



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20461

9-21-87

THE FOLLOWING MATERIAL IS BEING ADDED TO THE  
PUBLIC FILE OF CLOSED MUR 2292

87040654210

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

1440 NEW YORK AVENUE, N.W.  
WASHINGTON, D.C. 20005-2107

(202) 371-7000

TELEX: 904343  
SKARBLAW-WASH  
TELECOPIER:  
(202) 393-5760

919 THIRD AVENUE  
NEW YORK, NEW YORK 10022  
(212) 735-5000  
ONE BEACON STREET  
BOSTON, MASSACHUSETTS 02008  
(617) 823-0002  
ONE RODNEY SQUARE  
WILMINGTON, DELAWARE 19801  
(302) 681-3000  
300 SOUTH GRAND AVENUE  
LOS ANGELES, CALIFORNIA 90071  
(213) 687-9000  
333 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60609  
(312) 407-0700

June 17, 1987

Sandra Robinson, Esq.  
Office General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20036

Re: MUR 2292 - Conservatives for  
a Secure America

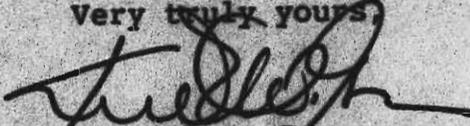
Dear Sandra:

Please note that as of close of business June 12, 1987, the offices of Skadden, Arps, Slate, Meagher & Flom have moved to the following address:

1440 New York Avenue, N.W.  
Washington, D.C. 20005-2107

The firm's new telephone number is (202) 371-7000. My direct line is (202) 371-7007. Please update your files accordingly.

Very truly yours,

  
Kenneth A. Gross  
Attorney for CSA

87040654211



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

THIS IS THE BEGINNING OF MUR # 2292

DATE FILMED 10/13/89 CAMERA NO. 3

CAMERAMAN AS

97040765240



600 # 2019

TOWN & VILLAGE  
REAL ESTATE WEEKLY  
CITY NEWS  
HOUSE ORGANS  
CGH PUBLICATIONS  
COMPOTAPE  
PARKCHESTER NEWS  
BRONX NEWS  
THE ROCKLAND REVIEW  
DEADLINE PRINTING  
WEEKENDER  
THE BEVERAGE MARKET  
ROCKLAND REVIEW EXTRA  
NORTH BERGEN REVIEW

# Hagedorn Communications corporation

ONE MADISON AVENUE, NEW YORK, NEW YORK 10010 TELE. 212 679-1234

CHARLES G HAGEDORN  
CHAIRMAN

10 November 86

36 NOV 18 11:09

RECEIVED  
GENERAL COUNSEL

Mr. Lawrence M. Noble  
Deputy General Counsel  
Federal Election Commission  
Washington, D.C. 20463

Dear Mr. Noble:

Thank you for your letter of October 24th, 1986. Herewith is in writing; notarized; with full name and address of complainant; the identity of the respondent alleged to have committed a violation of the FEC; source of information; facts describing violation; and supporting documentation. My name, address, and phone number is printed above.

(1) COMPLAINT: According to my information and belief that Andrew Stein's reduction in debt of Stein For Congress (15th C.D. in NYC in 1984) was only accomplished thru outside source of funds which would constitute a contribution to Federal campaign and which contributions were not reported.

(2) NOTIRIZATION: see end of letter

(3) IDENTITY OF COMPLAINANT: Charles G. Hagedorn, One Madison Avenue, New York, N. Y. 10010  
Tel. 212-679-1234

(4) IDENTITY OF PERSON ALLEGED TO HAVE COMMITTED VIOLATION: Andrew Stein, President, Council of City of New York, City Hall, New York, N. Y. 10007. (Home: 40 E. 49 St., N.Y. 10128)

(5) SOURCE OF INFORMATION: FEC Form 3(3/801). A copy is enclosed. In addition find Report of Financial Interests required by NYC Charter. Mr. Stein's report covered the period January 1, 1985 to December 31, 1985. The FEC form covered period July 1, 1985 thru December 31, 1985.

(more)

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# Hagedorn Communications

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(6) FORMAL COMPLAINT: The FEC report (enclosed) for Stein for Congress for the period 7/1/85 to 12/31/85 reveals on item 13 that there existed a loan of \$894,373.33 made or guaranteed by the candidate. On the Financial Disclosure Report submitted by Mr. Stein covering the period 1/1/85 to 12/31/85 on page 8 Manufacturers Hanover debt as of December 31, 1985 was reduced to \$105,000. Bank of Leumi Trust loan as of December 31, 1985 was repaid in full. He also has loan of \$60-\$100,000 from a Mr. O. Cisneros. The mortgage Dept. Dime Savings Bank, 1229 Franklin Avenue, Garden City, N. Y. as of 12/31/85 loaned Mr. Stein the sum of \$509,221.40.

Please note Schedule VIII, Investments of Mr. Stein's report to NYC. Real Estate, Milbrook, N.Y. \$500,000 or more. Mr. Stein did not report this on the FEC report. In addition please note loan from Mr. Stein's father Mr. Jerry Finkelstein, 812 Park Avenue, N.Y., N.Y. for \$60,000 to \$100,000. Also note gifts from Mr. Stein's parents, Jerry and Shirley Finkelstein of \$25,000 to \$60,000 and Mr. Stein's father and mother-in-law of 25000 to \$60,000. Mr. James Finkelstein gave his brother, Andrew Stein \$5000 to \$25,000. Thus a total of \$145,000 was given to Mr. Stein as of December 31, 1985.

In addition on page 4 of NYC Financial Disclosure Form please note sale of a cooperative apartment for between \$60,000 and \$100,000. Mrs. Andrew Stein during this period did sell her apartment and it is believed that the gross she received was approximately \$300,000.

On January 9, 1985, Mr. Stein upon inquiry from our newspapers if there was any guarantor on his huge loan from Manufacturers Hanover Bank, sent us a copy of a letter from Manufacturers Hanover attesting that the loan "was for personal needs"... "not extended for business purposes"... "and there were no outside guarantees". Please note that letter was addressed to Mr. and Mrs. Andrew Stein. If this letter was indeed referring to the loan of about \$900,000 it was illegal for Mrs. Andrew Stein to be a co-borrower. See letter enclosed.

In other campaigns (not Federal) for office in recent years Mr. Stein could not borrow from banks without guarantors for sums ranging from \$120,000 to \$300,000. Recently, Mr. Stein, we believe, did not pay some of the loans and guarantors were required to pay sums of \$25,000 to \$50,000.

(more)

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# Hagedorn Communications

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See enclosed Financial Disclosure Form for State of New York, Board of Elections for period November 29, 1985 to January 11, 1986 for Stein '85 when Mr. Stein ran for President NYC Council. Please note that 5 guarantors paid \$50,000 each and 4 paid \$25,000 each making a total of \$350,000.

Thus, it is our belief from Mr. Stein's assets as listed with the FEC that it was not possible for him to personally pay his Federal campaign debts and were accomplished to date through outside sources of funds which would constitute a contribution to his Federal campaign and which contributions were not reported and is a violation of a statute or law which the Commission has jurisdiction.

Mr. Noble, at the present time I have been covering the NYC corruption trial in New Haven and stay at the Colony Inn, Tel. (203) 776-1234 Tuesday through Friday or you can call me at our New York office, 212-679-1234 or our main office in New Rochelle, 212-671-1234.

Sincerely,

*Charles G. Hagedorn*  
Charles G. Hagedorn

encls.  
cgh:kl

ADDENDUM: Please note that as of December 31, 1985, Mr. Stein's report to the FEC showed that he had a loan of \$894,373.33 and at the same date Mr. Stein in his filing for the NYC Financial Disclosure Report he claimed that he owed only \$105,000 to Manufacturers Hanover Bank.

83040765243

*Subscribed and sworn to before me  
this 2nd day of November 1986  
Stephen M. Fuchs*

Notary Public  
State of New York  
Commission Expires March 31, 1987



MANUFACTURERS HANOVER TRUST COMPANY

270 PARK AVENUE, NEW YORK, N.Y.

MAILING ADDRESS  
MANUFACTURERS HANOVER TRUST COMPANY  
GRAND CENTRAL STATION  
PO BOX 2708  
NEW YORK, N.Y. 10163

January 9, 1985

Mr. and Mrs. Andrew Stein  
38 East 85th Street  
Apt. 11E  
New York, NY 10028

Dear Mr. and Mrs. Stein:

I am writing to you to confirm that according to our records the loan that we extended to you was for personal needs. The loan was not extended for business purposes and there are no outside guarantees.

Sincerely,

Carol H. Brown  
Assistant Vice President

CHB:cg

3 3 7 4 0 7 6 2 4 4

7/85



THE CITY OF NEW YORK  
 OFFICE OF THE CITY CLERK  
 MUNICIPAL BUILDING  
 ROOM 265  
 NEW YORK, N.Y. 10007

RECEIVED BY CITY CLERK  
 DATE / NUMBER / TIME / DAY / CLERK  
 008019 SEP 19 86

REPORT OF FINANCIAL INTERESTS

(Administrative Code, Section 1106-5.0, Title A, Chapter 49)

See page 14 and following for requests to withhold information from public inspection)

INFORMATION: Please read carefully.

To ensure accurate indexing of your report, PRINT OR TYPE all information clearly and write your AGENCY CODE in BOX 2. You should contact your payroll, personnel or fiscal officer for this information. This is a three digit code unique to your agency. Be sure to SIGN & DATE the bottom of PAGE 1 and do not detach any pages from the booklet. Submit the entire 15 page, printed booklet. Do not submit a photocopy. Answer YES OR NO to questions 1 through 10 on PAGE 1. If you answer YES to any questions, indicate the corresponding numbered schedule. Attach additional schedules as needed. The City Clerk will issue a receipt for the report when it is filed in person by the officer or employee's messenger. Receipts will not be mailed or sent through the Central Mail Service. If reports are received in batches from an agency, sent by special messenger, the receipt will be given to the messenger and it will be incumbent upon you to obtain the receipt from your agency.

REPORT MUST BE FILED IN THE OFFICE OF THE CITY CLERK, ADDRESS ABOVE, ON OR BEFORE SEPTEMBER 19, 1985. THE LAW DOES NOT MAKE PROVISION FOR EXTENDING THE FILING DEADLINE.

Every elected officer described in Sections 4,23,24,81 and 91 of the New York City Charter shall file such report not later than SEPTEMBER 19 of THIS year except, in the year in which such elected officer is a candidate for re-election or a candidate for one of the other offices hereinabove set forth, then and in that event such elected officer, as a candidate, shall file on or before the last day for filing his/her designating petitions pursuant to the election law.

Every person who has declared his/her intention to seek nomination or election and who has filed papers or petitions for nomination or election, or on whose behalf a declaration or nominating paper or petition has been made or filed which has not been declined, for an office described above shall file such report on or before the last day for filing his/her designating petitions pursuant to the election law.

TYPE ALL INFORMATION CLEARLY - Answer all questions below

STEIN	(last)	ANDREW	(first)	J.	(middle)
101	Paid by- Name of: Dept., Agency, Board, Commission, Other: President, Borough of Manhattan				
President, The Council of the City of N.Y.			Your Base Annual Salary: \$ 90,000.		
Address: City Hall, New York, N.Y. 10007			Your Office Telephone Number: 566-4944		
Report Covered from: January 1st, 1985 to December 31st, 1985					

THIS SPACE TO BE COMPLETED BY CANDIDATES

Candidate for the office of:	<input type="checkbox"/> ( ) MAYOR
	<input type="checkbox"/> ( ) PRESIDENT OF THE COUNCIL
	<input type="checkbox"/> ( ) ELECTION
	<input type="checkbox"/> ( ) COMPTROLLER
	<input type="checkbox"/> ( ) BOROUGH PRESIDENT
<input type="checkbox"/> ( ) RE-ELECTION	<input type="checkbox"/> ( ) COUNCIL MEMBER

- ANSWER ALL 10 QUESTIONS BELOW. CHECK YES OR NO.
- DURING THE CALENDAR YEAR COVERED BY THIS FINANCIAL DISCLOSURE REPORT.

- DID YOU OR YOUR SPOUSE RECEIVE INCOME OF \$1,000.00 OR MORE FROM ANY BUSINESS PROFESSIONAL ORGANIZATION OR OTHER ENTITY IN WHICH YOU OR YOUR SPOUSE IS AN OFFICER, DIRECTOR, PARTNER, PROPRIETOR OR EMPLOYEE OR FOR WHICH EITHER OF YOU SERVES IN ANY ADVISORY CAPACITY? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE RECEIVE OR ACCRUE ANY INCOME FOR SERVICES RENDERED OF \$1,000.00 OR MORE OTHER THAN DESCRIBED IN 1. ABOVE? YES \_\_\_\_\_  
NO X
- DID YOU OR YOUR SPOUSE RECEIVE A CAPITAL GAIN OF \$1,000.00 OR MORE FROM A SINGLE SOURCE INCLUDING THE SALE OF A RESIDENCE OCCUPIED BY THE PERSON REPORTING? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE RECEIVE REIMBURSEMENT OF EXPENDITURES OF \$1,000.00 OR MORE FROM A SINGLE SOURCE? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE RECEIVE HONORARIA IN THE AMOUNT OF \$500.00 OR MORE FROM A SINGLE SOURCE? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE RECEIVE GIFTS IN AN AMOUNT OR VALUE OF \$500.00 OR MORE FROM A SINGLE SOURCE? YES X  
NO \_\_\_\_\_
- WERE YOU OR YOUR SPOUSE INDEBTED TO ONE CREDITOR IN AN AMOUNT OF \$5,000.00 OR MORE FOR A PERIOD OF AT LEAST 90 CONSECUTIVE DAYS? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE HAVE AN INVESTMENT OR PARCEL OF REAL PROPERTY THE VALUE OF WHICH WAS \$5,000.00 OR MORE WHICH DID NOT RESULT IN CAPITAL GAIN? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE HOLD A BENEFICIAL INTEREST IN A TRUST OR FIDUCIARY RELATIONSHIP VALUED AT \$5,000.00 OR MORE? YES X  
NO \_\_\_\_\_
- DID YOU OR YOUR SPOUSE HAVE ANY NOTES RECEIVABLE OR LOANS IN YOUR FAVOR WHETHER SECURED OR UNSECURED FOR WHICH YOU OR YOUR SPOUSE ARE OWED THE SUM OF \$5,000.00 OR MORE? YES X  
NO \_\_\_\_\_

ALL YOUR ANSWERS TO THE ABOVE QUESTIONS ARE NO, THEN PLEASE SIGN BELOW.

ANY OF YOUR ANSWERS TO THE ABOVE QUESTIONS WERE YES, PLEASE BE SURE TO PUT THE APPROPRIATE SCHEDULE BEFORE SIGNING BELOW.

I CERTIFY THAT ALL INFORMATION GIVEN HEREIN IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

Andrew Stein

[l.s.]

Sept. 19, 1986

SIGNATURE  
OF  
EMPLOYEE

DATE

SCHEDULE 11: INCOME FOR SERVICES RENDERED INCLUDING CITY SALARY NOT THAN LISTED IN SCHEDULE OF \$1,000.00 OR MORE.

A. CITY EMPLOYEE ONLY OR JOINTLY BY EMPLOYEE AND SPOUSE.

NONE.

Source of Income Received or Accrued

Describe Services Rendered

AMOUNT (Check One):

- \$1,000-\$5,000
- \$5,000-\$25,000
- \$25,000-\$60,000
- \$60,000-\$100,000
- \$100,000 or More

Source of Income Received or Accrued

Describe Services Rendered

AMOUNT (Check One):

- \$1,000-\$5,000
- \$5,000-\$25,000
- \$25,000-\$60,000
- \$60,000-\$100,000
- \$100,000 or More

B. SPOUSE ONLY.

Source of Income Received or Accrued

Describe Services Rendered

AMOUNT (Check One):

- \$1,000-\$5,000
- \$5,000-\$25,000
- \$25,000-\$60,000
- \$60,000-\$100,000
- \$100,000 or More

Source of Income Received or Accrued

Describe Services Rendered

AMOUNT (Check One) :

- \$1,000-\$5,000
- \$5,000-\$25,000
- \$25,000-\$60,000
- \$60,000-\$100,000
- \$100,000 or More

\* Attach Additional Pages if Necessary.

3 0 0 1 0 7 6 5 2 1 7



SCHEDULE III: CAPITAL GAINS FROM A SINGLE SOURCE OF \$1,000.  
OR GREATER INCLUDES SALE OF REAL PROPERTY

1. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE

Sale, cooperative apartment, Manhattan

List Source of Gain

AMOUNT (Check One):

( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000  
(X) \$60,000-\$100,000 ( ) \$100,000 or More

List Source of Gain

AMOUNT (Check One):

( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000  
( ) \$60,000-\$100,000 ( ) \$100,000 or More

List Source of Gain

AMOUNT (Check One):

( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000  
( ) \$60,000-\$100,000 ( ) \$100,000 or More

SPOUSE ONLY

List Source of Gain

AMOUNT (Check One):

( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000  
( ) \$60,000-\$100,000 ( ) \$100,000 or More

List Source of Gain

AMOUNT (Check One):

( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000  
( ) \$60,000-\$100,000 ( ) \$100,000 or More

List Source of Gain

AMOUNT (Check One):

( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000  
( ) \$60,000-\$100,000 ( ) \$100,000 or More

\* Attach Additional Pages if Necessary.



SCHEDULE IV : REIMBURSEMENT OF \$1,000.00 MORE  
FROM A SINGLE SOURCE

A. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

---

Name of Source of Reimbursement

AMOUNT (Check One) :

- \$1,000-\$5,000     \$5,000-\$25,000     \$25,000-\$60,000  
 \$60,000-\$100,000     \$100,000 or More.

---

Name of Source of Reimbursement

AMOUNT (Check One):

- \$1,000-\$5,000     \$5,000-\$25,000     \$25,000-\$60,000  
 \$60,000-\$100,000     \$100,000 or More

---

Name of Source of Reimbursement

AMOUNT (Check One):

- \$1,000-\$5,000     \$5,000-\$25,000     \$25,000-\$60,000  
 \$60,000-\$100,000     \$100,000 or More
- 

1  
2  
3  
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7  
8  
9  
0

SCHEDULE VI: GIFTS AGGREGATING \$500 OR MORE FROM A SINGLE SOURCE

CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Jerry and Shirley Finkelstein ✓ 812 Park Ave., N.Y., N.Y.

Name of Donor Address

AMOUNT (Check One):

- ( ) Under \$1,000 ( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000  
(x) \$25,000-\$60,000 ( ) \$60,000-\$100,000 ( ) \$100,000 or More

James Finkelstein ✓ 1088 Fifth Avenue, N.Y., N.Y.

Name of Donor Address

AMOUNT (Check One):

- ( ) Under \$1,000 ( ) \$1,000-\$5,000 (x) \$5,000-\$25,000  
( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000 ( ) \$100,000 or More

John Kenneth and Annabelle Forester ✓ 781 Austin Ave., Oradell, N.J.

Name of Donor Address

AMOUNT (Check One):

- ( ) Under \$1,000 ( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000  
(x) \$25,000-\$60,000 ( ) \$60,000-\$100,000 ( ) \$100,000 or More

SPOUSE ONLY.

Name of Donor Address

AMOUNT (Check One):

- ( ) Under \$1,000 ( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000  
( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000 ( ) \$100,000 or More

Name of Donor Address

AMOUNT (Check One):

- ( ) Under \$1,000 ( ) \$1,000-\$5,000 ( ) \$5,000-\$25,000  
( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000 ( ) \$100,000 or More

ATTACH ADDITIONAL PAPERS IF NECESSARY.

SCHEDULE VII: INDEBTEDNESS OF \$5,000 OR MORE FOR 90 CONSECUTIVE DAYS OR MORE

( INCLUDING MORTGAGES, AND OTHER SECURED AND UNSECURED DEBTS.)

A. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Manufacturers Hanover Trust                      New York, New York  
Name of Creditor    Address  
\* AS OF 12/31/85 reduced to \$105,000.

AMOUNT (Check One):  
 \$5,000-\$25,000     \$25,000-\$60,000     \$60,000-\$100,000  
 \$100,000-\$300,000     \$300,000-\$500,000     \$500,000 or More

Bank Leumi Trust    New York, New York  
Name of Creditor    Address  
AMOUNT (Check One):    \* AS OF 1/15/86 balance repaid in full.  
 \$5,000-\$25,000     \$25,000-\$60,000     \$60,000-\$100,000  
 \$100,000-\$300,000     \$300,000-\$500,000     \$500,000 or More

Dime Savings Bank of N.Y.    Mortgage Dept., 1229 Franklin Avenue,  
Garden City, New York  
Name of Creditor    Address  
\*AS OF 12/31/85 balance was \$509,221.40.

AMOUNT (Check One):  
 \$5,000-\$25,000     \$25,000-\$60,000     \$60,000-\$100,000  
 \$100,000-\$300,000     \$300,000-\$500,000     \$500,000 or More

Oswaldo Cisneros    Caracas, Venezuela  
Name of Creditor    Address

AMOUNT (Check One):  
 \$5,000-\$25,000     \$25,000-\$60,000     \$60,000-\$100,000  
 \$100,000-\$300,000     \$300,000-\$500,000     \$500,000 or More

SCHEDULE VII: INDEBTEDNESS OF \$5,000 OR MORE FOR 90 CONSECUTIVE  
DAYS OR MORE

(INCLUDING MORTGAGES, AND OTHER SECURED AND UNSECURED DEBTS.)

CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Jerry Finkelstein                      812 Park Avenue, N.Y., N.Y.  
Name of Creditor                      Address

AMOUNT (Check One):

- ( ) \$5,000-\$25,000    ( ) \$25,000-\$60,000    (X) \$60,000-\$100,000  
( ) \$100,000-\$300,000    ( ) \$300,000-\$500,000    ( ) \$500,000 or More

\_\_\_\_\_  
Name of Creditor                      Address

AMOUNT (Check One):

- ( ) \$5,000-\$25,000    ( ) \$25,000-\$60,000    ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000    ( ) \$300,000-\$500,000    ( ) \$500,000 or More

0 3 0 4 7 6

SCHEDULE VIII: INVESTMENTS OF \$5,000 OR MORE ( INCLUDING REAL ESTATE HOLDINGS. IF INVESTMENT WAS SOLD, DO NOT LIST IN SCHEDULE VIII, BUT INCLUDE IN SCHEDULE III.

A. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Real Estate, Milbrook, New York

Name of Investment or Address of Real Property

Check One: Value is cost at time of purchase XXX  
or estimated value at time of receipt \_\_\_\_\_

AMOUNT: (Check One)

- ( ) \$5,000 - \$20,000 ( ) \$20,000 - \$60,000 ( ) \$60,000 - \$100,000  
( ) \$100,000 - \$300,000 ( ) \$300,000 - \$500,000 (X) \$500,000 or More

\_\_\_\_\_  
Name of Investment or Address of Real Property

Check One: Value is cost at time of purchase \_\_\_\_\_  
or estimated value at time of receipt \_\_\_\_\_

AMOUNT: (Check One)

- ( ) \$5,000 - \$20,000 ( ) \$20,000 - \$60,000 ( ) \$60,000 - \$100,000  
( ) \$100,000 - \$300,000 ( ) \$300,000 - \$500,000 ( ) \$500,000 or More

0 0 0 4 0 7 6 5 2 5 0

SCHEDULE VIII: INVESTMENTS OF \$10,000 OR MORE ( INCLUDING REAL ESTATE HOLDINGS. IF INVESTMENT WAS SOLD, DO NOT LIST IN SCHEDULE VIII, BUT INCLUDE IN SCHEDULE III.

A. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Name of Investment or Address of Real Property

Check One: Value is cost at time of purchase \_\_\_\_\_  
or estimated value at time of receipt \_\_\_\_\_

AMOUNT: (Check One)

( ) \$10,000-\$20,000 ( ) \$20,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

Name of Investment or Address of Real Property

Check One: Value is cost at time of purchase \_\_\_\_\_  
or estimated value at time of receipt \_\_\_\_\_

AMOUNT: (Check One)

( ) \$10,000-\$20,000 ( ) \$20,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

B. SPOUSE ONLY.

Name of Investment or Address of Real Property

Check One: Value is cost at time of purchase \_\_\_\_\_  
or estimated value at time of receipt \_\_\_\_\_

AMOUNT: (Check One)

( ) \$10,000-\$20,000 ( ) \$20,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

Name of Investment or Address of Real Property

Check One: Value is cost at time of purchase \_\_\_\_\_  
or estimated value at time of receipt \_\_\_\_\_

AMOUNT: (Check One)

( ) \$10,000-\$20,000 ( ) \$20,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

2004076125

SCHEDULE IX: BENEFICIAL INTERESTS OF \$5,000 OR MORE FROM TRUSTS OR OTHER FIDUCIARY RELATIONSHIPS.

A. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Trust for Andrew Stein

Name of Trust or Fiduciary Relation

VALUE OF BENEFICIAL INTEREST : CHECK ONE

AMOUNT: (Check One)

( ) \$5,000 - \$20,000 (X) \$20,000 - \$60,000 ( ) \$60,000 - \$100,000  
( ) \$100,000 - \$300,000 ( ) \$300,000 - \$500,000 ( ) \$500,000 or More

Name of Trust or Fiduciary Relation

VALUE OF BENEFICIAL INTEREST : CHECK ONE

AMOUNT: (Check One)

( ) \$5,000 - \$20,000 ( ) \$20,000 - \$60,000 ( ) \$60,000 - \$100,000  
( ) \$100,000 - \$300,000 ( ) \$300,000 - \$500,000 ( ) \$500,000 or More

B. SPOUSE ONLY.

Name of Trust or Fiduciary Relation

VALUE OF BENEFICIAL INTEREST: CHECK ONE

AMOUNT: (Check One)

( ) \$5,000 - \$20,000 ( ) \$20,000 - \$60,000 ( ) \$60,000 - \$100,000  
( ) \$100,000 - \$300,000 ( ) \$300,000 - \$500,000 ( ) \$500,000 or More

Name of Trust or Fiduciary Relation

VALUE OF BENEFICIAL INTEREST: CHECK ONE

AMOUNT: (Check One)

( ) \$5,000 - \$20,000 ( ) \$20,000 - \$60,000 ( ) \$60,000 - \$100,000  
( ) \$100,000 - \$300,000 ( ) \$300,000 - \$500,000 ( ) \$500,000 or More

27040765257

SCHEDULE X: NOTES RECEIVABLE OR OUTSTANDING DEBTS HELD BY YOU  
OF \$5,000.00 OR MORE.

A. CITY EMPLOYEE ONLY OR JOINTLY BY CITY EMPLOYEE AND SPOUSE.

Stein for Congress Committee

Name of debtor who owes you money or other thing of value.

% David Tarlow & Co., 60 East 42nd Street, N.Y., N.Y. 10017

Address of debtor

AMOUNT OWED (CHECK ONE):

( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 (x) \$500,000 or More

Name of debtor who owes you money or other thing of value.

Address of debtor

AMOUNT OWED (CHECK ONE):

( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

B. SPOUSE ONLY.

Name of debtor who owes you money or other thing of value.

Address of debtor

AMOUNT OWED (CHECK ONE):

( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

Name of debtor who owes you money or other thing of value.

Address of debtor

AMOUNT OWED (CHECK ONE):

( ) \$5,000-\$25,000 ( ) \$25,000-\$60,000 ( ) \$60,000-\$100,000  
( ) \$100,000-\$300,000 ( ) \$300,000-\$500,000 ( ) \$500,000 or More

ATTACH ADDITIONAL PAPERS IF NECESSARY.



AMENDMENTS

Schedule \_\_\_\_\_ page \_\_\_\_\_ part A,B is amended to read as follows:

\_\_\_\_\_  
\_\_\_\_\_

Date: / /

Schedule \_\_\_\_\_ page \_\_\_\_\_ part A,B is amended to read as follows:

\_\_\_\_\_  
\_\_\_\_\_

Date: / /

Schedule \_\_\_\_\_ page \_\_\_\_\_ part A,B is amended to read as follows:

\_\_\_\_\_  
\_\_\_\_\_

Date: / /

Schedule \_\_\_\_\_ page \_\_\_\_\_ part A,B is amended to read as follows:

\_\_\_\_\_  
\_\_\_\_\_

Date: / /

Schedule \_\_\_\_\_ page \_\_\_\_\_ part A,B is amended to read as follows:

\_\_\_\_\_  
\_\_\_\_\_

Date: / /

65250

STATE BY CITY EMPLOYEE FOR PRIVACY OF DISCLOSURE REPORT :

\_\_\_\_\_, do hereby affirm that as to privacy claim pertaining to the specific Schedules I have in after set forth, I believe the information contained in the Schedule to be highly personal and unrelated to my office employment by the City of New York and I believe that such information does not involve a conflict of interest with such office or employment.

