals and the 34 percent top rate for corporations."

Non-signing can't date, says Norquist, will be highly publicized. Given strong anti-tax sentiment across the country, they may produce a heavy percentage of signers.

AMERICANS FOR TAX REFORM

DON'T JUST SIGN THE PLEDGE -- MAKE IT AN EVENT!

1. Pick a prominent site for taking The Pledge: State Capitol, a Federal building (especially an IRS office), your opponent's office, post office (mailing taxes to DC) or county courthouse, site overlooking town
2. Get a crowd to "witness" the Pledge: volunteers, party members, other supporters
3. Have an official of a taxpayers' organization or Chamber of Commerce appear with you to commend you on taking The Pledge
4. Take The Pledge on a Bible; have a judge, sheriff, or party official administer The Pledge to you
5. Sign a large copy of The Pledge for TV and newspaper cameras
6. Let Americans for Tax Reform know when & where you're taking The Pledge and provide us with addresses of 50 media outlets in your district/state so we can issue our own press release
7. **CHALLENGE YOUR OPPONENT TO TAKE THE PLEDGE!**

THE TAX REFORM PLEDGE COALITION

Chamber of Commerce of the U.S.A.
Americans for Tax Reform
National Taxpayers Union
Competitive Enterprise Institute

National Tax Limitation Committee
Citizens for Reagan
American Conservative Union
Free the Eagle

Citizens for Limited Taxation
Coalitions for America

(partial listing)

1800 "M" Street, N.W. • Suite 475 • Washington, D.C. 20036

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 23, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. Bauer, Esquire
Democratic Campaign Congressional Committee
Perkins Coie
1110 Vermont Avenue, NW
Washington, DC 20005

RE: MUR 2269

Dear Mr. Bauer:

This letter is to acknowledge receipt of your complaint of October 17, 1986, against Americans For Tax Reform which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within 24 hours. You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Please be advised that this matter shall remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless the respondents notify the Commission in writing that they wish the matter to be made public.

Sincerely,

Charles N. Steele
General Counsel

By: Lawrence M. Noble
Deputy General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 23, 1986

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

Grover Norquist, Executive Director
Americans For Tax Reform
1800 M Street, NW
Suite 475
Washington, DC 20036

RE: MUR 2269

Dear Mr. Norquist:

This letter is to notify you that on October 17, 1986, the Federal Election Commission received a complaint which alleges that Americans For Tax Reform has 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 2269. 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 Americans For Tax Reform in connection with this matter. You may respond to the allegations within 15 days of receipt of this letter. The complaint may be dismissed by the Commission prior to receipt of the response if the alleged violations are not under the jurisdiction of the Commission or if the evidence submitted does not indicate that a violation of the Act has been committed. Should the Commission dismiss the complaint, you will be notified by mailgram. If no response is filed within the 15 day statutory requirement, the Commission may take further action based on available information.

You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response to this notification, we have enclosed a pre-addressed, postage paid, special delivery envelope.

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.

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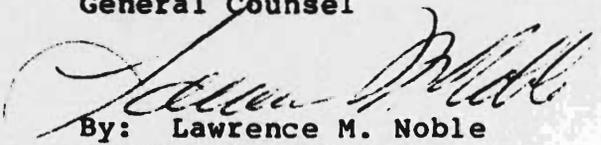
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission, in writing, that you wish the matter to be made public.

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

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

Sincerely,

Charles N. Steele
General Counsel



By: Lawrence M. Noble
Deputy General Counsel

Enclosures
Complaint
Procedures
Envelope

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

SENSITIVE

EXPEDITED FIRST GENERAL COUNSEL'S REPORT

RESPONDENT: Americans for Tax Reform

MUR NO: 2269

COMPLAINANT: Democratic Congressional
Campaign Committee

**DATE TRANSMITTED
TO COMMISSION:**

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OFFICE OF THE
COMMISSION SECRETARY

STAFF:
Charles Snyder

SUMMARY OF ALLEGATIONS

Complainant Democratic Congressional Campaign Committee ("DCCC") has alleged that respondent Americans for Tax Reform ("ATR") contacted all 1986 candidates for the House and Senate, asking them to sign a "Tax Reform Pledge" not to raise the top individual and corporate tax rates. ATR would then advise other organizations interested in the tax issue to support candidates who took the pledge, and ATR would publicize the various candidates' responses, pro or con. Complainant concludes that ATR expended in excess of \$1,000 in connection with federal elections, but failed to register and report as a political committee; exceeded the contribution limitations to candidate committees; and, if incorporated, made prohibited expenditures in connection with federal elections.

PRELIMINARY LEGAL ANALYSIS

The Office of General Counsel's initial review of the complaint indicates ATR may have violated 2 U.S.C. §§ 433 and 434, and possibly other violations may also have occurred.

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Accordingly, respondent must be given the opportunity to respond before this Office makes recommendations regarding this matter.

Charles N. Steele
General Counsel

Date

10/23/06

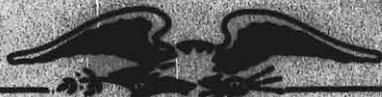
BY:



Lawrence M. Noble
Deputy General Counsel

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CCC# 1950



AMERICANS FOR TAX REFORM

Co-Chairmen

JOHN M. RICHMAN
Chairman and
Chief Executive Officer
Dart & Kraft, Inc.

ROBERT L. WOODSON
President
National Center for
Neighborhood Enterprise

JAMES C. DOBSON
President
Focus on the Family

GROVER G. NORQUIST
President

November 6, 1986

BY HAND

Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Room 657
Washington, D.C.

Attn: Charles Snyder, Esq.

Re: MUR 2269
(Letter of Representation)

Dear Sirs:

This is to advise you that Americans For Tax Reform will be represented in the above-captioned matter by:

William P. Barr, Esq.
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037

Telephone: (202) 663-8422

I authorize such counsel to receive any notification and other communications from the Commission.

Sincerely,

Grover Norquist
President

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OFFICE OF THE
GENERAL COUNSEL

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CCCH#1947

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N STREET, N. W.
WASHINGTON, D. C. 20037

TELEX/CABLE
89-2693 (SHAWLAW WSH)
TELEPHONE
(202) 663-8422

VIRGINIA OFFICE
1501 FARM CREDIT DRIVE
MCLEAN, VIRGINIA 22102
(703) 780-7800

November 6, 1986

TELECOPIER
(202) 223-3760 & 223-3761

ZAP MAIL
(202) 778-0338

WILLIAM P. BARR

BY HAND

Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Room 657
Washington, D.C.

Att'n: Charles Snyder, Esq.

16 NOV 6 4:43
RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Re: MUR 2269
(Request for Extension of Time)

Dear Sirs:

I am serving as counsel to Americans for Tax Reform in connection with the above-captioned matter. Enclosed herewith is a letter of representation from Grover Norquist, President of Americans for Tax Reform.

I am writing to request a two week extension of time in which to respond to the complaint. A copy of the complaint was received by Americans for Tax Reform on October 31, 1986. I request an extension of time in which to respond to November 28, 1986.

Over the next two weeks other pre-existing obligations will preclude me from devoting appropriate time to this matter. An extension to November 28 will give me sufficient time to develop the facts and prepare a response that will facilitate the Commission's deliberations. Because the election has concluded, no one will be prejudiced by this extension.

Sincerely,



William P. Barr
Counsel for
Americans for Tax Reform

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 20, 1986

William P. Barr, Esquire
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037

RE: MUR 2269
Americans for Tax Reform

Dear Mr. Barr:

This is in response to your letter dated November 6, 1986, in which you request a two week extension of time to respond to the General Counsel's brief in the above-referenced matter.

I have reviewed your request and agree to the requested extension. Accordingly, your response is due no later than November 28, 1986. If you have any questions, please contact Charles Snyder at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel

By: Lois G. Lerner
Associate General Counsel

89040684615



AMERICANS FOR TAX REFORM

Co-Chairmen

JOHN M. RICHMAN
Chairman and
Chief Executive Officer
Dart & Knott, Inc.

ROBERT L. WOODSON
President
National Center for
Neighborhood Enterprise

JAMES C. DOBSON
President
Focus on the Family

Executive Director
GROVER G. NORQUIST

Dear Candidate,

Today the House of Representatives overwhelmingly passed the tax reform bill. The challenge now is to make the progress of lower marginal tax rates permanent.

I am writing to you to urge you to take the Tax Reform Pledge. The pledge is a commitment by you to your constituents that you will:

ONE, Oppose any effort to increase marginal tax rates from the 15 and 28 percent rates for individuals and the 34 percent top rate for businesses; and

TWO, Oppose any further reduction or elimination of deductions and credits, unless matched dollar for dollar by further reducing tax rates.

Americans for Tax Reform is joined in the pledge campaign by a growing coalition of business, taxpayer and civic groups including the U.S. Chamber of Commerce, the National Taxpayers Union, the National Tax Limitation Committee and over 50 other groups.

All candidates have been asked to take the pledge. To date more than 125 candidates have signed and returned the pledge card. In the 1986 election all candidates have the choice of repeating President Reagan's 1984 no-tax-increase pledge or of adopting Walter Mondale's platform of tax increases. I urge you to take the pledge and let your constituents know that you stand with the taxpayers in opposing any effort to betray tax reform.

America's foremost advocate of tax reform and lower taxes on working men and women, President Reagan, has taken the pledge and called on all in Congress to do the same. I enclose two of his speeches.

By taking the pledge you go on record as a front-line protector of tax reform and help ensure that all men and women will benefit from the economic growth and jobs.

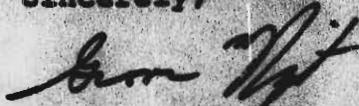
EXHIBIT 3

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To take the pledge, sign the pledge certificate you have already received, or the enclosed copy, and mail us a copy. Please call Helen White of ATR to let us know your pledge is in the mail at our new number, 202-663-8714.

Don't let the big-spending interests prevail. Take the pledge.

Sincerely,



Grover Norquist

encl.

P.S. Please note that we are moving to new and expanded office space. Our new address is: 2300 N St. NW, Washington, D.C. 20037

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AMERICANS FOR TAX REFORM

Dear Candidates:

On behalf of all American taxpayers, I would like to express my disappointment in your failure to sign the "Taxpayer Protection Pledge" to oppose tax rate increases on individuals and businesses.

More than 250 candidates have taken the pledge.

I urge you to join all candidates who have taken the pledge in publically re-taking it in your home district or state on October 28, the Tuesday before Election Day, at 11:00 local time.

This series of simultaneous press conferences will show taxpayers, who has, and has not, taken the pledge.

I will mail enlarged 28"x40" pledge cards to any candidate who sends in a signed pledge and lets Americans for Tax Reform know that they will be joining the 'pledge day' activities. These enlargements make excellent visuals for press conferences.

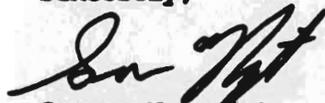
Later in the day, on October 28, I will release to the National Press the list of candidates who have taken the pledge.

I enclose some of the many press endorsements of the pledge campaign, a partial list of candidates who have taken the pledge, the "Dear Colleague" letter that was sent to all House members by Congressman Connie Mack (R-FL) and Tommy Robinson (D-AR), and a question and answer sheet on the pledge.

I also enclose an endorsement of the pledge by President Reagan, and a nationwide radio commentary in support of the pledge by Senator Robert Dole.

Please let Americans for Tax Reform know if you are signing and mailing in the enclosed pledge card.

Sincerely,



Grover Norquist

P.S. Some members of the House of Representatives have signed Resolution #573 which has the same wording as the pledge. We do need the signed pledge card returned to AIR, however, if we are to confirm you as a signer of the pledge to the press.

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ROBERT L. WOODSON

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National Center for
Neighborhood Enterprises

JAMES C. DOBSON

President
Focus on the Family

Executive Director

GROVER G. NORQUIST

5

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AMERICANS FOR TAX REFORM

Co-Chairmen

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ROBERT L. WOODSON

*President
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JAMES C. DOBSON

*President
Focus on the Family*

President

GROVER G. NORQUIST

TO: Pledge Signers

FROM: Grover Norquist

RE: October 28 Press Conferences

On October 28 at 11:00 AM local time (or another convenient time early in the day), all candidates who have taken the Taxpayer Protection Pledge are joining together in simultaneous press conferences in their home districts and states to reiterate their commitment to oppose high taxes.

I enclose an enlargement of the pledge for use at your press conference.

I also enclose a copy of the bi-partisan "Dear Colleague" letter from Reps. Connie Mack (R-Fla.) and Tommy Robinson (D-Ark.) urging all candidates to join together in taking the pledge October 28.

Jack Kemp's eloquent endorsement of the pledge campaign and the unprecedented national display of solidarity with the taxpayers is also enclosed.

Please call us at Americans For Tax Reform and let us know of your final plans for October 28. We will be alerting the national press in Washington the afternoon of the 28th as to how many incumbents and challengers have taken the pledge that morning.

Together we can ensure that the tax rates are not increased on the working men and women of America. Together we can end the constant tax increase spiral that can lead to unemployment, inflation and recession.

The pledge campaign tells the American people that you stand with them in putting the legitimate needs of the family budget first, rather than the insatiable wants of the federal budget.

EXHIBIT 5

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CONNIE MACK
12TH DISTRICT, FLORIDA

COMMITTEE ON THE BUDGET
COMMITTEE ON FOREIGN AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515

October 15, 1986

WASHINGTON OFFICE:
604 Cannon House
Washington, DC 20541
(202) 328-2528
CAPITOL BUILDING
GEORGE W. BUSH
FEDERAL BUILDING
SUITE 108
POST OFFICE, FL 237
(813) 334-4424
2015 SIESTA DRIVE
SUITE 204
SARASOTA, FL 337
(813) 366-9442

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Dear Colleague:

Just over one week ago, we wrote to all members urging them to join us in taking the "taxpayer protection pledge."

To date, more than 230 members of Congress and challengers in the 1986 election have taken "the pledge," committing to oppose any effort to raise rates and to oppose any effort to further reduce deductions or credits unless matched dollar for dollar by rate reduction. We are well on our way toward our goal for ensuring that the lower tax rates are protected.

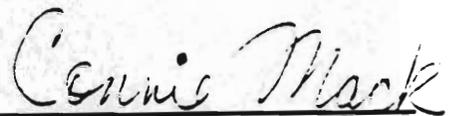
Both of our offices have copies of the pledge. If you have not yet signed the pledge, please pick one up, sign it and send it to Americans for Tax Reform, Attention: Grover Norquist, 2300 N Street, N.W., Washington, D.C. 20037. Telephone number: (202) 663-8714.

We also invite you to join with all pledge takers on October 28th in a series of simultaneous press conferences in our home districts and states where all pledge takers will repeat their no tax hike pledge to their local media at 11 A.M. local time.

Please let Americans for Tax Reform know if you will be joining with all pledge takers in publicly taking the pledge on October 28th so that they can alert the national media.

Sincerely,


Tommy Robinson


Connie Mack

OCT 15 1986

JACK KEMP
8th DISTRICT OF NEW YORK

COMMITTEES:

APPROPRIATIONS

SUBCOMMITTEE

FOREIGN OPERATIONS
RANKING MEMBER

BUDGET

Congress of the United States
House of Representatives
Washington, D.C. 20515

PLEASE RESPOND
O WASHINGTON OFFICE
6000 RAYBURN OFFICE BUILDING
WASHINGTON, D.C. 20540
(202) 555-6200

DISTRICT OFFICES:
O 401 FEDERAL BUILDING
10 WEST MICHIGAN STREET
BUFFALO, NEW YORK 14203
(716) 640-6100

O 404 B. MAIN STREET
GENEVA, NEW YORK 14456
(518) 760-0500

October 22, 1986

Dear Friend:

President Reagan has signed tax reform legislation that dramatically lowers the individual and corporate tax rates, improves equity for families and children, removes 6 million poor people from the tax code, and strengthens prospects for long-term economic growth and full employment for all working Americans.

Now the American people call upon us to press forward and complete our efforts to make tax reform permanent and ensure that all Americans enjoy the fruits of greater opportunity and enhanced justice.

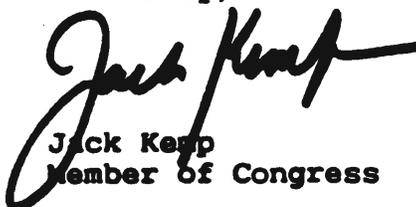
I hope that every Congressman and candidate will take the "tax reform pledge." This pledge promises the American people that we will oppose tax rate increases and any further reduction or elimination of deductions and credits, unless matched dollar for dollar by further reductions in tax rates.

But the pledge does more than preserve the new tax law. By taking this pledge we are implicitly promising our constituents that the federal budget will be balanced, not by unbalancing the family budget with tax increases, but by creating a full employment economy and by insisting on the most stringent budget restraint.

Some say, "who will enforce the pledge." I believe the American people will hold all public officials accountable for protecting tax reform and strengthening economic opportunity. The democratic process is America's best guarantee of wise and prudent policy.

I am pleased to participate in this campaign to keep the dream of tax reform alive, and I urge my colleagues and friends to join this bi-partisan effort to restore incentive and freedom to America's economy.

Sincerely,


Jack Kemp
Member of Congress

JK:tmh

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

CONNIE MACK
13TH DISTRICT, FLORIDA

COMMITTEE ON THE BUDGET
COMMITTEE ON FOREIGN AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
654 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-2536

DISTRICT OFFICES:
GEORGE W. WHITEHURST
FEDERAL BUILDING
SUITE 100
FORT MYERS, FL 33901
(813) 334-4424

2015 SIESTA DRIVE
SUITE 204
SARASOTA, FL 33579
(813) 366-8482

October 15, 1986

Dear Colleague:

Just over one week ago, we wrote to all members urging them to join us in taking the "taxpayer protection pledge."

To date, more than 230 members of Congress and challengers in the 1986 election have taken "the pledge," committing to oppose any effort to raise rates and to oppose any effort to further reduce deductions or credits unless matched dollar for dollar by rate reduction. We are well on our way toward our goal for ensuring that the lower tax rates are protected.

Both of our offices have copies of the pledge. If you have not yet signed the pledge, please pick one up, sign it and send it to Americans for Tax Reform, Attention: Grover Norquist, 2300 N Street, N.W., Washington, D.C. 20037. Telephone number: (202) 663-8714.

We also invite you to join with all pledge takers on October 28th in a series of simultaneous press conferences in our home districts and states where all pledge takers will repeat their no tax hike pledge to their local media at 11 A.M. local time.

Please let Americans for Tax Reform know if you will be joining with all pledge takers in publicly taking the pledge on October 28th so that they can alert the national media.

Sincerely,


Tommy Robinson


Connie Mack

EXHIBIT 6

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AMERICANS FOR TAX REFORM

...NEWS...NEWS...NEWS...NEWS...NEWS...

Co-Chairmen

JOHN M. RICHMAN
*Chairman and
Chief Executive Officer
Dart & Kraft, Inc.*

ROBERT L. WOODSON
President

*National Center for
Neighborhood Enterprise*

JAMES C. DOBSON
*President
Focus on the Family*

**Executive Director
GROVER G. NORQUIST**

For Immediate Release

Contact: Grover Norquist (202) 955-6934

Mark Huber (202) 955-6934

Americans For Tax Reform Launches Nationwide

Campaign To Make Tax Reform Permanent. Congressional

**Candidates Urged To Take "The Pledge" Not To Raise
Rates. Major Coalition To Be Formed.**

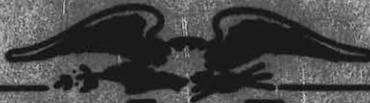
Washington, August 20, 1986---Americans for Tax Reform today urged all congressional candidates to take the "Tax Reform Pledge." Those who take "The Pledge" promise to oppose any attempt to raise individual and corporate rates or eliminate deductions or credits without an equal rate reduction. ATR also announced formation of a broad-based "Tax Reform Pledge Coalition" whose members also will urge candidates to take "The Pledge."

A list of candidates who have taken "The Pledge" will be announced on September 15th, when ATR unveils a nationwide media campaign.

"We intend to make tax reform permanent," said Grover Norquist, ATR's Executive Director.

EXHIBIT 7A

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AMERICANS FOR TAX REFORM

NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...

For Immediate Release

**Contact: Grover Norquist, Mark Huber
(202) 955-6934/546-2382**

CONGRESSMEN URGED NOT TO TURN TAX REFORM INTO A TAX INCREASE

Washington, September 8, 1986--Americans For Tax Reform today urged Congress not to turn tax reform into a tax increase. Grover Norquist, Executive Director of Americans For Tax Reform, today urged House leaders immediately to abandon their calls for increased individual income tax rates as a means of attacking the federal deficit.

Several Members of Congress recently said such a tax increase will be necessary after Tax Reform passes. Norquist warned that such notions could do "significant damage" to tax reform. "Increased rates will dilute tax reform's beneficial effect on the economy. A tax increase will reduce or delay savings we need as a nation and will have a negative impact on economic growth and employment."

Norquist called on President Reagan to reiterate his strong opposition to a tax increase and urged all

(more)

1800 "M" STREET, N.W., SUITE 475, WASHINGTON, D.C. 20036 (202) 955-6934

Co-Chairman

JOHN M. RICHMAN
*Chairman and
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Dart & Kraft, Inc.*

ROBERT L. WOODSON
*President
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JAMES C. DOBSON
*President
Focus on the Family*

**Executive Director
GROVER G. NORQUIST**

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EXHIBIT 7B

p. 1

congressional candidates to take the Tax Reform Pledge.

The Pledge, a project of Americans for Tax Reform and the Tax Reform Pledge Coalition, is designed to make tax reform permanent.

Candidates who take The Pledge promise to oppose any effort to increase marginal tax rates above the 15 and 28 percent levels for individuals and 34 percent top rate for businesses and to oppose further reduction or elimination of deductions and credits unless matched dollar-for-dollar by reduced tax rates.

Americans for Tax Reform, a non-partisan, non-profit organization created in 1985 to support tax reform, is a broad-based coalition of civic and community groups as well as corporations and state taxpayer organizations.

Americans for Tax Reform and the Tax Reform Pledge Coalition is sponsoring a national media campaign designed to promote The Pledge and will publicize lists of candidates who have and have not taken it.

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AMERICANS FOR TAX REFORM

NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...

GROWING NUMBER OF CANDIDATES TAKING ATR'S NO TAX INCREASE PLEDGE.

Co-Chairmen

JOHN M. RICHMAN

*Chairman and
Chief Executive Officer
Dart & Kraft, Inc.*

ROBERT L. WOODSON

*President
National Center for
Neighborhood Enterprise*

JAMES C. DOBSON

*President
Focus on the Family*

President

GROVER G. NORQUIST

For Immediate Release

**Contact: Mark Huber (202) 955-6934
after 9/29 663-8714**

WASHINGTON--A growing number of congressional candidates have taken Americans For Tax Reform's (ATR) Tax Reform Pledge following a week of national and international attention for ATR's Tax Reform Pledge Campaign. (Please see clipping packet.) The campaign is designed to make tax reform gains permanent for American taxpayers. ATR previously had criticized Members of Congress who said individual rates might have to be increased to attack the deficit after tax reform legislation passed.

ATR is asking all congressional candidates, incumbents and challengers, to take the Tax Reform Pledge. By taking The Pledge a candidate publicly promises not to raise rates above the 15/28/34 levels provided for in the Tax Reform Act of 1986 and to oppose any attempt to reduce or eliminate deductions and credits unless accompanied by dollar-for-dollar further reductions in tax rates. More than 150 candidates for the House and Senate already have taken the Pledge.

EXHIBIT 7C

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AMERICANS FOR TAX REFORM

NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...

For Immediate Release
Contact: Grover Norquist (202) 663-8714

Co-Chairman
JOHN M. RICHMAN
*Chairman and
Chief Executive Officer
Dart & Kraft, Inc.*

ROBERT L. WOODSON
*President
National Center for
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JAMES C. DOBSON
*President
Focus on the Family*

President
GROVER G. NORQUIST

AMERICANS FOR TAX REFORM TO ANNOUNCE LIST OF NO-TAX-INCREASE PLEDGE SIGNERS, KICK-OFF NATIONWIDE NEWS CONFERENCES.

Washington, October 24--Americans For Tax Reform (ATR) will announce a complete list of congressional candidates who have taken ATR's Taxpayer Protection Pledge and discuss its importance at a news conference here at 2:00 PM on October 28. Candidates will reaffirm their support for the pledge at a series of simultaneous news conferences nationwide that morning. ATR is a non-partisan, non-profit organization comprised of business, community and local taxpayer organizations.

U.S. Reps. Tommy Robinson (D-Ark.) and Connie Mack (R-Fla.) invited all congressional candidates to join them in this unprecedented string of national news conferences. Individuals who take the pledge promise to oppose any effort to raise rates above 15 and 28 percent for individuals and 34 percent for businesses. They also promise to fight any elimination or reduction in deductions and credits unless tax rates are reduced further on a dollar-for-dollar basis. Over 260 candidates of both parties have taken the pledge. "Our goal is to have all community leaders take the pledge," said ATR President Grover Norquist. "This is not a partisan issue."

EXHIBIT 7 D

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AMERICANS FOR TAX REFORM

NENS...NENS...NENS...NENS...NENS...NENS...NENS...NENS...

For Immediate Release
Contact: Grover Norquist (202) 663-8714

AMERICANS FOR TAX REFORM WILL RELEASE FINAL LIST OF CONGRESSIONAL CANDIDATES WHO HAVE SIGNED TAXPAYER PROTECTION PLEDGE TO NATIONAL MEDIA TUESDAY, OCTOBER 28 AT 2:00 PM

Washington, October 27--Americans For Tax Reform (ATR), America's largest bi-partisan coalition of business, community, and state taxpayer organizations, will announce the final list of congressional candidates who have taken ATR's Taxpayer Protection Pledge to the media at 2:00 PM tomorrow in the Federal Room, Hotel Washington, Washington, D.C. Also, as part of ATR's National Pledge Day activities, candidates who have taken the pledge will hold a series of simultaneous news conferences in their home districts and states to reaffirm their support for the pledge.

Candidates who take the Taxpayer Protection Pledge promise to oppose any attempt to raise top tax rates above 15 and 28 percent for individuals and 34 percent for businesses. They also promise to fight any attempt to reduce or eliminate deductions and credits unless tax rates are reduced further on a dollar for dollar basis. Over 270 Democrats and Republicans have taken the pledge. "This is not a partisan issue," said ATR President Grover Norquist. Norquist and members of ATR's Tax Reform Coalition will be available tomorrow to answer your questions.

EXHIBIT 7E

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JAMES C. DOBSON
President
Focus on the Family

GROVER G. NORQUIST
President

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AMERICANS FOR TAX REFORM

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JAMES C. DOBSON

*President
Focus on the Family*

President

GROVER G. NORQUIST

NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS

For Immediate Release

**Contact: Mark Huber/ Helen White
(202) 663-8714**

CONGRESSMAN TOMMY ROBINSON TAKES TAX REFORM PLEDGE

Washington, D.C. October 10, 1986--Americans For Tax Reform

today announced that Rep. Tommy Robinson

publicly took the Tax Reform

Pledge. By taking The Pledge, Robinson promises

that, if reelected he will oppose any attempt

to raise tax rates above 15 and 28 percent for individuals

and 34 percent for businesses. Robinson also promises

to fight any elimination or reduction of deductions and

credits unless matched by a further dollar-for-dollar

reduction in the tax rates.

Grover Norquist, president of Americans For Tax Reform,

praised Robinson for taking The Pledge and urged

all of Arkansas's congressional candidates to

follow suit. "Courageous candidates like Rep. Tommy

Robinson will ensure that today's tax reform

does not become tomorrow's tax increase." Norquist

said.

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EXHIBIT 8A



AMERICANS FOR TAX REFORM

NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS

For Immediate Release
Contact: Mark Huber/ Helen White
(202) 663-8714

Co-Chairmen

JOHN M. RICHMAN
*Chairman and
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Dart & Kraft, Inc.*

ROBERT L. WOODSON
*President
National Center for
Neighborhood Enterprise*

JAMES C. DOBSON
*President
Focus on the Family*

GROVER G. NORQUIST
President

CONGRESSMAN DAN RITTER TAKES TAX REFORM PLEDGE

Washington, D.C. October 10, 1986—Americans For Tax Reform

today announced that Rep. Dan Ritter publicly took the Tax Reform Pledge. By taking The Pledge, Ritter promises that, if reelected he will oppose any attempt to raise tax rates above 15 and 28 percent for individuals and 34 percent for businesses. Ritter also promises to fight any elimination or reduction of deductions and credits unless matched by a further dollar-for-dollar reduction in the tax rates.