I request that the information contained in the Schedules herein-  
after specifically set forth by me be withheld from public record.

I request that the following SCHEDULE, PAGE AND SPECIFY INFORMATION TO BE WITHHELD, AS WELL AS THE REASONS THEREFOR.

1	_____
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PRIVACY REQUESTS CONTINUED...

LIST SCHEDULE, PAGE AND SPECIFY INFORMATION TO BE WITHHELD, AS WELL AS THE REASONS THEREFOR.

8 2 0 4 0 7 6 5 2 6 2

# STATE OF NEW YORK BOARD OF ELECTIONS

## FINANCIAL DISCLOSURE STATEMENT

Stein 85		4-1985
Full name of Candidate or Committee — print or type		ID Number — if known
60 East 42 Street Suite 2212		President NYC Council
Address — number and street		Office and District
New York, New York 10165		Democratic
City	State	Name of Political Party

Check box if address has changed since last report

### PERIODIC REPORT

Check Appropriate Boxes      Date of Election September 10, 1985 & November 5, 1985

Statement is being filed by:       Candidate       Political Committee       Party Committee       Constituted Committee

Statement reports activities for:       One Candidate       More than one Candidate

Statement is a Termination Report (you cannot terminate if any funds or debts remain)

Statement is an Amendment Report       Amends report previously submitted for period \_\_\_\_\_ to \_\_\_\_\_

Treasurer Resignation Report

### PERIODIC REPORT SCHEDULES

Statement period — from November 29, 1985 to January 11, 1986

Check Appropriate Box

<input type="checkbox"/> 32 day Pre Primary	<input type="checkbox"/> 32day Pre General	<input type="checkbox"/> 32 day Pre Special	<input checked="" type="checkbox"/> Periodic Jan. 15, 19 <u>86</u>
<input type="checkbox"/> 11 day Pre Primary	<input type="checkbox"/> 11day Pre General	<input type="checkbox"/> 11 day Pre Special	<input type="checkbox"/> Periodic July 15, 19____
<input type="checkbox"/> 10 day Post Primary*	<input type="checkbox"/> 27day Post General*	<input type="checkbox"/> 27 day Post Special*	

\*Campaign material must be submitted with Post-Election statements

### VERIFICATION

Must have original signature — sign in pen

#### ITEMIZED STATEMENT

I state that the information contained in this statement pursuant to the Election Law, is in all respects true and complete to the best of my knowledge, information and belief.

*[Signature]*  
 Treasurer      1/14/86  
 \_\_\_\_\_  
 Date Signed

#### IN-LIEU-OF STATEMENT (IF APPLICABLE)

I state that neither the aggregate receipts nor the aggregate expenditures, has exceeded or will exceed one thousand dollars in connection with this campaign.

\_\_\_\_\_  
 Signature      2:23  
 \_\_\_\_\_  
 Title      Date Signed

(Proceed to complete this report on the following pages and schedules.)

(If you qualify to submit this IN-LIEU-OF STATEMENT, you may now STOP, SIGN and SUBMIT it as your report.)

Any false information made in this statement may be punishable as a Class A misdemeanor pursuant to Section 210.45 of the Penal Law. For further information, contact the New York State Board of Elections or your local Board of Elections.

33040765253

**SUMMARY OF RECEIPTS AND EXPENDITURES**

1. Cash balance at beginning of period—must be same as ending balance Line 7 of preceding report		143,606.16
2. Receipts during period:		
A. Monetary contributions received (Schedule 2A) DO NOT include Transfers In. Use Line 2E.	55,175.00	
B. Non-cash contributions—must be same as Line 5B (Schedule 2B)	0	
C. Total contributions—Line 2A plus Line 2B	55,175.00	
D. Loan(s) received (Schedule 2D)	0	
E. Transfers in (Schedule 2E)	0	
F. Refunds of campaign expenditures (Schedule 2F)	274.36	
G. Other receipts (Schedule 2G)	0	
3. Add Lines 2C through 2G		55,449.36
4. Add Line 1 plus Line 3		199,055.52
5. Expenditures during period:		
A. Campaign expenses paid (Schedule 5A) DO NOT include Transfers Out. Use Line 5E.	63,035.29	
B. Non-cash contribution adjustment—must be same as Line 2B	0	
C. Contributions refunded to contributors (Schedule 5C)	0	
D. Loan(s) repayments (Schedule 5D)	96,797.23	
E. Transfers out (Schedule 5E)	1,265.00	
F. Non-campaign housekeeping expenses—only a Party Committee or a Constituted Committee may have an entry on this line—to report ordinary activities which are not for the express purpose of promoting any Candidate		
6. Add Line 5A through 5F		161,097.52
7. Cash balance at end of period—Line 4 less Line 6		37,958.00

4 6 2 5 4

**STATUS OF LOANS**

8. Loan(s) balance at beginning of period—must be same as ending balance Line 14 of preceding report		1,033,000.00
9. Loan(s) received this period—from Line 2D		0
10. Add Line 8 plus Line 9		1,033,000.00
11. Loan(s) repayments this period—from Line 5D	96,797.23	
12. Loan(s) forgiven this period (Schedule 12)	0	
13. Add Line 11 plus Line 12		96,797.23
14. Loan(s) balance at end of period—Line 10 less Line 13 (See Schedule 5D and attachment)		588,000.00

15. Unpaid bills at beginning of period—must be same as ending total Line 21 of preceding report	19,240.00
16. Previous unpaid bills paid this period	0
17. Unpaid bills still unpaid from previous periods—Line 15 less Line 16	19,240.00
18. Unpaid bills incurred this period (Schedule 18)	0
19. Add Line 17 plus Line 18	19,240.00
20. Unpaid bills forgiven this period (Schedule 20)	0
21. Unpaid bills payable at end of period—Line 19 less Line 20	19,240.00

22. Contributions this period—from Line 2C	55,175.00
23. Contributions accumulated from previous periods—must be same as Line 24 of preceding report except that this line must be zero if this is the first financial report for this election campaign	2,009,430.00
24. Total contributions to date—Line 22 plus Line 23 (See attachment to Schedule 5D and note)	2,414,605.00

25. Campaign costs paid this period—from Line 5A _____ plus campaign costs via non-cash contributions this period—from Line 5B _____	63,035.29
26. Campaign payments accumulated for previous periods—must be same as Line 29 of preceding report except that this line must be zero if this is the first financial report for this election campaign	2,837,374.12
27. Add Line 25 plus Line 26	2,900,409.41
28. Campaign costs refunded this period—from Line 2F	274.36
29. Subtract—Line 27 less Line 28	2,900,135.05
30. Unpaid bills payable at end of period—from Line 21	19,240.00
31. Total campaign costs to date—Line 29 plus Line 30	2,919,375.05

**ALLOCABLE EXPENDITURES OF CAMPAIGN COMMITTEES FOR CANDIDATES**

This section need only be completed by a Committee in support of more than one Candidate  
 Do NOT allocate Transfers Out.

Office and District	Full Name of Candidate	%	Allocation
Non-allocable expenditures (general administrative & housekeeping)			
32. Totals—must equal 100% and must equal same as Line 31			

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MONETARY CONTRIBUTIONS  
Period from 11/29/85 to 1/11/86

DATE	R E L	D O R P	NAME AND ADDRESS	AMOUNT	PREVIOUS AMOUNT
11/29/85			Glick Development Affiliates 3000 Marcus Ave. Lake Success, N.Y. 11042 ✓	\$2,000.00	\$1,000.00
11/29/85			Local 237 I.B.T. PAC 216 West 14 St. New York, N.Y. 10011 ✓	\$2,000.00	\$.
11/29/85			Sheila Birnbaum 919 Third Ave. New York, N.Y.	\$500.00	\$.
11/29/85			UFT Political Committee 260 Park Avenue South New York, N.Y. 10010 ✓	\$5,000.00	\$.
11/29/85			John S. Dyson 2 Park Ave. New York, N.Y. 10016	\$500.00	\$.
11/29/85			Lola Finkelstein 111 East 56 St. New York, N.Y. 10022	\$500.00	\$.
11/29/85	x		Realko 110 East 59 St. New York, N.Y. 10022	\$2,000.00	\$.
11/29/85			Stadtmauer, Bailkin et al. 110 East 59 St. New York, N.Y. 10022	\$1,000.00	\$.
12/01/85			Benjamin V. Lambert 40 West 57 St. New York, N.Y. 10019	\$2,000.00	\$.
12/01/85			Robert Katz 180 East 79 St. New York, N.Y. 10021	\$150.00	\$.
12/01/85			Maurice Sonnenberg 580 Fifth Ave. New York, N.Y. 10036	\$1,000.00	\$.
12/06/85			Israel Englander 1009 Park Ave. New York, N.Y. 10028	\$2,000.00	\$.

MONETARY CONTRIBUTIONS  
 Period from 11/29/85 to 1/11/86

DATE	C R E D I T	NAME AND ADDRESS	AMOUNT	PREVIOUS AMOUNT
12/06/85		Arthur Levitt Jr. 86 Trinity Place New York, N.Y.	\$1,000.00	\$.
12/06/85		Edward S. Gordon 405 Lexington Ave. New York, N.Y.	\$2,500.00	\$.
12/06/85	x	V. Fonte & Sons 511 Canal St. New York, N.Y. 10013	\$1,000.00	\$.
12/10/85		Millicent Levy 28 Knox Lane Englishtown, N.J. 07726	\$2,500.00	\$.
12/10/85	x	NICO Construction Co. 345 Hudson St. New York, N.Y. 10014	\$1,500.00	\$.
12/10/85		Joseph Dayre 401 Fifth Ave. New York, N.Y. 10016	\$2,500.00	\$.
12/10/85		Fodell, Rothman, Schechter et al 160 Broadway New York, N.Y. 10038	\$500.00	\$.
12/10/85	x	Republic New York Corp. 452 Fifth Ave. New York, N.Y. 10018	\$1,500.00	\$.
12/10/85		Howard B. Hornstein 625 Madison Ave. New York, N.Y. 10022	\$2,000.00	\$.
12/10/85		Marcia Eklis Hirschfeld 895 Park Ave. New York, N.Y. 10021	\$1,000.00	\$.
12/16/85		AT&T PAC-New York 550 Madison Ave. New York, N.Y. 10022	\$500.00	\$.
12/16/85		Drive Political Fund 25 Louisiana Road N.W. Washington, D.C. 20001	\$2,000.00	\$.

Page Total \$18,500.00

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MONETARY CONTRIBUTIONS  
 Period from 11/29/85 to 1/11/86

DATE	C R E L	O D R P	NAME AND ADDRESS	AMOUNT	PREVIOUS AMOUNT
12/16/85			Kiernan, O'Brien & Larocca 1050 Thomas Jefferson St. Washington, D.C. 20007	\$2,000.00	\$.
12/18/85	x		Farbrod Realty Corp. 475 Park Ave. New York, N.Y. 10016	\$4,000.00	\$.
12/18/85			Leonard Kaye 919 Third Ave. New York, N.Y. 10022	\$1,000.00	\$.
12/18/85	x		OMNICO 475 Park Ave. New York, N.Y. 10016	\$5,000.00	\$.
12/18/85	x		United Enterprises 475 Park Ave. New York, N.Y. 10016	\$5,000.00	\$.
12/18/85			Cynthia Urbach Krouner 69 Brookline Ave. Albany, N.Y. 12203	\$25.00	\$.
01/07/86			Steven J. Ross 75 Rockefeller Plaza New York, N.Y. 10019	\$1,000.00	\$.

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	Page Total	\$18,025.00
Total unitemized contributions this period		\$0.00
Total itemized contributions this period		\$55,175.00
Total contributions this period		\$55,175.00

Statement period — from 11/29/85 to 1/11/86

**LOANS RECEIVED**

DATE RECEIVED	FULL NAME	MAILING ADDRESS	AMOUNT
(EVIDENCE OF INDEBTEDNESS FOR LOANS LISTED ABOVE MUST BE ATTACHED)			TOTAL 0

**LOAN REPAYMENTS**

DATE PAID	FULL NAME	MAILING ADDRESS	AMOUNT	DATE OF LOAN
12/1/85	Manufacturers Hanover Trust	270 Park Ave. N.Y.C. (INTEREST ONLY)	1,797.23	
12/9/85	Lucille Kaplan	150 East 69 St. New York, N.Y.	5,000.00	9/6/85
12/26/85	Burt Abrams	425 Park Avenue New York, N.Y.	15,000.00	9/6/85
	Manufacturers Hanover Trust	270 Park Ave. N.Y.C. (SEE ATTACHMENT)	75,000.00	
TOTAL			96,797.23	

**LOANS FORGIVEN**

DATE FORGIVEN	FULL NAME	MAILING ADDRESS	AMOUNT	DATE OF LOAN
TOTAL			0	

(EVIDENCE FROM LENDERS INDICATING FORGIVENESS MUST BE ATTACHED)

STEIN 85  
MANUFACTURERS HANOVER TRUST LOANS

te id	Date of Loan	Guarantor	Paid by Stein 85	Paid by Guarantor	Amount Outstanding
2/20/85	6/6/85	Edward Downe 25 Sutton Pl. N. N.Y., N.Y. 10022	25,000.00	0	25,000.00
2/20/85	6/6/85	Arthur Emil 790 Park Ave. N.Y., N.Y. 10021	0	0	25,000.00
2/20/85	6/6/85	Jerry Finkelstein 111 Eighth Ave. N.Y., N.Y.	0	50,000.00	0
2/20/85	6/6/85	Shirley Finkelstein 111 Eighth Ave. N.Y., N.Y.	0	50,000.00	0
12/20/85	6/6/85	Jeffrey Glick 3000 Marcus Ave. Lake Success, N.Y.	0	25,000.00	0
12/20/85	6/6/85	Steven Greenberg 30 Rockefeller Plaza N.Y., N.Y. 10112	0	25,000.00	0
12/20/85	6/6/85	Gerald Guterman 405 Park Ave. New York, N.Y.	0	50,000.00	0
12/20/85	6/6/85	John Kluge 655 Third Ave. N.Y., N.Y. 10017	0	25,000.00	0
12/20/85	6/6/85	Donald Trump 721 Fifth Ave. N.Y., N.Y.	0	50,000.00	0
12/20/85	6/6/85	William Zeckendorf 502 Park Ave. N.Y., N.Y. 10022	0	25,000.00	0

STEIN 85  
MANUFACTURERS HANOVER TRUST LOANS

Date Paid	Date of Loan	Guarantor	Paid by Stein 85	Paid by Guarantor	Amount Outstanding
12/9/85	8/8/85	John Kluge 655 Third Ave. N.Y., N.Y. 10017	25,000.00	0	0
12/20/85	9/4/85	Arthur Emil 790 Park Ave. N.Y., N.Y.	25,000.00	0	0
12/4/85	9/4/85	Paul Milstein 1 Lincoln Plaza N.Y., N.Y.	0	50,000.00	0
TOTAL			75,000.00	350,000.00 *	50,000.00

\* This sum, representing campaign debts assumed by the guarantors, has been included in line 24 (Total Contributions to Date) of the Summary of Receipts and Expenditures.

CAMPAIGN EXPENSES PAID  
 Period from 11/29/85 to 1/11/86

DATE	NAME AND ADDRESS	AMOUNT	PURPOSE
11/29/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$150.00	Reimbursed Exp.
11/29/85	Abby Smith 340 West 28 St. New York, N.Y. 10001	\$200.00	Clerical
11/29/85	John Higgins 24 King St. New York, N.Y. 10014	\$600.00	Reimbursed Exp.
12/01/85	Manufacturers Hanover Trust C.S. 1012 Hicksville, N.Y. 11819	\$4,549.49	Candidate Exp.
12/02/85	National Black United Front 2090 Adam C. Powell Blvd. New York, N.Y. 10027	\$50.00	Donation
12/03/85	General Aviation Flying Svce. 480 Industrial Ave. Teterboro, N.J. 07608	\$1,113.50	Travel
12/03/85	Uptown Dispatch 833 West 181 St. New York, N.Y. 10033	\$135.00	Ad
12/03/85	C. Elaine Parker 2311 Fifth Ave. New York, N.Y.	\$33.00	Reimbursed Exp.
12/03/85	City Imprint 121 Varick St. New York, N.Y.	\$2,635.89	Printing
12/03/85	Campaign Strategies 745 Fifth Ave. New York, N.Y. 10151	\$10,000.00	Media

PAGE TOTAL \$19,466.88

CAMPAIGN EXPENSES PAID  
 Period from 11/29/85 to 1/11/86

DATE	NAME AND ADDRESS	AMOUNT	PURPOSE
12/03/85	Neighborhood Outreach 1125-29 Eastern Parkway Brooklyn, N.Y. 11213	\$12,000.00	Consultant
12/03/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$600.00	Consultant
12/03/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$150.00	Reimbursed Exp.
12/03/85	Jose Velez 1010 4th Ave. Brooklyn, N.Y. 11209	\$45.00	Reimbursed Exp.
12/03/85	Jack Engel 31 Jane St. New York, N.Y. 10014	\$477.00	Media
12/06/85	Postmaster General Post Office New York, N.Y. 10001	\$2,100.00	Postage
12/06/85	Bart Madera 100 West 87 St. New York, N.Y.	\$56.00	Clerical
12/06/85	Michael Cammarota 275 West 80 St. New York, N.Y.	\$56.00	Clerical
12/09/85	Andrea Baron 10 West 93 St. New York, N.Y.	\$288.00	Entertainment
12/09/85	Thomas Sabatino 419 West 56 St. New York, N.Y.	\$70.00	Entertainment

PAGE TOTAL \$15,842.00

CAMPAIGN EXPENSES PAID  
 Period from 11/29/85 to 1/11/86

DATE	NAME AND ADDRESS	AMOUNT	PURPOSE
12/10/85	Fraser Morris 931 Madison Ave. New York, N.Y.	\$244.00	Catering
12/10/85	American Express P.O. Box 1270 Newark, N.J. 07101	\$356.42	Candidate Exp.
12/10/85	Lend a Hand 200 West 72 St. New York, N.Y.	\$25.00	Temp. Help
12/10/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$150.00	Reimbursed Exp.
12/10/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$500.00	Consultant
12/10/85	Quite & Sadowsky Ret. Dinner 250 Broadway New York, N.Y. 10007	\$100.00	Donation
12/10/85	Quick Response Communications 235 West 132 St. New York, N.Y.	\$1,385.00	Lit. Distribution
12/11/85	110th Precinct Comm. Council 93-22 50 Ave. Elmhurst, N.Y. 11373	\$30.00	Donation
12/13/85	City Imprint 121 Varick St. New York, N.Y.	\$649.50	Printing
12/13/85	Beth Caton 16 West 16 St. New York, N.Y. 10011	\$500.00	Clerical

PAGE TOTAL \$4,039.92

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CAMPAIGN EXPENSES PAID  
 Period from 11/29/85 to 1/11/86

DATE	NAME AND ADDRESS	AMOUNT	PURPOSE
12/13/85	David Seelig 155 East 4 St. New York, N.Y. 10009	\$150.00	Photos
12/16/85	State Human Rights Conference 55 West 125 St. New York, N.Y. 10027	\$75.00	Donation
12/17/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$150.00	Reimbursed Exp.
12/17/85	ASPIRA 114 East 28 St. New York, N.Y.	\$25.00	Donation
12/17/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$600.00	Consultant
12/19/85	Cheese of All Nations 153 Chambers St. New York, N.Y.	\$21.94	Brie
12/19/85	Brills Liquor Mart 150 Chambers St. New York, N.Y.	\$16.00	Wine
12/19/85	S & D Caterers 1720 Crosby Ave. Bronx, N.Y. 10461	\$435.81	Catering
12/20/85	Edward Berins 143-29 232 St. Queens, N.Y. 11413	\$70.00	Clerical
12/20/85	Nelson Dcassio 273 East Houston St. New York, N.Y.	\$200.00	Reimbursed Exp.

PAGE TOTAL \$1,748.75

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CAMPAIGN EXPENSES PAID  
 Period from 11/29/85 to 1/11/86

NAME  
 ADDRESS

AMOUNT PURPOSE

Hillman and Hoage  
 Grand Ave. & Rte. 4  
 Englewood, N.J.

\$742.00 Automobile

Joseph Rampello  
 57-35 136 St.  
 Flushing, N.Y. 11355

\$150.00 Reimbursed Exp.

Joseph Rampello  
 57-35 136 St.  
 Flushing, N.Y. 11355

\$600.00 Consultant

Charlottes  
 146 Chambers St.  
 New York, N.Y.

\$5,000.00 Caterer

York Florist  
 804 Sixth Ave.  
 New York, N.Y. 10011

\$1,199.44 Flowers

Party Time  
 82-33 Queens Blvd.  
 Elmhurst, N.Y.

\$150.00 Deposit

Joseph Rampello  
 57-35 136 St.  
 Flushing, N.Y. 11355

\$600.00 Consultant

Party Time  
 82-33 Queens Blvd.  
 Elmhurst, N.Y.

\$151.55 Rental

Joseph Rampello  
 57-35 136 St.  
 Flushing, N.Y. 11355

\$150.00 Reimbursed Exp.

Charlotte's  
 146 Chambers St.  
 New York, N.Y. 10007

\$5,225.09 Catering

PAGE TOTAL \$13,968.08

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CAMPAIGN EXPENSES PAID  
 Period from 11/29/85 to 1/11/86

DATE	NAME AND ADDRESS	AMOUNT	PURPOSE
01/07/86	Modern Age 1100 Sixth Ave. New York, N.Y.	\$259.00	Photos
01/07/86	Jewish Comm. Relations Council 111 West 40 St. New York, N.Y. 10018	\$20.00	Donation
01/07/86	M.L.K. Living the Dream Inc. 1500 Broadway #1150 New York, N.Y. 10036	\$2,000.00	Donation
01/08/86	Sherry Lehmann Inc. 679 Madison Ave. New York, N.Y.	\$95.26	Wine
01/08/86	Barraud Caterers 61 Jane Street New York, N.Y. 10014	\$595.40	Catering
11/29/85	Joseph Rampello 57-35 136 St. Flushing, N.Y. 11355	\$600.00	Consultant

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PAGE TOTAL	\$3,569.66
Total unitemized expenses this period	\$4,400.00
Total itemized expenses this period	\$58,635.29
Total campaign expenses this period	\$63,035.29







TRANSFERS OUT  
Period from 11/29/85 to 1/11/85

12/03/85	People For Serrano 2034 Lurting Ave. Bronx, N.Y. 10461	\$200.00
12/03/85	Friends of Helene Weinstein 26 Court St. #1614 Brooklyn, N.Y. 11242	\$250.00
12/03/85	West Brooklyn Ind. Democrats 101 Clark St. Brooklyn, N.Y. 11201	\$500.00
12/06/85	NY New Democratic Coalition 5 Beekman St. New York, N.Y. 10038	\$125.00
12/11/85	Comm. to Elect Sal Albanese 919 46 St. Brooklyn, N.Y. 11209	\$40.00
12/11/85	Con. Dem. Coal. Northern Man. 571 West 215 St. New York, N.Y. 10034	\$50.00
12/13/85	Comm. to Reelect Michael Garson 3666 Nostrand Ave. Brooklyn, N.Y. 11229	\$100.00

TOTAL \$1,265.00

33040763281



HAND DELIVERED

For Authorized Candidates

(Summary Page)

109124

ALTER AREA   ALTER AREA

1 Name of Candidate (in Full) Bookin for Congress

2 FEID Identification Number C00177626

3 Is this Report an Amendment?  YES  NO

4 Address (Number and Street) 60 West 43 St. 02212

City, State and Zip New York, N.Y.  Check if address is different than previously reported

4 TYPE OF REPORT

April 15 Quarterly Report

July 15 Quarterly Report

October 15 Quarterly Report

January 31 Year End Report

July 31 Mid Year Report (Non election Year Only)

Twelfth day report preceding election on \_\_\_\_\_ (Type of election)

Thirtieth day report following the election on \_\_\_\_\_ (Type of election)

Termination Report

This report contains activity for:  Primary Election  General Election  Special Election  Recall Election

SUMMARY		COLLECT A This Period	COLLECT B Calendar Year-to-Date
6. Covering Period	<u>7/1/85</u> through <u>12/31/85</u>		
6. Net Contributions (other than loans)			
(a) Total Contributions (other than loans) (From Line 11 (a))		0	939,420.50
(b) Total Contribution Refunds (From Line 20 (a))		0	11,250.00
(c) Net Contributions (other than loans) (subtract Line 6 (b) from 6 (a))		0	928,170.50
7. Net Operating Expenditures			
(a) Total Operating Expenditures (from Line 17)		2,500.00	1,831,508.41
(b) Total Offset to Operating Expenditures (from Line 14)		0	6,343.81
(c) Net Operating Expenditures (subtract Line 7 (b) from 7 (a))		2,500.00	1,825,164.60
8. Cash on Hand at Close of Reporting Period (from Line 27)		1,365.62	
9. Debts and Obligations Owed TO The Committee (Transfers all on Schedule C or Schedule D)		0	
10. Debts and Obligations Owed BY The Committee (Transfers all on Schedule C or Schedule D)		995,356.81	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

For further information, contact:  
Federal Election Commission  
Toll Free 800 424 9630  
Local 202 693 4000

J. Randolph Peyton  
Type or Print Name of Treasurer  
*J. Randolph Peyton*  
SIGNATURE OF TREASURER

1/20/86  
Date

NOTE: Submission of false, erroneous or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. 5472.

All previous versions of FEC FORM 2 and FEC FORM 3 are obsolete and should no longer be used.