Grover Norquist, president of Americans For Tax Reform, praised Ritter for taking The Pledge and urged all of Pennsylvania's congressional candidates to follow suit. "Courageous candidates like Rep. Dan Ritter will ensure that today's tax reform does not become tomorrow's tax increase." Norquist said.

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EXHIBIT 8B



AMERICANS FOR TAX REFORM

NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...NEWS...

Co-Chairmen

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ROBERT L. WOODSON
*President
National Center for
Neighborhood Enterprise*

JAMES C. DOBSON
*President
Focus on the Family*

GROVER G. NORQUIST
President

**For Immediate Release
Contact: Mark Huber/Helen White (202) 663-8714**

DAVE CREVELT TAKES TAX REFORM PLEDGE

Washington, October 14—Americans For Tax Reform today announced that Dave Crevelt, a candidate for the the U.S. House of Representatives from California's 18th Congressional District, publicly took the Tax Reform Pledge. By taking The Pledge, Crevelt promises that, if elected, he will oppose any attempt to raise individual or corporate tax rates above the 15/28/34 levels proposed in the Tax Reform Act of 1986. Crevelt also promises to fight any elimination or reduction in deductions and credits unless matched dollar-for-dollar by further lowering tax rates.

Grover Norquist, president of Americans For Tax Reform, praised Crevelt for taking The Pledge and urged his opponent to follow suit. "Courageous candidates like Dave Crevelt will ensure that today's tax reform does not become tomorrow's tax increase," Norquist said.

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EXHIBIT 8C

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AMERICANS FOR TAX REFORM

Co-Chairmen

JOHN M. RICHMAN

*Chairman and
Chief Executive Officer
Dart & Kraft, Inc.*

ROBERT L. WOODSON

*President
National Center for
Neighborhood Enterprise*

JAMES C. DOBSON

*President
Focus on the Family*

President

GROVER G. NORQUIST

New Member

**House Gen. Delivery
Washington, D.C. eeeeeee**

November 14, 1986

Dear New Member:

Congratulations on your election to the 100th Congress. During this historic session you will confront many issues vital to the economic security of your constituents. None may be more important than the "technical corrections" bill to the Tax Reform Act of 1986.

Pointing to the deficit, some of your fellow Members plan to insert tax increases into the technical corrections bill. This would be a national tragedy. Raising income taxes, or prolonging the transition rules, could trigger a recession. Tax receipts would fall. Social spending would climb. And the deficit would only grow larger. Run-away interests rates and high inflation would surely follow.

You can help make sure this grim scenario never happens. Now, even before you take the Oath of Office, sign the Taxpayer Protection Pledge. By taking the pledge you promise to oppose any attempt to raise income tax rates above the 15 and 28 percent levels for individuals and 34 percent for businesses. You also promise to fight any attempt to eliminate or reduce existing deductions and credits unless tax rates are further reduced on a dollar-for-dollar basis.

Many of your colleagues already have taken the pledge. They know that without it, tax reform may never have a chance to work. Won't you join them? Please, for your constituents, for your country, sign the enclosed pledge card and return it to Americans for Tax Reform. Stop tax increase legislation now, before the 100th Congress convenes.

Sincerely,

Grover Norquist
President

EXHIBIT 9A

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AMERICANS FOR TAX REFORM

Co-Chairmen

JOHN M. RICHMAN
Chairman and
Chief Executive Officer
Dart & Kraft, Inc.

ROBERT L. WOODSON
President
National Center for
Neighborhood Enterprise

JAMES C. DOBSON
President
Focus on the Family

GROVER G. NORQUIST
President

November 17, 1986

Dear Representative:

Congratulations on your election to the 100th Congress. I again thank you for taking Americans for Tax Reform's no-tax-increase pledge. Your courageous stand assures your constituents that you will oppose any scheme to take away their lower marginal tax rates.

As you know, some of your colleagues think raising working Americans' income taxes is the best way to reduce the deficit. Fortunately, President Reagan has promised to veto any tax increase. But this veto must be upheld. I am pleased to announce that we are only a few pledges away from giving the President this vital support. We need commitments from less than a dozen Members and Representatives-elect to give President Reagan the solid one-third required to sustain a tax increase veto. By signing up these few individuals and building on that base toward a majority in both houses, we can dissuade tax increasers before the 100th Congress convenes. By virtue of the numbers alone, we can convince the tax increasers that their mission is doomed to failure.

But I need your help if we are to succeed. I am asking each pledge taker to sign up at least one colleague who has yet to pledge by the start of the 100th Congress. I am enclosing a pledge certificate for this purpose. Additional certificates are available from the offices of Representatives Connie Mack and Tommy Robinson. With your help, we can protect lower marginal tax rates and build a brighter economic future for all Americans.

Sincerely,

Grover Norquist
President

cc: President Ronald Reagan
James Baker

EXHIBIT 9B

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AMERICANS FOR TAX REFORM

November 17, 1986

Co-Chairmen

JOHN M. RICHMAN
*Chairman and
Chief Executive Officer
Dart & Kraft, Inc.*

ROBERT L. WOODSON
*President
National Center for
Neighborhood Enterprise*

JAMES C. DOBSON
*President
Focus on the Family*

GROVER G. NORQUIST
President

Dear Representative:

Congratulations on your re-election to Congress. Before the 100th Congress convenes, I would appreciate a moment of your time to clear up a bit of business left over from the previous session.

During the 99th Congress you signed on as a co-sponsor of House Resolution 573, the no-tax-increase pledge. Before the next session begins, Americans for Tax Reform is asking the co-sponsors of H.R. 573 to reaffirm their support for low tax rates by signing and returning the enclosed pledge certificate. The pledge certificate contains wording identical to H.R. 573 and will provide us with a permanent record of your courageous stand on this vital issue.

As you know, some of your colleagues think raising working Americans' income taxes is the best way to reduce the deficit. Reaffirming your support of the no-tax-increase pledge sends them a message. More important, it assures your constituents that you will oppose any scheme designed to take away their lower marginal tax rates.

President Reagan has promised to veto any tax increase. If the House does pass a tax increase, your commitment will ensure that the President's veto is upheld. Please sign and return the enclosed pledge certificate to Americans for Tax Reform.

Sincerely,

Grover Norquist
President

cc: President Ronald Reagan
James Baker

EXHIBIT 9C

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2. ATR was incorporated in July 1985 in the District of Columbia as a non-profit membership corporation. ATR is tax exempt under Section 501(c)(4) of the Internal Revenue Code. ATR was established to promote lower marginal tax rates and specifically to work for enactment of the Administration's tax reform proposal, commonly called "Treasury II." ATR's goal was to:

- Educate the public as to the need for tax reform and the merits of the President's proposal.
- Mobilize grassroots support for reform and effectively bring that support to bear in the legislative process.
- Tangibly demonstrate through the breadth of its membership that the President's proposal is good for the whole nation and transcends narrow interest group politics.

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3. ATR was designed to function as an umbrella group for a coalition of businesses, nonprofit organizations, and individual citizens drawn from the broadest possible spectrum of society. Each member agreed to join with ATR in working for passage of the President's tax reform proposal in accordance with the following guiding principles: First, each member agreed that the President's tax reform proposal, as presented, was better than the current tax system. Second, although members were free individually to seek adjustments to the proposal, each member agreed to support and work for enactment of the proposal even if no changes were made. Third, each member agreed that, in any event, they would not accept or support tax rates higher than those in the President's proposal, nor the personal exemption lower than \$2,000.

4. ATR was founded as a non-partisan organization and was, and is, strictly non-partisan in all of its activities.

5. ATR's membership came to be comprised of several individuals and of approximately 50 organizations including businesses; trade groups; civic and family groups; non-profit citizens groups; low-income groups; and state taxpayer organizations.

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6. From September 1985 through January 1986, ATR raised from its members \$463,581. These funds came principally from ATR's business members. These funds were the total funds available to ATR. No funds have been raised since January 1986. Of this total, \$175,725 was set aside to cover staff salaries and office space rent through 1986. The remaining \$287,856 represented ATR's operational budget.

7. ATR has never been affiliated in any way with -- nor has ATR ever received any direct or indirect financial support from -- any political party or any entity affiliated with a political party.

8. From its inception through mid-August 1986, ATR's efforts were devoted entirely to achieving Senate and House passage of tax reform legislation with the lowest possible marginal rates and a personal exemption of at least \$2,000. ATR engaged in public education, grassroots lobbying, and direct lobbying in Congress. During this effort, ATR spent approximately \$228,700 -- or 80% of its total operational budget -- on these legislative activities. This included substantial display advertising in major magazines and newspapers nationwide; preparation and distribution of brochures to the general public; sponsoring large public rallies; and organizing telegram and letter writing campaigns. All ATR's activities were conducted on a scrupulously non-partisan basis.

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9. The "Pledge Campaign" was entirely my own idea. I started to develop the idea in or about July 1986. The idea was prompted by my encounter with numerous members of the House of Representatives who were reluctant to vote for tax reform legislation because they conceived that it would become a "trojan horse" for a tax increase in the 100th Congress. The concern was that, by broadening the base and eliminating exemptions and deductions, tax reform would pave the way for later rate increases. To alleviate these concerns and to prepare for the anticipated legislative battle in the 100th Congress, I conceived of a public pledge campaign which would seek to obtain from as many lawmakers as possible -- at the very time tax reform was being passed -- solemn and public commitments that they would not later destroy tax reform by voting for future tax rate increases. Because of the proximity of the election and the expectation that the legislative battle over tax rates would carry over into the 100th Congress, I felt the pledge campaign should cover all potential members of the 100th Congress, i.e., all Senators and all candidates for the Senate and House. The idea of a pledge campaign also was derived, in part, from the example of New Hampshire where, for many years, all candidates for Governor have been called upon to pledge that, if elected, they would not institute a state income tax.

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10. The purpose of the pledge campaign was to get as many prospective lawmakers as possible to commit themselves publicly against a tax rate increase. Optimally, if a majority of the 100th Congress had previously given their pledge, I believed there would be a good chance of preempting, or at least defeating, any effort to raise tax rates. At a minimum, if one-third of the members of either the Senate or the House had given their pledge, I believed there would be a good chance of sustaining a presidential veto of any tax rate increase.

11. In addition, I conceived of the pledge campaign as an important part of ATR's efforts to achieve passage of tax reform legislation in the 99th Congress. Both the advent of the campaign and its early success helped to reduce the fears of some key members that tax reform would ultimately be converted into a tax increase. This played a significant role in persuading many of those members to vote for the tax reform package.

12. I considered the proximity of the election fortuitous and potentially useful to the pledge effort. It presented opportunities for drawing public attention to the need to keep tax rates at the levels set in the tax reform legislation. An ancillary purpose of the pledge campaign was to make the issue of future tax policy part of the public debate during the election. The elections also served as an "action forcing event" which

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prompted many members of Congress to at least confront the issue and take a position one way or the other. The utility of the elections as an action forcing event is demonstrated by the fact that, while almost 300 candidates ended up taking the pledge, only two incumbent Senators not facing re-election have taken the pledge to date.

13. The pledge campaign was my idea, and I made the decision to launch it. In conceiving of, and deciding to initiate the effort, I did not consult or coordinate in any way with any political party or any entity affiliated with a political party. Moreover, ATR carried out the pledge campaign entirely independently. Contrary to the allegations in the complaint, the pledge campaign was not coordinated with the Republican Congressional and Senatorial Campaign Committees.

14. The pledge campaign was designed to be scrupulously non-partisan. I asked Congressmen from each party -- Representatives Tommy Robinson (D. Ark.) and Connie Mack (R. Fla.) -- to be co-chairmen of the the effort. Our goal was to persuade as many officeholders and candidates as possible to take the pledge, not to persuade the general public to vote for any particular candidates. I wanted to ensure that every Senator and all Senate and House candidates were given as many opportunities as possible to take the pledge.

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15. The pledge campaign did not involve direct communications with the general public. Thus, there was no advertising, distribution of brochures to the public, direct mail, or similar communications.

16. The pledge campaign basically involved two types of communication: (i) letters sent directly to officeholders and candidates to persuade them to take the pledge; and (ii) press releases and statements issued through the institutional media.

17. With respect to the first type of communication, a series of letters was sent to all Congressional candidates, incumbents and challengers, and to all Senators, including those not facing election. These included:

- (a) a mailing on August 20, making the initial appeal (Exhibit 1);
- (b) a mailing on September 9, reiterating the request (Exhibit 2);
- (c) a mailing on September 25, making a further request (Exhibit 3);
- (d) a mailing on October 16, to all those who had not taken the pledge, making a final request that they do so (Exhibit 4); and

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- (e) a mailing on October 22, to all pledge-takers asking them to retake the pledge on October 28 to coincide with ATR's announcement of the list of those who have taken the pledge (Exhibit 5).

The total cost of these mailings was approximately \$8,450.

18. In addition, the co-chairmen of the pledge campaign -- Representatives Robinson and Mack -- circulated "Dear Colleague" letters -- one in early October and one on October 15 -- to all incumbent Congressmen asking them to take the pledge. (Exhibit 6).

19. ATR's second type of communication during the pledge campaign were statements to the institutional media. Among these were occasional press releases on the progress of the pledge campaign (Exhibits 7A - 7E). These were issued to ATR's regular media list -- the same list used by ATR prior to the pledge campaign. Moreover, as mentioned in the initial mailings to candidates, ATR originally planned to hold a major nationwide press event on September 15 to call attention to the pledge campaign and to announce the names of those who had taken the pledge. However, when the House delayed the vote on the tax reform bill, I decided to postpone this major event to October 28, to give

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more Congressmen an opportunity to take the pledge without feeling they had "missed the boat". Prior to the October 28 event, ATR occasionally provided the list of pledge-takers to press people in response to press inquiries. On October 9, I distributed the list of pledge-takers to the Capitol Hill press corps. On October 28, I held a press conference at the Hotel Washington in Washington, D.C. at which I released the complete list of pledge-takers to the media (Exhibit 7D - 7E). Upon information and belief, numerous pledge-takers retook the pledge to coincide with my press conference, as ATR had requested. The total cost of these press communications was under \$5,000.

20. In addition to these general communications, ATR issued separate press statements on approximately 20 individual pledge-takers. These individuals were the only ones who, at the time of sending in their pledge cards, had also sent ATR the names of media outlets in their districts, as ATR had suggested in its mailings. ATR prepared and mailed press releases on each of these individuals. Upon information and belief, about 800 such releases were mailed in total -- an average of about 40 per individual. All of these individual releases followed the same basic format (Exhibits 8A-8C). The total cost of these individual releases was under \$300.

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21. In its mailings to House candidates and Senators, ATR suggested that those taking the pledge take steps to publicize and solemnize the occasion. For example, we asked pledge-takers to actually sign (and have witnessed) a pledge certificate. We also suggested taking the pledge at a prominent site in front of a crowd of "witnesses", taking the pledge on a Bible and administered by an official, signing a large blow-up of the pledge certificate, and letting ATR know the names of the local media outlets. In seeking this public attention for the pledge, ATR was pursuing its own interests, not those of the candidate. I believed that the pledge's future effectiveness in holding the Congressman to his promise would be greatly enhanced if the Congressman had "made a big deal" about his pledge at the time he took it. I realized that campaign promises are broken all the time, but I felt that the greater the publicity and solemnity attached to the promise, the less room the congressman had to wiggle away from it. Moreover, our purpose in encouraging publicity was to draw public attention to the fact of the pledge campaign itself and thus build momentum for the effort. I expected that the more the pledge campaign "caught on", the greater the number of candidates who would be willing to take the pledge.

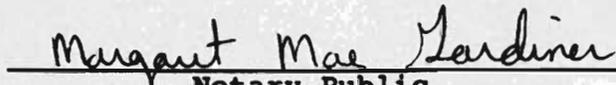
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22. ATR is continuing the pledge campaign after the election and on into the 100th Congress in conjunction with the Chamber of Commerce, the National Federation of Independent Businesses, the National Taxpayers Union, and other organizations. Mailings are being sent to all members of the 100th Congress who have not yet taken the pledge (Exhibit 9A - 9C).



GROVER G. NORQUIST

Subscribed and sworn to before me this 24th day of November, 1986.



Notary Public

My Commission Expires: May 14, 1990

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AMERICANS FOR TAX REFORM

LETTER TO CONGRESSIONAL CANDIDATES.

Dear...(candidate's name)

We anticipate that tax reform will become law this year.

Unfortunately, we also expect the "tax and spenders" to try to roll it back. This cannot happen. Working Americans have paid oppressively high taxes for too long. They need your help to make the gains of tax reform permanent.

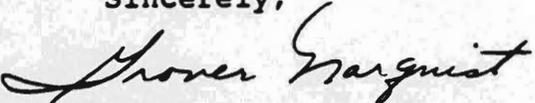
That is why we are asking you to take the "Tax Reform Pledge." "The Pledge" is a commitment that, if elected this fall, you will oppose any attempt to raise income tax rates on individuals or companies and oppose any effort to eliminate or reduce any deductions or credits unless tax rates are reduced further on a dollar-for-dollar basis.

Americans for Tax Reform, a coalition of low-income groups, corporations, and civic organizations, is expanding its coalition and forming the "Tax Reform Pledge Coalition" that will work to make tax reform permanent. On September 15 we will launch a nationwide media campaign, at which time we will announce the names of congressional candidates--incumbents and challengers--(and senators not facing re-election) who have taken "The Pledge."

Tax reform will be "the issue" in the fall campaign. Won't you make this commitment to your constituents?

Write us on your campaign or personal letterhead by September 9. Take "The Pledge." Let's make tax reform permanent.

Sincerely,



Grover Norquist
Executive Director

EXHIBIT 1

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Co-Chairman

JOHN M. RICHMAN

Chairman and
Chief Executive Officer
Dart & Kraft, Inc.

ROBERT L. WOODSON

President
National Center for
Neighborhood Enterprise

JAMES C. DOBSON

President
Focus on the Family

Executive Director

GROVER G. NORQUIST

Questions and Answers on "The Pledge"

What is "The Pledge"

The pledge is a commitment by candidates that if elected they will oppose any effort to undermine the tax reform package recently approved by the House and Senate conferees.

Specifically, candidates are asked to promise to oppose any effort to increase marginal tax rates from the 15 and 28 percent rates for individuals and the 34 percent top rate for corporations and second to insist that any further reductions or eliminations of deductions or credits be matched dollar-for-dollar by reducing tax rates.

Who is asked to take "The Pledge"

All candidates for the House of Representatives and the Senate in the November 1986 elections are being asked to make this commitment to their constituents - incumbents and challengers.

In addition, those senators not up for re-election in 1986 are also being asked to take the pledge.

Who is sponsoring the pledge campaign

Americans for Tax Reform, a non-partisan, non-profit organization created in 1985 to support tax reform is sponsoring the pledge campaign. Americans for Tax Reform (ATR) is a broad-based coalition of civic and community groups as well as corporations and state taxpayer organizations.

ATR has invited other organizations to join the pledge coalition.

What is the goal of the pledge campaign

The goal is to get commitments from a majority of candidates for the House and Senate to protect tax reform from those who would raise tax rates or attempt to increase taxes on Americans by removing deductions without at the same time further reducing rates.

How will the pledge campaign be conducted

A letter is being mailed to all candidates for the House and Senate urging them to take the pledge. Americans for Tax Reform will keep a list of those candidates who have taken the pledge and will make this available to the press. Press releases will also go out to the press in the congressional districts and states of those candidates who take the pledge commending their decisions and in those districts and states where candidates have refused to take the pledge, the press will also be notified.

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 11/19/04 BY 60322 UCBAW/STP



AMERICANS FOR TAX REFORM

September 9, 1986

Co-Chairman

JOHN M. RICHMAN
Chairman and
Chief Executive Officer
Dart & Kraft, Inc.

ROBERT L. WOODSON
President
National Center for
Neighborhood Enterprise

JAMES C. DOBSON
President
Focus on the Family

Executive Director

GROVER G. NORQUIST

Dear Candidate:

Two weeks ago I mailed you a letter describing the Tax Reform Pledge and asking you to join the campaign to protect tax reform from the "tax-and-spenders" who will push for higher rates next year. Enclosed is your signature copy of the Pledge plus information to assist you in making and publicizing your decision to protect tax reform.

By taking the Tax Reform Pledge you show voters that you will protect the growth, fairness and job creation that tax reform will spur in the next two years.

The passage of tax reform is the crowning victory of President Reagan's struggle to lower taxes for working men and women. The 1986 elections offer a unique opportunity to make this victory permanent.

Candidates who refuse to take the Pledge, who refuse to oppose tax increases, are not acting in the voters' best interest. It is fair for you to ask your opponent who refuses to take the Pledge just what plans he or she has for raising taxes. Demand a specific answer!

To take the Tax Reform Pledge, please sign the enclosed signature form and return a copy to Americans for Tax Reform. I have enclosed suggestions for publicizing your Pledge commitment.

Americans for Tax Reform will send press releases nationwide, including up to 50 in your district, commending your decision to take the Pledge, and describing the Tax Reform Pledge Campaign.

In addition, ATR will alert Pledge Coalition members (such as National Taxpayers Union and National Tax Limitation Committee), and they will further support your pro-taxpayer commitment.

EXHIBIT 2

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By taking the tax reform pledge, you go on record as a front-line protector of tax reform and ensure that Americans will benefit from the growth it will produce. Take the Pledge - help make tax reform permanent.

I hope to hear from you in the near future.

Sincerely,



Grover G. Norquist
President

encl.

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Why Should I As A Candidate For Congress Take The Pledge?

Tax reform is a powerful campaign issue.

President Reagan showed in the 1984 election that pledging not to raise taxes is a politically powerful campaign issue.

By taking "the pledge" to oppose any effort to raise rates from the 15 and 28 percent for individuals and 34 percent for businesses and to oppose any reduction in credits or deductions unless they are matched dollar for dollar by rate reduction, you as a candidate are promising to protect the gains of President Reagan's tax reform.

If your opponent refuses the Pledge, he becomes another Mondale.

There is only one reason a candidate would refuse to take the pledge to the taxpayers in your district - if he or she had a secret plan to raise taxes after the election.

Challenge your opponent to take the pledge or be honest with the voters and tell them just how high he plans to raise taxes. And whose taxes will he or she raise?

Why should I take the Pledge now?

Americans for Tax Reform and the Pledge Coalition are releasing the names of those candidates who take the pledge to the press. In some campaigns it will be a campaign issue as to who took the pledge first.

ATR will send out press releases commending those who take the pledge as soon as they send written confirmation of their decision. ATR will also be contacting the press to alert them when candidates fail to take the pledge.

What about the deficit?

Deficit spending is a problem. It is a problem of too much spending - not too little taxing. If a majority of those elected in 1986 have taken the pledge, then they will join President Reagan who promised in 1984 not to increase taxes in forcing Congress to control spending. As long as the spenders hold out hope that they can increase taxes we will never achieve serious spending or deficit reduction.

Does the Pledge protect indexing?

Absolutely. Any effort to delay, weaken or eliminate indexing of tax brackets or of the value of deductions or credits is the equivalent of raising rates which pledge takers specifically commit not to do.

What if I believe that tax rates should be even lower?

You're right. Tax rates should be lower. The pledge simply commits you to opposing changes in the income tax code that would increase the tax burden. Cuts in taxes are always in season.



AMERICAN'S FOR TAX REFORM

Inside report

By ROWLAND EVANS and ROBERT NOVAK



McFarlane's refusal

DESPITE heavy pressure, President Reagan's former national security advisor, Robert C. (Bud) McFarlane, refused to sign the "taking paper" sent to Secretary of State George Shultz on Aug. 1 by high national security officials of three former administrations.

McFarlane, who last December left the White House angry over unfounded White House-linked rumors about his personal life, was strongly urged by other signers to join the nuclear arms policy paper to Shultz.

They included former Secretaries of Defense Melvin Laird, Harold Brown and James Schlesinger, former Secretary of State Cyrus Vance and former National Security aide — and McFarlane intimate — Brent Scowcroft.

The message to Shultz recommended a ban on testing space-based weapons for 10 years and adherence to ceilings on long-range nuclear weapons set by the unratified 1979 SALT treaty.

McFarlane's agreement on these proposals would have been a body blow to Reagan's Strategic Defense Initiative, but one insider thinks McFarlane's decision not to go along was a close one.

NIXON'S WARNING
FORMER President Richard Nixon has sent an eye-only memorandum to President Reagan that described Soviet leader Mikhail Gorbachev as far and away the most effective, successful and dangerous antagonist the U.S. has ever had in the Soviet hierarchy.

Coming from an American regarded as no mean master of the political trade, Nixon's analysis of Gorbachev warns Reagan to be extremely cautious in dealing with him on nuclear arms control.

Nixon's conversation with Gorbachev in July was one of the longest any Westerner has had.

Comparing Gorbachev to Nikita Khrushchev, also well-known to Nixon as a result of the famed "kitchen debate," Nixon says that Khrushchev was quicker and coarser manner.

But Gorbachev, deeper, wittier and more intelligent, is a far more dangerous adversary in Nixon's view.

KEMP'S POWWOW
PARTLY to demonstrate national support for Rep. Jack Kemp, about 70 of his key presidential supporters from across the country met secretly this month at a hotel outside O'Hare Airport in Chicago. Present were conserva-



BUD McFARLANE
Close decision.

tive activists Fyffe Schaffy and Richard Vigorito, conservative Rep. Kent Gimpish of Georgia and Vin Webber of Minnesota, and state party leaders including South Dakota state chairman Joel Rosenthal, national committeewoman Penny Polon of Illinois and Connecticut's House Majority Whip Bob Franks.

The Kemp backers were cheered by the report on his prospects in New Hampshire's first-in-the-nation primary. But they left Chicago wondering whether he could survive the earlier Michigan and Iowa caucuses, where Kemp now runs third and fourth, respectively.

WINTNER YOUNG?
WILLIAM Louns, the black ex-Democrat nominated by Republicans for governor of Michigan, is reported by associates as believing the state's most powerful black politician, Mayor Coleman Young of Detroit, will not make an all-out assault against him. Young has belittled Louns' campaign, incorrectly predicting the GOP would never nominate a black for governor. But Young is an fervent admirer of Democratic Gov. James Blanchard other.

1984 NO-TAX PLEDGE
SOME candidates for Congress may be on the spot in a novel campaign asking each Democrat and Republican running for the Senate or House to sign a pledge to vote against any increase in personal or corporate income taxes beyond the rates set in the tax reform bill.

The brainchild of Grover Norquist, a former Chamber of Commerce analyst, the proposed pledge under the letterhead Americans For Tax Reform asks each candidate to "promise to oppose any effort to increase marginal tax rates from the 15 and 25 percent rates for individuals and the 34 percent top rate for corporations."

Non-signing candidates, says Norquist, will be highly publicized. Given strong anti-tax sentiment across the country, that may produce a heavy percentage of signers

AMERICANS FOR TAX REFORM

DON'T JUST SIGN THE PLEDGE -- MAKE IT AN EVENT!

1. Pick a prominent site for taking The Pledge: State Capitol, a Federal building (especially an IRS office), your opponent's office, post office (mailing taxes to DC) or county courthouse, site overlooking town
2. Get a crowd to "witness" the Pledge: volunteers, party members, other supporters
3. Have an official of a taxpayers' organization or Chamber of Commerce appear with you to commend you on taking The Pledge
4. Take The Pledge on a Bible; have a judge, sheriff, or party official administer The Pledge to you
5. Sign a large copy of The Pledge for TV and newspaper cameras
6. Let Americans for Tax Reform know when & where you're taking The Pledge and provide us with addresses of 50 media outlets in your district/state so we can issue our own press release
7. CHALLENGE YOUR OPPONENT TO TAKE THE PLEDGE!