FEC FORM 3 (3/80)

86012930963  
32740765283

**DETAILED SUMMARY PAGE  
of Receipts and Disbursements  
(Page 2, FEC FORM 3)**

Name of Committee (in Full)		Report Covering the Period	
Stain for Congress		From 7/1/85	To 12/31/85
		COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
<b>I. RECEIPTS</b>			
11	CONTRIBUTIONS (other than loans) FROM:		
	(a) Individuals/Persons Other Than Political Committees (Make Entry Unitemized \$ _____)		904,220.50
	(b) Political Party Committees		
	(c) Other Political Committees		35,200.00
	(d) The Candidate		
	(e) TOTAL CONTRIBUTIONS (other than loans) (add 11(a), 11(b), 11(c) and 11(d))	0	939,420.50
12	TRANSFERS FROM OTHER AUTHORIZED COMMITTEES	0	0
13	LOANS:		
	(a) Made or Guaranteed by the Candidate	2,500.00	894,373.33
	(b) All Other Loans		
	(c) TOTAL LOANS (add 13(a) and 13(b))	2,500.00	894,373.33
14	OFFSETS TO OPERATING EXPENDITURES (Refunds, Retains, etc.)	0	6,343.82
15	OTHER RECEIPTS (Dividends, Interest, etc.)	0	0
16	TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15)	2,500.00	1,840,137.64
<b>II. DISBURSEMENTS</b>			
17	OPERATING EXPENDITURES	2,500.00	1,831,508.41
18	TRANSFERS TO OTHER AUTHORIZED COMMITTEES	0	0
19	LOAN REPAYMENTS:		
	(a) Of Loans Made or Guaranteed by the Candidate		
	(b) Of All Other Loans		
	(c) TOTAL LOAN REPAYMENTS (add 19(a) and 19(b))	0	0
20	REFUNDS OF CONTRIBUTIONS TO:		
	(a) Individuals/Persons Other Than Political Committees		9,250.00
	(b) Political Party Committees		
	(c) Other Political Committees		2,000.00
	(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), 20(b), and 20(c))	0	11,250.00
21	OTHER DISBURSEMENTS	0	0
22	TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)	2,500.00	1,842,758.41
<b>III. CASH SUMMARY</b>			
23	CASH ON HAND AT BEGINNING OF REPORTING PERIOD	\$	1,365.62
24	TOTAL RECEIPTS THIS PERIOD (From Line 16)	\$	2,500.00
25	SUBTOTAL (Add Line 23 and Line 24)	\$	3,865.62
26	TOTAL DISBURSEMENTS THIS PERIOD (From Line 22)	\$	2,500.00
27	CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 26 from 25)	\$	1,365.62

86012930964

LOANS

Name of Committee (in Full)			
<b>Stein for Congress</b>			
A. Full Name, Mailing Address and ZIP Code of Loan Source		Original Amount of Loan	Balance Outstanding at Close of This Period
Andrew Stein 40 East 94 Street New York, N.Y. 10128		2,500.00	2,500.00
Election: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>9/5/85</u> Date Due <u>demand</u>		Interest Rate <u>8</u> %	<input type="checkbox"/> Secured
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code	Name of Employer	<p><i>TO PAY FOR PETER DUBOIS PARTY</i></p>	
	Occupation		
	Amount Guaranteed Outstanding		
	Name of Employer		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
	Name of Employer		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
	Name of Employer		
B. Full Name, Mailing Address and ZIP Code of Loan Source		Original Amount of Loan	Balance Outstanding at Close of This Period
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____		Interest Rate _____ %	<input type="checkbox"/> Secured
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
SUBTOTALS This Period This Page (optional) .....			2,500.00
TOTALS This Period (last page in this line only) .....			894,373.33

Carry outstanding balance only to LINE 2, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

860-12930977

83040765285

**SCHEDULE D**  
(Required 2/88)

**DEBTS AND OBLIGATIONS**  
(Including Leases)

Use Schedule D to  
file across schedule  
for each numbered line

Name of Debtor or Creditor Stein for Congress Commit	Outstanding Balance Beginning This Period	Amount Received This Period	Payments This Period	Outstanding Balance at Close of This Period
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor OUT TOWN 435 East 86 Street New York, N.Y. 10028	36,012.24	-0-	-0-	36,012.24
Nature of Debt (Purpose): Printing				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
1) SUBTOTALS This Period This Page (optional) .....				36,012.24
2) TOTAL This Period (last page this line only) .....				100,984.48
3) TOTAL OUTSTANDING LEASES from Schedule C (last page only) .....				894,373.33
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) .....				995,356.81

8-6-0-1-2-9-3-0-9-7-9

**SCHEDULE D**  
(Form 1041-1989)

**DEBTS AND OBLIGATIONS**  
Excluding Loans

See instructions for  
Line 10 (Schedule D) on  
the separate schedule  
for each numbered line

293487A

Name of Contributor (in Full)	Outstanding Balance Beginning This Period	Amount Received This Period	Payment This Period	Outstanding Balance in Close of This Period
<b>Stein for Congress Committee</b>				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor Oxford Litho 111 Eighth Avenue New York, N.Y. 10011	977.47	-0-	-0-	977.47
Nature of Debt (Purpose): Printing				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor C.T.F. Printing Inc. 150 Varick Street New York, N.Y. 10014	7,340.84	-0-	-0-	7,340.84
Nature of Debt (Purpose): Printing				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor O.S.I. 575 Lexington Avenue New York, N.Y. 10022	8,000.00	-0-	-0-	8,000.00
Nature of Debt (Purpose): Mailing Services				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor Sierra Club 530 Bush Street San Francisco, Calif. 94108	263.17	-0-	-0-	263.17
Nature of Debt (Purpose): Computer List				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Event Associates 145 West 58 Street New York, N.Y. 10019	16,982.50	-0-	-0-	16,982.50
Nature of Debt (Purpose): Fundraising Consultants				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor Garth Group Inc. 745 Fifth Avenue New York, N.Y. 10151	36,407.26	-0-	-0-	36,407.26
Nature of Debt (Purpose): Political Consultant				
1) SUBTOTALS This Period This Page (optional) .....				69,971.24
2) TOTAL This Period (last page this line only) .....				
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) .....				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) .....				

3 2 0 4 0 7 6 3 2 3 8

FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20543

OFFICE OF THE  
GENERAL COUNSEL

Official Business

Penalty for Private Use \$300

96 NOV 13 A10: 21



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STEIN  
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NEWYORK NY 10128-0709  
RETURN TO SENDER



Postage and Fees Paid  
Federal Election Commission

Mr. Andrew Stein  
38 E. 85th Street  
Apt. 11-E  
New York, NY 10028





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 25, 1986

Charles G. Hagedorn, Chairman  
Hagedorn Communications Corporation  
One Madison Avenue  
New York, NY 10010

Dear Mr. Hagedorn:

This letter will acknowledge receipt of your complaint which we received on November 18, 1986, alleging possible violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Stein For Congress Committee and Mr. J. Randolph Peyton as treasurer, Mr. Andrew Stein, and Mrs. Andrew Stein. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as the original complaint. For your information, we have attached a brief description of the Commission's procedures for handling complaints. We have numbered this matter MUR 2292. Please refer to this number in all future correspondence. If you have any questions, please contact Retha Dixon at (202) 376-3110.

Sincerely,

Charles N. Steele  
General Counsel

A handwritten signature in cursive script, appearing to read "Lois G. Lerner".

By: Lois G. Lerner  
Associate General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 25, 1986

J. Randolph Peyton, Treasurer  
Stein For Congress Committee  
60 East 42nd Street, #2212  
New York, NY 10165

Re: MUR 2292

Dear Mr. Peyton:

The Federal Election Commission received a complaint which alleges that the Stein For Congress Committee and you, as treasurer, you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2292. Please refer to this number in all future correspondence.

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

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

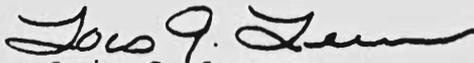
This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(4)(B) and §437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

00040763200

If you have any questions, please contact Maura Callaway, the staff person assigned to this matter, at (202) 376-3024. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Lois G. Lerner  
Associate General Counsel

Enclosures  
Complaint  
Procedures  
Designation of Counsel Statement

22040765201



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 25, 1986

Mr. Andrew Stein  
38 East 85th Street  
Apt. 11E  
New York, NY 10028

Re: MUR 2292

Dear Mr. Stein:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2292. Please refer to this number in all future correspondence.

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

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

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

027040763202

If you have any questions, please contact Maura Callaway, the staff person assigned to this matter, at (202) 376-3024. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

Enclosures  
Complaint  
Procedures  
Designation of Counsel Statement

3 2 0 4 0 7 6 5 2 9 3



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 25, 1986

Mrs. Andrew Stein  
38 East 85th Street  
Apt. 11E  
New York, NY 10028

Re: MUR 2292

Dear Mrs. Stein:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2292. Please refer to this number in all future correspondence.

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

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

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

9 2 7 4 0 7 6 5 2 0 4

If you have any questions, please contact Maura Callaway, the staff person assigned to this matter, at (202) 376-3024. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

Enclosures  
Complaint  
Procedures  
Designation of Counsel Statement

02040765205

RECEIVED AT THE FEC  
ACC# 2227  
86 DEC 9 8:36

**NO.** 2292

**NAME OF COUNSEL:** Thomas J. Schwarz

**ADDRESS:** Skadden, Arps, Slate, Meagher & Flom  
919 Third Avenue, 43rd Floor  
New York, New York 10022

**TELEPHONE:** (212) 735-3400

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

Dec 5, 1986  
**Date**

J. Randolph Peyton  
**Signature**

DEC 9 89:57

**RESPONDENT'S NAME:** J. Randolph Peyton, Treasurer

**ADDRESS:** Stein For Congress Committee  
60 East 42nd Street, #2212  
New York, NY 10165

**HOME PHONE:** (212) 662-8241

**BUSINESS PHONE:** (212) 870-5600

87040765290

QCC#2273  
RECEIVED AT THE FEC

SKADDEN, ARPS, SLATE, MEAGHER & FLOM 86 DEC 15 9:22

919 THIRD AVENUE  
NEW YORK 10022-9931  
(212) 735-3000

CABLE ADDRESS  
"SKARSLAW NEW YORK"  
TWX 710 581-3814  
TELEX 645899  
TELECOPIER  
(212) 752-1084  
DIRECT DIAL  
(212) 735

ONE BEACON STREET  
BOSTON, MASSACHUSETTS 02108  
(617) 523-0002  
919 EIGHTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 463-8700  
ONE RODNEY SQUARE  
WILMINGTON, DELAWARE 19801  
(302) 429-9200  
515 SOUTH FIGUEROA STREET  
LOS ANGELES, CALIFORNIA 90071  
(213) 486-4600  
333 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60606  
(312) 407-0700

December 11, 1986

Ms. Lois Lerner  
Associate General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

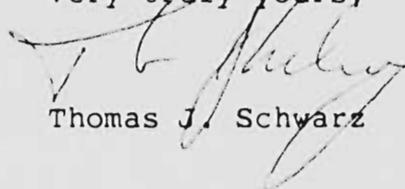
Re: MUR 2292 - Stein for Congress

Dear Ms. Lerner:

I am in receipt of your letter of November 25, 1986, forwarding the complaint filed by Hagedorn Communications against Stein for Congress. While this complaint is very similar to the complaint filed in MUR 2070, it does make reference to an additional FEC filing. Thus, I request an additional 10 days to respond so that all appropriate documentation may be thoroughly reviewed.

Thank you for your attention to this matter.

Very truly yours,



Thomas J. Schwarz

cc: Ms. Maura Callaway

97040765207



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 24, 1986

Thomas J. Schwarz, Esquire  
Skadden, Arps, Slate, Meagher  
and Flom  
919 Third Avenue  
New York, New York 10022-9931

Re: MUR 2292  
Stein for Congress;  
J. Randolph Peyton, as  
treasurer

Dear Mr. Schwarz:

This is in response to your letter dated December 11, 1986, in which you request a ten day extension of time to respond to the allegations against your clients, Stein for Congress Committee and J. Randolph Peyton, as treasurer.

I have reviewed your letter and agree to the requested extension. Accordingly, a response is due no later than December 29, 1986. If you have any questions please contact Maura White Callaway at (202) 376-5690.

Charles N. Steele  
General Counsel

*Lois G. Lerner (RVIF)*

By: Lois G. Lerner  
Associate General Counsel

3 3 0 4 0 7 6 5 2 9 8

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

REC'D AT THE FEC  
GOLF 11  
86 DEC 29 49:17

919 THIRD AVENUE  
NEW YORK 10022-9931  
(212) 735-3000

CABLE ADDRESS  
"SKARSLAW NEW YORK"  
TWX 710 581-3814  
TELEX 645899  
TELECOPIER  
(212) 752-1084  
DIRECT DIAL  
(212) 735-

December 24, 1986

ONE BEACON STREET  
BOSTON, MASSACHUSETTS 02108  
(617) 523-0002  
919 EIGHTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 463-8700  
ONE RODNEY SQUARE  
WILMINGTON, DELAWARE 19801  
(302) 429-9200  
515 SOUTH BOUVERIA STREET  
LOS ANGELES, CALIFORNIA 90071  
(213) 486-4600  
333 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60606  
(312) 407-0700

Ms. Maura Callaway  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 2292  
Stein for Congress

Dear Ms. Callaway:

I. BACKGROUND

This response to the complaint filed by Charles Hagedorn is on behalf of Stein for Congress Committee (the "respondent"). The complaint fails to state any basis for action by the Federal Election Commission (the "FEC" or the "Commission"), thus the respondent respectfully requests that this matter be dismissed with a finding of no reason to believe a violation has occurred.

The basic flaw in the complaint is that Mr. Hagedorn erroneously assumes that Mr. Stein did not have sufficient personal assets to make the loans he made to his campaign but instead relied on unreported outside funding. This same flaw in reasoning resulted in the dismissal of MUR 2070 (Stein for Congress Committee), a virtually identical matter. In MUR 2070, the General

39040765299

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Ms. Maura Callaway  
December 24, 1986  
Page Two

Counsel properly relied upon the affidavit of Arthur Tarlow, Andrew Stein's accountant. That affidavit, along with the response submitted, demonstrates that Andrew Stein had sufficient personal assets to finance his campaign and did not use assets belonging to his wife or any other family member, beyond the permissible limits. As stated in the General Counsel's report, according to that affidavit, Andrew Stein's assets "fall within the definition of personal assets set out in 11 CFR § 110.10(b)(1), and they total [REDACTED]." General Counsel's Report at 3 (November 14, 1985). To avoid duplication, the response submitted in MUR 2070 is made part of the response to this matter. A copy is attached hereto as Exhibit I. In that there are no material differences between this matter and MUR 2070, the dismissal of MUR 2070 should be dispositive of the present matter. However, some of the facts raised by Mr. Hagedorn had not occurred at the time MUR 2070 was brought. Although the legal conclusion is the same, the focus of this response is on points raised in this matter that do not overlap with MUR 2070.

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Ms. Maura Callaway  
December 24, 1986  
Page Three

II. DISCUSSION

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Prior to the congressional election held on November 6, 1984, Andrew Stein lent \$836,873.33 to his campaign. As is demonstrated in the October 7, 1985, Tarlow affidavit and the response submitted in MUR 2070, those funds represented personal assets of Andrew Stein in compliance with 11 C.F.R. § 110.10(b). Since the 1984 congressional election, Mr. Stein has lent his committee an additional \$67,500 (1985 - \$57,500, 1986 - \$10,000) which the Committee used to pay various campaign debts. All of the loans, totaling \$904,373.33 as of the most recent report, were fully and properly reported. See chart of loans attached hereto as Exhibit II. In dismissing MUR 2070, the Commission considered all but the last three loans of \$2,500, \$5,000 and \$5,000.\*

The attached updated affidavit of Arthur Tarlow dated December 23, 1986, demonstrates that Andrew Stein had sufficient personal assets available in 1985 to lend his campaign \$57,500 in order to reduce his outstanding

---

\* The complainant's allegations do not go beyond 1985, but for purposes of setting forth the current debt situation, the 1986 loans are included.

Ms. Maura Callaway  
December 24, 1986  
Page Four

debt to creditors. See Tarlow affidavit attached hereto as Exhibit III. That affidavit reflects available assets in 1985 of \$71,135 in addition to the [REDACTED] which was available in 1984. In addition to that amount, in 1985, Jerry and Shirley Finkelstein gave \$ [REDACTED] [REDACTED] to their son, Andrew Stein. This gift is part of a longstanding pattern of gifts that Mr. Stein has received from his parents, for more than twenty years, long before he ran for Congress. Thus, pursuant to 11 C.F.R. § 110.10(b)(2) those gifted monies may also be considered part of Mr. Stein's available funds for use in his campaign. However, it is not necessary to reach those monies in order to establish that no violation occurred because there were sufficient other assets available.

The complaint cites various loans which Mr. Stein obtained from banks and family members during 1985 and alleges that those borrowed monies were relied upon to make loans to the campaign. Specifically, loans from the Manufacturers Hanover Trust Company\* and the Bank of

\* The complainant notes in the "addendum" to his complaint at 3, that the FEC report shows a debt of \$894,373.33 at the same time Mr. Stein reported on the New York City disclosure form a debt to Manufacturers Hanover Trust Company of \$105,000. While I  
(Footnote continued)

03040765302

Ms. Maura Callaway  
December 24, 1986  
Page Five

Leumi were not relied upon to make campaign loans, there-  
for monies used in 1985 to make payments on those loans  
had no bearing on the campaign. Likewise, the loan from  
his brother James Finkelstein was not relied upon to make  
loans to the campaign. The loan from the Dime Savings  
Bank of approximately \$500,000 was used to purchase real  
estate in Milbrook, New York, and not used to make loans  
to the campaign. Similarly, the loan from Mr. Cisneros  
was related to the same real estate transaction. Also,  
Mr. Stein did not rely upon the proceeds of the sale of  
his wife's cooperative to pay off campaign debts.\* How-

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(Footnote \* continued from previous page)  
am not sure how this information relates to Mr.  
Hagedorn's allegations, those two amounts are ex-  
plained by the fact that the City of New York's  
disclosure requirements relate to personal finances  
and the FEC reports relate to campaign finances.  
The \$894,373.33 debt is a campaign debt owed to  
Stein from monies lent to the campaign which did not  
include monies loaned from Manufacturers Hanover in  
that Mr. Stein had more than sufficient personal  
assets to loan those monies without relying on the  
bank loans. Thus, there is no legal or factual  
connection between the two amounts and each stand as  
accurately reported amounts.

\* With regard to the sale of the cooperative, Mr.  
Hagedorn alleges that Lynn Stein received approxi-  
mately \$300,000 in proceeds instead of the amount  
reported on the NYC Financial Disclosure form of  
between \$60,000 - \$100,000. The difference between  
these figures is the difference between the sale  
(Footnote continued)

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Ms. Maura Callaway  
December 24, 1986  
Page Six

ever, Mr. and Mrs. Stein jointly owned assets half of which were available to Andrew Stein pursuant to 11 C.F.R. § 110.10(b)(3). Those funds are reflected in the December 23, 1986, Tarlow affidavit at ¶ 7(d). It is true his wife's assets were used as household monies; however as the Commission recognized in approving MUR 2070, this occurs any time a candidate runs for office and the spouse has a separate source of income.

The fact that Andrew Stein made loans to his campaign subsequent to obtaining the various loans mentioned above is not determinative of whether he had sufficient personal funds to make the campaign loans. The determinative factor is whether Mr. Stein, in fact, had sufficient personal assets aside from the loaned money to make the loans to his campaign. As demonstrated by the Tarlow affidavits, Mr. Stein's personal assets, as defined pursuant to 11 C.F.R. §§ 110.10(b)(1), (b)(2) and (b)(3), more than satisfies the necessary amount to establish that no violation occurred.

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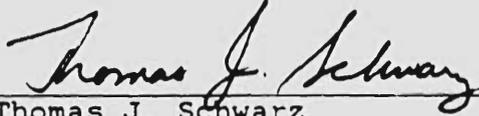
(Footnote \* continued from previous page)  
price and the gains realized on the sale. The sale price was approximately \$300,000 and the capital gain on the sale was approximately [REDACTED]

Ms. Maura Callaway  
December 24, 1986  
Page Seven

III. CONCLUSION

For the reasons stated, the Stein for Congress Committee respectfully submits that no action should be taken against the Committee or any other persons related to these transactions in connection with this matter. Further, respondent requests that the Commission find no reason to believe that a violation of the Act or the Commission's regulations has occurred and that the file be closed.

Respectfully submitted,

  
Thomas J. Schwarz  
Skadden, Arps, Slate,  
& Meagher & Flom  
919 Third Avenue  
New York, New York 10022

Attorney for Respondent

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BEFORE THE FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

In the Matter of )  
Andrew Stein, )  
Lynn Stein, ) MUR 2070  
Stein for Congress Committee )

RESPONSE OF ANDREW STEIN, LYNN STEIN AND  
STEIN FOR CONGRESS COMMITTEE TO  
NOTIFICATION OF COMPLAINT

I. INTRODUCTION

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This Response to Notification of Complaint is filed by Andrew Stein, Lynn Stein and Stein for Congress Committee (the "Committee") in response to the notification by the Federal Election Commission (the "Commission") of the complaint (the "Complaint") filed by George McDonald. Andrew Stein, Lynn Stein and the Committee are referred to herein collectively as "Respondents". Respondents submit that the Complaint fails to state any grounds for further action by the Commission and respectfully request that the Commission find no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended (the "Campaign Act"), or the Regulations of the Commission promulgated thereunder (the "Regulations"), has occurred. Accordingly, Respondents

request that the Commission determine to take no further action against Respondents in this matter.

II. SUMMARY OF POSITION

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The \$836,873.43 lent by Andrew Stein to the Committee (the "Loans") was properly reported in the periodic filings made by the Committee with the Commission under the Campaign Act. As demonstrated in the accompanying affidavit of Arthur Tarlow, the allegations in the Complaint that the Loans were made in amounts greater than the personal liquid assets available to Andrew Stein under the Campaign Act are baseless and wholly without merit. The total amount of the Loans was derived, directly or indirectly, from Andrew Stein's "personal funds" as such term is defined in Section 110.10 of the Regulations, 11 C.F.R. § 110.10. Those personal funds included funds derived from the sale of securities as to which Andrew Stein was the beneficial and equitable owner, salary, interest and dividend income, tax refunds and proceeds from the repayment of loans owed to Andrew Stein by a previous campaign committee. Of course, Mr. Stein was also entitled to borrow money from a bank in the ordinary course in his own name and contribute the proceeds of any such loan to his Committee.

III. DISCUSSION

The accompanying Affidavit of Arthur Tarlow (Exhibit A hereto) thoroughly sets forth the amounts and sources of personal funds available to Andrew Stein during the period in question. That analysis clearly indicates that personal funds in appropriate amounts were available to Andrew Stein throughout the period. Furthermore, the securities that originally funded the brokerage accounts were equitably those of Andrew Stein and were never conveyed to Lynn Stein.

The fact that money was borrowed from Manufacturers Hanover Trust Company and Bank Leumi Trust Company and subsequently additional amounts loaned to the Committee is not determinative of whether Andrew Stein had personal funds sufficient to make such loans. As set forth in the Tarlow affidavit, Mr. Stein had sufficient funds to make the loans to the Committee. This is not a situation where the candidate did not have sufficient assets of his own during the campaign to make a loan to his Committee. Compare MUR 892 and MUR 1890. If a candidate and his wife determine to use the candidate's assets for the campaign while the wife supports the family, the Commission can not find that to be a violation of the Act or Regulations. Otherwise, every candidate

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BEFORE THE FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

In the Matter of )  
Andrew Stein, )  
Lynn Stein, ) MUR 2070  
Stein for Congress Committee )

AFFIDAVIT

STATE OF NEW YORK )  
: ss.:  
COUNTY OF NEW YORK )

ARTHUR TARLOW, being duly sworn, deposes and says:

1. I am the accountant for Andrew Stein and am familiar with Mr. Stein's financial affairs. I am a certified public accountant. I have been responsible for preparation of Mr. Stein's Federal Election Commission, New York State Board of Elections and New York City filings.

2. Mr. Stein was the nominee of the Democratic Party for the House of Representatives from the 15th District of New York, for the general election held on November 6, 1984. His campaign was conducted through Stein for Congress Committee (the "Committee"), which was the "principal committee" under the Federal Election Campaign Act of 1971, as amended (the "Act").

3. In the course of the campaign, Mr. Stein made loans to the Committee aggregating \$836,873.43 in principal

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amount. All of the loans were properly reported by the Committee in its periodic reports filed with the FEC under the Act.

4. The assets available to Mr. Stein out of which he was able to make loans to the Committee were as follows:

(a) Mr. Stein had the following sources of investment funds:

(i) In 1981, upon the liquidation of a personal holding company through which he held title to various assets Mr. Stein received gross proceeds of approximately [REDACTED]

(ii) Upon the subsequent investment of such proceeds, Mr. Stein earned a trading profit of [REDACTED] during 1981.

(iii) Upon the sale of his cooperative apartment in 1982, Mr. Stein received net proceeds of [REDACTED]

(iv) As a result of the items in paragraph (i), (ii) and (iii), Mr. Stein had total available funds of [REDACTED]

(b) In 1984, Mr. Stein received proceeds from the sale of securities, which can be traced back to the proceeds set forth in paragraph 4, aggregating [REDACTED]. He made additional purchases of securities aggregating [REDACTED] resulting in a net amount available to him of [REDACTED]

(c) He also received the following amounts in 1984:

- (i) from the repayment to him of loans, together with interest, from Stein '81 . . . . . \$121,000
- (ii) from his salary for services as Manhattan Borough President, net of withheld taxes. . . \$ 42,616
- (iii) from interest and dividends relating to securities owned by him or for his equitable account and federal and state tax refunds. . . . . \$ [REDACTED]

5. The amount of personal funds available to Mr. Stein during 1984 was significantly greater than the principal amount of loans made by him to the Committee, \$836,873.43 and far greater than any amounts borrowed from banks.

Dated: October 7, 1985

Arthur Tarlow  
Arthur Tarlow

Sworn to before me this 7<sup>th</sup> day of October, 1985

Ruth A. Mirbach  
Notary Public

RUTH A. MIRBACH  
Notary Public, State of New York  
No. 41-4620090  
Qualified in Queens County  
Commission Expires March 30, 1987

20040765312

Andrew Stein's Loans to Stein for Congress

<u>Amount</u>	<u>Date</u>
<u>1984</u>	
74,000.00	12/83
150,000.00	4/18/84
950.65	5/84
923.79	4/5/84-6/12/84
130.00	5/17/84
200.00	5/22/84
50.00	5/13/84
423.20	6/11/84
50.00	6/18/84
155.90	6/19/84
497.97	9/84
322.30	8/84
40,000.00	10/2/84
142,772.52	10/2/84
27,397.00	10/5/84
250,000.00	10/16/84
125,000.00	10/29/84
24,000.00	11/1/84
	\$ <u>836,873.33</u>
<u>1985</u>	
40,000.00	3/12/85
15,000.00	4/28/85
2,500.00	9/5/85
	\$ <u>894,373.33</u>
<u>1986</u>	
5,000.00	1/31/86
5,000.00	4/22/86
	\$ <u>904,373.33</u>

EXHIBIT II

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BEFORE THE FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

In the Matter of )  
Stein for Congress ) MUR 2292  
J. Randolph Peyton, Treasurer )

AFFIDAVIT

STATE OF NEW YORK )  
 : ss.:  
COUNTY OF NEW YORK )

ARTHUR TARLOW, being duly sworn, deposes and says:

1. I am the accountant for Andrew Stein and am familiar with Mr. Stein's financial affairs. I am a certified public accountant.

2. Mr. Stein was the nominee of the Democratic Party for the House of Representatives from the 15th District of New York for the general election held on November 6, 1984. His campaign was conducted through Stein for Congress Committee (the "Committee"), which was the principal campaign committee under the Federal Election Campaign Act of 1971, as amended (the "Act").

3. In the course of the campaign, Mr. Stein made loans to the Committee aggregating \$836,873.33 in principal amount. All of the loans were properly reported by the Committee in its periodic reports filed with the FEC under the Act.

EXHIBIT III

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4. The assets available to Mr. Stein out of which he was able to make loans to the Committee were as follows:

(a) Mr. Stein had the following sources of investment funds:

(i) In 1981, upon the liquidation of a personal holding company through which he held title to various assets Mr. Stein received gross proceeds of approximately [REDACTED]

(ii) Upon the subsequent investment of such proceeds, Mr. Stein earned a trading profit of [REDACTED] during 1981.

(iii) Upon the sale of his cooperative apartment in 1982, Mr. Stein received net proceeds of [REDACTED]

(iv) As a result of the items in paragraph (i), (ii) and (iii), Mr. Stein had total available funds of [REDACTED]

(b) In 1984, Mr. Stein received proceeds from the sale of securities, which can be traced back to the proceeds set forth in paragraph 4, aggregating [REDACTED]

[REDACTED] He made additional purchases of securities

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aggregating [REDACTED] resulting in a net amount available to him of [REDACTED]

(c) He also received the following amounts in 1984:

- (i) from the repayment to him of loans, together with interest from Stein '81 . . . . \$121,000
- (ii) from his salary for services as Manhattan Borough President, net of withheld taxes \$ 42,616
- (iii) from interest and dividends relating to securities owned by him or for his equitable account and federal and state tax refunds . . . . [REDACTED]

5. The amount of personal funds available to Mr. Stein during 1984 was significantly greater than the principal amount of loans made by him to the Committee, \$836,873.33 and far greater than any amounts borrowed from banks.

6. In 1985, Andrew Stein lent his Committee an additional \$57,500. All of the loans were properly reported by the Committee in its periodic reports filed with the FEC under the Act.

7. The assets available to Mr. Stein out of which he was able to make loans to the Committee were as follows:

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(a) Salary for services as  
Manhattan Borough President  
net of withheld taxes. . . . \$42,945

(b) New York Times Honorarium. . \$ 3,025

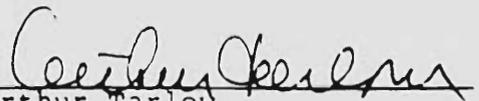
(c) Proceeds from the sale  
of securities that were  
initially acquired from  
investment funds which  
were solely Andrew  
Stein's. . . . . [REDACTED]

(d) Assets jointly owned by  
Andrew Stein and his wife  
Lynn which Andrew Stein has  
a one-half interest pursuant  
to 11 C.F.R § 110.10(b)(3):

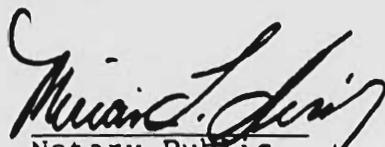
- (i) Funds in bank  
accounts. . . . . [REDACTED]
- (ii) Interest income . . [REDACTED]
- (ii) State income  
tax refund . . . . [REDACTED]

8. The amount of personal funds available  
to Mr. Stein during 1985 was greater than the principal  
amount of loans made by him to the Committee in 1985.

Dated: December 23, 1986

  
Arthur Tarlow

Sworn to before me this  
23rd day of December, 1986

  
Notary Public

MIRIAM L. SIROCKY  
Notary Public, State of New York  
No. 31-4848141  
Qualified in New York County  
Commission Expires March 30, 1987

**SENSITIVE**

**FEDERAL ELECTION COMMISSION**

**FIRST GENERAL COUNSEL'S REPORT**

MUR 2292  
Date Complaint  
Received 11-18-86  
Date of Notification  
11-25-86  
Staff Maura White  
Callaway

10:01

Complainant's Name: Charles Hagedorn  
Respondents' Names: Stein for Congress;  
J. Randolph Peyton, as treasurer;  
Andrew Stein;  
Lynn Stein (Mrs. Andrew)  
Relevant Statute: 2 U.S.C. §§ 441a and 434  
11 C.F.R. § 110.10(b)

Internal Reports  
Checked: Public Records

Federal Agencies  
Checked: None

Generation of Matter

On November 18, 1986, Charles Hagedorn filed a complaint against Stein for Congress, J. Randolph Peyton, as treasurer, Andrew Stein, and Mrs. Andrew Stein. Notification of the complaint was mailed to the respondents on November 25, 1986.

The complaint questions loans totalling \$894,373 "made or guaranteed" by Andrew Stein to his principal campaign committee for the 1984 elections, Stein for Congress. The complaint suggests that such loans may have resulted from certain monetary gifts and loans to Andrew Stein and, therefore, the loans by Andrew Stein did not constitute his personal funds. The complaint then alternatively suggests the possibility that the monies loaned by Andrew Stein to Stein for Congress may

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have originated from a bank loan to Mr. and Mrs. Andrew Stein and that "it was illegal for Mrs. Andrew Stein to be a co-borrower."

On December 15, 1986, counsel for Stein for Congress and J. Randolph Peyton, as treasurer, requested a ten day extension of time to respond to the complaint's allegations. By letter dated December 24, 1986, counsel was notified that the requested extension had been granted. On December 29, 1986, a response was submitted on behalf of Stein for Congress and J. Randolph Peyton.

Subsequent to this Office's review of the respondents' reply to the complaint's allegations this Office will prepare a report containing specific recommendations.

Charles N. Steele  
General Counsel

33740765319  
Date 12-31-86

By:   
Lois G. Lerner  
Associate General Counsel

611# 2502

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

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NEW YORK 10022-9931  
(212) 735-3000

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(302) 429-9200  
515 SOUTH FIGUEROA STREET  
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(213) 486-4600  
333 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60606  
(312) 407-0700

January 15, 1987

Ms. Maura Callaway  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 2292

Dear Ms. Callaway:

This letter confirms the January 14, 1987 tele-  
phone conversation you had with our office concerning the  
gift from John Kenneth and Annabelle Forester reported on  
Andrew Stein's 1985 New York City disclosure report.  
That entry reflects a joint gift from Lynn Stein's par-  
ents, John Kenneth and Annabelle Forester, given to An-  
drew and Lynn Stein, jointly, on January 17, 1985, in the  
amount of [REDACTED]

[REDACTED] The funds were in fact used for that pur-  
pose along with the Dime Savings and Cisneros loans, as  
described in the December 24, 1986 response.

Thus, the gift from Mr. and Mrs. Forester was  
unrelated to any campaign effort and specifically was not  
used to pay any campaign debts. As previously demon-  
strated, Andrew Stein had more than enough personal as-  
sets to make the payments he made toward retiring his  
campaign debts.

If you need any further information, please let  
me know.

Very truly yours,

*Thomas J. Schwarz*  
Thomas J. Schwarz  
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January 30, 1987

ONE BEACON STREET  
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617 523 0002  
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WASHINGTON D.C. 20006  
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302 429 9200  
515 SOUTH FIGUEROA STREET  
LOS ANGELES CALIFORNIA 90071  
213 486 4600  
333 WEST WACKER DRIVE  
CHICAGO ILLINOIS 60606  
312 407 0700

HAND DELIVERY

Ms. Maura Callaway  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 2292

Dear Ms. Callaway:

With regard to the responses submitted in the above-referenced matter, pleased consider this supplemental information and request. The 1985 New York City disclosure report reveals a loan from Jerry Finkelstein to his son, Andrew Stein, in the amount of \$60-100,000. Specifically, that entry reflects a loan in the amount of

It is requested that Mr. and Mrs. Stein's personal financial information submitted in response to this complaint, be treated in a confidential manner, as provided for under appropriate statutes, when this matter becomes available to the public.

Thank you for your attention to this matter.

Very truly yours,

*Thomas J. Schwarz*  
Thomas J. Schwarz *by KAG*

JAN 30 P 2: 01

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**SENSITIVE**

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of	)	
	)	
Stein for Congress;	)	MUR 2292
J. Randolph Peyton,	)	
as treasurer; Andrew	)	
Stein; Lynn Stein	)	
(Mrs. Andrew)	)	

**GENERAL COUNSEL'S REPORT**

**I. BACKGROUND**

On November 18, 1986, Charles Hagedorn filed a complaint against Andrew Stein, Stein for Congress, J. Randolph Peyton, as treasurer, and Lynn Stein (Mrs. Andrew). Notification of the complaint was mailed to the respondents on November 25, 1986.

On December 15, 1986, counsel for the respondents requested a ten-day extension of time to respond to the complaint's allegations. By letter dated December 24, 1986, counsel was notified that the requested extension had been granted. A response was submitted on December 29, 1986, and supplemented on January 16, 1987 and January 30, 1987 (Attachment 1).

**II. FACTUAL AND LEGAL ANALYSIS**

**(A) The Facts**

The complaint questions loans totalling \$894,373.33 "made or guaranteed" by Andrew Stein to his principal campaign committee for the 1984 election, Stein for Congress.<sup>1/</sup> The complainant contends that it was not possible for Andrew Stein

<sup>1/</sup> The complaint included a copy of the 1985 Year-End Report of Stein for Congress. The detailed summary page of the report discloses that as of December 31, 1985, Andrew Stein made or guaranteed loans to Stein for Congress totalling \$894,373.33.

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"to personally pay his Federal campaign debts" and that such repayments "were accomplished to date through outside sources of funds which would constitute a contribution to Federal campaign and which contributions were not reported."

Appended to the complaint and referred to therein was a copy of a "Report of Financial Interests" filed by Andrew Stein with the City of New York for the period of January 1, 1985, through December 31, 1985.<sup>2/</sup> In support of his allegations the complainant calls attention to the following information contained in this report:

1. A \$300,000 - \$500,000 debt owed to Manufacturers Hanover Trust which was reduced to \$105,000 as of December 31, 1985.
2. A \$5,000 - \$25,000 loan owed to Bank Leumi Trust which was repaid in full as of January 15, 1986.
3. A \$60,000 - \$100,000 loan from Oswaldo Cisneros.
4. A loan of \$500,000 or more from the Mortgage Department of Dime Savings Bank of New York, which as of December 31, 1985, had a balance owed of \$509,221.40.
5. An investment of \$500,000 or more in real estate located in Milbrook, New York.<sup>3/</sup>

<sup>2/</sup> As President of the New York City Council Andrew Stein was required to file the instant report pertaining to the financial interests of both Andrew and Lynn Stein.

<sup>3/</sup> The complainant states that the real estate investment was not reported to the Commission. There is, however, no requirement that a candidate's personal investments be reported to the Commission.

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6. A loan of between \$60,000 - \$100,000 from Jerry Finkelstein, Andrew Stein's father.
7. A gift of between \$25,000 - \$60,000 from Jerry and Shirley Finkelstein, Andrew Stein's parents.
8. A gift of between \$25,000 - \$60,000 from Andrew Stein's in-laws, John and Annabelle Forester.
9. A gift of between \$5,000 - \$25,000 from Andrew Stein's brother, James Finkelstein.
10. Sale of a cooperative apartment for a capital gain of between \$60,000 - \$100,000.

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The complainant states that "[o]n January 9, 1985, Mr. Stein upon inquiry from our newspapers if there was any guarantor on his huge loan from Manufacturers Hanover Bank, sent us a copy of a letter from Manufacturers Hanover attesting that the loan 'was for personal needs' . . . 'not extended for business purposes' . . . 'and there were no outside guarantees.'" The complainant notes that the letter was addressed to Mr. and Mrs. Andrew Stein and asserts, without any supporting evidence, that "[i]f this letter was indeed referring to the loan of about \$900,000 it was illegal for Mrs. Andrew Stein to be a co-borrower."<sup>4/</sup> According to the complainant, "[i]n other campaigns (not Federal) for office in recent years Mr. Stein could not borrow from banks

<sup>4/</sup> A copy of the letter was provided. The letter is dated January 9, 1985, and states: "I am writing to you to confirm that according to our records the loan that we extended to you was for personal needs. The loan was not extended for business purposes and there are no outside guarantees."

without guarantors for sums ranging from \$120,000 to \$300,000." The complainant asserts that Andrew Stein did not pay some of these loans and "guarantors were required to pay sums of \$25,000 to \$50,000."<sup>5/</sup>

In response to the complaint's allegations, the respondents refer to MUR 2070 also involving Andrew Stein, Lynn Stein, and Stein for Congress, wherein on December 3, 1985, the Commission found no reason to believe that Andrew Stein, Lynn Stein or the Stein for Congress Committee "violated any provisions of the FECA as amended."<sup>6/</sup> The response notes that in MUR 2070 the affidavit of Andrew Stein's accountant demonstrated that "Andrew Stein had sufficient personal assets to finance his campaign and did not

<sup>5/</sup> This assertion is supported by a copy of the financial disclosure statement filed by Stein 85, Andrew Stein's committee for New York City Council President, covering the period of November 29, 1985, through January 11, 1986. Based upon the information in the report, the complainant asserts that five guarantors paid \$50,000 each and four guarantors paid \$25,000 each on loans from Manufacturers Hanover Trust. This Office's review of the report indicates that loans totalling at least \$475,000 had been obtained by Stein 85 from Manufacturers Hanover Trust.

<sup>6/</sup> MUR 2070 originated from a complaint alleging that part of the money loaned by Andrew Stein to his campaign from 1983 through 1984 belonged to his wife or came from "unreported outside funds," including a loan from Manufacturers Hanover Trust. The General Counsel's Report in MUR 2070 concluded that Andrew Stein's available assets totalled [REDACTED] during 1984, and "[f]rom the information provided by Mr. Stein's accountant, it appears that Mr. Stein had enough of his own assets to have lent his committee" \$891,873.33 as of April 28, 1985. Thus, it concluded there was no reason to believe Andrew Stein used assets belonging to his wife to make the loans or that Lynn Stein made an excessive contribution to Stein for Congress by allowing her husband to use her assets to lend money to Stein for Congress.

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use assets belonging to his wife or any other family member, beyond the permissible limits." The response in MUR 2070, as well as the accountant's affidavit dated October 7, 1985, were incorporated into the instant response. The affidavit in MUR 2070 sets forth the "assets available to Mr. Stein out of which he was able to make loans" totalling \$836,873.33 to Stein for Congress during 1984. According to the affidavit, Andrew Stein had "total available funds of [REDACTED]" from 1981-1982 investments, and also sold and purchased securities resulting in a net amount of [REDACTED] available to him. The affidavit further notes that during 1984 Andrew Stein received an additional \$[REDACTED] from salary, interest and dividends on securities owned by him or for his equitable account, and loan repayments.<sup>7/</sup> The affidavit concluded that the "amount of personal funds available to Mr. Stein during 1984 was significantly greater than the principal amount of loans made by him to the Committee, \$836,873.43 and far greater than any amounts borrowed from banks."

The response filed in the instant matter notes that "some of the facts raised by Mr. Hagedorn had not occurred at the time MUR 2070 was brought." Relying on the October 7, 1985, affidavit of Andrew Stein's accountant, the response asserts that the \$836,873.33 Andrew Stein lent to his campaign prior to the 1984 general election constituted his personal assets in compliance

<sup>7/</sup> The response in MUR 2070 stated that the "[t]he securities that originally funded the brokerage accounts were equitably those of Andrew Stein and were never conveyed to Lynn Stein."

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with 11 C.F.R. § 110.10(b).<sup>8/</sup> Since the 1984 election, Andrew Stein lent his campaign an additional \$67,500 which the Committee used to pay various campaign debts, for an aggregate total of \$904,373.33 according to the affidavit.<sup>9/</sup>

<sup>8/</sup> Stein for Congress reported receipt of the following loans from the personal funds of Andrew Stein during 1984:

<u>Date</u>	<u>Amount</u>
12-83	\$ 74,000.00
4-18-84	\$ 150,000.00
5-84	\$ 950.65
4-5-84 to 6-12-84	\$ 923.79
5-17-84	\$ 130.00
5-22-84	\$ 200.00
5-13-84	\$ 50.00
6-11-84	\$ 423.20
6-18-84	\$ 50.00
6-19-84	\$ 155.90
9-84	\$ 497.97
8-84	\$ 322.30
10-2-84	\$ 40,000.00
10-4-84	\$142,772.52
10-5-84	\$ 27,397.00
10-18-84	\$250,000.00
10-29-84	\$125,000.00
11-1-84	\$ 24,000.00
Total:	<u>\$836,873.33</u>

<sup>9/</sup> Stein for Congress reported receipt of the following loans from the personal funds of Andrew Stein during 1985 and 1986:

<u>Date</u>	<u>Amount</u>
3-12-85	\$ 40,000
4-28-85	\$ 15,000
9-5-85	\$ 2,500
1-31-86	\$ 5,000
4-22-86	\$ 5,000
Total:	<u>\$ 67,500</u>

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Included with the response was a recent affidavit of Andrew Stein's accountant, dated December 23, 1986. This affidavit repeats the information contained in the 1985 affidavit, and asserts that the following assets were available to Andrew Stein during 1985 for loans (\$57,500) to the Committee:

- 1. Salary for services as Manhattan Borough President (net of withheld taxes). . . \$42,045
  - 2. New York Times Honorarium. . . \$ 3,025
  - 3. Proceeds from the sale of securities that were initially acquired from investment funds which were solely Andrew Stein's. . . [REDACTED]  
Total: [REDACTED]
  - 4. Assets jointly owned by Andrew Stein and his wife which Andrew Stein has a one-half interest pursuant to 11 C.F.R. § 110.10(b) (3) --
    - (a) Funds in bank account. . . [REDACTED]
    - (b) Interest Income. . . [REDACTED]
    - (c) State income tax refund. . . [REDACTED]
- Total: [REDACTED]

It is the conclusion of the affiant that the "amount of personal funds available to Mr. Stein during 1985 was greater than the principal amount of loans made by him to the Committee in 1985."

The response continues on to note that in addition to the [REDACTED] in assets detailed in the affidavit, Jerry and Shirley Finkelstein gave Andrew Stein [REDACTED] during 1985, and that "[t]his gift is part of a longstanding pattern of gifts that Mr. Stein has received from his parents, for more than

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twenty years, long before he ran for Congress."<sup>10/</sup> The response asserts that "pursuant to 11 C.F.R. § 110.10(b)(2) those gifted monies may also be considered part of Mr. Stein's available funds for use in his campaign," but maintains that "it is not necessary to reach those monies in order to establish that no violation occurred because there were sufficient other assets available."

Referring to the loans mentioned in the complaint from Manufacturers Hanover Trust and the Bank Leumi Trust, the response contends that such loans "were not relied upon to make campaign loans, therefore monies used in 1985 to make payments on those loans had no bearing on the campaign."<sup>11/</sup> The response similarly argues that "the loan from his brother James Finkelstein was not relied upon to make loans to his campaign." According to the response, the loan from the Dime Savings Bank "was used to purchase real estate in Milbrook, New York, and not used to make loans to the campaign," and the loan from Oswaldo Cisneros "was related to the same real estate transaction." A supplement to the response contains the information that the [REDACTED] gift on January 17, 1985, from John and Annabelle Forester to Andrew and Lynn Stein [REDACTED]

<sup>10/</sup> Andrew Stein's 1985 Report of Financial Interests lists this amount as between \$25,000 and \$60,000.

<sup>11/</sup> In response to the complaint's suggestion of a relationship between the monies owed by Andrew Stein to Manufacturers Hanover Trust and the monies lent by Andrew Stein to Stein for Congress, the response states that the monies Andrew Stein lent to the campaign "did not include monies loaned from Manufacturers Hanover in that Mr. Stein had more than sufficient personal assets to loan these monies without relying on the bank loans." Thus, the response asserts that there is no "legal or factual connection" between the two.

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committees with respect to any election for federal office which, in the aggregate, exceed \$1,000. As set forth at 2 U.S.C. § 441a(f), a political committee shall not knowingly accept a contribution which exceeds the limitations imposed on contributions under 2 U.S.C. § 441a.

A political committee is required to report the identification of each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within a calendar year. 2 U.S.C.

§ 434(b)(3)(A). A political committee is also required to report the identification of each person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and the date and amount or value of such loan. 2 U.S.C.

§ 434(b)(3)(E).

Pursuant to 11 C.F.R. § 110.10(a), and except as provided in 11 C.F.R. §§ 9001 and 9031, candidates for federal office may make unlimited expenditures from personal funds. The term "personal funds" is defined at 11 C.F.R. § 110.10(b) to mean: (1) any assets which, under applicable state law, at the time he or she becomes a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either (i) legal and rightful title, or (ii) an equitable interest; (2) salary and other earned income from bona fide employment, dividends and proceeds from the sale of the

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candidate's stocks or other investments, bequests to the candidate, income from trusts established before candidacy, income from trusts established by bequest after candidacy of which the candidate is a beneficiary, gifts of a personal nature which had been customarily received prior to candidacy, and proceeds from lotteries and similar legal games of chance. In addition, a candidate may use a portion of assets jointly owned with his or her spouse as personal funds. The portion of the jointly owned assets that shall be considered as personal funds of the candidate shall be that portion which is the candidate's share under the instrument(s) of conveyance or ownership. If no specific share is indicated by an instrument of conveyance or ownership, the value of one-half of the property shall be considered as personal funds of the candidate. 11 C.F.R. § 110.10(b)(3).

(C) Application of the law to the facts

The Commission's finding in MUR 2070 concerned the loans made by Andrew Stein to Stein for Congress from December 1983 through April 28, 1985, and totalling \$891,873.33. In that matter the Commission determined that no violation of the Act occurred because the record indicated that Andrew Stein had enough personal assets to cover the amount of funds lent to Stein for Congress. See footnote 6. The complainant's allegations in the instant matter concern loans made by Andrew Stein through December 31, 1985, which involves only one additional loan (\$2,500 on September 5, 1985) from those involved

in MUR 2070.<sup>14/</sup>

The novel question raised in the instant matter is whether the loan made by Andrew Stein to Stein for Congress subsequent to April 28, 1985, constituted his personal funds. Because, however, the complainant's allegations are based upon information pertaining to Andrew Stein's 1985 finances, the respondents' reply addresses all three 1985 loans (\$57,500) made by Andrew Stein to Stein for Congress, including those addressed in MUR 2070.

As discussed above, the respondents' reply asserts that Andrew Stein had sufficient personal assets to cover the loans (\$57,500) he made to Stein for Congress during 1985. It is explained that assets of \$71,135 were available to Andrew Stein during 1985, in addition to the \$1,577,487 which was available in 1984. Although the respondents admit that some of Andrew Stein's assets were jointly owned with his wife, Andrew Stein is asserted to have had a one-half interest in those assets, and the amount of 1985 assets listed in the affidavit (\$71,135) correctly reflects only the one-half interest. See 11 C.F.R. § 110.10(b)(3).

Besides the above assets, Andrew Stein received funds from several sources during 1985 including a [REDACTED] gift from his parents. The gift, however, is claimed to be part of a longstanding pattern of gifts received for more than

<sup>14/</sup> As discussed in footnote 9, Andrew Stein made two loans to Stein for Congress during 1986, one on January 31, 1986 (\$5,000) and another on April 22, 1986 (\$5,000). After noting that "[t]he complainant's allegations do not go beyond 1985," the response does not specifically address these two loans.

20 years and, therefore, would appear to constitute his personal funds. See 11 C.F.R. § 110.10(b)(2). As to the loans from Manufacturers Hanover Trust, Bank Leumi Trust, and James Finkelstein, it has been asserted that they were not "relied upon" by Andrew Stein to make loans to his federal campaign. Insofar as the response submitted also expressly stated that the money lent by Andrew Stein to Stein for Congress did not include monies from Manufacturers Hanover Trust, there is no evidence supporting the allegation that Lynn Stein violated the Act by being a co-borrower on the loan.<sup>15/</sup> Similarly, Andrew Stein does not appear to have relied upon the proceeds from the sale of his wife's cooperative to pay off campaign debts. The evidence in hand further indicates that the loans from the Dime Savings Bank, Oswaldo Cisneros, and Jerry Finkelstein, as well as the gift from John and Annabelle Forester, were related solely to [REDACTED]

In sum, the record in the instant matter as well as in MUR 2070 indicates that Andrew Stein had sufficient personal assets to make loans totalling \$894,373.33 to Stein for Congress. Such an assertion was put forth by the respondents in MUR 2070 and in the instant matter as well. Although the instant response does not specifically state that Andrew Stein actually used his

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<sup>15/</sup> The information in hand suggests that the loan from Manufacturers Hanover Trust was used by Andrew Stein's state campaign, Stein 85.

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personal assets to make the loans 16/, the respondents have denied that the loans were connected to any of the specific sources cited by the complainant. In view of the respondents' denials, as well as the fact that Andrew Stein apparently had sufficient assets to cover the loans, and that no new information has been presented with respect to the loans previously addressed in MUR 2070, it is the recommendation of this Office that the Commission find no reason to believe Andrew Stein, Stein for Congress, and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b), and no reason to believe Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A).

### III. RECOMMENDATIONS

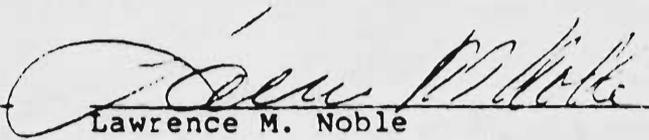
1. Find no reason to believe Andrew Stein, Stein for Congress, and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) and § 434(b).
2. Find no reason to believe Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A).

16/ In MUR 2070, however, the response stated that "the total amount of the loans was derived, directly or indirectly, from Andrew Stein's 'personal funds' as such term is defined in Section 110.10 of the Regulations. Those personal funds included funds derived from the sale of securities as to which Andrew Stein was the beneficial and equitable owner, salary, interest and dividend income, tax refunds and proceeds from the repayment of loans owed to Andrew Stein by a previous campaign committee." The response submitted in the instant matter also asserts that the monies lent by Andrew Stein to Stein for Congress prior to the 1984 general election "represented personal assets of Andrew Stein in compliance with 11 C.F.R. § 110.10(b)."

3. Close the file.
4. Approve the attached letters.

Date

3/19/87



Lawrence M. Noble  
Acting General Counsel

Attachments

- 1 - Response
- 2 - Proposed letters (2)

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE  
ACTING GENERAL COUNSEL

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

DATE: MARCH 24, 1987

SUBJECT: OBJECTIONS TO MUR 2292 - GENERAL COUNSEL'S REPORT  
SIGNED MARCH 19, 1987

The above-captioned document was circulated to the Commission on Thursday, March 19, 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 \_\_\_\_\_ X  
Commissioner McDonald \_\_\_\_\_  
Commissioner McGarry \_\_\_\_\_  
Commissioner Thomas \_\_\_\_\_ X

This matter will be placed on the Executive Session agenda for March 31, 1987.

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

2004076337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Stein for Congress )  
 J. Randolph Peyton, as ) MUR 2292  
 treasurer )  
Andrew Stein )  
Lynn Stein (Mrs. Andrew) )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of March 31, 1987, do hereby certify that the Commission took the following actions in MUR 2292:

1. Decided by a vote of 4-2 to reject recommendation number 1 in the General Counsel's report dated March 19, 1987, and instead find reason to believe that Andrew Stein, Stein for Congress, and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) and § 434(b).

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

2. Decided by a vote of 4-2 to find no reason to believe at this time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A).

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

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3. Decided by a vote of 5-1 to
- a) Reject recommendation number 3 in the General Counsel's report dated March 19, 1987; and
  - b) Direct the Office of General Counsel to draft appropriate letters pursuant to the above actions.

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

4. Decided by a vote of 6-0 to direct the Office of General Counsel to circulate the draft letters for Commission approval on a tally vote basis.

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

Attest:

4-1-87

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

**SENSITIVE**



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

07 APR 17 10:25

COMMUNICATIONS SECTION

April 17, 1987

**MEMORANDUM**

TO: The Commission

FROM: Lawrence M. Noble *LM*  
Acting General Counsel

SUBJECT: MUR 2292 - Withdrawal of Memorandum and Attachments

This Office withdraws the memorandum and attachments dated April 9, 1987 and circulated to the Commission on April 10, 1987, in the above-captioned matter. We are recirculating herewith the letter to Mr. Schwarz, counsel for respondents, and the interrogatories and request for document, the letter having been revised since the earlier circulation to conform with the Commission's action regarding the respondent, Lynn Stein.

RECOMMENDATION

Approve the attached letter, interrogatories, and request for production of documents.

Attachments

Letter,  
Interrogatories and  
Request for Production of Documents

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FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20541

MEMORANDUM TO: LAWRENCE M. NOBLE  
ACTING GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JERYL L. WARREN *mw*

DATE: APRIL 21, 1987

SUBJECT: COMMENTS ON MUR 2292 - MEMORANDUM TO THE  
COMMISSION  
DATED APRIL 17, 1987

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

Attachment:  
copy of vote sheet

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

DATE & TIME TRANSMITTED: Monday, April 20, 1987, 11:00

COMMISSIONER: ~~AIKENS~~, ELLIOTT, JOSEFIAK, McDONALD, McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY Wednesday, April 22, 1987, 11:00

SUBJECT: MUR 2292 - Memorandum to the Commission  
(withdraw and recirculate)  
Dated April 17, 1987

07 APR 21 P 2: 39

COMMUNICATIONS SECTION

- ( ) I approve the recommendation
- (✓) I object to the recommendation

COMMENTS: for record only. not to be placed  
on agenda.

DATE: 4-21-87 SIGNATURE John D. Aikens

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.  
PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.  
PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Andrew Stein )  
Lynn Stein ) MUR 2292  
Stein for Congress )  
J. Randolph Peyton, as treasurer )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 22, 1987, the Commission decided by a vote of 5-1 to approve the letter, interrogatories and request for production of documents, as recommended in the General Counsel's memorandum to the Commission dated April 17, 1987 on MUR 2292.

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

Attest:

4-23-87  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

Received in the Office of Commission Secretary: Fri., 4-17-87, 2:25  
Circulated on 48 hour tally basis: Mon., 4-20-87, 11:00  
Deadline for vote: Wed., 4-22-87, 11:00

/jw/

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 27, 1987

Thomas J. Schwarz, Esquire  
Skadden, Arps, Slate, Meagher and Flom  
919 Third Avenue  
New York, New York 10022-9931

RE: MUR 2292  
Andrew Stein; Lynn Stein;  
Stein for Congress;  
J. Randolph Peyton, as  
treasurer

Dear Mr. Schwarz:

On November 25, 1986, the Federal Election Commission notified your clients 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 clients at that time.

Upon further review of the allegations contained in the complaint, and information provided by you, the Commission, on March 31, 1987, found that there is reason to believe Andrew Stein; Stein for Congress, and J. Randolph Peyton, as treasurer ("the Committee"), violated 2 U.S.C. §§ 441a(f) and 434(b), provisions of the Act. Specifically, your clients have not adequately demonstrated and documented the actual sources of funds that were reported as loans from Mr. Stein to the Committee between December 1983 and April 22, 1986. Thus, it appears that these funds may have been derived from unreported sources and, therefore, may be in excess of the Act's contribution limitations.

The Commission, on March 31, 1987, also determined that on the basis of the information in the complaint, and information provided on behalf of your clients, there is no reason to believe at this time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A).

Under the Act you have an opportunity to demonstrate that no action should be taken against your clients. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such

Thomas J. Schwarz, Esquire  
Page 2

materials to the General Counsel's Office, along with answers to the enclosed interrogatories and requested documents, 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 clients, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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 Sandra Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Scott E. Thomas  
Chairman

Enclosure  
Interrogatories and Request for Production of Documents

12/11

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 2292  
 )

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Thomas J. Schwarz, Esquire  
Skadden, Arps, Slate, Meagher and Flom  
919 Third Avenue  
New York, New York 10022-9931

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In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that Andrew Stein, the Stein for Congress Committee and J. Randolph Peyton, as treasurer, submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that the above-named respondents produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, DC 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and the request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available, including documents and information appearing in records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to the response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If the following interrogatories cannot be answered in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate any inability to answer the remainder, stating whatever information or knowledge is available concerning the unanswered portion and detailing what was done in attempting to secure the unknown information.