THE TAX REFORM PLEDGE COALITION

Chamber of Commerce of the U.S.A.
Americans for Tax Reform
National Taxpayers Union
Competitive Enterprise Institute

National Tax Limitation Committee
Citizens for Reagan
American Conservative Union
Free the Eagle

Citizens for Limited Taxation
Coalitions for America

(partial listing)

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AMERICANS FOR TAX REFORM

THE TAX REFORM PLEDGE

I _____, pledge to the taxpayers of the _____
District of The State of _____, and to the American people
that I will

ONE, Oppose any effort to increase marginal tax rates from the 15
and 28 percent rates for individuals and the 34 percent top rate for
businesses; and

TWO, Oppose any further reduction or elimination of deductions
and credits, unless matched dollar for dollar by further reducing tax
rates.

Signature

Date

Witness

Witness

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GCC #2116

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N STREET, N. W.
WASHINGTON, D. C. 20037

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(202) 663-8422

VIRGINIA OFFICE
1501 FARM CREDIT DRIVE
MCLEAN, VIRGINIA 22102
(703) 780-7800

TELECOPIER
(202) 223-3760 & 223-3761

November 28, 1986

WILLIAM P. BARR

RECEIVED
GENERAL COUNSEL
NOV 28 2:01
ZAP MAIL
775-0000

BY HAND

Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Room 657
Washington, D.C.

Attention: Charles Snyder, Esq.

Re: MUR 2269

Dear Sir:

Enclosed, pursuant to 11 C.F.R. § 111.6(a), is Respondent Americans for Tax Reform's Response in the above matter. Accompanying the Response is the Affidavit of Grover G. Norquist, President of Americans for Tax Reform.

Sincerely,



William P. Barr
Counsel for
Americans for Tax Reform

Enclosures
WPB/pp

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Americans for Tax Reform

MUR 2269

RESPONDENT'S 11 C.F.R. §111.6(a) RESPONSE

AMERICANS FOR TAX REFORM ("ATR"), pursuant to 11 C.F.R. § 111.6(a), hereby submits its response on the factual and legal issues in this matter.

For the reasons set forth below, there is no reason to believe that ATR has committed a violation of the Federal Election Campaign Act of 1971, as amended ("FECA"). The complaint against ATR is wholly without merit and should be dismissed.

I. BACKGROUND

A. ATR'S LEGISLATIVE ACTIVITIES

ATR is a 501(c)(4) non-profit membership corporation. ATR was founded in July 1985 to promote tax reform and specifically to support enactment of the Administration's tax reform proposal. Mr. Grover Norquist has been President of the organization since its inception. See Norquist Affidavit ("Aff.") at ¶¶ 1-2.

ATR functions as the umbrella organization for a coalition of businesses; trade groups; civic and family groups; low-income

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groups; state taxpayer organizations; and individuals. All of these members have agreed to work with and support ATR in achieving tax reform in accordance with ATR's "guiding principles". ATR is strictly non-partisan. Aff. at ¶ 3-5.

ATR's total operational budget since its formation has been \$287,856. Aff. at ¶ 6. All of these funds were raised between September 1985 and January 1986, mainly from ATR's business corporation members. No funds have been raised since January 1986. Id. ATR has never been affiliated with or received financial support, directly or indirectly, from any political party or any entity affiliated with a political party. Aff. at ¶ 7.

From its inception in July 1985 through mid-August 1986, ATR's efforts were devoted exclusively to public education, grassroots lobbying, and direct lobbying in Congress -- all directed at securing passage of tax reform legislation. These activities included placing substantial advertising in major magazines and newspapers nationwide; preparing and distributing brochures to the general public; sponsoring large public rallies; and organizing telegram and letter writing campaigns. Aff. at ¶ 8. ATR spent approximately \$228,700 -- or 80% of its total operational budget -- on these legislative advocacy and lobbying activities. All of these activities were conducted on a strictly non-partisan basis. Id.

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B. ORIGIN AND PURPOSE OF PLEDGE CAMPAIGN

Mr. Norquist first conceived of a "Pledge Campaign" in or about July 1986. The idea was prompted by his encounter with numerous Congressmen who were reluctant to support tax reform because they feared it would become a "trojan horse" for a tax rate increase in the 100th Congress that would eviscerate the reform aspects of the package. Aff. at ¶ 9.

To alleviate these concerns and to prepare for the anticipated legislative battle in the 100th Congress, Mr. Norquist decided to commence a public pledge campaign which would seek to obtain from as many lawmakers as possible -- at the very time tax reform was being passed -- solemn and public commitments that they would not later destroy tax reform by voting for future tax rate increases. Aff. at ¶ 9. Because of the proximity of the election and the expectation that the legislative battle over tax rates would carry over into the 100th Congress, it was felt the pledge campaign had to cover all potential members of the 100th Congress, i.e., all Senators and all candidates for the Senate and House. Id. The idea of a pledge campaign also was derived, in part, from the example of New Hampshire where, for many years, all candidates for Governor have been called upon to pledge that, if elected, they would not institute a state income tax. Id.

The purpose of the pledge campaign was to get as many prospective lawmakers as possible to commit themselves publicly

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against a tax rate increase. Aff. at ¶ 10. See also Ex. 1, p. 2. If a majority of the members of the 100th Congress had previously given their pledge, it was thought there would be a good chance of preempting, or at least defeating, any effort to raise tax rates. At a minimum, if a third of the members of either House had given their pledge, it was thought there would be a good chance of sustaining a presidential veto of any tax rate increase. Id.

Apart from its prospective impact on the 100th Congress, the advent of the pledge campaign was also viewed as critically important to achieving final passage of tax reform in the House during the 99th Congress. The early phase of the campaign among House members helped to reduce the fears of some key members that tax reform would ultimately be converted into a tax increase. Aff. at ¶ 11.

The timing of the pledge campaign was dictated by the timing of Congress' action on tax reform rather than the election calendar. If tax reform had been passed at the beginning of the session, the pledge campaign undoubtedly would have been launched at that time, at least among incumbent members. The upcoming election required that the pledge campaign be broadened to include all candidates as well as incumbents. Nevertheless, the proximity of the election was considered fortuitous, since it created an opportunity for drawing attention to the issue. Thus, an

ATR's pledge campaign basically involved two types of communication: (1) letters sent directly to officeholders and candidates for office to persuade them to take the pledge; and (2) statements issued to the institutional media announcing the campaign and disclosing its results. Aff. at ¶ 16.

With respect to the first type of communication, a series of appeals were sent to potential officeholders. These were sent to all Congressional candidates, incumbents and challengers, and to all Senators, including those not facing reelection. These included a mailing on August 20 making the initial appeal (Aff. Ex. 1); mailings on September 9 and September 25 reiterating the appeal (Aff. Ex. 2 & 3); a mailing on October 16 to all those who had not taken the pledge, making a final request that they do so (Aff. Ex. 4); and a mailing on October 22 to all pledge-takers asking them to retake the pledge on October 28 to coincide with ATR's announcement of the final list of those who had taken the pledge (Aff. Ex. 5). The total cost of these mailings was approximately \$8,450. Aff. at ¶ 17.

In addition, the co-chairman of the pledge campaign -- Representatives Robinson and Mack -- circulated "Dear Colleague" letters -- one in early October and one on October 15 -- to all incumbent Congressmen asking them to take the pledge. (Aff. Ex. 6).

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ATR's second type of communication -- statements to the institutional media -- included occasional press releases on the progress of pledge campaign. (Aff. Ex. 7A - 7E). These were issued to ATR's regular media list -- the same list ATR had used prior to the pledge campaign. In addition, as mentioned in the initial mailings to candidates, ATR originally planned to hold a major press event on September 15 to call attention to the pledge campaign and to announce the names of those who had taken the pledge. However, ATR later decided to postpone this event to October 28. Prior to the October 28 press conference, ATR occasionally provided press people with the list of pledge-takers in response to media inquiries. On October 9, ATR distributed the list of pledge-takers to the Capitol Hill press corps. On October 28, Mr. Norquist held a press conference at the Hotel Washington in Washington, D.C. where he released the complete list to the media (See Aff. Ex. 7D - 7E). As requested by ATR, numerous pledge-takers simultaneously held press conferences in their districts to reaffirm their commitment. The total cost of these press communications was well under \$5,000. Aff. at ¶ 19.

In addition to these general communications, ATR issued press releases on about 20 individual pledge-takers. (About 7% of the total number of pledge-takers.) These individuals were the only ones who, at the time of sending in their pledge cards, had also sent ATR the names of media outlets in their districts,

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as ATR had suggested in its mailings. ATR prepared and mailed press releases on each of these individuals. About 800 such releases were mailed in total, an average of about 40 per individual. The individual releases had the same basic format. (Aff. Ex. 8) The total cost of these individual releases was under \$300. Aff. at ¶ 20.

In issuing its own press statements and in asking pledge-takers to publicize their pledge, ATR was pursuing its own interests, not those of any candidate. Aff. at ¶ 21. ATR believed that a pledge's future utility depended on disclosure to the public. It was felt that the more publicity and solemnity attached to a Congressman's promise, the less room the Congressman had to wiggle away from it in the future. Moreover, it was hoped that publicity would draw public attention to the fact of the pledge campaign itself and thus build momentum for the effort. Id.

ATR is continuing the pledge campaign after the election and on into the 100th Congress in conjunction with the Chamber of Commerce, the National Federation of Independent Businesses, the National Taxpayers Union, and other organizations. Since the election, three more mailings have been sent to members of the 100th Congress. (Aff. Ex. 9A - 9C).

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II. DISCUSSION

FECA's prohibition on corporate expenditures (2 U.S.C. § 441b) applies only to expenditures made for the purpose of influencing an election. See, e.g. MUR 1803; MUR 1802; MUR 1723. Corporate expenditures are permissible if their "overall purpose" is not electioneering but rather legislative and issue advocacy. See, e.g. MUR 1723. Thus, corporations may make public communications for the purpose of lobbying or advocating a particular legislative position. See, e.g. AO 1984-57, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5799. Corporations may also make issue-oriented statements advocating a particular stand on matters of public policy. See, e.g. AO 1980-128, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5477; AO 1980-95 Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5547; see also First National Bank of Boston v. Bellotti, 435 U.S. 765, 784-85 (1978). In addition, corporations may make non-partisan communications for the purpose of providing information to the public about the policy positions of a candidate or officeholder. See, e.g. AO 1983-43, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5746.

It is recognized that legitimate corporate communications such as these -- while non-partisan in nature -- may nevertheless have indirect political ramifications. See AO 1984-57, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5799; see also Orloski v. FEC, 795

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F.2d 156, 163 (D.C. Cir. 1986). But it is the "overall purpose" of a communication that determines its propriety, not subjective speculation about how it might "cut" with the electorate. Thus, the question in each case is whether the corporate communication was "designed to urge the public to elect a certain candidate or party." United States v. United Automobile Workers, 352 U.S. 567, 587 (1957).

Applying these principles to ATR's activities, it is clear that the pledge campaign was permissible legislative advocacy which in no way violated § 441b.

A. ATR's PLEDGE CAMPAIGN WAS LEGISLATIVE ADVOCACY

1. Overall purpose was legislative advocacy.

Viewed as a whole, it is clear that the overall purpose of the pledge campaign was legislative advocacy. The campaign was not directed just at candidates but at all potential members of the 100th Congress, including Senators not up for reelection. ATR's goal was not to elect particular candidates but to get as many potential lawmakers as possible to make commitments on a specific legislative matter. The pledge campaign was not designed to urge voters to vote for a particular candidate or party; it was designed to urge officeholders and candidates for office to take a particular stand on a legislative issue. There was no advocacy in favor of, or against, any candidate. If a

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candidate did not take the pledge, there was no attack made on the candidate; instead, the emphasis was on repeatedly following-up to secure the candidate's commitment. The campaign was carried out in a scrupulously even-handed, non-partisan manner, with all candidates given repeated opportunities to take the pledge.

No partisan purpose can be inferred from the proximity of the election. First, as noted by Mr. Norquist, the timing of the pledge effort was largely dictated by the timing of House action on the tax reform bill. Aff. at ¶ 12. More importantly, as the Commission has recognized, it is entirely appropriate for issue-oriented groups, like ATR to focus attention on their issues by making them part of the public debate during an election. Thus, in MUR 1723, the Commission rejected a complaint against Common Cause's anti-PAC campaign during the 1984 election. There, Common Cause's avowed purpose was "to make the issue of campaign finance reform a major part of the 1984 political debate," and Common Cause acknowledged that its "media campaign was conducted with the Presidential calendar in mind" and that it was launched during the primary season "because they provided a national forum".

Further, ATR's track record as a lobbying group indicates that the pledge campaign was bona fide legislative advocacy. In AO 1983-12, Fed. Elec. Camp. Guide (CCH) ¶ 5718, the Commission

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noted that "The purpose and function of an organizational entity are material and relevant to the Commission's characterization of the underlying purpose of a specific activity or program of that entity." Here, ATR was founded for a specific legislative purpose -- to work for a tax reform bill with low tax rates. Its funds were raised long before the election season to support that legislative effort. Prior to the election season, ATR expended the bulk of its resources on these lobbying activities. The issue of a future rate increase did, in fact, arise toward the end of the 99th Congress, as the final tax reform package was coming up for a vote. The logical and fair inference to draw from this background is that ATR's pledge campaign was an integral part of its continuing legislative advocacy -- the last phase of ATR's efforts to achieve passage of tax reform in the 99th Congress, and the first phase of its efforts to lobby against a rate increase in the 100th Congress.

2. ATR's direct contacts with candidates are not within FECA's purview.

As noted, ATR used two types of communication in its pledge campaign: (1) letters sent directly to officeholders and candidates; and (2) release of information to the media. Analyzing these types of communication separately confirms the legislative focus and the non-partisan nature of the effort.

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By far the largest part of the pledge campaign was the series of letters ATR sent out to Senators and to candidates for the House and Senate. (Aff. Ex. 1-5.) These letters clearly fall outside the purview of FECA. They were appeals to officeholders and potential officeholders to make a public commitment to vote a particular way on a specific legislative issue. Such direct appeals constitute "lobbying" in its purest form, and in no way can be considered electioneering. These communications did not go to the general public. Their purpose was not to urge the public to make a particular choice, but to urge the lawmaker to make a particular choice. Citizens, including corporations, are clearly entitled to contact officeholders and candidates to ascertain their position on particular issues and to seek commitments from them on upcoming legislative action. Indeed, the freedom to have these communications is the essence of representational democracy. See United States v. Harriss, 347 U.S. 612 (1954); United States v. Rumely, 345 U.S. 41 (1953); California Motor Transportation Co. v. Trucking Unlimited, 404 U.S. 508 (1972); Eastern Railroad Presidents Conf. v. Noerr Motor Freight, 365 U.S. 127 (1961).

The letters to officeholders and candidates do contain references to the election suggesting that tax rates will be the issue in the campaign and that failure to take the pledge could hurt a candidate. (Aff. Ex. 1-5.) But statements like this

-- when made privately to candidates -- certainly do not constitute electioneering. They are obviously calculated to persuade a candidate to take a particular position. Challenging candidates to declare themselves publicly on an issue naturally puts candidates under "pressure" because they are concerned about how their position will be perceived by their constituents. But this is not improper pressure. The pressure on officeholders and candidates to judge the public's policy preferences and to conform their own positions to them is what representational democracy is all about. It is not the role of the Commission, nor is it the intent of FECA, to protect candidates from being "put on the spot" or to shield candidates from being asked to publicly declare their position.

3. ATR's press releases were part of the legislative effort, not electioneering.

ATR disclosed the names of those who had taken the pledge by releasing the list of names to the media and by issuing separate press releases on about 20 pledge-takers. Nothing about these communications suggest a partisan or electioneering purpose.

First, as Mr. Norquist points out in his Affidavit, publishing the names of pledge-takers was an integral part of the overall lobbying effort. It was felt that the value of the pledge as a device to keep a Congressman "locked-in" to a legislative commitment largely depended on making the pledge public.

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The greater the publicity and solemnity attached to the pledge, the less room for the Congressman to wiggle away from his promise in the future. *Aff.* at ¶21. In addition, issuing the various press releases and holding the press conferences on October 28 was designed to draw public attention to the fact of the campaign and thus build momentum for the effort. *Id.* Moreover, knowledge that their position would be disclosed to the public was necessary to induce many officeholders and candidates to confront the issue one way or the other.

Moreover, the narrow scope of the press releases confirm that the purpose behind them was legislative advocacy. ATR's release of the pledge-taker list did nothing more than disclose the identities of the pledge-takers. ATR's press releases did little more than that. ATR did not use the releases as an occasion for propagandizing the public on the issue of tax rates. There is virtually no effort made in the releases to influence the general public as to how it should view the pledge. No relationship is suggested between the voters' electoral choice and the fact a candidate has taken the pledge. Furthermore, the press releases are entirely forward-looking -- restricted to a specific, prospective legislative issue. There is no assessment or characterization, favorable or unfavorable, of a candidate's past record or his politics in general. The focus is exclusively on disclosing a commitment on a particular future legislative

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4. The cases cited in the complaint are inapposite.

ATR's pledge campaign differs markedly from the cases cited in the complaint -- FaithAmerica's distribution of presidential position summaries AO 1980-106, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5582, and NCPAC's "constituent congratulation" program, AO 1983-12, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5718. In those cases, the Commission asked the question framed by a Commissioner in MUR 2116: "What else would be the purpose. . .?" In both instances, the Commission inferred an election-influencing purpose largely because it could see no other apparent reason for the communications.

1/ The fact that the addresses of media outlets were provided by pledge-takers in 20 cases does not convert the press releases into "contributions". The media addresses were publicly available information which ATR, for the sake of convenience, asked pledge-takers to supply. This hardly amounts to "coordination". More importantly, as the D.C. Circuit has recently noted, coordination makes a corporate communication a "contribution" only if the communication is first found to be an "expenditure" -- i.e., made for the purpose of influencing the election. FEC v. Orloski, 795 F.2d 156, 162-163 (D.C. Cir. 1986). Thus, in the Orloski case, several corporations made payments to support an event at which an incumbent facing reelection delivered a speech to his constituents. The Court ruled that the fact that the corporations coordinated their payments with the candidate was irrelevant since the payments were not made for an election-influencing purpose.

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Thus, in "FaithAmerica", the Commission noted that the association had emerged solely to play a role in the election -- it had not engaged in any other activity prior to the election, it had no plans for future activity, and it had no organizational capacity to engage in activities unrelated to the election. Similarly, in assessing NCPAC's TV commercials, the Commission observed that NCPAC was a political organization that generally had the purpose and function of influencing elections, and the Commission noted, "[T]he activity in question does not appear to have any specific and significant non-election related aspects that might distinguish it from election influencing activity."

This is clearly not the case with ATR and its pledge campaign. ATR was established long before the election to pursue a clearly-defined legislative objective. Its activities have been non-partisan. Most of its resources were devoted to its lobbying efforts prior to the pledge campaign. The pledge campaign was clearly an outgrowth of, and directly related to, ATR's legislative activities. The effort thus clearly had "specific and significant non-election related aspects".^{2/}

^{2/} The Commission also found the contents of FaithAmerica's and NCPAC's material to be highly tendentious and hortatory in nature. ATR's communications bear no resemblance to that type of material. ATR's press statements basically present objective factual information concerning candidates' positions on a specific legislative issue. There was no criticism of candidates who had not taken the pledge. There was no discussion of the election or suggestion that the pledge was relevant to the voters' choice.

5. The pledge campaign was consistent with the overall objectives of FECA.

There is no conceivable policy justification for suppressing activity such as the pledge campaign. Simply put, that effort was a direct appeal to prospective lawmakers to make a particular commitment, coupled with the public announcement of who made the commitment. Far from violating FECA, such activity actually fosters and advances the overall objectives of FECA.

The principal, if not only, justification for FECA's restrictions on speech-related expenditures is the need to guard against corrupt deal-making where political favors are traded for substantial financial contributions. "The hallmark of corruption is the financial quid pro quo: dollars for political favors". FEC v. National Conservative Political Action Committee, 105 Sup.Ct. 1459, 1469 (1985). ATR's pledge campaign is exactly the antithesis of the kind of corrupt conduct. ATR sought specific commitments, but no quid pro quo was involved; nothing of value was given. ATR merely said it would publicly disclose all commitments and it did so. It is precisely this public disclosure that ensures that the candidates decision whether to make a commitment is influenced, if not controlled, by the candidate's estimate of the public's preferences. Making commitments public is not a quid that subverts the political process, it is an action that effectuates it.

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B. ATR's COMMUNICATIONS ARE ANALOGOUS TO VOTER GUIDES

It is clearly permissible for a corporation to prepare and distribute information to the general public disclosing candidates' positions on issues, so long as the corporation does not take the additional step of urging the voters to elect particular candidates.

Accordingly, the Commission's regulations specifically provide that commercial corporations may prepare and distribute to the general public non-partisan voter guides which set forth candidates' positions on issues. 11 C.F.R. § 114.4(b)(5)(i). The regulations set forth guidelines for determining whether such voter guides are non-partisan. 11 C.F.R. § 114.4(b)(5)(i)(A) - (F).

Non-profit issue-oriented groups, such as ATR, are permitted greater latitude. Commission regulations allow 501(c)(4) groups to distribute voter guides "and other types of brochures" describing candidates' positions which do not comply with the non-partisan guidelines if (1) the group is one which "does not support, endorse, or oppose candidates," and (2) the materials do not "favor one candidate or political party over another." 11 C.F.R. § 114.4(b)(5)(ii). See AO 1983-43, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5746; AO 1984-14, Fed. Elec. Camp. Fin. Guide (CCH) § 5761; and AO 1984-17, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5769.

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ATR's communications are clearly analogous to the voter guides and the "other . . . brochures" permitted under 11 C.F.R. § 114.4(b)(5)(ii). In releasing the list of pledge-takers and in issuing press releases, ATR was simply disclosing the names of those candidates who had taken a particular policy position. These communications were thus materials describing the candidates' positions. They were essentially informational and did not "favor one candidate over another." Nothing in these announcements urged the public to vote for one candidate over another. While the press releases referred to individuals as "candidates" for identification purposes, they did not otherwise discuss the election. They did not urge anyone to vote on the basis of the information conveyed or even to take the information into account in voting. They did not suggest any relationship between the fact that a candidate had taken a pledge and how voters should vote. Significantly, they did not state that the position of a candidate who had not taken the pledge was "wrong". See AO 1983-43, Fed. Elec. Camp. Fin. Guide (CCH) § 5746. Indeed, they did not even suggest that individuals who had taken the pledge supported tax rate increases or stood for policies that were less desirable than those who had taken the pledge.

Most of ATR's communications to the press, such as its release of the list of pledge-takers, were purely informational. The 20 separate press releases on individual pledge-takers, in

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addition to factual information, include abbreviated and mild issue-advocacy. (Aff. Ex. 8A - 8C.) Inclusion of issue advocacy, however, does not disqualify material from being a voter guide. The Commission has recognized that non-profit groups may include such advocacy in their voter guides. Commission regulations clearly imply this by exempting voter guides published by 501(c)(4) groups from non-partisan guidelines in § 114.4(b)(5)(i)(C) and (D). Moreover, in its advisory opinions, the Commission has specifically stated that the voter guides of a non-profit group may include issue advocacy. AO 1983-43, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5746.

In prohibiting voter guides from favoring one candidate over another, 11 C.F.R. § 114(b)(5(ii)), the Commission has sought to draw the line between issue advocacy, on the one hand, and speech that directly seeks to influence voter choices through candidate advocacy, on the other. To date, the Commission has required some type of explicit language that objectively advocates one candidate over another, before finding that the line has been crossed.^{3/} Thus, the Commission has concluded that, while a

^{3/} ATR submits that such an explicit and objective standard is compelled by the First Amendment. In Buckley v. Valeo, 424 U.S. 1, 42-45, 76-80 (1976) the Supreme Court emphasized that frequently policy positions and candidates are so closely intertwined that speech advocating a policy position may have indirect influence on the voters' choices. The

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non-profit group may advocate and promote its own policy position; it cannot label the position of candidates as "right" or "wrong". AO 1984-14, Fed. Elec. Camp. Fin. Guide (CCH) § 5761. Similarly, the Commission has advised that voter guides should not be distributed together with material which contains express candidate endorsements. AO 1984-17, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5769.

Here, ATR's press releases clearly fall on the "issue advocacy" side of the line. The thrust of the press releases was to relate factual information. Beyond that, it is possible to detect ATR's own policy preference from its praise of candidates who had taken the pledge and its call on other candidates to take the pledge. However, ATR is clearly entitled to make its own policy position known and to call on candidates to adopt that position. ATR also suggested in the press releases that it takes courage to take the pledge and made the obvious point that the more individuals who take the pledge the better the prospects for

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Court ruled, however, that issue-oriented speech could not be curtailed simply because of the indirect or subjective influence it might exert. On the contrary, the Court held that, to give issue-oriented speech the widest possible berth, restrictions were permissible only as to speech that sought directly to influence voter decisions through express candidate advocacy. For this reason, ATR contends that application of § 441b to its pledge campaign would be unconstitutional on vagueness grounds. See Part D, infra.

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avoiding a tax rate increase. There is certainly no language here that advocates a particular electoral choice. The election is not mentioned. There is no suggestion that the pledge should be relevant to the voters' choice. There is no suggestion that a candidate not taking the pledge is wrong or undesirable.

C. FECA DOES NOT PROHIBIT USE OF PRESS RELEASES

Even if the Commission were to detect a partisan message in ATR's communications, ATR submits that these communications would still not fall within the proscription of § 441b because they were made solely to the institutional media.

In Advisory Opinion 1984-23, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5768, the Commission stated that a corporation "may endorse a candidate and may publicly announce its endorsement and state the reason or reasons for it." The Commission sought to reconcile this corporate right to publicly endorse a candidate, on the one hand, with FECA's ban on corporate electioneering, on the other, by allowing the corporation to announce its endorsement solely through the issuance of press releases. Moreover, in a similar vein, Commission regulations specifically permit corporations to invite the institutional media to cover internal partisan events held by the corporation. 11 C.F.R. § 114.3(c)(2).

Thus, the Commission has recognized that corporations may make communications which expressly advocate election of a

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particular candidate provided such statements are restricted to the institutional media. The rationale for this position is obvious. Such communications pose no threat of subverting the objectives of FECA. By restricting itself to press releases, a corporation surrenders any advantage its "aggregate of wealth" might otherwise confer, and plays on a level playing field with everyone else. The de minimus costs of press releases and the finite number of potentially receptive media outlets preclude a corporation from using its wealth to magnify its influence.

More importantly, use of press statements obviates any danger of an improper quid pro quo. A person who provides information to the institutional media loses all control over how it will be used, or whether it will be used at all. It may be, and frequently is, presented to the public in a manner directly contrary to the interests of the person who provided it. Thus, a corporation that limits itself to issuing press releases is hardly in a position to extract improper commitments from a candidate by promising vast contributions to his campaign war chest.

It would be bizarre for the Commission to rule, on the one hand, that a commercial corporation can issue press releases expressly advocating the election of one candidate over another, while ruling, on the other hand, that an issue-oriented group like ATR is prohibited from issuing the kind of press releases it has issued here -- releases which contain no endorsement and no

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election advocacy. If it would have been permissible for ATR to hold a press conference or issue press releases specifically endorsing candidates who took the pledge and presenting partisan reasons for the endorsement, it would be absurd to suggest that ATR could not properly do what it did.^{4/}

4/ ATR further submits that its press releases and other statements to the institutional press are exempted from the reach of § 441b by the press exemption set forth in § 431(a)(B)(i). Congress intended that press exemption to be interpreted broadly, coextensive with the First Amendment. The House Committee report, H.R. Rep. No. 1239, 93rd Cong., 2nd Sess. 4 (1974), stated that:

it is not the intent of the Congress in the present legislation to limit or burden in any way the first amendment freedoms of the press or of association. (Emphasis added.)

It would obviously pose an intolerable burden on the press if persons who provide them with information and opinions could be charged with electioneering. The press is valued precisely for its role as a "forum for public discussion". That role would be destroyed if FECA was applied to regulate and restrict the press' access to information and the people's access to the press. Moreover, to the extent press protections attach to communications rather than institutions, then obviously those protections must extend to a press release both before and after its publication.