Should a privilege be claimed with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and the request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

The following interrogatories and the request for production of documents are continuing in nature so as to require the filing of supplementary responses or amendments during the course of this investigation if further or different information is obtained prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to the attention of the respondents.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"Document" shall mean all papers and records of every type in the possession, custody, or control of the respondents, or known by them to exist.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

0004076348

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

1. The following loans were previously listed in responses to the complaint as having been made to the Stein for Congress Committee by Andrew Stein. The response stated further that these loans were made from the "personal funds" of Mr. Stein.

Loans received during 1984

<u>Date</u>	<u>Amount</u>
12-83	\$ 74,000.00
4-18-84	150,000.00
5-84	950.65
4-5-84 to 6-12-84	923.79
5-17-84	130.00
5-22-84	200.00
5-13-84	50.00
6-11-84	423.20
6-18-84	50.00
6-19-84	155.90
9-84	497.97
8-84	322.30
10-2-84	40,000.00
10-2-84	142,772.52
10-5-84	27,397.00
10-16-84	250,000.00
10-29-84	125,000.00
11-1-84	24,000.00
Total	<u>\$836,873.33</u>

Loans received during 1985 and 1986

<u>Date</u>	<u>Amount</u>
3-12-85	\$40,000.00
4-28-85	15,000.00
9-5-85	2,500.00
1-31-86	5,000.00
4-22-86	5,000.00
Total	<u>\$67,500.00</u>

For each loan listed, the following information is requested. Each loan should be addressed as a separate item.

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a) What asset(s) was used to derive the funds for making the loan?

b) Identify the source(s) of the asset(s) listed in 1(a).

c) At the time Mr. Stein became a candidate for federal office, did he have a legal right of access to or control over the asset(s) listed in 1(a)? If yes, did Mr. Stein have a legal and rightful title to or an equitable interest in said asset(s)? If not, identify the person(s) or entity which had such legal right to or control over the asset(s) listed in 1(a).

d) For each asset listed in 1(a), identify the asset(s) held jointly with Mr. Stein's wife, Lynn Stein, and the portion of said asset(s) which was Mr. Stein's share under the instrument(s) of conveyance or ownership.

e) For each asset listed in 1(a), identify the asset(s) held jointly by Mr. Stein and a person(s) or entity other than his wife; and the portion of said asset(s) which was Mr. Stein's share under the instrument(s) of conveyance or ownership. Identify each such person or entity.

2. For each asset listed in 1(a), did Mr. Stein transfer or convey his legal title or equitable interest in said asset, in whole or in part, to another person(s) or entity subsequent to his becoming a candidate for federal office? If yes, describe the nature of such transaction and to whom it was conveyed.

3. You are further requested to submit supporting documents for your answers to the above interrogatories.

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QCC# 3231

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TOWN & VILLAGE  
REAL ESTATE WEEKLY  
CITY NEWS  
HARRISBURG  
CGH PUBLICATIONS  
COMPTAPE  
PARKCHESTER NEWS  
BRONX NEWS  
THE ROCKLAND REVIEW  
DEADLINE PRINTING  
WEEKENDER  
THE BEVERAGE MARKET

87 APR 29

# Hagedorn Communications corporation

235 PARK AVENUE SOUTH, NEW YORK, NEW YORK 10003 TELE. 212 OR. 7-3131

CHARLES G. HAGEDORN  
CHAIRMAN

87 APR 29 A10:02

GENERAL INVESTIGATIVE DIVISION

23 April 87

Mr. Lawrence M. Noble  
Deputy General Counsel  
Federal Election Commission  
Washington, D. C. 20463

Dear Mr. Noble:

Reference to my my formal complaint registered November 10, 1986 with the FEC in the belief that Andrew Stein violated Federal law in his campaign for Congress in 1985.

I have received information from the Federal Bureau of Investigation that Stein's loan of \$894,373.33 from Manufacturer's-Hanover Bank was guaranteed by a small group of friends as was done in the past in local political campaigns. Stein, when questioned about guarantors, said that there were none and submitted a letter from Manufacturer's saying that "there were no outside guarantors". The letter from the bank was addressed to Mr. and Mrs. Andrew Stein. The bank in the past would not honor Stein's credit and he was forced to get guarantors. This year the guarantors of past loans were forced to pay as Stein did not honor the loan.

I believe that a loan guaranteed for a candidate who could not borrow on his own worth represents a contribution far beyond Federal contribution limits. The loan had not been repaid on election day but is still outstanding.

Please advise me as to the status of your investigation.

Sincerely,

*CHARLES G. HAGEDORN*

cgh:k1

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 4, 1987

Thomas J. Schwarz, Esquire  
Skadden, Arps, Slate, Meagher  
and Flom  
919 Third Avenue  
New York, New York 10022-9931

Re: MUR 2292  
Andrew Stein; Lynn Stein,  
Stein for Congress;  
J. Randolph Peyton, as  
treasurer

Dear Mr. Schwarz:

On November 25, 1986, your clients were notified that the Federal Election Commission received a complaint from Charles G. Hagedorn alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time they were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On April 29, 1987, the Commission received additional information from the complainant pertaining to the allegations in the complaint. We have enclosed a copy of this additional information.

If you have any questions, please contact Sandra H. Robinson, attorney assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
Acting General Counsel

  
By: George F. Rishel  
Acting Associate General  
Counsel

Enclosure

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film

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37 MAY 14 8:47

SKADDEN, ARPS, SLATE, MEAGHER & FLOM  
919 THIRD AVENUE  
NEW YORK 10022-9931

CABLE ADDRESS  
SKARSLAW NEW YORK  
TWX 710 581 3814  
TELEX 645899  
TELECOPIER  
(212) 752-1084  
DIRECT DIAL  
(212) 735

(212) 735-3000

ONE BEACON STREET  
BOSTON MASSACHUSETTS 02108  
(617) 523 0002  
919 EIGHTEENTH STREET N.W.  
WASHINGTON, D.C. 20006  
(202) 463 8700  
ONE RODNEY SQUARE  
WILMINGTON, DELAWARE 19801  
(302) 429 9200  
515 SOUTH FIGUEROA STREET  
LOS ANGELES, CALIFORNIA 90071  
(213) 486 4600  
333 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60606  
(312) 407 0700

May 7, 1987

Sandra Robinson, Esquire  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20467

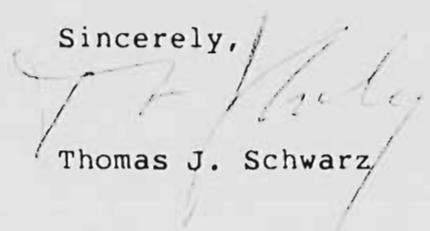
Re: MUR 2292 - Stein for Congress  
Andrew Stein

Dear Ms. Robinson:

On May 4, 1987, the respondents received notice of reason to believe, interrogatories, and a request for production of documents in the above-referenced matter. The information requested involves activity dating back to 1983 and requests detailed responses concerning Andrew Stein's personal finances. In order to respond to a request of this breadth, we will need a twenty day extension of time. Furthermore, it is anticipated that new counsel will be retained in connection with this matter.

Since the respondents received the reason to believe notice on May 4, 1987, if the extension is granted, the new due date would be June 8, 1987. Thank you for your consideration in this matter.

Sincerely,



Thomas J. Schwarz

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 19, 1987

Thomas J. Schwarz, Esquire  
Skadden, Arps, Slate, Meagher & Flom  
919 Third Avenue  
New York, New York 10022-9931

Re: MUR 2292

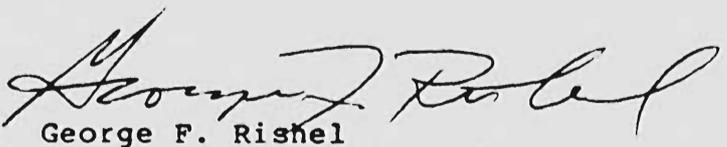
Dear Mr. Schwarz:

This is in response to your letter dated May 7, 1987, which we received on May 14, 1987, requesting an extension of twenty (20) days to respond to the reason to believe finding, interrogatories and request for documents. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on June 8, 1987.

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

Sincerely,

Lawrence M. Noble  
Acting General Counsel

  
By: George F. Rishel  
Acting Associate General  
Counsel

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 21, 1987

Charles G. Hagedorn  
Hagedorn Communications Corporation  
1 Madison Avenue  
35th Floor  
New York, New York 10010

Re: MUR 2292

Dear Mr. Hagedorn:

This letter acknowledges receipt on April 29, 1987, of the supplement to the complaint you filed on November 18, 1987, against Andrew Stein; Lynn Stein; Stein for Congress and J. Randolph Peyton, as treasurer. The respondents will be sent copies of the supplement.

In response to your request for information pertaining to the status of the complaint, you are advised that the Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the parties being investigated have agreed in writing that the matter be made public. See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A). Because there has been no written agreement that the matter be made public, we are not in a position to release any information at this time.

As you were informed by letter of November 25, 1986, we will notify you as soon as the Commission takes final action on your complaint.

Sincerely,

Lawrence M. Noble  
Acting General Counsel

A handwritten signature in cursive script, appearing to read "George F. Rishel".

By: George F. Rishel  
Acting Associate General  
Counsel

CCC# 3440

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SKADDEN, ARPS, SLATE, MEAGHER & FLOM

919 THIRD AVENUE  
NEW YORK 10022 9931

17 MAY 22 A10:50

CABLE ADDRESS  
SKARSLAW NEW YORK  
TELEX 645899  
SKARSLAW  
TELECOPIER  
(212) 752-1084  
TWX 710 581-3814  
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(212) 735-

ONE BEACON STREET  
BOSTON, MASSACHUSETTS 02108  
(617) 523 0002  
919 EIGHTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006  
(202) 483 8700  
ONE RODNEY SQUARE  
WILMINGTON DELAWARE 19801  
(302) 651 3000  
300 SOUTH GRAND AVENUE  
LOS ANGELES, CALIFORNIA 90071  
(213) 687 5000  
333 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60606  
(312) 407 0700

May 20, 1987

Larry Noble, Esq.  
Acting General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 2292

Dear Mr. Noble:

This is to formally advise you that I have withdrawn from representation of the respondents in the above matter and that a substitution of counsel has been filed by Robert Bauer of Perkins Coie, 1110 Vermont Avenue, N.W., Suite 1200, Washington, D.C. 20005, (202) 887-9030. All communications should be addressed to Mr. Bauer.

Thank you for your cooperation.

Very truly yours,

*Thomas J. Schwarz*  
Thomas J. Schwarz

cc: Robert Bauer, Esq.

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STATEMENT OF DESIGNATION OF COUNSEL

07 MAY 20 P 2: 55

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MAY 15 1989

MUR 2292

NAME OF COUNSEL: Robert F. Bauer

ADDRESS: Perkins, Cole, Stone,  
Olson & Williams

1110 Vermont Ave., N.W. Suite 1200

Washington, D.C. 20005

TELEPHONE: (202) 887-9030

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

5.12.89  
Date

J. Randolph Peyton  
Signature

J. Randolph Peyton, as Treasurer

RESPONDENT'S NAME: Stein for Congress;  
ADDRESS: J. Randolph Peyton, as treasurer  
and Andrew Stein

60 East 42nd Street, #2212

New York, NY 10165

HOME PHONE: \_\_\_\_\_

BUSINESS PHONE: \_\_\_\_\_

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PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1110 VERMONT AVENUE N.W. • WASHINGTON D.C. 20005 • (202) 887-9030

37 JUN 8 P 4: 48

June 8, 1987

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

RE: MUR-2292 (Andrew Stein; Lynn Stein;  
Stein for Congress, J. Randolph Peyton,  
as Treasurer)

Interrogatories and Requests for  
Production of Documents

ATTENTION: Ms. Sandra Robinson

Dear Mr. Noble:

Respondents herewith reply through counsel to the Federal Election Commission's Interrogatories and Requests For Production Of Documents forwarded to them by letter dated April 27, 1987.

As you know, counsel formerly representing respondents, Thomas J. Schwartz, Esq., of Skadden, Arps, Slate, Meagher and Flom, has withdrawn from this representation. As a result, in a relatively short period before the required completion of the response to these Interrogatories, the undersigned has been retained by respondents and has undertaken the representation. This change in counsel has introduced some delays and resulted in some incompleteness in the development of all the available information in response to these Interrogatories.

Respondents assert, however, through counsel that they exercised due diligence to secure the full information to all Interrogatories, have answered them to the extent possible under the circumstances, and will continue to work with counsel in attempting to secure any information unavailable as of this date.

MUR: 2292:

ANSWERS TO INTERROGATORIES

LOANS RECEIVED DURING 1984

<u>DATE</u>	<u>AMOUNT</u>
12-83	\$ 74,000.00
4-18-84	150,000.00
5-84	950.65
4-5-84 to 6-12-84	923.79
5-17-84	130.00
5-22-84	200.00
5-13-84	50.00
6-11-84	423.20
6-18-84	50.00
6-19-84	155.90
9-84	497.97
8-84	322.30
10-2-84	40,000.00
10-2-84	142,772.52
10-5-84	27,397.00
10-16-84	250,000.00
10-29-84	125,000.00
11-1-84	<u>24,000.00</u>
<b>TOTAL</b>	<b>\$ 836,872.33</b>

Loan of 12-83 in the amount of \$74,000.00

(a) This loan represents the aggregate of a number of personal checks written by Andrew Stein, from personal banking accounts, for expenses of his 1984 campaign for election to the United States House of Representatives. This response relies substantially on information supplied by Mr. Arthur Tarlow, an accountant for Andrew Stein, who is familiar with Mr. Stein's financial affairs. Mr. Tarlow, a certified public accountant, has been responsible for preparation of Mr. Stein's Federal Election Commission, New York State Board of Elections, and New York City filings.

On the basis of information provided by Mr. Tarlow, the \$74,000 in loans reported in December of 1983 were comprised of the following:

(1) A check in the amount of \$31,000 made out directly by Andrew Stein to the order of Andrew Stein for Congress;

(2) Two checks in the amount of \$12,000 each made out by Andrew Stein to the order of Penn & Schoen (a firm engaged in performing polling services for the campaign);

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(3) A check in the amount of \$15,000 made out by Andrew Stein to the order of David Garth (a firm engaged in providing media consulting services to the campaign);

(4) A check in the amount of \$4,000 made out by Andrew Stein to the order of Field Services (a firm engaged in providing services to the campaign).

(b) Funds in the banking accounts of Mr. Stein, upon which he drew for purposes of these loans, were personal funds within the meaning of the Federal Election Campaign Act and related regulations of the Federal Election Commission. These funds included (1) repayments to Mr. Stein of monies loaned in 1981 to Stein '81, a political committee organized to support Mr. Stein's election to the position of Manhattan Borough President; (2) salary for his services in this elected position; (3) proceeds from interest and dividends relating to securities owned by him or for his equitable account; (4) federal and state tax refunds; and (5) proceeds from the sale of other securities held in various brokerage house accounts.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) The banking accounts upon which Mr. Stein drew in making this loan were joint accounts in his name and the name of his wife, Lynn Stein. The amounts upon which he relied in making the loan in question were amounts which may be traced by reasonable accounting methods and in accordance with applicable regulations of the FEC to his personal assets and/or funds.

(e) None;

2. No.

3. Documentation of this answer is attached in the form of cancelled checks. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently unavailable.

Loan dated 4-18-84 in the amount of \$150,000.00.

(a) The funds for this loan were derived from personal funds of Mr. Andrew Stein, which were made available to him from his brokerage account at Muriel Seibert & Company, Inc. on March 1, 1986. A transfer from Muriel Seibert in the amount of \$[REDACTED] to a personal banking account was made on March 1, 1986 to cover a subsequent withdrawal from that account for the benefit of his campaign in the amount of \$150,000.00 on April 18, 1984.

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(b) These assets were personal funds of Mr. Stein and may be traced by reasonable accounting methods and in accordance with applicable regulations of the FEC to personal holdings of Mr. Stein originally maintained in a personal holding corporation, Andy Corp., which was liquidated in 1981. Certain of the securities in the Andy Corp. portfolio were transferred to different brokerage houses where, in particular instances, they were liquidated and the proceeds reinvested in other stocks and securities or paid to Mr. Stein.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) None.

(e) None.

2. No.

3. Documentation in support of this answer is attached, and includes (a) a statement of Muriel Seibert & Company, Inc. reflecting a wire transfer to Manufacturers Hanover Trust ("MHT") (wherein was located the regular banking accounts of Andrew Stein); (b) a statement of MHT reflecting a credit in the amount of [REDACTED] to the account of Andrew Stein; and (c) a statement of MHT reflecting a withdrawal from the banking account of Mr. Andrew Sein in the amount of \$150,000.00 and carrying a handwritten notation, apparently by Mr. Stein's accountant, that the withdrawal was for the benefit and account of the Stein for Congress Committee.

Loans dated 5-84 (950.65), 4-5-84 to 6-12-84 (\$923.79), 5-17-84 (\$130.00), 5-22-84 (\$200.00), 5-13-84 (\$50.00), 6-11-84 (\$423.20), 6-18-84 (\$50.00), 6-19-84 (\$155.90), 9-84 (\$497.97), 8-84 (\$322.30)

(a) The assets used to derive the funds for making these loans were personal funds of Mr. Andrew Stein held in his regular banking accounts.

(b) Funds in the banking accounts of Mr. Stein, upon which he drew for purposes of these loans, were personal funds within the meaning of the Federal Election Campaign Act and related regulations of the Federal Election Commission. These funds included (1) repayments to Mr. Stein of monies loaned in 1981 to Stein '81, a political committee organized to support Mr. Stein's election to the position of Manhattan Borough President; (2) salary for his services in this elected position; (3) proceeds from interest and dividends relating to securities owned by him or for his equitable account; (4) federal and state tax refunds; and (5) proceeds from the sale of other securities held in various brokerage house accounts.

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(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) The banking accounts upon which Mr. Stein drew in making this loan were joint accounts in his name and the name of his wife, Lynn Stein. The amounts upon which he relied in making the loan in question were amounts which may be traced by reasonable accounting methods and in accordance with regulations of the FEC to his personal assets and/or funds.

(e) None.

2. No.

3. Documentation in support of this answer is attached in the form of two cancelled checks in the amounts of \$423.20 and \$497.97. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently available.

Loan 10-2-84 in the amount of \$40,000.00.

(a) The assets used to derive the funds for making this loan were personal funds that Mr. Andrew Stein held in a regular banking account.

(b) Funds in the banking account of Mr. Stein, upon which he drew for purposes of these loans, were personal funds within the meaning of the Federal Election Commission. These funds included (1) repayments to Mr. Stein of monies loaned in 1981 to Stein '81, a political committee organized to support Mr. Stein's election to the position of Manhattan Borough President; (2) salary for his services in this elected position; (3) proceeds from interest and dividends relating to securities owned by him or for his equitable account; (4) federal and state tax refunds; and (5) proceeds from the sale of other securities held in various brokerage house accounts.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) The banking account upon which Mr. Stein drew in making this loan was a joint account in his name and the name of his wife, Lynn Stein. The amounts upon which he relied in making the loan in question were amounts which may be traced by reasonable accounting methods and in accordance with regulations of the FEC to his personal assets and/or funds.

(e) None.

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2. No.

3. Documentation in support of this answer is attached in the form of a "debit" on October 2, 1984 to the Stein banking account in the amount of \$40,000.

Loan of 10-2-84 in the amount of \$142,772.52.

(a) The assets used to derive the funds for making the loan were held in a brokerage account of Mr. Andrew Stein at Muriel Seibert and Company, which securities were liquidated and the proceeds wired directly from that brokerage account to that campaign account.

(b) These assets were personal assets of Mr. Stein and may be traced by reasonable accounting methods and in accordance with FEC regulations to personal holdings of Mr. Stein originally held through a personal holding corporation, Andy Corp., which was liquidated in 1981. Certain of the securities in the Andy Corp. portfolio were transferred to different brokerage houses where, in particular instances, they were liquidated and the proceeds reinvested in other stocks and securities or paid to Mr. Stein.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) None.

(e) None.

2. No.

3. Documentation in support of this answer is attached in the form of a statement of Muriel Seibert & Company, Inc. reflecting a wire transfer in the amount of \$142,772.52.

Loan dated 10-5-84 in the amount of \$27,397.00.

(a) The assets used to derive the funds for making this loan were held in an account of Mr. Stein with the brokerage house of L.F. Rothschild, Underberg. Funds derived from the se assets were transferred to a banking account of Mr. Andrew Stein in the amount of \$ [REDACTED] on October 5, 1984.

(b) These assets were personal assets of Mr. Stein and may be traced by reasonable accounting methods and in accordance with applicable regulations of the FEC to personal holdings of Mr. Stein originally held through a personal holding corporation, Andy Corp., which was liquidated in 1981. Certain of the securities in the Andy Corp. portfolio were transferred to different brokerage houses where, in particular instances,

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they were liquidated and the proceeds reinvested in other stocks and securities or paid to Mr. Stein.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) None.

(e) None.

2. No.

3. Documentation in response to this answer is attached in the form of a statement of the brokerage house of L.F. Rothschild, Underberg reflecting funds wired from the account of and for the benefit of Mr. Andrew Stein in the amount of \$27,397.00.

Loan dated 10-16-84 in the amount of \$250,000.00

(a) The assets used to derive the funds for making this loan was a bank borrowing by Mr. Andrew Stein in the amount of \$250,000.00.

(b) The bank was Manufacturers Hanover Trust;

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable trust in said assets.

(d) The MHT note carries the signatures of both Mr. Stein and Mrs. Stein. However, it was Mr. Stein who had the established banking relationship with MHT and on whose credit and considerable personal financial wealth MHT relied in extending the loan in this amount. On the basis of information provided by Mr. Arthur Tarlow, it appears that Mrs. Stein's name was added exclusively as a matter of bank policy whenever any substantial loans are made to a married individual. The bank apparently proceeds in this fashion to assure that, should it become necessary, it can avoid evasion by one spouse of its obligations under the terms of the borrowing by the mere device of transferring assets to the account of the other. In the particular case of the Steins, irrespective of the application of this policy on a uniform basis, all funds were lent to Mr. Stein on the basis of his personal credit worthiness and wealth and established relationship with the bank.

(e) None.

2. No.

20004076536

3. Documentation in support of this answer is attached in the form of a demand note from Manufacturers Hanover Trust Company dated October 17, 1984.

Loan dated 10-29-84 in the amount of \$125,000.00

(a) The assets used to derive the funds for making this loan was a bank borrowing by Mr. Andrew Stein in the amount of \$125,000.00.

(b) The bank was Manufacturers Hanover Trust;

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) Because documentation of the loan in question has not so far been located, respondents cannot state whether the note in question carried the signatures of both Mr. Stein and his wife and require a response such as that provided in answer to the immediately preceding interrogatory relating to the loan of \$250,000.00 from MHT.

(e) None.

2. No.

3. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently unavailable.

Loan dated 11-1-84 in the amount of \$24,000.00

(a) The assets used to derive the funds for making this loan was a bank loan taken out on November 1, 1984 in the amount of \$24,216.19;

(b) The bank lending these funds was Bank Leumi.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) The Bank Leumi note carries the signatures of both Mr. Stein and Mrs. Stein. However, it was Mr. Stein who established the banking relationship with Bank Leumi and on whose credit and considerable personal financial wealth that bank relied in extending the loan in this amount. On the basis of information provided by Mr. Arthur Tarlow, it appears that Mrs. Stein's name was added exclusively as a matter of bank

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policy whenever any substantial loans are made to a married individual. The bank apparently proceeds in this fashion to assure that, should it become necessary, it can avoid evasion by one spouse of its obligations under the terms of the borrowing by the mere device of transferring assets to the account of the other. In the particular case of the Steins, irrespective of the application of this policy on a uniform basis, all funds were lent to Mr. Stein on the basis of his personal credit worthiness and wealth and established relationship to the bank.

(e) None.

2. No.

3. Documentation in support of this answer is attached in the form of a promissory note of Bank Leumi dated November 1, 1984 in the amount of \$24,216.19.

2204076567

LOANS RECEIVED DURING 1985 AND 1986

Loan dated 3-12-85 in the amount of \$40,000.00

(a) The assets used to derive the funds for making this loan were personal funds of Mr. Andrew Stein.

(b) The source of these assets were gifts from Jerry and Shirley Finkelstein, the parents of Andrew Stein, who have made a regular series of gifts to Mr. Stein throughout his adult life.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) None.

(e) None.

2. No.

3. Attached in the form of documentation is a computer run prepared by Mr. Arthur Tarlow which reflects the debit to Mr. Stein's account of personal funds in the amount of \$40,000.00 withdrawn for campaign purposes.

Loan dated 4-28-85 in the amount of \$15,000.00

(a) The assets used to derive the funds for making this loan were personal funds of Mr. Andrew Stein held in his regular banking accounts.

(b) By affidavit dated December 23, 1986, Mr. Arthur Tarlow has advised the Commission of the sources of funds available to Mr. Andrew Stein for purposes of making loans to the campaign in retirement of outstanding debt. These sources include (1) salary for his services as Manhattan Borough President, (2) honorarium paid for services rendered to the New York Times; (3) proceeds from the sale of securities initially acquired from investment funds which were solely his own; and (4) bank account funds, interest income, and state income tax refunds to which Mr. Stein may claim a 1/2 share in accordance with FEC regulations.

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) All assets held exclusively by Mr. Stein and those held jointly by Mr. Stein and his wife to which he claims a 1/2

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share in accordance with FEC regulations are specifically identified in subparagraph (b) of the answer.

(e) None.

2. No.

3. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently available.

Loan dated 9-5-85 in the amount of \$2,500.00

(a) The assets used to derive the funds for making this loan were personal funds of Mr. Andrew Stein held in his regular banking accounts.

(b) By affidavit dated December 23, 1986, Mr. Athur Tarlow has advised the Commission of the sources of funds available to Mr. Andrew Stein for purposes of making loans to campaign in retirement of outstanding debt. These sources include (1) salary for his services as Manhattan Borough President, (2) honorarium paid for services rendered to the New York Times; (3) proceeds from the sale of securities initially acquired from investment funds which were solely his own; and (4) bank account funds, interest income, and state income tax refunds to which Mr. Stein may claim a 1/2 share in accordance with Commission regulations at 11 C.F.R. 110.10(b)(3).

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) All assets held exclusively by Mr. Stein and those held jointly by Mr. Stein and his wife and to which he claims a 1/2 share in accordance with FEC regulations, are specifically identified in subparagraph b.

(e) None.

2. No.

3. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently available.

Loan dated 1-31-86 in the amount of \$5,000.00

(a) The assets used to derive the funds for making this

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loan were personal funds of Mr. Andrew Stein held in his regular banking accounts.

(b) By affidavit dated December 23, 1986, Mr. Athur Tarlow has advised the Commission of the sources of funds available to Mr. Andrew Stein for purposes of making loans to the campaign in retirement of outstanding debt. These sources include (1) salary for his services as Manhattan Borough President; (2) honorarium paid for services rendered to the New York Times; (3) proceeds from the sale of securities initially acquired from investment funds which were solely his own; (4) and bank account funds, interest income and state income tax refunds to which Mr. Stein may claim a 1/2 share in accordance with Commission regulations at 11 C.F.R. 110.10(b)(3).

(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

(d) All assets held exclusively by Mr. Stein and those held jointly by Mr. Stein and his wife and to which he claims a 1/2 share in accordance with FEC regulations are specifically identified in subparagraph b.

(e) None.

2. No.

3. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently unavailable.

Loan dated 4-22-86 in the amount of \$5,000.00

(a) The assets used to derive the funds for making this loan were personal funds of Mr. Andrew Stein held in his regular banking accounts.

(b) By affidavit dated December 23, 1986, Mr. Athur Tarlow has advised the Commission of the sources of funds available to Mr. Andrew Stein for purposes of making loans to the campaign in retirement of outstanding debt. These sources include (1) salary for his services as Manhattan Borough President, (2) honorarium paid for services rendered to the New York Times; (3) proceeds from the sale of securities initially acquired from investment funds which were solely his own; and (4) bank account funds, interest income and state income tax refunds to which Mr. Stein may claim a 1/2 share in accordance with Commission regulations at 11 C.F.R. 110.10(b)(3).

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(c) At the time Mr. Stein became a candidate for federal office, he had a legal right of access to or control over these assets. He also had a legal and rightful title to or an equitable interest in said assets.

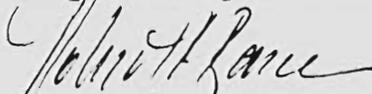
(d) All assets held exclusively by Mr. Stein and those held jointly by Mr. Stein and his wife and to which he claims a 1/2 share in accordance with FEC regulations, are specifically identified in subparagraph b.

(e) None.