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D. IF READ TO ENCOMPASS THE PLEDGE CAMPAIGN,
§ 441b WOULD BE UNCONSTITUTIONALLY VAGUE

ATR submits that to read § 441b as prohibiting the kinds of communication at issue here would render that provision unconstitutionally vague.

In Buckley v. Valeo, 424 U.S. 1, 40-44, 76-80 (1976), the Supreme Court held that generally-worded restrictions on expenditures implicated core First Amendment interests and had to be read narrowly to avoid infirmity on vagueness grounds. Thus, the Court ruled that a provision limiting "any expenditures . . . relative to a clearly identified candidate" could pass constitutional muster only if it were restricted to communications which included explicit words advocating the election or defeat of a candidate or party. Id. at 40-44. Similarly, the Court ruled that a provision requiring reporting of expenditures "for the purpose of influencing" an election could only "avoid the shoals of vagueness" if restricted to communications which include express candidate advocacy.

ATR communications clearly involved expenditures, and the Court's reasoning in Buckley v. Valeo is directly applicable here. To give issue-oriented speech the widest possible berth, § 441b must be read as prohibiting only speech that directly seeks to influence voter choices through explicit candidate advocacy.

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In MUR 1598, the General Counsel's Report (November 27, 1984) sought to dismiss this vagueness argument, stating that "similar arguments" had been rejected in FEC v. National Right to Work Committee, 459 U.S. 197 (1982) ("NRWC"). That position cannot withstand scrutiny. NRWC involved restrictions on solicitation of contributions. The instant case, like Buckley, involves restrictions on expenditures. As the Court in Buckley stressed, and has more recently reaffirmed, expenditures are on a different constitutional footing than contributions. FEC v. National Conservative Political Action Committee, 105 Sup.Ct. at 1468. Restrictions on expenditures jeopardize First Amendment rights more severely and, hence, must be more narrowly tailored. Id.; see Orloski v. FEC, 795 F.2d at 166-167.

The Orloski decision presents an instructive parallel here. In that case, the Court upheld the Commission's "bright-line" test for determining whether a corporation may donate money to a congressional event. Under the test, corporate donations are permitted if there is no express candidate advocacy or solicitation for contributions at the event. The Court noted that, because the case involved contributions, the bright-line test was not constitutionally mandated, but was nonetheless reasonable, logical and consistent with the overall statutory framework. Under Orloski, it thus would have been lawful for ATR to pay for an incumbent congressman's pledge-taking ceremony and to read the

text of its press releases at the event. Given this result, it would be anomolous, to say the least -- in the more sensitive area of expenditures -- to prohibit ATR from issuing the text of the press release on its own.

CONCLUSION

For the foregoing reason, ATR submits that there is no reason to believe that ATR has committed a violation of FECA and that the complaint in this matter should be dismissed.

Date: November 28, 1986

Respectfully submitted,



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Counsel for Americans for Tax Reform

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
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Americans for Tax Reform) MUR 2269

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GENERAL COUNSEL'S OFFICE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On October 17, 1986, the Democratic Congressional Campaign Committee ("DCCC") filed a complaint in the above-referenced matter, alleging that Americans for Tax Reform ("ATR") had violated 2 U.S.C. §§ 433, 434, 441a, and 441b. The basis for those alleged violations was that ATR had sponsored a "Tax Reform Pledge" (hereinafter, the "pledge") campaign, whereby ATR contacted all candidates for election or re-election to the U.S. Senate or U.S. House of Representatives in 1986, and asked them to sign a card promising to oppose any effort to increase marginal tax rates above 15-28% for individuals and 34% for businesses and to oppose any further reductions or elimination of tax deductions or credits, unless matched by offsetting reductions in tax rates. ATR allegedly informed these candidates that it would publicize the fact that the candidates took, or did not take, the pledge. According to complainant, the pledge campaign was used by ATR to support Republican candidates for Congress, and that this effort was undertaken in coordination and consultation with the National Republican Congressional and Senatorial campaign committees.

DCCC concludes that ATR, through its pledge campaign, made in-kind contributions in excess of \$1,000, and therefore violated 2 U.S.C. §§ 433 and 434 by failing to register and report as a

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political committee. The complaint also implies that ATR's alleged in-kind contributions may have exceeded the limitations of 2 U.S.C. § 441a, and asserts that ATR violated that provision. Finally, if ATR were incorporated, complainant states, the alleged contributions would violate the prohibition on corporate contributions of 2 U.S.C. § 441b.

On October 24, 1986, this Office circulated an Expedited First General Counsel's Report concerning this matter. On November 6, 1986, counsel for respondents requested and was granted an extension of time until November 28, 1986 to respond to the complaint.

Respondent's response (Attachment 2) is based primarily on an affidavit by Grover G. Norquist, President and Executive Director of ATR. That affidavit makes three main points: 1. ATR is a District of Columbia, non-profit, membership corporation, tax exempt under Section 501(c)(4) of the Internal Revenue Code, that was founded to support President Reagan's tax reform proposals, or similar measures. ATR's members include business corporations, individuals, and groups. 2. As to the pledge campaign, ATR spent \$8,450 on letters sent directly to Congressmen and candidates urging them to take the pledge. 3. The remainder of the pledge campaign communications consisted of press releases concerning the pledge campaign in general, or about certain candidates' taking of the pledge, at a total cost of no more than \$5,300. According to the response, "[t]he pledge campaign did not involve direct communications with the general

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public, but relied instead on press releases. Thus, there was no advertising, distribution of brochures to the public, direct mail, or similar communications.* (Attachment 2, p. 37).

The response also provided greater detail concerning the nature of ATR and the pledge campaign. ATR's total operational budget since its formation has been \$287,856. Its funds, all raised between September, 1985 and January, 1986, came mainly from ATR's business corporation members. Prior to the pledge campaign, ATR spent \$228,700, 80% of its total budget, on newspaper and magazine advertising, preparing and distributing brochures to the public, sponsoring rallies, and Congressional lobbying, including organizing telegram and letter writing campaigns. The pledge campaign involved letters to all candidates for Congress, urging them to take the pledge, and press releases, identifying and praising those candidates who took the pledge. ATR denies coordinating its campaign with the Republican Congressional and Senatorial campaign committees. On the other hand, ATR did make arrangements with certain candidates who took the pledge, so that ATR held a press conference on October 28 in Washington and issued press releases identifying all pledge-takers, while the pledge-takers simultaneously held press conferences in their districts to reaffirm their commitment. ATR states that it spent no more than \$5,000 on these communications; it is unclear whether this sum includes the total cost associated with these candidates' press communications

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in their local districts, as well as those press communications made by ATR in Washington. An additional sum, not exceeding \$300, was spent by ATR on press releases made to newspapers in the candidates' own districts, in those cases where the candidates had advised ATR of the names of media outlets in their districts. See Attachment 2, pp. 6-9, 38-39.

II. LEGAL AND FACTUAL ANALYSIS

We will consider each of complainant's allegations in turn. First, as to whether ATR should have registered and reported as a political committee, it is noted that the Federal Election Campaign Act ("the Act") defines the term political committee, in pertinent part, to mean

(A) any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures in excess of \$1,000 during a calendar year. . . .

2 U.S.C. § 431(4). A political committee may be a corporation.

11 C.F.R. § 114.12. The crucial question is whether the corporation functioned as a political committee.

In the present case, it appears that ATR expended well in excess of \$1,000 on the pledge campaign. One of the central aspects of this campaign was the distribution of press releases praising candidates for federal office who had taken the pledge. To quote one such press release submitted by respondents:

Americans for Tax Reform today announced that Dave Crevelt, a candidate for the U.S. House of Representatives from

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California's 18th Congressional District, publicly took the Tax Reform Pledge. By taking The Pledge, Crevelt promises that, if elected, he will oppose any attempt to raise individual or corporate tax rates Grover Norquist, president of Americans for Tax Reform, praised Crevelt for taking The Pledge and urged his opponent to follow suit. "Courageous candidates like Dave Crevelt will ensure that today's tax reform does not become tomorrow's tax increase," Norquist said.

Attachment 2, P. 63. The question then becomes whether the money spent on these press releases constituted "expenditures" as that term is used in 2 U.S.C. § 431(4). The Act defines "expenditures" to include:

(1) any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office.

2 U.S.C. § 431(9) (A). Because ATR's press releases identified candidates for Congress, referred to the upcoming election, praised the candidate(s) named, and endorsed what the candidate(s) would do "if elected," it appears that these communications were "for the purpose of influencing" federal elections.

Not only did ATR make expenditures, as that term is used in the Act, but the cost of the activity of the kind under consideration exceeded \$1,000. Consequently, it appears that ATR may have qualified as a political committee under the Act.

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The Act requires all political committees to register with the Commission and to file regular reports. 2 U.S.C. §§ 433 and 434. Since ATR failed to register and report, this Office recommends that the Commission find reason to believe that ATR violated 2 U.S.C. §§ 433 and 434.

In the alternative, if ATR did not itself function as a political committee, it should have established a separate, segregated fund from which expenditures could have been made.

The Act further provides that:

It is unlawful for any ... corporation whatever ... to make a contribution or expenditure in connection with any [federal] election ..., or for any ... political committee ... knowingly to accept or receive any contribution prohibited by this section

2 U.S.C. § 441b(a). Since ATR, viewed as a political committee, has admitted that it received most of its funds from business corporations, it appears that there is reason to believe ATR violated 2 U.S.C. § 441b(a) by accepting contributions prohibited by the Act. Alternatively, ATR, if considered as a corporation, expended corporate funds in connection with federal elections, in violation of 2 U.S.C. § 441b(a).

It should also be considered whether ATR made in-kind contributions to the candidates who took the pledge. Under the Commission's regulations, "An expenditure not qualifying under this section as an independent expenditure shall be a

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contribution in-kind to the candidate and an expenditure by the candidate, unless otherwise exempted." 11 C.F.R. § 109.1(c). It follows that one of the indicia of an in-kind contribution, as distinguished from an independent expenditure, is that it is made "with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate." 11 C.F.R. § 109.1(a).^{2/} Such cooperation, consultation, or suggestion may be presumed when the expenditure in question is "Based on information about the candidate's plans, projects, or needs provided to the expending person by the candidate, or by the candidate's agents, with a view toward having an expenditure made." 11 C.F.R. § 109.1(b)(4)(i)(A). The element of coordination with the candidate's plans, projects or

^{2/} Arguably, ATR's disbursements could, alternatively, be considered independent expenditures. Express advocacy is a necessary element of an independent expenditure, 2 U.S.C. § 431(7), but is not required for a finding of an in-kind contribution. 11 C.F.R. § 109.1(c). Since ATR's press releases identified certain candidates as candidates and praised their position on the tax issue with reference to an upcoming election, ATR may have engaged in express advocacy. See F.E.C. v. Massachusetts Citizens for Life, 107 S. Ct. 616 (1986); F.E.C. v. Furgatch, _____ F.2d _____ (9th Cir. 1987). Thus ATR may have made independent expenditures in violation of the Act. See United States v. International Union United Automobile ... Workers of America, 352 U.S. 567 (1957), in which the Supreme Court held that where a corporation or labor organization paid out of its own funds for public communications advocating the election or defeat of a particular candidate, it would violate 18 U.S.C. § 610, the predecessor section to 2 U.S.C. § 441b. In the view of this Office, however, the present matter is more correctly analyzed in terms of in-kind contributions.

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needs appears central to the make-up of in-kind contributions. In this case, the candidate who took the pledge did so at ATR's suggestion. The candidates knew in advance that ATR would publicize the pledge-taking. The candidates timed their announcements that they were taking the pledge, by prior arrangement, to coincide with ATR's Washington press conference. Some candidates advised ATR of media outlets in their home districts, so that ATR could send press releases to those news organizations. ART's own communications to candidates stated that "Tax reform is a powerful campaign issue" and that it would be "releasing the names of those candidates who take the pledge to the press ATR will send out press releases commending those who take the pledge as soon as they send written confirmation of their decision. ATR will also be contacting the press to alert them when candidates fail to take the pledge." (Attachment 2, p. 46). Consequently, it appears that that there was sufficient cooperation and coordination to support the conclusion that ATR made in-kind contributions to various candidates; at this point, however, there is no indication that any of these contributions exceeded the limitations of 2 U.S.C. § 441a. Consequently, we make no recommendation on that issue at this time. Should evidence of a violation of 2 U.S.C. § 441a be developed subsequently, this Office will report again with appropriate recommendations. (It is also alleged by complainant that ATR consulted with the National Republican Senatorial and

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Congressional campaign committees. ATR, however, categorically denies that it did so). If this issue is not clarified by respondent's response to the Commission's findings, this Office will prepare interrogatories to determine the amount ATR expended on behalf of each candidate that took the pledge.

In summary, this Office recommends that the Commission find reason to believe that ATR violated 2 U.S.C. §§ 433, 434, and 441b, and that these findings be based on alternative grounds, pending further investigation that might clarify the facts. It is also recommended that these alternative grounds be stated in the letter to the respondent. One alternative ground is that ATR, although a corporation, functioned as a political committee and paid for and issued numerous statements that had the purpose of influencing federal elections; that ATR failed to register and report as required of political committees in violation of 2 U.S.C. §§ 433 and 434; and that ATR accepted prohibited contributions from corporations in violation of 2 U.S.C. § 441b(a). In the other alternative, ATR, viewed as a corporation, made prohibited coordinated expenditures of corporate funds in violation of 2 U.S.C. § 441b(a).

III. RECOMMENDATIONS

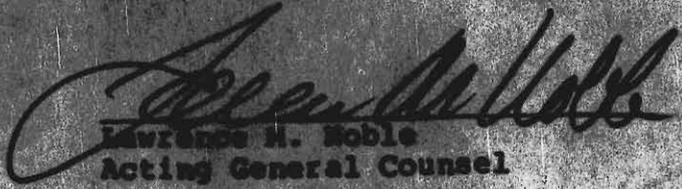
1. Find reason to believe that Americans for Tax Reform violated 2 U.S.C. §§ 433, 434, and 441b(a).

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2. Approve and send the attached letter.

Date

5/21/87


Lawrence H. Noble
Acting General Counsel

Attachments

1. Complaint
2. Response
3. Proposed letter to respondent

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20461

MEMORANDUM TO: LAWRENCE M. NOBLE.
ACTING GENERAL COUNSEL
FROM: MARJORIE W. EMMONS / JOSHUA MCFADDEN *JM*
DATE: MAY 28, 1987
SUBJECT: OBJECTIONS TO MUR 2269 - General Counsel's Report
Signed May 21, 1987

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The above-captioned document was circulated to the Commission on Friday, May 22, 1987 at 12:00 P.M.

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

Commissioner Aikens	<u> X </u>
Commissioner Elliott	<u> X </u>
Commissioner Josefiak	<u> X </u>
Commissioner McDonald	<u> </u>
Commissioner McGarry	<u> </u>
Commissioner Thomas	<u> </u>

This matter will be placed on the Executive Session agenda for June 2, 1987.

Please notify us who will represent your Division before the Commission on this matter.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

07 JUN 15 11:35

COMMUNICATIONS SECTION
REC'D
SECRETARY

June 15, 1987

MEMORANDUM

TO: The Commission
FROM: Lawrence M. Noble
Acting General Counsel
SUBJECT: MUR 2269

On June 2, 1987, the Commission found reason to believe that the Americans for Tax Reform ("ATR") violated 2 U.S.C. § 441b(a) and directed the Office of General Counsel to draft a letter summarizing the basis for the finding, and to circulate that letter for Commission approval. This Office has therefore modified the letter previously proposed by deleting references to violations of 2 U.S.C. §§ 433 and 434 and to the legal conclusion that ATR may have become a political committee.

The reference to ATR's making of prohibited corporate contributions has been left in the letter, but with emphasis upon the element of consultation or cooperation with candidates as a basis for the violation. We recommend the approval of the letter as modified in accordance with the Commission's vote and discussion.

RECOMMENDATION

Approve and send the attached letter.

Attachment

Proposed letter

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2269
Americans for Tax Reform)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 18, 1987, the Commission decided by a vote of 5-0 to approve and send the letter, as recommended in the General Counsel's memorandum to the Commission dated June 15, 1987.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens did not cast a vote.

Attest:

6-18-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Mon., 6-15-87, 1:35
Circulated on 48 hour tally basis: Tues., 6-16-87, 11:00
Deadline for vote: Thurs., 6-18-87, 11:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Return

June 23, 1987

William P. Barr, Esquire
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037

RE: MUR 2269
Americans for Tax Reform

Dear Mr. Barr:

On October 22, 1986, the Federal Election Commission notified your client 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.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on June 2, 1987, determined that there is reason to believe that Americans for Tax Reform violated 2 U.S.C. § 441b(a), a provision of the Act. The basis for this finding is that your client, a corporation, made prohibited corporate expenditures in violation of 2 U.S.C. § 441b(a), in that it paid for press releases that supported specified candidates for federal office and that these press releases were issued pursuant to consultation or cooperation with the candidates.

Under the Act you have an opportunity to demonstrate that no action should be taken against your client. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against your client, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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William P. Barr, Esquire
Page Two

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 the 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 the 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, the Commission will not entertain requests for pre-probable cause conciliation 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 the 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 you wish the matter to be made public.

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

Sincerely,



Scott E. Thomas
Chairman

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GCC# 3761

JUN 30 11:10 AM '87

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N STREET, N. W.
WASHINGTON, D. C. 20037

TELEX/CABLE
89-2683 (SHAWLAW WSH)
TELEPHONE
(202) 663-9422

VIRGINIA OFFICE
150 PARK CREDIT DRIVE
MCLEAN, VIRGINIA 22102
(703) 780-7800
TELECOPIER
(202) 823-3760 & 823-3761
FAX MAIL
(202) 775-0338

WILLIAM P. BARR

June 29, 1987

Honorable Scott E. Thomas
Chairman
Federal Election Commission
999 E Street N.W.
Washington, D.C.

Dear Sir:

I have today received your letter of June 23, 1987 notifying me that the Commission has determined that there is reason to believe my client, Americans For Tax Reform, violated 2 U.S.C. §441b(a).

Americans For Tax Reform requests to pursue pre-probable cause conciliation pursuant to 11 C.F.R. §111.18(d).

Sincerely,



William P. Barr

cc: Charles Snyder, Esq.
FEC, Office of General Counsel

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RECEIVED
OFFICE OF THE
GENERAL COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Americans for Tax Reform, Inc.) MUR 2269
)

SENSITIVE
AUG 11 11:00 AM '83
RECEIVED
FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On June 2, 1987, the Commission found reason to believe that Americans for Tax Reform, Inc. ("ATR") violated 2 U.S.C. § 441b(a). The basis for this finding was evidence that ATR, a corporation, made prohibited expenditures by paying for press releases that supported specified candidates for federal office, and that these press releases were issued pursuant to consultation or cooperation with the candidates. On June 30, 1987, this Office received a request from ATR for pre-probable cause conciliation (Attachment 1).

II. ANALYSIS

In the view of this Office, pre-probable cause conciliation is appropriate at this time, in view of the comprehensive statement of the facts made by ATR in response to the complaint. That response stated, inter alia, that ATR expended approximately \$5,300 on press releases identifying candidates for Congress who had taken a "tax reform pledge." This pledge campaign was coordinated with the candidates, in that, when the President of ATR held a press conference to release the names of those who had taken the tax reform pledge, "as requested by ATR, numerous pledge-takers simultaneously held press conferences in their districts to reaffirm their commitment." Also, ATR issued two

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press releases on about 20 candidates who had "sent ATR the names of media outlets in their districts, as ATR had suggested in its mailing About 800 such releases were mailed in total, an average of about 40 per individual." (See General Counsel's Report, May 27, 1987, Attachment 2, ATR Response, P.P. 8-9.) In view of the fact that ATR has chosen not to dispute at this time the Commission's finding that there is reason to believe that the aforesaid activity resulted in coordinated expenditures on behalf of federal candidates, but instead requested pre-probable cause conciliation, this Office recommends that the Commission approve and send a proposed conciliation agreement to respondent.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

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IV. RECOMMENDATIONS

1. Enter into conciliation with Americans for Tax Reform, Inc. prior to a finding of probable cause to believe.
2. Approve the attached proposed conciliation agreement and letter.

Date 8/7/87

Lawrence M. Noble (LJZ)
Lawrence M. Noble
Acting General Counsel

Attachments

1. Request for conciliation
2. Proposed conciliation agreement and letter

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

MEMORANDUM TO: LAWRENCE M. NOBLE
ACTING GENERAL COUNSEL

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

DATE: AUGUST 13, 1987

SUBJECT: OBJECTION TO MUR 2269 - General Counsel's Report
Signed August 7, 1987

The above-captioned document was circulated to the Commission on Tuesday, August 11, 1987 at 4:00 P.M.

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

- Commissioner Aikens _____
- Commissioner Elliott _____
- Commissioner Josefiak _____
- Commissioner McDonald _____
- Commissioner McGarry _____
- Commissioner Thomas _____ X

This matter will be placed on the Executive Session agenda for August 18, 1987.

Please notify us who will represent your Division before the Commission on this matter.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

plm

August 20, 1987

William P. Barr, Esquire
Shaw, Pittman, Potts & Trowbridge
2300 N. Street, N.W.
Washington, D.C. 20037

RE: MUR 2269
Americans for Tax Reform

Dear Mr. Barr:

On June 2, 1987, the Federal Election Commission found reason to believe that Americans for Tax Reform violated 2 U.S.C. § 441b(a). At your request, on August 18, 1987, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

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

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
Acting General Counsel

Enclosure
Conciliation Agreement

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QCC# 4743

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N STREET, N. W.
WASHINGTON, D. C. 20037

TELEX/CABLE
89-2693 (SHAWLAW WSH)

TELEPHONE
(202) 663-8422

VIRGINIA OFFICE
1501 FARM CREDIT DRIVE
MCLEAN, VIRGINIA 22102
(703) 780-7800

TELECOPIER
(202) 223-3760 & 223-3761

ZAP MAIL
(202) 778-0338

November 12, 1987

WILLIAM P. BARR

BY HAND

Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Room 657
Washington, D.C.

Attention: Charles Snyder, Esq.

Re: MUR 2269

Dear Mr. Snyder:

Enclosed is the executed Conciliation Agreement. It has been executed by Grover Norquist, President of Americans For Tax Reform.

Sincerely,



William P. Barr
Counsel for
Americans For Tax Reform

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Americans for Tax Reform, Inc.) MUR 2269
)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

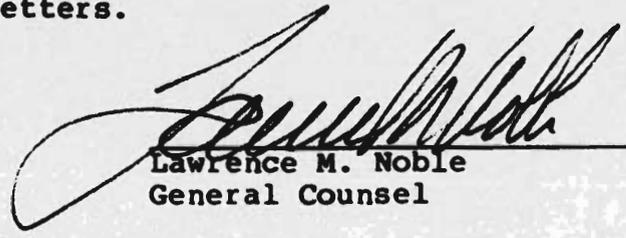
Attached is a conciliation agreement which has been signed by Grover Norquist, President of respondent, Americans for Tax Reform, Inc.

The attached agreement contains no changes from the agreement approved by the Commission on October 23, 1987. The check for the civil penalty has not yet been received.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Americans for Tax Reform, Inc.
2. Close the file.
3. Approve the attached letters.

Date 11/30/87


Lawrence M. Noble
General Counsel

Attachments

1. Conciliation Agreement
2. Letter to Respondent
3. Letter to Complainant

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2269
Americans for Tax Reform, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 4, 1987, the Commission decided by a vote of 6-0 to take the following actions in MUR 2269:

1. Accept the conciliation agreement with Americans for Tax Reform, Inc., as recommended in the General Counsel's report signed November 30, 1987.
2. Close the file.
3. Approve the letters, as recommended in the General Counsel's report signed November 30, 1987.

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

Attest:

12-4-87

Date

Marjorie W. Emmons for

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	Tues.,	12-1-87,	5:00
Circulated on 48 hour tally basis:	Wed.,	12-2-87,	11:00
Deadline for vote:	Fri.,	12-4-87,	11:00

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

11 December 1987

William P. Barr, Esquire
Shaw, Pittman, Potts
& Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037

RE: MUR 2269
Americans for Tax
Reform, Inc.

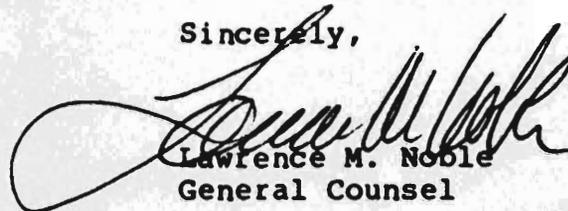
Dear Mr. Barr:

On December 4, 1987, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441b(a), 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 Charles Snyder, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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for the U.S. Senate and House of Representatives who had taken a pledge, as urged by Respondent, not to raise taxes.

3. Respondent made the aforesaid payments in coordination and consultation with candidates for federal office in that Respondent asked the pledge-taking candidates to identify media outlets in their district and sent such press releases to the outlets designated by the candidates; and in that Respondent requested pledge-taking candidates to hold simultaneous press conferences to coincide with a press conference Respondent held on October 28 to release the names of all pledge-takers.

4. The making of expenditures by a corporation in connection with a federal election is prohibited by 2 U.S.C. § 441b(a).

V. By making the aforesaid payments in coordination and consultation with the candidates, respondent made expenditures in connection with federal elections in violation of 2 U.S.C. § 441b(a). Respondent contends that such violation was not knowing and willful.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of One Thousand dollars (\$1,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. 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

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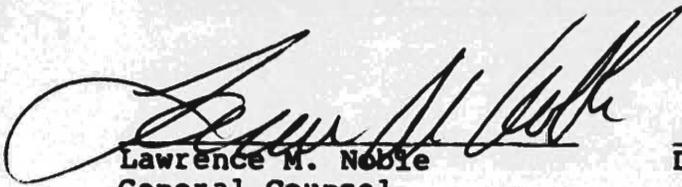
action for relief in the United States District Court for the District of Columbia.

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

IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

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

FOR THE COMMISSION:



Lawrence M. Noble
General Counsel

Date 12/10/87

FOR THE RESPONDENT:


(Name)
(Position) **PRESIDENT**
AMERICANS FOR TAX
REPORT

Date 11/10/87

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

plm

11 December 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Robert F. Bauer, Esquire
Democratic Congressional
Campaign Committee
Perkins Coie
1110 Vermont Avenue
Washington, D.C. 20005

RE: MUR 2269

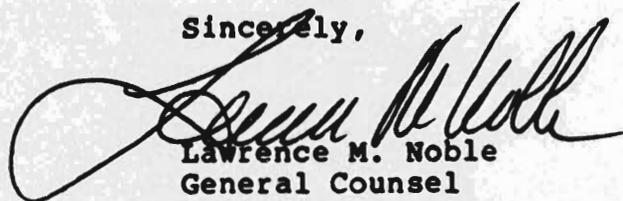
Dear Mr. Bauer:

This is in reference to the complaint you filed with the Federal Election Commission on October 17, 1986, concerning Americans for Tax Reform, Inc.

The Commission found that there was reason to believe Americans for Tax Reform violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended and conducted an investigation in this matter. On December 4, 1987, a conciliation agreement signed by the respondent was accepted by the Commission. Accordingly, the Commission closed the file in this matter on December 4, 1987. A copy of this agreement is enclosed for your information.

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

Sincerely,


Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2269

DATE FILMED 3/25/88 CAMERA NO. 4

CAMERAMAN SPC

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FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 2269 .

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QCCA 5067

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N STREET, N. W.
WASHINGTON, D. C. 20037

TELEX/CABLE
89-2693 (SHAWLAW WSH)
TELEPHONE
(202) 663-8422

VIRGINIA OFFICE
1501 FARM CREDIT DRIVE
MCLEAN, VIRGINIA 22102
(703) 790-7900

TELECOPIER
(202) 223-3760 & 223-3761

ZAP MAIL
(202) 775-0338

WILLIAM P. BARR

December 30, 1987

BY HAND

Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Room 657
Washington, D.C.

Attention: Charles Snyder, Esq.

Re: MUR 2269

Dear Mr. Snyder:

Enclosed is a check for \$1,000 pursuant to the execution of the Conciliation Agreement in this matter.

Sincerely,



William P. Barr

Enclosure

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 JAN -6 PM 12:15

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