2. No.

3. Respondents have exercised due diligence in the circumstances in seeking full documentation in support of these answers and will continue, through counsel, to attempt to secure and provide any and all documentation currently unavailable.

Respectfully submitted,



Robert F. Bauer  
Counsel for Respondents

Attachments

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Andrew Stein; Lynn Stein; )  
Stein for Congress and ) MUR 2292  
J. Randolph Peyton, as )  
treasurer )

**SENSITIVE**  
1987 SEP 22 PM 4: 19

RECEIVED  
FEDERAL ELECTION COMMISSION

COMPREHENSIVE INVESTIGATIVE REPORT #1

On March 31, 1987, the Commission found reason to believe Andrew Stein, and Stein for Congress and J. Randolph Peyton, as treasurer ("the Committee") violated 2 U.S.C. §§ 441a(f) and 434(b) in connection with loans made by Mr. Stein to the Committee. On that same date, the Commission determined that there is no reason to believe at this time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A). On April 22, 1987, the Commission approved a letter, interrogatories and a request for production of documents, which were subsequently mailed to the respondents' legal counsel on April 27, 1987.

By letter dated May 7, 1987, respondents requested a twenty-day extension of time, and also informed this Office that new counsel may be retained. The extension of time was granted with responses due by June 3, 1987. On May 20, 1987, this Office received a designation of counsel form naming a new attorney on behalf of respondents.

Responses to the interrogatories and request for documents were received on the requisite date. Counsel stated that certain answers were incomplete due to the unavailability of necessary information and that they would continue to search for it. Upon a review of the answers provided, this Office determined that

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a reasonable period of time should be allowed for respondents to provide complete information. On August 12, 1987, counsel responded via telephone to an inquiry from this Office about the status of respondents' efforts to supplement answers. Counsel stated that Mr. Stein's accountant was continuing his efforts to locate relevant documents, but thus far was unsuccessful. Counsel stated that he would provide the information as it became available to him.

In the interim, the complainant in this matter provided additional information pertaining to the allegations in the complaint. Respondents were duly notified of this additional information.

This Office is analyzing the answers and documents provided to date by the respondents, and will prepare a report with appropriate recommendations.

Lawrence M. Noble  
Acting General Counsel

9/21/87  
Date

By:   
Lois G. Lerner  
Associate General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of )  
 )  
Andrew Stein )  
Lynn Stein )  
Stein for Congress and )  
J. Randolph Peyton, )  
as treasurer )

MUR 2292

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by a complaint filed by Charles Hagedorn, which alleged that Andrew Stein's assets were not sufficient to cover the amount of certain loans he allegedly obtained from outside sources and then loaned to his principal campaign committee, Stein for Congress and J. Randolph Peyton, as treasurer ("the Committee"). The complainant sought to have the portions of those loans which were guaranteed or endorsed by others attributed to those guarantors or endorsers as contributions to the Committee; and further, to have such contributions properly reported. Lynn Stein, the candidate's wife, was an endorser or co-maker on certain loans.

On March 31, 1987, the Commission found reason to believe Andrew Stein, and Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b), in connection with loans made by Mr. Stein to the Committee. On that same date, the Commission determined that there was no reason to believe at that time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A). On April 22, 1987, the Commission approved interrogatories and a request for production of documents, which were mailed to the respondents' legal counsel on April 27, 1987.

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By letter dated May 7, 1987, respondents requested a twenty-day extension of time, and also informed the Office of the General Counsel that new counsel would be retained. The extension of time was granted, with responses due by June 8, 1987. On May 20, 1987, this Office received a designation of counsel form naming a new attorney on behalf of the respondents.

Responses to the interrogatories and the request for documents were received on the requisite date. Attachment I. Counsel stated that certain answers were incomplete due to the unavailability of specific information and that such information would continue to be sought. Upon a review of the answers provided, this Office determined that respondents should be allowed a reasonable period of time to provide complete information. On August 12, 1987, Counsel responded via telephone to an inquiry from this Office about the status of the respondents' efforts to supplement answers. Counsel stated that Mr. Stein's accountant was continuing his efforts to locate relevant documents, but thus far was unsuccessful. Counsel stated that he would provide the information as it became available to him. To date, no additional information has been received from the respondents. The following is an analysis of the information submitted on June 8, 1987, and of information found in relevant disclosure reports filed by the respondents with the Commission.

## II. FACTUAL AND LEGAL ANALYSIS

### A. The Law

The Federal Election Campaign Act of 1971, as amended ("the

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Act"), limits the amount an individual can contribute to a candidate or an authorized political committee, with respect to any election for Federal office, to an aggregate amount of \$1,000. 2 U.S.C. § 441a(a)(1)(A).

The Act also prohibits a candidate or political committee from knowingly accepting any contribution or making any expenditure in violation of the provisions of Section 441a. In addition, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make an expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures under Section 441a. 2 U.S.C. § 441a(f).

The Act defines "contribution" to include loans made to the political committee. 2 U.S.C. § 431(8)(A). The Commission's regulations state that the term "loan" includes a guarantee, endorsement, and any other form of security. Loans may not exceed the contribution limitations of Section 441a of the Act and those which do shall be unlawful whether or not they are repaid. A loan is a contribution when it is made and remains such to the extent that it remains unpaid. To the extent that it is repaid, a loan is no longer a contribution. 11 C.F.R. § 100.7(a)(1)(i)(A) and (B).

With the exception of certain property held jointly between a candidate and his or her spouse, discussed below, a loan is a contribution made by each endorser or guarantor, according to the portion of the total amount for which the endorser or guarantor

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is liable in a written agreement. Any repayment proportionately reduces the amount guaranteed or endorsed. 11 C.F.R.

§ 100.7(a)(1)(i)(C).

A loan made to a federal campaign committee, in accordance with applicable state law and in the ordinary course of business, by a state bank, a federally chartered depository institution, or a federally insured depository institution is not considered a contribution by that institution, except that such loan,

1) is considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

2) must be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

3) must bear the usual and customary interest rate of the lending institution.

2 U.S.C. § 431(8)(A)(vii) and 11 C.F.R. § 100.7(b)(11).

An authorized committee must disclose, on reports filed with the Commission, the total amount of all loans made by or guaranteed by the candidate, as well as all other loans.

2 U.S.C. § 434(b)(2). Disclosure reports must also identify each person who makes a loan to the reporting committee during the reporting period, together with the name of any endorser or guarantor of such loan, and the date and amount or value of such loan. 2 U.S.C. § 434(b)(3)(E).

The Act provides that where any loan is obtained by a candidate in connection with his or her campaign such candidate

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shall be considered to have obtained the loan as an agent of his or her authorized committee(s). 2 U.S.C. § 432(e)(2).

A candidate may obtain a loan which requires the spouse's signature where jointly owned assets are used as collateral or security. The spouse will not be considered to have contributed to the candidate's campaign, if the value of the candidate's share of such assets exceeds the amount of the loan.

The Act and the regulations do not limit the amount that candidates for Federal office may contribute to their own committee from personal funds. The term "personal funds" includes:

1) any assets to which, under applicable state law, the candidate had legal right of access to or control over, at the time of becoming a candidate, and with respect to which the candidate had either legal and rightful title or an equitable interest;<sup>1/</sup>

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<sup>1/</sup> In a Memorandum to the Commission dated October 30, 1981, which discussed the proposed revisions to Section 110.10 as it pertained to the candidate's use of property in which the spouse has an interest, the Office of the General Counsel noted specifically that jointly held bank accounts should be viewed differently from other jointly held property. It was noted that in a joint bank account where joint tenancy is established, each party has "access to and control over" the entire bank account, as either can withdraw any part, or the entire amount, of the funds from such account. A different view should be taken, however, when a joint tenancy exist with real property, where one party has access to and control over only his or her half interest in such property. Therefore, this Office has analyzed the Steins' joint accounts discussed in the answers to the interrogatories by applying this section of the Commission regulations and the New York banking law and regulations. See, Agenda Document #81-181, page 7, footnote 3.

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2) salary and other earned income from bona fide employment; dividends and proceeds from the sale of the candidate's stocks or other investments; bequests to the candidate; income from trusts established before candidacy; income from trusts established by bequest after candidacy of which the candidate is the beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; proceeds from lotteries and similar legal games of chance;

3) the candidate's portion of assets jointly owned with his or her spouse. The candidate's personal funds shall be that portion which is the candidate's share of the assets under the instrument(s) of conveyance or ownership. If no specific share is so indicated, the value of one-half of the property used shall be considered as personal funds of the candidate. 11 C.F.R. § 110.10.

The candidate in this matter is a resident of the State of New York, and the financial transactions involving the loans at issue occurred in his home state. In accordance with 11 C.F.R. § 110.10(b)(1), a brief review of the applicable New York banking law follows, as it is relevant to determining the candidate's ownership of assets in certain joint banking and securities accounts held with his wife.

The New York State Banking Law states that "(a) [w]hen a deposit of cash, securities or other property has been made or shall hereafter be made in or with any banking organization or foreign banking corporation transacting business in this state,

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during the lifetime of all owners." General Regulations of the Banking Board, Chapter 1, Part 15, § 15.3(a) and (b).<sup>2/</sup>

**B. The Facts**

**Alleged violation of 2 U.S.C. § 441a(f)**

Andrew Stein was a candidate for the U.S. House of Representatives from the State of New York, who lost the 1984 general election with 44 percent of the vote. This matter concerns a number of loans made by Mr. Stein to his principal campaign committee, the Stein for Congress Committee, which totalled \$904,373.33. The loans were made to the Committee over a period from December, 1983 to April 22, 1986, to assist with the payment of incurred campaign debts. Mr. Stein was requested to provide information regarding the assets used as collateral and/or available to him at the time he made each loan to the

---

<sup>2/</sup> The New York case law has further provided that the establishment of a joint tenancy under Section 675 of the banking law is a rebuttable presumption, and that the presumption may be overcome by a showing that the joint account is for convenience only. Phelps v. Kramer (1984), 477 N.Y.S.2d 743; Phillips v. Phillips (1979), 419 N.Y.S.2d 573; Roth v. Panessa (1970), 310 N.Y.S.2d 694. Generally, a joint tenant has an alienable interest in one-half of a joint bank account during the lifetime of both tenants and an inalienable and inchoate interest contingent upon survivorship in the whole account. However, either joint tenant of the bank account may withdraw his or her half or the whole by obtaining possession of the bank book. Also, one party to a joint tenancy in a bank account may recover the excess withdrawn over moiety by the other joint tenant without consent or ratification from such tenant. In re Filfiley's Will (1970), 313 N.Y.S.2d 793. Therefore, the state law and regulations relieve the banking institutions from any liability for releasing any amount of the funds in a joint account to one tenant, with either tenant having a legal right of access to the whole account; it appears, however, that the other tenant may recover his or her portion as a matter of equity, if pursued.

Committee in order to determine whether other persons were required to endorse or guarantee such loans. See, MUR 2292 - Memorandum to the Commission, dated April 17, 1987.

**1. Loan of 12-83 in the amount of \$74,000**

Respondents stated that this loan is the aggregate of several checks drawn by Mr. Stein on bank accounts jointly held with his wife. Attachment I(2) and (3). Counsel provided copies of cancelled checks for some, but not all, of the transactions. Attachment I(14) and (15). Although the exact nature of the joint accounts is not known, there is no indication that the accounts are established in any form other than a joint tenancy.<sup>3/</sup>

Counsel stated that the funds deposited in the accounts by Mr. Stein came from the repayment of loans he made to his local campaign committee during the 1981 election for Manhattan Borough President, salary earned by Mr. Stein in the position of Manhattan Borough President, proceeds from interest and dividends derived from securities owned by him or for his equitable account, federal and state tax refunds, and proceeds from the sale of certain securities.<sup>4/</sup>

<sup>3/</sup> Generally, the New York banking law requires strict conformity to the statutory requirements in order to establish a joint tenancy.

<sup>4/</sup> Counsel did not attach a value to any of these assets, however, they appear to coincide with assets listed in an affidavit signed by Arthur Tarlow, the Steins' accountant, which was submitted with an earlier response to the complaint. (This affidavit is referenced later in counsel's responses to the interrogatories discussed here.) In his affidavit, Mr. Tarlow listed the following assets as available to Mr. Stein during the (Footnote continued)

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2. Loan of 4-18-84 in the amount of \$150,000

This loan was derived from funds transferred from Mr. Stein's brokerage account to a joint checking account held with Mrs. Stein. Counsel stated that these funds resulted from the liquidation of securities which were Mr. Stein's as sole owner. Attachment I(3) and (4). On March 1, 1984, \$206,745 was wired from the brokerage account to the Steins' joint banking account at Manufacturers Hanover Trust ("MHT"). It is noted that this transfer appears to be from a joint securities account, as evidenced by the heading on the statement from the securities company, which is printed in the names of "Andrew J. Stein and Lynn F. Stein JT/WROS." It is presumed by this Office that "JT/WROS" is the abbreviation for "Joint Tenants/With Right of Survivorship." Attachment I(22) and (25). On April 18, 1984,

(Footnote continued)

years of the loans:

<u>Asset</u>	<u>Value</u>
1. Investment funds derived from liquidation of a personal holding company in 1981	\$ [REDACTED] approximately (gross proceeds)
2. Investment of above funds which earned a trading profit in 1981	\$ [REDACTED]
3. Sale of cooperative apartment in 1982	\$ [REDACTED] (net)
4. Sale of Securities in 1984	\$ [REDACTED] (net)
5. Repayment of loans with interest from Stein '81 campaign committee (campaign for Manhattan Borough President) in 1984	\$ 121,000
6. Salary as Borough President in 1984 (Footnote Continued)	\$ 42,616

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the \$150,000 loan to the Committee was made, as evidenced by a copy of the bank statement from MHT included with the responses. Attachment I(24). The bank statement covered the period from April 11, 1984, to May 9, 1984. Attachment I(25).

**3. Loans made between April 1984 through September 1984 totalling \$3,703.81**

In his response, counsel grouped these loans together, and stated that they were made from Mr. Stein's personal funds held in his "regular bank accounts." Attachment I(4). Counsel did not state how many such accounts were involved, nor did he disclose the balances therein. Counsel stated that the funds in these instances were derived from those same sources identified in the above discussion of the loan of \$74,000 made in December 1983, and that they were deposited in joint accounts held with Mrs. Stein. The documentation offered by counsel included two cancelled checks, one apparently for the loan of \$423.20 made on June 11, 1984, was made payable to "Town & Village" and was dated June 6, 1984; the other, apparently for the loan of \$497.97 made

(Footnote continued)

7. Securities interest and dividends, and tax refunds in 1984	\$	[REDACTED]
8. Salary as Borough President in 1985	\$	42,945
9. Honorarium in 1985	\$	3,025
10. Sale of securities in 1985	\$	[REDACTED]
11. One-half interest in assets held jointly with his wife in 1985	\$	[REDACTED]

See MUR 2292 - General Counsel's Report, signed March 19, 1987, Attachment 1(16)- (19).

in September 1984, was made payable to "You Floral" and was dated September 21, 1984. Attachment I(14).

**4. Loan of 10-2-84 in the amount of \$142,772.52**

Counsel stated that the funds for this loan were derived from the liquidation of Mr. Stein's securities "originally held through a personal holding corporation, Andy Corp." He stated further that the proceeds were transferred to different brokerage firms "where, in particular instances, they were liquidated and the proceeds reinvested in other stocks and securities or paid to Mr. Stein." These transactions are presumed to be the same as those noted in footnote 4, above. Counsel stated that these assets were not held jointly with any other person or entity. Attachment I(6). This information was documented by a statement from Muriel Seibert & Company, Inc., which showed the wire transfer for the amount of the loan. Attachment I(21). Counsel stated that the amount was wired directly to the Committee's account. The heading on the statement showed that this securities account is held in the name of both Mr. and Mrs. Stein, "JT/WROS."

**5. Loan of 10-2-84 in the amount of \$40,000**

Once again counsel stated that these funds were derived from Mr. Stein's personal funds. The sources listed are similar to those named in the above discussions of the monies deposited in the joint checking accounts held with Mrs. Stein. Verification of this loan was offered in the form of a "Debit" dated October 2, 1984, which showed that the joint account had

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been charged \$40,000. That amount was apparently transferred to another account, number 345-06-12977-65. Attachment I(16).

**6. Loan of 10-5-84 in the amount of \$27,397**

The funds used to make this loan were derived from the same "personal holdings of Mr. Stein originally held through a personal holding corporation, Andy Corp., which was liquidated in 1981," as discussed above. Attachment I(6). Counsel stated that Mr. Stein did not hold this account jointly with any other person. Documentation provided to verify this transaction was a statement from the brokerage firm of L. F. Rothschild, Unterberg. Attachment I(20). It is noted that the account at the brokerage firm is in the name of both Mr. and Mrs. Stein, with the phrasing "JT. TEN. WROS," included in the heading. It is, therefore, presumed that they held the brokerage account as joint tenants. The statement covers the period from October 1, 1984, through October 31, 1984; the net value of the portfolio at that time was \$44,607.07.

**7. Loan of 10-16-84 in the amount of \$250,000**

The funds for this loan were borrowed from the Manufacturers Hanover Trust ("MHT") bank. The Demand Note provided as documentation was signed by both Mr. and Mrs. Stein. Attachment I(17). Counsel stated that Mrs. Stein's signature was required as a matter of bank policy to "avoid evasion by one spouse of its obligations under the terms of the borrowing" by transferring assets to the other spouse. He stated, however, that it "was Mr. Stein who had the established banking relationship with MHT

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and on whose credit and considerable personal financial wealth MHT relied in extending the loan in this amount." Attachment I(7). It is noted that some of the joint banking accounts discussed in this Report are with MHT, therefore, clearly Mrs. Stein also has a banking relationship with that bank, and, therefore, some of her assets may have been looked at to secure the loan.

**8. Loan of 10-29-84 in the amount of \$125,000**

The funds for this loan were also borrowed from MHT. Counsel stated that he was unable to locate documentation for this transaction and, therefore, could not determine whether Mrs. Stein's signature was required. He relied, however, upon his discussion of the immediately preceding loan as a possible explanation of the circumstances. Attachment I(8). The Demand Note referenced above has the following written at the bottom: "PLUS: 10/29 - \$129,000." This notation may be a reference to the second loan made to Mr. Stein by MHT, of which \$125,000 was loaned to the Committee. However, Counsel did not offer this as documentation of this loan. Attachment I(17).

**9. Loan of 11-1-84 in the amount of \$24,000**

The funds for this loan were borrowed by Mr. Stein from Bank Leumi Trust Company of New York. The Promissory Note offered to document this transaction included the signature of Mrs. Stein as a co-maker. Attachment I(19). Counsel explained that this bank also required Mrs. Stein's signature as a matter of policy, to avoid evasion of repayment of the loan, and further, that it was

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due to Mr. Stein's "personal credit worthiness and wealth and established relationship with the bank" that the loan was obtained. Attachment I(8) and (9).

**10. Loan of 3-12-85 in the amount of \$40,000**

Counsel stated that this loan was made from Mr. Stein's personal funds resulting from gifts from his parents, Jerry and Shirley Finkelstein. Attachment I(10). Such gifts, Counsel stated, have been made on a regular basis throughout Mr. Stein's adult life. The documentation for this transaction is a computer run from the Steins' accountant, Mr. Tarlow, which reflected the debit. Attachment I(26).

**11. Loans made between 4-28-85 through 4-22-86 totalling \$27,500**

Counsel responded that the personal funds of Mr. Stein, held in his "regular bank accounts," were the sources for these loans. Attachment I(10) to (13). Counsel was unable to provide documentation for either of these loans, but relied upon an earlier answer to the complaint which included the affidavit from Mr. Tarlow, referenced above. As noted, the affidavit listed Mr. Stein's assets for the years prior to, and during which the loans were made.

**12. Summary**

Mr. Stein loaned his campaign a total of \$505,373.33 directly from assets he held as sole owner or as a joint tenant with his wife in certain banking and securities accounts. Mr. Stein's interest in these assets, as listed in the responses to the interrogatories, appear sufficient for him to have made these loans without receiving contributions from others. Section

110.10(b)(1) of the Commission's regulations requires that state law be applied when considering the ownership of assets for the purposes of this section. The New York banking law and regulations clearly establish a joint tenancy in the case of joint deposits in banking and securities accounts, and provide that the entire account may be released to either owner during their lifetime. Either party, therefore, has the right of access to or control over the whole, and they each have a legal and rightful title to the joint account. As such, the requirements of 11 C.F.R. § 110.10(b)(1) are met in those instances where the loans are derived from Mr. Stein's assets, including the joint checking and securities accounts held with his wife.

The information presented by respondents is not sufficient to resolve certain questions about the three bank loans.

The loan of \$250,000 from Manufacturers Hanover Trust is evidenced by a Demand Note which states that payment of the full amount plus interest is due to the bank on demand. The interest rate for the loan was three-fourths percent above the bank's announced rate. Although no specific date is identified as the due date, the Commission, in another matter involving bank loans to a federal campaign committee, determined that a Demand Note met the requirement of "due date" in compliance with the Act. See, MUR 2062 - First General Counsel's Report, dated September 30, 1985.

It appears that the security for this loan consisted of:

"a continuing lien and/or right of set-off on deposits (general and special) and credits

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with Bank of each maker and indorser, and [Bank] may apply all or part of same to Obligations [defined within the document to include this loan] (whether contingent or matured), at any time or times, without notice. Bank shall have a continuing lien on all property of every maker and indorser and the proceeds thereof held or received by or for Bank for any purpose." Attachment I(17).

The joint bank accounts identified in the answers to the interrogatories are established at MHT. Based on this banking relationship, Mr. and Mrs. Stein may have demonstrated an ability to repay the loan by means of the funds transacted through their bank accounts. It is not clear, however, whether MHT looked to specific jointly owned assets, to assets owned solely by Mrs. Stein, and/or to Mr. Stein's individual personal holdings in general and required Mrs. Stein's signature in accordance with the bank policy previously stated.

The \$125,000 loan from MHT was not verified with any documentation. It may have been incorporated in the above Demand Note, if the handwritten notation "Plus: 10/29 -\$129,000" does in fact refer to this loan. It may also be the loan referenced on the "Statement of Loan Interest Due" along with the \$250,000 loan. Attachment I(18). However, since Respondents did not identify either document as related to this particular loan, the proposed questions request specific information to determine whether jointly owned assets or Mr. Stein's individual personal assets were used as security, and to determine if Mrs. Stein's signature was required and in what capacity.

The \$24,000 loan from Bank Leumi is evidenced by a Promissory Note. The discounted interest rate is 12.5% and the due date for the full amount of the loan plus interest was January 30, 1985. The only collateral required by the written agreement was:

"a security interest in all property of mine [Borrower's] now or hereafter in your [Bank's] possession or control (including all funds of mine on deposit in any account with you and all securities, precious metals or other commodities, certificates of title, negotiable instruments or other documents, jewelry or other personal property of mine held by you for safekeeping or otherwise)."  
Attachment I(19).

The extent of the Steins' banking relationship with Bank Leumi is not known. Additional information is required to determine whether Mr. Stein's individually owned or jointly owned assets were used to secure this loan, and whether Mrs. Stein's individually owned assets were also considered.

Counsel for the respondents has represented that other than the three bank loans, the Steins' jointly held accounts and a few assets held solely by Mr. Stein are the only sources from which loans were made to the Committee. It has also been stated that Mrs. Stein was the only endorser or co-maker on the bank loans, and that her signature was required by each bank to prevent evasion of repayment of the loans by assigning assets to the spouse. Although counsel has stated that it was Mr. Stein's "personal credit worthiness and wealth and established relationship to the bank" which allowed him to obtain the bank loans, it is not clear which specific assets were considered by the banks as sufficient to secure each loan. It is also not

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clear whether any other party guaranteed either loan. Additional information regarding these issues will determine whether contributions were made by Mrs. Stein or other guarantors of the loans. The attached interrogatories address these concerns as they relate to the issue of the alleged Section 441a(f) violation. Therefore, this Office recommends that the Commission approve the attached subpoena and order.

**Alleged violation of 2 U.S.C. § 434(b)**

In its 1984 Post-General Election Report, the Committee disclosed, in addition to the loans previously reported as derived from Mr. Stein's personal funds, the loans of \$250,000, \$125,000 and \$24,000. The source of these loans, as stated in the Post-General Report, was Mr. Stein's "personal funds." It is clear, however, from information obtained in the course of investigating this matter that two of the loans, totalling \$375,000 were obtained from Manufacturer's Hanover Trust; and the \$24,000 loan was obtained from Bank Leumi. Mr. Stein obtained each bank loan in connection with his campaign, and since he is considered to have received such loans as an agent of his authorized committee, the respective bank should have been identified as the source of each loan, and not Mr. Stein's "personal funds." Therefore, the Committee and Mr. Peyton, as treasurer, violated 2 U.S.C. § 434(b), by failing to correctly identify the source of these loans and the name(s) of the endorser(s) or guarantor(s) for each.

9704076332

Upon receipt of answers to the interrogatories regarding the bank loans, this Office will proceed to the next stage of the enforcement process regarding the alleged violations of 2 U.S.C. §§ 441a(f) and 434(b).

**III. RECOMMENDATIONS**

1. Authorize the attached subpoena and order to Andrew Stein and Lynn Stein.
2. Approve the attached letter.

Lawrence M. Noble  
General Counsel

2/24/88  
Date \_\_\_\_\_

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

Attachments

1. Respondents answers to interrogatories and request for production of documents
2. Subpoena and Order
3. Letter

Staff Person: Sandra H. Robinson

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BALLOT

**SENSITIVE**



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

DATE & TIME TRANSMITTED: THURSDAY, FEBRUARY 25, 1988 11:00

COMMISSIONER: AIKENS, ELLIOTT, JOSEF LAR, McDONALD, MCGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY MONDAY, FEBRUARY 29, 1988 11:00

SUBJECT: MUR 2292- General Counsel's Report  
signed February 24, 1988

63307063305

- ( ) I approve the recommendation
- (x) I object to the recommendation

COMMENTS:

In record only

88 FEB 29 11:10:37

FEDERAL ELECTION COMMISSION

DATE: 2-26-88 SIGNATURE W. A. Aikens

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.  
PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.  
PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20541

MEMORANDUM

TO: MARJORIE W. EMMONS  
SECRETARY TO THE COMMISSION

FROM: SCOTT E. THOMAS *[Signature]*  
COMMISSIONER

SUBJECT: WITHDRAWAL OF OBJECTION

DATE: MARCH 3, 1988

I hereby withdraw my objection to MUR 2292 and cast my vote in favor of the General Counsel's Report.

9 7 7 4 0 7 6 5 3 9 9

RECEIVED  
MARCH 11 1988

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Andrew Stein	)	
Lynn Stein	)	MUR 2292
Stein for Congress and	)	
J. Randolph Peyton,	)	
as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 4, 1988, the Commission decided by a vote of 5-1 to take the following actions in MUR 2292:

1. Authorize the subpoena and order to Andrew Stein and Lynn Stein, as recommended in the General Counsel's report signed February 24, 1988.
2. Approve the letter, as recommended in the General Counsel's report signed February 24, 1988.

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

Attest:

3/4/88

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in the Office of Commission Secretary:	Thurs.,	2-25-88,	8:55
Circulated on 48 hour tally basis:	Thurs.,	2-25-88,	11:00
Deadline for vote:	Mon.,	2-26-88,	11:00
Objection placed on agenda 3-8-88			
Objection withdrawn 3-3-88 at 5:24 P.M.			

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 8, 1988

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Robert F. Bauer, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein, Lynn Stein,  
Stein for Congress and  
J. Randolph Peyton, as  
treasurer

Dear Mr. Bauer:

On April 27, 1987, your clients were notified that the Federal Election Commission had found reason to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). They were also notified that the Commission determined that there was no reason to believe at that time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Act.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena and order requiring your clients to provide information, which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended.

It is required that you submit all answers to questions under oath, along with the requested documents, and that you do so within 20 days of your receipt of this subpoena and order.

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*plm*

Letter to Robert F. Bauer  
Page 2

If you have any questions, please direct them to Sandra H. Robinson, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Lerner  
Associate General Counsel

Enclosures  
Subpoena and Order  
Questions and Document Request

99040765399

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)  
)  
)  
)

MUR 2292

SUBPOENA TO PRODUCE DOCUMENTS  
ORDER TO SUBMIT WRITTEN ANSWERS

TO: Andrew Stein  
Lynn Stein  
c/o Robert F. Bauer, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

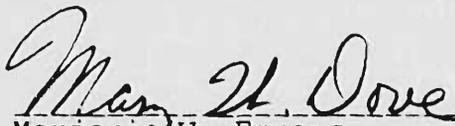
Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Order. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Commission along with the requested documents within 20 days of your receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on this *7th* day of *March*, 1988.

  
Thomas J. Josefiak, Chairman  
Federal Election Commission

ATTEST:

*for*   
Marjorie W. Emmons  
Secretary to the Commission

Attachments  
Questions and Document Request (2 pages)

99040765400

## DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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## QUESTIONS AND REQUEST FOR PRODUCTION OF DOCUMENTS

The following questions and request for production of documents are propounded in reference to the following bank loans obtained by Andrew Stein and Lynn Stein and subsequently loaned to the Stein for Congress Committee:

- A. \$250,000 loan from Manufacturer's Hanover Trust on or about October 16, 1984.
- B. \$125,000 loan from Manufacturer's Hanover Trust on or about October 29, 1984.
- C. \$24,000 loan from Bank Leumi on or about November 1, 1984.

Answer each question as it relates to each loan, separately.

- 1. Identify any and all documents that relate, refer, or pertain to the application for, or obtaining of, the loan for your use. Include, without limitation, loan proposals, loan applications, letters from endorsers, guarantors, or sureties, promissory notes, security agreements, financing statements, amortization schedules, loan agreements, and information concerning the terms, collateral, or security for the loan.
- 2.
  - a) Identify all assets submitted as collateral for the purpose of obtaining the loan.
  - b) At the time Mr. Stein became a candidate for federal office, identify which of the above assets, he had a legal right of access to or control over and in which he had either a legal and rightful title or an equitable interest.
  - c) For each asset listed, identify the asset(s) held jointly with Mrs. Lynn Stein or another person or entity (identify such other person or entity), and the portion of said asset which was Mr. Stein's share under the instrument(s) of conveyance or ownership.
  - d) Provide a copy of the instrument(s) of conveyance or ownership for each asset identified.
- 3.
  - a) State whether Lynn Stein's signature was required because her assets were considered as collateral/security for the loan or as a matter of bank policy or any other reason. Describe in detail.

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- b) Identify the assets of Lynn Stein which were considered by the bank as collateral/security for the loan.
  - c. State the bank policy which required that Lynn Stein sign the loan agreement as a co-maker or endorser. Provide a copy of the written policy.
4. Identify all persons who guaranteed the loan on your behalf.
5. a) State whether the loan has been repaid in whole or in part and the date of such payment(s).
- b) Identify the source of funds used to make such payment(s).
6. Produce each and every document identified by you in response to the above Questions.

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CCC# 8824

# PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

March 18, 1988

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

RECEIVED  
FEDERAL ELECTION COMMISSION  
08 MAR 18 PM 4:43

Re: MUR 2292 - Andrew Stein, Lynn Stein, Stein for  
Congress and J. Randolph Peyton, as Treasurer

Attention: Sandra H. Robinson

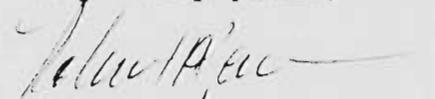
Dear Mr. Noble:

On March 15, 1988, Respondents, through counsel, received your subpoena and request for additional information in the above-referenced MUR.

Respondents request an extension of time of 20 days in which to respond to your inquiries. This additional time is necessary in order to identify, to locate and to compile the materials for presentation to you. As a result of this extension, Respondents would submit their response no later than April 4, 1988.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

  
Robert F. Bauer  
Counsel to Respondents

L7030



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 21, 1988

Robert F. Bauer, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: 2292  
Andrew Stein, Lynn Stein,  
Stein for Congress Committee,  
J. Randolph Peyton, as  
treasurer

Dear Mr. Bauer:

This is in response to your letter dated March 18, 1988, which we received on March 18, 1988, requesting an extension of 20 days to respond to the subpoena to produce documents and order to submit written answers. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on April 25, 1988.

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

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in cursive script, appearing to read "L. Lerner".

BY: Lois G. Lerner  
Associate General Counsel

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*plm*

BEFORE THE FEDERAL ELECTION COMMISSION

FEDERAL ELECTION COMMISSION RECEIVED

88 MAR 24 AM 10:04

In the Matter of )  
 )  
Andrew Stein, Lynn Stein, ) MUR 2292  
Stein for Congress, and J. )  
Randolph Peyton, as treasurer )

**SENSITIVE**

COMPREHENSIVE INVESTIGATIVE REPORT #2

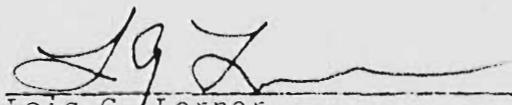
On March 4, 1988, the Commission authorized a subpoena and order to the respondents, Andrew Stein and Lynn Stein, to aid the investigation of this matter as it pertains to alleged violations of 2 U.S.C. §§ 441a(a)(1)(A), 441a(f), and 434(b). The subpoena and order required the respondents to produce certain documents and to answer questions with respect to three bank loans they apparently obtained and subsequently loaned to the Stein for Congress Committee.

On March 18, 1988, counsel for respondents submitted a written request for an extension of 20 days to respond to the subpoena and order. He explained that the additional time was needed in order to compile the information. In light of this circumstance, this Office granted the request, therefore, the response is due by April 25, 1988.

This Office will analyze the response upon its receipt and will prepare a report to the Commission with appropriate recommendations.

Lawrence M. Noble  
General Counsel

Date 3/23/88

BY:   
Lois G. Lerner  
Associate General Counsel

Staff Person: Sandra Robinson

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PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATION  
1110 VERMONT AVENUE N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

RECEIVED  
FEDERAL ELECTION COMMISSION  
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April 25, 1988

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

88 APR 25 AM 11:50

RECEIVED  
FEDERAL ELECTION COMMISSION

Re: MUR 2292 - Andrew Stein, Lynn Stein, Stein for  
Congress Committee, J. Randolph Peyton, as Treasurer

Attention: Sandra H. Robinson

Dear Mr. Noble:

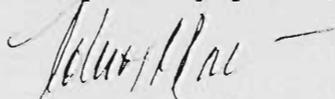
Respondents in the above-referenced MUR herewith reply through counsel to the Federal Election Commission's Order to Produce Documents and to Submit Written Answers dated March 8, 1988. The answers to the Commission's questions and request for production of documents are based on the recollections of Andrew and Lynn Stein, and on information derived from the files and records of Mr. Arthur Tarlow, the Steins' accountant. The answers address the following bank loans:

- A. \$250,000 loan from Manufacturer's Hanover Trust on or about October 16, 1984.
- B. \$125,000 loan from Manufacturer's Hanover Trust on or about October 29, 1984.
- C. \$24,000 loan from Bank Leumi on or about November 1, 1984.

Mr. Tarlow has contacted each of the banks involved in these loans to obtain such documents or other information which relate to the application for, or obtaining of, the above-referenced loans, and which are not available in the personal papers or files of the Steins. When any additional information becomes available, it will be provided to the Commission.

If you have any questions please contact the undersigned.

Very truly yours,



Robert F. Bauer  
Counsel to Respondents

9041921111

Before the Federal Election Commission

MUR 2292

Respondents: Andrew Stein, Lynn Stein, Stein for Congress  
Committee, J. Randolph Payton, as Treasurer

ANSWERS TO QUESTIONS  
AND REQUEST FOR PRODUCTION OF DOCUMENTS

Question No. 1:

Identify any and all documents that relate, refer, or pertain to the application for, or obtaining of, the loan for your use. Include, without limitation, loan proposals, loan applications, letters from endorsers, guarantors, or sureties, promissory notes, security agreements, financing statements, amortization schedules, loan agreements, and information concerning the terms, collateral, or security for the loan.

A. Manufacturer's Hanover Trust - \$250,000 loan:

Respondents have provided to the Commission in connection with their earlier responses to interrogatories the note issued by the bank in connection with this loan. Respondents provided to the bank a personal financial statement in connection with their application for the loan. A copy of this personal financial statement is attached. Respondents have requested from the bank any additional materials concerning this loan, and will provide to the Commission any such materials when received from the bank.

B. Manufacturer's Hanover Trust - \$125,000 loan: A copy of the note issued by the bank in connection with this loan is attached. As with the \$250,000 loan referenced above,

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Respondents submitted to the bank the personal financial statement, which is also attached, in connection with the application for this loan.

C. Bank Leumi - \$24,000 loan: Respondents have previously provided to the Commission the promissory note issued by the bank in connection with this loan. As noted above, Respondents have contacted the bank to obtain any additional documents that relate to the loan and will supplement their response should additional materials become available.

Question No. 2:

- a. Identify all assets submitted as collateral for the purpose of obtaining the loan.
- b. At the time Mr. Stein became a candidate for federal office, identify which of the above assets he had a legal right of access to or control over and in which he had either a legal or rightful title or an equitable interest.
- c. For each asset listed, identify the asset(s) held jointly with Mrs. Lynn Stein or another person or entity (identify such other person or entity) and the portion of said asset which was Mr. Stein's share under the instrument(s) of conveyance or ownership.
- d. Provide a copy of the instrument(s) of conveyance or ownership for each asset identified.

None of the loans were secured by traditional forms of collateral, but were in all cases made to Mr. Stein on the basis of his personal creditworthiness and wealth and established relationship to the banks.

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on the basis of his creditworthiness and wealth and established relationship to the banks..

c. Respondents have contacted the banks in question to obtain any documents relevant to such a policy, and when received, they will be provided to the Commission.

Question No. 4:

Identify all persons who guaranteed the loan on your behalf.

The bank documentation reflects that the loans were not secured by any guarantee.

Question No. 5:

- a. State whether the loan has been repaid in whole or in part and the date of such repayment(s).
- b. Identify the source of funds used to make such payment(s).

a. The Bank Leumi loan was repaid in full on January 15, 1986. The two Manufacturer's Hanover loans were repaid in full according to the following repayment schedule:

6/22/85	\$5,000
7/31/85	\$5,000
8/30/85	\$5,000
9/30/85	\$5,000
10/31/85	\$5,000
11/29/85	\$5,000
12/31/85	\$235,000
1/2/86	\$5,000
4/3/87	\$105,000
	<u>\$375,000</u>

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b. The Bank Leumi Loan was paid from the proceeds of the sale of Respondents' co-operative apartment.

The Manufacturer's Hanover loans were repaid from the following sources:

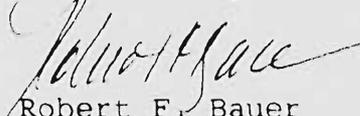
1. The \$5,000 payments were made from general funds and cannot be specifically identified as to source.
2. The \$235,000 payment was from the proceeds of the sale of Respondents' co-operative apartment, noted above.
3. The \$105,000 payment was from the proceeds of the sale of Respondents' home in Millbrook, New York.

Question No. 6:

Produce each and every document identified by you in response to the above questions.

All documents produced in response to this request have been noted in connection with the above responses.

Respectfully submitted



Robert F. Bauer  
Counsel for Respondents

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COMPOTAPE  
PARKCHESTER NEWS  
BRONX NEWS  
THE ROCKLAND REVIEW  
DEADLINE PRINTING  
WEEKENDER  
THE BEVERAGE MARKET  
ROCKLAND REVIEW EXTRA  
NORTH BERGEN REVIEW

# Hagedorn Communications corporation

Sum 2292

ONE MADISON AVENUE, NEW YORK, NEW YORK 10010 TELE. 212 679-1234

CHARLES G. HAGEDORN  
CHAIRMAN

25 April 88

Federal Election Commission  
1325 K Street NW  
Washington, D.C. 20463

Sirs/Mesdames:

For well over a year we brought to your attention possible violations of Federal election law by Andrew Stein who ran for Congress in the 15th Congressional District on the East Side of Manhattan in New York City in 1984.

We made out all the necessary papers that you required, etc. The last time we communicated with you we were advised that the case is still open. To date we have not been contacted for any material that we have which might be helpful to you in your investigation.

The FEC made front pages of the New York Times and the Wall Street Journal for being a weak do-nothing commission. As the saying goes "say it ain't so, Joe".

Please let us know status of the Stein complaint.

Sincerely,

cgh:kl

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 6, 1988

Charles G. Hagedorn, Chairman  
Hagedorn Communications Corporation  
One Madison Avenue  
New York, New York 10010

RE: MUR 2292

Dear Mr. Hagedorn:

This is in response to your letter dated April 25, 1988, in which you request information pertaining to a complaint you filed on November 18, 1986, with the Federal Election Commission.

The Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the parties being investigated have agreed in writing that the matter be made public. See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A). Because there have been no written agreements that the matter be made public, we are not in a position to release any information at this time.

As you were informed by letter of May 21, 1987, we will notify you as soon as the Commission takes final action on your complaint.

Sincerely,

Lawrence M. Noble  
General Counsel

*Lois G. Lerner*  
*by HLR*

BY: Lois G. Lerner  
Associate General Counsel

3004765415

*plm*

BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of )  
 )  
Andrew Stein, Lynn Stein, Stein for ) MUR 2292  
Congress and J. Randolph Peyton, as )  
treasurer )

COMPREHENSIVE INVESTIGATIVE REPORT #3

On March 31, 1987, the Commission found reason to believe that Andrew Stein, a candidate for the U.S. House of Representatives in the 1984 elections, and his principal campaign committee, the Stein for Congress Committee ("the Committee") and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b). This finding was based on allegations that Andrew Stein did not have sufficient assets to cover certain loans he made to the Committee. It was alleged that guarantors and/or endorsers were required for Mr. Stein to obtain the loans, therefore, a proportionate share of the loans should have been attributed to each such guarantor or endorser as a contribution to the Committee, and properly reported as such. Inherent in these allegations was the possibility that excessive contributions were made and received. The candidate's wife, Lynn Stein, was an endorser or co-maker on three bank loans. On that same date, however, the Commission determined that there was no reason to believe, at that time, that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A).

On April 22, 1987, the Commission approved interrogatories and a request for documents. Responses were received on June 8, 1987. Copies of answers and documents provided by Respondents in

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I(16). Counsel also explained the circumstances of the joint financial statement.

This Office is presently completing a review of all the responses and information in this matter. An appropriate report will be prepared for the Commission.

Lawrence M. Noble  
General Counsel

8/24/88  
Date

  
BY: Lois G. Lerner  
Associate General Counsel

Attachment

1. Response from Andrew Stein and Stein for Congress and J. Randolph Peyton, as treasurer

Staff assigned: Sandra H. Robinson

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BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of	)	
	)	
Andrew Stein, Lynn Stein, Stein for	)	MUR 2292
Congress and J. Randolph Peyton, as	)	
treasurer	)	

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to Andrew Stein, Lynn Stein, Stein for Congress and J. Randolph Peyton, as treasurer, based on the assessment of the information presently available.

10/4/88  
Date

  
Lawrence M. Noble  
General Counsel

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

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FEDERAL ELECTION COMMISSION

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**SENSITIVE**

November 9, 1988

**MEMORANDUM**

TO: The Commission

FROM: Lawrence M. Noble  
General Counsel

SUBJECT: MUR 2292

A handwritten signature in black ink, appearing to be "L. M. Noble", is written over the name and title in the "FROM" field.

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe on certain alleged violations and probable cause to believe on other alleged violations were mailed on November 9, 1988. Following receipt of the respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to respondent

Staff Person: Sandra H. Robinson

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 9, 1988

Robert F. Bauer, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein,  
Stein for  
Congress and J.  
Randolph Peyton,  
as treasurer

Dear Mr. Bauer:

Based on a complaint filed with the Federal Election Commission on November 18, 1986, and information supplied by your clients, the Commission, on March 31, 1987, found that there was reason to believe your clients, violated 2 U.S.C. §§ 441a(f) and 434(b), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that violations have occurred with respect to loans Mr. Stein made to the Stein for Congress Committee from his personal funds. This Office is also prepared to recommend that the Commission find no probable cause to believe a violation of 2 U.S.C. § 441a(f) occurred with respect to the loans obtained from Manufacturers Hanover Trust Company. However, this Office is prepared to recommend that the Commission find probable to believe that a violation of 2 U.S.C. § 441a(f) occurred with respect to the loan obtained from Bank Leumi trust Company of New York; and that a violation of 2 U.S.C. § 434(b) occurred with respect to each of the bank loans.

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Robert F. Bauer, Esq.  
Page 2

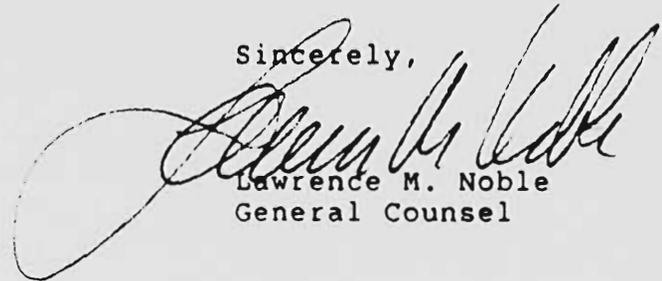
The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

Should you have any questions, please contact Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble  
General Counsel

Enclosure  
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 2292  
Andrew Stein; Stein for Congress and )  
J. Randolph Peyton, as treasurer )

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

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This matter was generated by a complaint filed by Charles G. Hagedorn. The complaint alleged that Andrew Stein, a candidate for the U.S. House of Representatives in the 1984 election cycle, did not have sufficient assets to cover the amount of certain loans he appeared to have obtained from outside sources and subsequently loaned to his principal campaign committee, Stein for Congress and J. Randolph Peyton, as treasurer ("the Committee"). The complaint alleged that guarantors and/or endorsers were needed by Mr. Stein in order to obtain the loans. If the allegations proved to be true, it was possible that Mr. Stein and the Committee had received excessive contributions. The candidate's wife, Lynn Stein, was an endorser or co-maker on three bank loans.

On March 31, 1987, the Commission found reason to believe that Andrew Stein and the Committee violated 2 U.S.C. §§ 441a(f) and 434(b); and subsequently instituted an investigation in this matter.

II. ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), limits the amount an individual can contribute to a candidate or an authorized political committee, with respect to

any election for federal office, to an aggregate amount of \$1,000. 2 U.S.C. § 441a(a)(1)(A).

The Act further prohibits a candidate or political committee from knowingly accepting any contribution or making any expenditure in violation of the provisions of Section 441a. In addition, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make an expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures under Section 441a. 2 U.S.C. § 441a(f).

The Act defines "contribution" to include loans made to the political committee. 2 U.S.C. § 431(8)(A). Commission regulations include a guarantee, endorsement, and any other form of security in the term "loan." Further, loans may not exceed the contribution limitations of Section 441a and those that do are unlawful, even if they are repaid. A loan is a contribution when it is made and remains such to the extent that it remains unpaid. To the extent that it is repaid, a loan is no longer a contribution. In addition, a loan is a contribution made by each endorser or guarantor of such loan, according to the portion of the total amount for which the endorser or guarantor is liable in a written agreement. Any repayment proportionately reduces the amount guaranteed or endorsed. Loans made to candidates in the ordinary course of business by federally insured lending institutions are not considered contributions by that institution. 11 C.F.R. § 100.7(a).

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The Act provides that where any loan is obtained by a candidate in connection with his or her campaign, the candidate shall be considered to have obtained such loan as an agent of his or her authorized committee(s). 2 U.S.C. § 432(e)(2).

An authorized committee must disclose, on reports filed with the Commission, the total amount of all loans made by or guaranteed by the candidate, as well as all other loans.

2 U.S.C. § 434(b)(2). Disclosure reports must also identify each person who makes a loan to the reporting committee during the reporting period, together with the name of any endorser or guarantor of such loan, and the date and amount or value of such loan. 2 U.S.C. § 434(b)(3)(E).

The Act and regulations do not limit the amount that candidates for federal office may contribute to their own committees from personal funds. The term "personal funds" includes:

1. any assets to which, under applicable state law, the candidate had a legal right of access to, or control over, at the time of becoming a candidate; and with which the candidate had either legal and rightful title or an equitable interest;
2. salary and other earned income from bona fide employment; dividends and proceeds from the sale of the candidate's stocks or other investments; bequests to the candidate; income from trusts established before candidacy; income from trusts established by bequest after candidacy, of which the candidate is the beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; proceeds from lotteries and similar legal games of chance; and
3. the candidate's portion of assets jointly owned with his or her spouse. The candidate's personal funds shall be that portion which is the candidate's share of the assets under the instrument(s) of conveyance or ownership. If no

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specific share is so indicated, the value of one-half of the property used shall be considered as personal funds of the candidate. 11 C.F.R. § 110.10.

A candidate may obtain a loan which requires the spouse's signature where jointly owned assets are used as collateral or security. The spouse will not be considered to have contributed to the candidate's campaign, if the value of the candidate's share of such property exceeds the amount of the loan. 11 C.F.R. § 100.7(a)(1)(i)(D).

The candidate in this matter is a resident of the State of New York, and the financial transactions connected with the loans at issue occurred in his home state. A brief review of the applicable New York banking law follows, as it is relevant to determining the candidate's ownership of assets in certain joint banking and securities accounts held with his wife.

The New York State banking law states that "(a) [w]hen a deposit of cash, securities or other property has been made or shall hereafter be made in or with any banking organization or foreign banking corporation transacting business in this state, or shares shall have been already issued or shall be hereafter issued, in any savings and loan association...transacting business in this state, in the name of such depositor or shareholder and another person and in form to be paid or delivered to either, or the survivor of them, such deposit or shares and any additions thereto made, by either of such persons, after the making thereof, shall become the property of such persons as joint tenants and the same, together with all additions and accruals thereon, shall be held for the exclusive

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use of the persons so named, and may be paid or delivered to either during the lifetime of both." The New York State banking law states further that, "(b) [t]he making of such deposit or the issuance of such share in such form shall, in the absence of fraud or undue influence, be prima facie evidence...of the intention of both depositors or shareholders to create a joint tenancy and to vest title to such deposit or shares, and additions and accruals thereon, in such survivor. The burden of proof in refuting such prima facie evidence is upon the party or parties challenging the title of the survivors." 4 McKinney's Banking Law § 675. The New York banking regulations further stipulate "(a) that such deposit [in a joint account], and any additions thereto, shall become the property of each owner as joint tenants and, as such, that the depository may release the entire account to any owner during the lifetime of all owners." General Regulations of the Banking Board, Chapter 1, Part 15, § 15.3(a) and (b).

**B. Analysis**

The loans in this matter, totaling \$904,373.33, are discussed below. The loans were made to the Committee over a period from December, 1983, to April 22, 1986.

**LOANS FROM PERSONAL FUNDS**

The loans discussed below as derived from Mr. Stein's personal funds total \$505,373.33. They rely on the following assets identified as those of Mr. Stein.

In 1981, Mr. Stein liquidated the Andy Corporation, a personal holding company through which he held title to various

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assets, and received gross proceeds of approximately [REDACTED]. He subsequently reinvested those proceeds and earned an additional profit of [REDACTED]. The total of Mr. Stein's assets for this period was [REDACTED].

In 1984, Mr. Stein sold certain securities derived from the above transactions, which earned an aggregated profit of [REDACTED] and the subsequent purchase of additional securities at a cost of [REDACTED] resulted in a net profit of [REDACTED]. During that same year, Mr. Stein received \$121,000 from the repayment of loans he made to the Stein '81 committee in connection with his campaign for Manhattan Borough President; earned an annual salary of \$42,616 as Borough President; and received [REDACTED] from interest, dividends and tax refunds. Mr. Stein's total assets gained during 1984 was approximately [REDACTED].

In 1985, Mr. Stein earned an annual salary of \$42,945 as Manhattan Borough President; received a New York Times Honorarium in the amount of \$3,025; and earned a profit of [REDACTED] from the sale of securities of which he was the sole owner. Mr. Stein claimed a one-half interest in assets jointly owned with his wife, Lynn Stein, of which his portion equaled [REDACTED]. Therefore, the total additional assets available to Mr. Stein during 1985 was [REDACTED].

1. The assets identified as jointly owned included bank account funds in the amount of [REDACTED], interest income of [REDACTED] and income tax refunds that totaled [REDACTED]. It is noted that Mr. Stein claimed joint ownership of funds in the bank account in this instance and claimed sole ownership of other funds discussed above that have also been deposited in accounts held jointly with his wife. For the purposes of this analysis, such a distinction is not consequential.

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1. Loan of 12-83 in the amount of \$74,000

This loan is the aggregate of several checks drawn by Mr. Stein on his bank accounts. At least one such account was jointly held with his wife, Lynn Stein.

The funds deposited in the accounts by Mr. Stein included those derived from the repayment of the loans he had made to his local campaign committee in 1981; his salary earned in the position of Manhattan Borough President; proceeds from interest and dividends derived from securities owned by him or for his equitable account; federal and state tax refunds and proceeds from the sale of certain securities, as discussed above.

2. Loan of 4-18-84 in the amount of \$150,000

This loan was derived from [REDACTED] transferred from a joint securities account held with Mrs. Stein. The funds were transferred into a joint checking account held with Mrs. Stein at Manufacturers Hanover Trust ("MHT") on March 1, 1984. These funds were originally derived from the liquidation and reinvestment of securities held through the Andy Corporation, discussed above, of which Mr. Stein was the sole owner.

3. Loans made from April 1984 through September 1984 totaling \$3,703.81

These loans were also made from Mr. Stein's personal funds held in his bank accounts. The funds in these instances were derived from the same sources identified in the above discussion of the loan made in December 1983. They were deposited in joint accounts held with Mrs. Stein.

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4. **Loan of 10-2-84 in the amount of \$142,772.52**

The funds for this loan were also derived from the liquidation and reinvestment of Mr. Stein's securities held through the Andy Corporation. The funds were wired directly to the Committee's account in this instance. The securities account is held jointly with Mrs. Stein.

5. **Loan of 10-2-84 in the amount of \$40,000**

These funds were derived from the same sources identified in the above discussions of the monies deposited in the joint checking accounts held with Mrs. Stein, including the loan repayments, salary, interest and other profits derived from transactions with certain securities and tax refunds.

6. **Loan of 10-4-84 in the amount of \$27,397**

The funds used to make this loan were derived from Mr. Stein's holdings through the Andy Corporation, discussed above. The account at the brokerage firm from where the securities were transferred is held jointly between Mr. and Mrs. Stein.

7. **Loan of 3-12-85 in the amount of \$40,000**

This loan was made from Mr. Stein's personal funds resulting from gifts from his parents, Jerry and Shirley Finkelstein. Such gifts have been made on a regular basis throughout Mr. Stein's adult life.

8. **Loans made between 4-28-85 and 4-22-86 totaling \$27,500**

The personal funds of Mr. Stein held in his bank accounts were the source of funds for these loans. As noted above, in 1985, Mr. Stein's acquired additional individual assets that

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totaled \$71,135.

**Recommendation Regarding Loans from Personal Funds**

It appears that Mr. Stein's separate interest in the above assets was sufficient to allow him to make the loans to his campaign committee from his personal funds without the use of any funds from his wife. In addition, New York banking law and regulations require that all of the assets held in the joint banking and securities accounts be viewed as available in their entirety to either Mr. or Mrs. Stein. Based on the foregoing, the General Counsel recommends that the Commission find no probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f), with respect to the loans Mr. Stein made to the Committee from his personal funds.

**BANK LOANS**

Mr. Stein obtained two loans from Manufacturers Hanover Trust Company ("MHT"), including \$250,000 borrowed on October 16, 1984, and \$125,000 borrowed on October 29, 1984. Mrs. Stein co-signed the note for each loan as an endorser. She also completed the financial statement required by MHT as a co-applicant. It appears that the collateral for the two loans obtained from MHT included property jointly owned by Mr. and Mrs. Stein. Mr. Stein obtained a loan of \$24,000 from Bank Leumi Trust Company of New York ("Bank Leumi") on November 1, 1988. Mrs. Stein signed the promissory note for this loan as a co-maker. Collateral for the Bank Leumi loan included a security interest in all property of the Steins (apparently individually

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of the financial statement included held jointly with Mrs. Stein and those listed individually by Mrs. Stein elsewhere on the form.<sup>3</sup>

As discussed previously, the Steins have joint tenancy in certain bank accounts held at MHT, as well as in certain securities accounts held in different brokerage houses. The accounts listed in the financial statement were not identified as owned by either individually, therefore, in accordance with 11 C.F.R. § 110.10, they are considered joint property. Consistent with our treatment of such joint accounts, Mr. Stein is deemed to have a legal right of access to or control over them, and to have a legal and rightful title or equitable interest therein.<sup>4</sup> A one-half interest in other property identified on the form is also considered. Following is a list of such assets.

Asset	Total Value	Mr. Stein's Interest
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In addition, the following are Mr. Stein's individually owned assets listed in the financial application.

Asset

Value

Based on the above calculations, the total assets available to Mr. Stein at the time he obtained the loan of \$250,000 from MHT was [REDACTED]. Clearly, Mr. Stein demonstrated that he had sufficient assets of his own to obtain the loan. His wife's assets were not required to secure the loan.

According to the Demand Note that covered the \$125,000 loan from MHT, dated October 29, 1984, the terms of the loan agreement are the same as those for the \$250,000 loan. The \$125,000 loan was also disclosed in the Committee's 1984 Post-General Election Report as derived from Mr. Stein's personal funds, and not as a bank loan. The interest rate reported in the disclosure report also differs from that found in the Demand Note. The financial statement discussed above was referenced as documentation for this loan. Based on information provided in the financial application it is clear that Mr. Stein's own assets were sufficient to secure this loan in addition to the \$250,000 loan.

There were no guarantors or endorsers for either loan

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obtained from MHT except Mrs. Stein.

The loans from MHT were repaid in full. Payments were made between June 22, 1985, and April 3, 1987. The payments were made from proceeds from the sale of the Steins' cooperative apartment, proceeds from the sale of their residence in Millbrook, N.Y., and from "general" funds.<sup>6</sup> The Committee continues to report these loans as outstanding debts owed to Mr. Stein.

Based on the foregoing, the General Counsel recommends that the Commission find no probable cause to believe the Stein for Congress Committee and J. Randolph Peyton, as treasurer, and Andrew Stein, as an agent for his federal campaign committee, received excessive contributions in violation of 2 U.S.C. § 441a(f) with respect to the loans obtained from MHT.

Because Mr. Stein originally obtained the bank loans from MHT for the purpose of loaning the funds to his federal campaign committee, he is deemed to have acted as an agent for that committee. The loans should have been reported by the Committee as received from MHT in accordance with 2 U.S.C. § 434(b)(2)G and (b)(3)(E). Therefore, the General Counsel recommends that the Commission find probable cause to believe Andrew Stein, Stein

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6. Information previously provided by the Steins showed that the net proceeds from the sale of the apartment equaled [REDACTED]. The Millbrook house was valued at "\$500,000 or more" at the time of purchase; however, there is no information on the net proceeds derived from the sale of this property. Mr. Stein's one-half interest in both of these properties, however, appears sufficient for him to repay the bank loans without use of his wife's portion. The total amount paid from the "general" funds was \$35,000, made in seven \$5,000 payments. Although the source of these general funds could not be specifically identified, there is no evidence of funds being derived from sources other than those previously noted.

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for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b) by failing to identify the loans as obtained from Manufacturers Hanover Trust Company.

**2. Loan from Bank Leumi Trust Company of New York**

The loan of \$24,000 was obtained from Bank Leumi on November 1, 1984. This loan was disclosed in the Committee's 1984 Post-General Report as derived from Mr. Stein's personal funds, and not as a bank loan. An 8% interest rate was reported, although the documentation for the loan showed that the bank charged an interest rate of 12.5%.<sup>7</sup>

The only documentation for this loan was a Promissory Note. Mrs. Stein signed the Promissory Note as a co-maker of the loan. The due date for full repayment of the loan was January 30, 1985, and it was repaid in full on January 15, 1986, from the net proceeds gained by the sale of the Steins' cooperative apartment.

It has been asserted throughout these proceedings that it was Mr. Stein's "creditworthiness, wealth and established relationship with the bank" that were the basis for the loan. It has been further asserted that it was bank policy, in this instance as well, to require a spouse's signature in such loan agreements to avoid evasion of repayment by transferring assets. There were no guarantors, endorsers, or co-makers for this loan other than Mrs. Stein.

The loan from Bank Leumi was obtained at a time in close proximity to when the above two loans were obtained from MHT. There is no evidence, however, that the MHT financial statement,

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7. See footnote 3, above.

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or information contained therein, was considered by Bank Leumi. The Promissory Note from Bank Leumi clearly defines the words "I" and "my" as used throughout the document to include "the Borrower and each Co-Maker who signs below." The Promissory Note included a provision stating that as collateral for the loan "I [the Steins] give you [the bank]...a security interest in all property of mine now or hereafter in your possession or control." No information on any individually or jointly owned property held by Bank Leumi for the Steins was produced. Thus, collateral listed in the document could include property held by Bank Leumi that belongs to Mrs. Stein as sole owner, as well as any jointly owned property and property owned by Mr. Stein as sole owner. Therefore, the General Counsel recommends that the Commission find probable cause to believe the Stein for Congress Committee and J. Randolph Peyton, as treasurer, and Andrew Stein, as an agent for his federal campaign committee, violated 2 U.S.C. § 441a(f) with respect to the loan obtained from Bank Leumi.

Mr. Stein originally obtained the loan from Bank Leumi for the purpose of loaning the funds to his federal campaign committee, Stein for Congress. As such, he is deemed to have acted as an agent for that committee. The loan should have been reported by the Committee as received from Bank Leumi in accordance with 2 U.S.C. §§ 434(b)(2) and 434(b)(3)(E). Therefore, the General Counsel recommends that the Commission find probable cause to believe Andrew Stein, Stein for Congress Committee and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b) by failing to identify the loan as obtained from Bank

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Leumi.

C. Summary

Mr. Stein loaned his campaign committee a total of \$505,373.33 directly from assets he held as sole owner or as joint tenant with his wife, Lynn Stein. Mr. Stein's separate interest in these assets was sufficient for him to have made the loans without receiving contributions from others, including his wife. Section 110.10(b)(1) of Commission regulations require that state law be applied when considering the ownership of assets to determine whether contributions from others, including a spouse, were made. The New York banking law and regulations clearly establish a joint tenancy in the case of joint deposits in banking and securities accounts, and provide that the entire account may be released to either owner during their lifetime. Either party has a right of access to or control over the whole, and each has a legal and rightful title to the joint account. As such, the requirements of 11 C.F.R. § 110.10(b)(1) are met in the instances where the loans are derived from Mr. Stein's personal funds, held primarily in the joint accounts.

Mr. Stein's separate assets were also sufficient to assure repayment of the loans he obtained from Manufacturers Hanover Trust Company. It appears, however, that the loan obtained from Bank Leumi Trust Company of New York was secured with individual assets of both Mr. and Mrs. Stein, or with jointly held assets of which Mr. Stein's portion may not have been sufficient to cover the amount of the loan. Therefore, the respondents have not demonstrated that the requirements of 11 C.F.R. § 110.10(b)(1)

have been met with respect to this loan.

Therefore, the General Counsel recommends that the Commission find no probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loans obtained from Manufacturers Hanover Trust Company. The General Counsel also recommends that the Commission find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loan obtained from Bank Leumi Trust Company of New York.

In its 1984 Post-General Election Report, the Committee disclosed the loans of \$250,000, \$125,000 and \$24,000, discussed above. The Post-General Report identified Mr. Stein's personal funds as the source of these loans. It is clear, however, that two of the loans, totaling \$375,000, were obtained from Manufacturers Hanover Trust Company; and that the \$24,000 loan was obtained from Bank Leumi Trust Company of New York. Mr. Stein obtained each bank loan in connection with his campaign and, therefore, as an agent for his authorized committee. The respective bank should have been identified as the source of each loan by the Committee. Therefore, the General Counsel recommends that the Commission find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b).

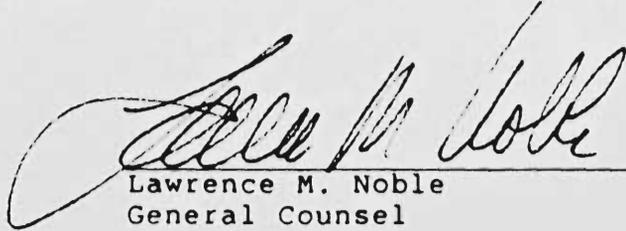
### III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loans obtained from Manufacturers Hanover Trust Company.

2. Find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loan obtained from Bank Leumi Trust Company of New York.
3. Find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b).

Date

11/8/88



Lawrence M. Noble  
General Counsel

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A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1110 VERMONT AVENUE N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

December 1, 1988

Lawrence Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20463

Attention: Sandra Robinson

Re: MUR 2292

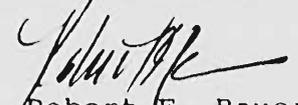
Dear Mr. Noble:

We have received your letter advising of the recommendations that you are prepared to submit to the Commission in this matter. We intend to file a responsive brief on the relevant issues.

As you can imagine, the press of affairs immediately before and after the recent elections has placed the counsel to the Respondents at some disadvantage in attempting the completion of its brief before the deadline, which by our calculation would be December 6, 1988. We request therefore an extension of time until Friday, December 16, 1988.

I hope that this will prove acceptable to the Commission. Should you have any questions please do not hesitate to let me know.

Very truly yours,



Robert F. Bauer  
Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 6, 1988

Robert F. Bauer, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein, Stein  
for Congress and J.  
Randolph Peyton, as  
treasurer

Dear Mr. Bauer:

This is in response to your letter dated December 1, 1988, which we received on December 1, 1988, requesting an extension until December 16, 1988, to respond to the General Counsel's Brief. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on December 16, 1988.

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

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in black ink, appearing to read "Lois G. Lerner".

BY: Lois G. Lerner  
Associate General Counsel

207407165442

plm

GAC # 1462

# PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

December 27, 1988

Ms. Sandra Robinson  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 2292

Dear Ms. Robinson:

This will confirm the conversation you had with my office today concerning the submission of a probable cause brief in the above-referenced Matter Under Review.

I have been ill and will be out of the office this week (returning on January 3, 1989). I would request an extension of time for the submission of the probable cause brief until January 6, 1989, which will give me adequate time to finalize the submission and get it to you.

Thank you for your understanding in this matter.

Very truly yours,

*Robert F. Bauer /jc*

Robert F. Bauer  
Counsel for Respondents

RFB:smb

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Andrew Stein; Stein for Congress and	)	MUR 2292
J. Randolph Peyton, as Treasurer	)	

RESPONDENTS' REPLY TO GENERAL COUNSEL'S BRIEF

I. INTRODUCTION

Andrew Stein's general election campaign for a seat in the House of Representatives ended in November of 1984. Since that time, two complaints by the same Complainant have alleged one or the other irregularity in the financing of this campaign. The first such complaint, initiating Matter Under Review 2070, was dismissed. A second complaint which inaugurated this MUR has consumed another two years of time, leading to the recommendations which are the subject of this brief.

Every allegation of the Complainant and every question of the Office of the General Counsel has been thoroughly investigated and analyzed, reviewed and then reviewed again. The Respondents have replied to two full sets of interrogatories, one issued in April of 1987 and the other in March of 1988. They have replied to additional questions from the Office of General Counsel, in phone conferences and in writing. See, e.g., letter dated June 14, 1988 from Robert F. Bauer, counsel to Respondents, to Ms. Sandra Robinson.

Throughout these proceedings various questions raised about Mr. Stein's finances have been addressed, in full. These include questions about whether it was somehow a violation of

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the FECA for Mrs. Stein to have assisted in the funding of household expenses while her husband was a candidate<sup>1/</sup>; whether there was somehow other "contributors" or guarantors of loans making undisclosed contributions to Stein's congressional campaign<sup>2/</sup>; and whether there was somehow improper parental or other family support to the congressional campaign, outside the course of a normal pattern of family giving throughout the years<sup>3/</sup>. For each question, there has been supplied a complete and well-documented reply; and each reply established that no violation of the Act had occurred.

Now there is presented the last in the series of these questions: whether in some fashion bank loans to Andrew Stein, which he made available to the campaign, were in some manner improperly secured with assets of his wife, Lynn Stein, exceeding her lawful contribution limit. The General Counsel appears satisfied with the Respondents' showing on two of the three bank loans in question, but not with the manner in which one such loan -- in the amount of \$24,000 from Bank Leumi --

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- 1/ See Response of Andrew Stein, Lynn Stein and Stein for Congress to Notification of Complaint, MUR 2070, October 7, 1985.
  - 2/ See Interrogatories and Request for Production of Documents, April 27, 1987, ¶ 1(e), and Respondents' Answers to Interrogatories, June 8, 1987.
  - 3/ See letters from Thomas J. Schwarz to Ms. Maura Callaway, January 15, and January 30, 1987.

was arranged. The Respondents believe that this question has been addressed in previous submissions to the Commission, with a demonstration that Andrew Stein had sufficient personal assets to obtain and repay this loan. They will attempt to show in this Brief, again, that no violation was committed.

II. THE BANK LEUMI LOAN

Stein's Personal Assets

Respondents submit that the General Counsel's brief stands in rebuttal to his own argument about the Bank Leumi loan. The General Counsel states at page 12 that the total assets available to Andrew Stein at the time that he negotiated loans from Manufacturers Hanover Trust and Bank Leumi was

 The General Counsel correctly concludes that "clearly, Mr. Stein demonstrated that he had sufficient assets of his own to obtain the loan" from Manufacturers Hanover Trust ("MHT"), in the total amount of \$375,000. Yet somehow these same assets, exceeding one million dollars, do not appear to the General Counsel sufficient to support the considerably smaller additional loan from Bank Leumi -- in the total amount of \$24,000. But if Stein's assets in excess of one million dollars were sufficient to repay the larger MHT loans of \$375,000, as the General Counsel concedes, then surely they could also meet his obligation on a \$24,000 Bank Leumi Note.

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Lynn Stein "Collateral"

By the General Counsel's own admission, the Bank Leumi loan "was obtained at a time in close proximity to when the above two loans were obtained from MHT". He is troubled, however, that the financial information available to MHT was not requested by or considered by Bank Leumi. He therefore assumes that the grounds for Bank Leumi's expectation for repayment must be found in the terms of the Promissory Note executed by the Steins for the benefit of Bank Leumi. And in that note, he comes to rely on a boilerplate provision stating that as collateral "I [the Steins] give you [the bank]. . . a security interest in all property of mine now or hereafter in your possession or control." The General Counsel concludes that property of Lynn Stein may have been held by Bank Leumi as collateral.

This is the critical point in the General Counsel's analysis. The Note executed on behalf of Bank Leumi makes reference to assets in the possession of the Bank, and this leads the General Counsel to speculate that there may have been assets of Lynn Stein in the possession of the Bank which secured the loan to Andrew. In fact, there were none. The loan was a signature loan; no collateral was demanded, and none was supplied. The Answers to Interrogatories provided by the Respondents on April 25, 1988 (Question No. 2) and June 8, 1987 (at p. 8) affirmed that no collateral was required by the Bank or supplied by Respondents in support of this loan.

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Respondents submit in support of their position an affidavit from Lynn Stein on this matter. The Stein affidavit shows that at no time was there a request by the Bank for a more formal statement of Mrs. Stein's assets, or even any discussion of taking possession of her assets to secure the loan while it was outstanding.

The Bank Leumi Note about which the General Counsel makes much is no more than a standard form note of the type provided to any borrower. No doubt in some instances the Bank may require the surrender of some property to serve as collateral. In this case it did not, because it was not needed. The Bank did not deem it necessary to support a loan of this size to this particular borrower, Andrew Stein, and the repayment history -- repayment 15 days before the formal due date -- vindicates this business judgment. Moreover, nothing in the circumstances surrounding the loan, the period it was outstanding, or the manner in which it was repaid, suggests that it was anything other than a sound, ordinary course loan.

Management of Stein's Marital Finances: In Practice and Under New York Law

From pages 5 through 9 of the General Counsel's brief, in its discussion of loan after loan, the General Counsel's analysis confirms that the Steins' assets were held, managed, or disposed of jointly. For example, in discussion of a loan of April 1984 in the amount of \$150,000, the General Counsel notes the funds were originally held in a joint securities

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account, then transferred to a joint checking account.

A subsequent series of loans from April 1984 through September 1984 originated with personal funds of Mr. Stein which were, nevertheless, ultimately deposited in joint accounts with Mrs. Stein.

This is the consistent pattern, namely that of funds transferred from, between and into accounts held jointly; and of individual assets liquidated and converted to cash for deposit in accounts under joint control.

Moreover, as the General Counsel correctly notes, the law of the State of New York provides that any assets held in joint tenancy are treated as assets of each joint tenant in full. Under this legal regime, the separation with which the General Counsel's Office is concerned is ultimately artificial: the vast majority of the assets which are the subject of this case are jointly held assets to which either Stein may lay claim.

#### Conclusion on Bank Leumi Loan

In short, all of the banks, Bank Leumi as well as MIT, loaned funds to Andrew Stein in the exercise of their reasonable business judgment that he had the means to repay them. He had those means and he did repay them. The General Counsel cannot sustain the case that two banks making loans to Andrew Stein on exactly that basis are somehow to be treated differently; the one as having contributed to a violation of the FECA and the other not.

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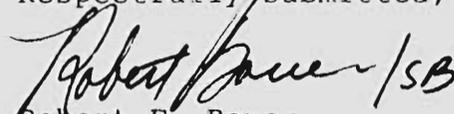
III. REPORTING ERRORS

Because Andrew Stein viewed the loans to the Committee as his personal funds, he viewed the obligation to repay the loans as his own. He had borrowed the funds personally on the strength of his personal assets and creditworthiness and he expected, personally, to repay them. For this reason, in reporting the loans to the Committee, he reported them as personal loans. This was an understandable error in the circumstances; it can be corrected by amendment. The Respondents contend, therefore, that no further action by the Commission is required, and no further action should be taken.

IV. CONCLUSION

Based on the foregoing, the Commission should find no probable cause that Respondents have violated the FECA.

Respectfully submitted,

  
Robert F. Bauer  
Counsel for Respondents

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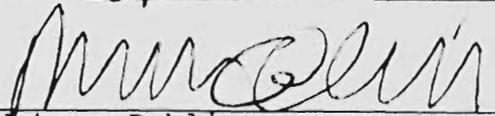
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5. My husband and I maintain virtually all of our funds in joint investment or checking accounts to which either of us has complete access as signatory, and the proceeds of properties held prior to the marriage but liquidated thereafter have been consistently deposited for joint use in such accounts.

  
Lynn Stein

SUBSCRIBED AND SWORN TO BEFORE ME  
this 04<sup>th</sup> day of January, 1989.

  
Notary Public

My Commission Expires:  
MICHAEL G. O'NEILL  
Notary Public, State of New York  
No. 31-4792073  
Qualified in New York County  
Commission Expires Feb. 23, 1990

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BILL GREEN  
15TH DISTRICT, NEW YORK

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES  
RANKING MINORITY MEMBER  
HUD-INDEPENDENT AGENCIES  
DISTRICT OF COLUMBIA

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

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WASHINGTON OFFICE  
1110 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-2438

NEW YORK OFFICE  
LINCOLN BUILDING  
60 EAST 42ND STREET, ROOM 2306  
NEW YORK, NY 10165-0015  
(212) 826-4466

January 23, 1989

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

Dear Mr. Noble:

I am writing to inquire about case #MUR 2292, concerning Mr. Andrew Stein, who ran for Congress in New York's 15th Congressional District in 1984. As you know, that case has been pending for more than four years. Mr. Charles Hagedorn, a newspaper publisher in New York City, recently contacted me regarding the delay in a decision on this case. As some determination must have been made by this time, I should appreciate your updating me on the status of this matter at your earliest convenience.

Sincerely,

*Bill Green*

Bill Green  
Member of Congress

BG:blj

cc: Mr. Charles Hagedorn

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Andrew Stein, Stein for Congress )  
and J. Randolph Peyton, as )  
treasurer )

MUR 2292

**SENSITIVE**  
**EXECUTIVE SESSION**

FEB 14 1989

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 31, 1987, the Commission found reason to believe that Andrew Stein and the Committee violated 2 U.S.C. §§ 441a(f) and 434(b) in connection with certain loans made by Andrew Stein, a candidate for the U.S. House of Representatives in the 1984 election cycle, to his principal campaign committee, Stein for Congress and J. Randolph Peyton, as treasurer ("the Committee"). The Commission's findings were based on an apparent lack of sufficient assets held by Mr. Stein to cover the amount of these loans, which appeared to have been obtained from outside sources. It further appeared that guarantors and/or endorsers were required in order for Mr. Stein to obtain the loans. The candidate's wife, Lynn Stein, was an endorser or co-maker on three bank loans. On that same date, the Commission determined that there was no reason to believe at that time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A).

On April 22, 1987, the Commission approved interrogatories and a request for production of documents. On June 8, 1987, Respondents replied to the discovery request. On March 8, 1988, the Commission approved a subpoena and order for additional investigation. Responses to the new discovery request were

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received on April 26, 1988, and a supplemental response was received on June 15, 1988.

The loans in this matter totaled \$904,373.33 and were made to the Committee over a period from December 1983, to April 22, 1986. Certain loans, that totaled \$505,373.33, were, in this Office's view, derived from Mr. Stein's personal funds.

Mr. Stein obtained two loans from Manufacturers Hanover Trust Company ("MHT"), including \$250,000 borrowed on October 16, 1984, and \$125,000 borrowed on October 29, 1984. Mrs. Stein co-signed the note for each loan as an endorser. She also completed the financial statement required by MHT as a co-applicant. Mr. Stein obtained a loan of \$24,000 from Bank Leumi Trust Company of New York ("Bank Leumi") on November 1, 1988. Mrs. Stein signed the promissory note for this loan as a co-maker.

On November 9, 1988, Respondents were sent a copy of the General Counsel's Brief recommending probable cause with respect to the loan obtained from Bank Leumi and certain reporting violations, and no probable with respect to the loans from Mr. Stein's personal funds and the loans obtained from Manufacturers Hanover Trust Company. On January 9, 1989, Respondents' Reply Brief was received.

## II. ANALYSIS

This Office relies on the legal analysis set forth in the General Counsel's Brief of November 9, 1988. However, due to information provided in Respondents' Reply Brief, the Bank Leumi loan requires further discussion.

In this Office's Brief a recommendation of probable cause to

believe Respondents violated 2 U.S.C. § 441a(f) with respect to the Bank Leumi loan was proposed. This recommendation was based on evidence available to this Office, which suggested that assets of Lynn Stein may have been considered by Bank Leumi when making the loan. Specifically, this evidence included language contained in the Promissory Note, signed by both Mr. and Mrs. Stein, which not only held each signer fully and separately liable for repayment of the loan, but also included specific language that identified as collateral for the loan "a security interest in all property of mine [Steins] now or hereafter in your possession or control." See General Counsel's Brief, page 15, quote from the Promissory Note. Respondents did not provide any other specific documentation for this loan. Respondents' Reply Brief, however, substantiates that the Bank Leumi loan was not based on any collateral. See Respondents' Reply to General Counsel's Brief, page 4. Respondents argue that general knowledge about Mr. Stein's apparent wealth, supported by information provided during the investigation of this matter, was sufficient to determine that he was able to obtain the Bank Leumi loan without use of his wife's assets for collateral. Respondents noted, as this Office did in its Brief, that the Bank Leumi loan was obtained in close proximity to the two loans received from Manufacturers Hanover Trust Company ("MHT"). In its Brief, this Office surmised that Mr. Stein had sufficient assets of his own to secure the two loans obtained from MHT. This reasoning was based on a financial statement that had been completed by both of the Steins and given to MHT in order to

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obtain the loans. Respondents would have the Commission apply the financial information provided by the Steins to MHT to the Bank Leumi loan, although there is no evidence that Bank Leumi considered such information. See Respondents Reply Brief, page 3.

Commission regulations provide for an exception to the definition of contribution in certain circumstances. Specifically, when a candidate obtains a loan for which his or her spouse's signature is required when jointly owned assets are used as collateral or security, the spouse will not be considered to have made a contribution to the candidate's campaign if the value of the candidate's share of the assets used as collateral or security equals or exceeds the amount of the loan used by the candidate's campaign. See 11 C.F.R. § 100.7(a)(1)(i)(D). The spousal exemption is effective only in circumstances where jointly owned collateral or security is used for a loan. In circumstances where a loan is not collateralized or secured, but both the candidate and the spouse are signatories for the loan, the spousal exemption is not available. Such is the circumstance with the Bank Leumi loan of \$24,000, where both Mr. and Mrs. Stein signed the the Promissory Note, and both are equally and fully responsible for repayment. In such a case, at least one-half the amount of the loan would be considered a contribution from Lynn Stein. Respondents failed to provide sufficient information to bring the Bank Leumi loan within the exemption of 11 C.F.R. § 100.7(a)(1)(i)(D). Therefore, Respondents accepted a contribution from Mrs. Stein in excess of

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the limitation set at 2 U.S.C. § 441a(a)(1)(A).

With regard to the failure to report the three bank loans, Respondents acknowledged this as an error on their part. Respondents understand that an amendment to their reports would be required, and requested that the Commission take no further action with respect to the reporting violation.

This Office recommends that the Commission find probable cause to believe respondents, Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the Bank Leumi loan, and no probable cause to believe these respondents violated 2 U.S.C. § 441a(f) with respect to the loans obtained from Manufacturers Hanover Trust Company and loans Mr. Stein made to his principal campaign committee from his personal funds. This Office also recommends that the Commission find probable cause to believe respondents, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b) with respect to the bank loans.

As noted, the Commission previously determined there was no reason to believe at that time that Lynn Stein violated 2 U.S.C. § 441a(a)(1)(A). Because this matter is now at the probable cause stage and was originally filed on November 18, 1986, this Office makes no recommendation with respect to Lynn Stein.

### III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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IV. RECOMMENDATIONS

1. Find no probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loans obtained from Manufacturers Hanover Trust Company, and the loans Andrew Stein made to Stein for Congress and J. Randolph Peyton, as treasurer, from his personal funds.

2. Find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loan obtained from Bank Leumi Trust Company of New York.

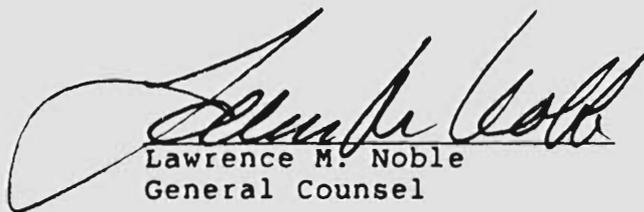
3. Find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b).

4. Approve the attached conciliation agreement and letter.

Date

2/8/89

Lawrence M. Noble  
General Counsel



Attachments:

- 1. Conciliation Agreement
- 2. Letter

Staff assigned: Sandra H. Robinson

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Andrew Stein )  
Stein for Congress and ) MUR 2292  
J. Randolph Peyton, as )  
treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of February 28, 1989, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2292:

1. Find no probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loans obtained from Manufacturers Hanover Trust Company, and the loans Andrew Stein made to Stein for Congress and J. Randolph Peyton, as treasurer, from his personal funds.
2. Find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 441a(f) with respect to the loan obtained from Bank Leumi Trust Company of New York.
3. Find probable cause to believe Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b).
4. Approve the conciliation agreement and letter attached to the General Counsel's report dated February 8, 1989,

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

Attest:

3-1-89

Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

March 8, 1989

Robert F. Bauer, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein, Stein for  
Congress and J. Randolph  
Peyton, as treasurer

Dear Mr. Bauer:

On February 28, 1989, the Federal Election Commission found that there is probable cause to believe your clients, Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b), provisions of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found probable cause to believe your clients accepted an excessive contribution from Lynn Stein in connection with a loan of \$24,000 obtained by Andrew Stein, with Lynn Stein as co-maker, from Bank Leumi Trust Company of New York, which funds were subsequently loaned to Mr. Stein's principal campaign committee, Stein for Congress and J. Randolph Peyton, as treasurer. The Commission found no probable cause to believe your clients violated 2 U.S.C. § 441a(f) with respect to the two loans obtained from Manufacturers Hanover Trust Company, and the loans Andrew Stein made to Stein for Congress and J. Randolph Peyton, as treasurer, from his personal funds. The Commission's finding of probable cause to believe your clients, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. § 434(b) was made with respect to the three bank loans.

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

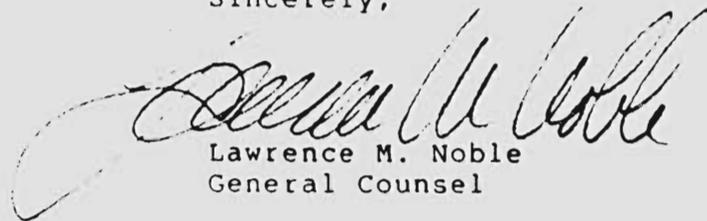
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Robert F. Bauer, Esq.  
Page 2

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

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Sandra H. Robinson, 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

April 14, 1989

Robert F. Bauer, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein, Stein for  
Congress and J. Randolph  
Peyton, as treasurer

Dear Mr. Bauer:

On March 8, 1989, you were notified that the Federal Election Commission found probable cause to believe that your clients, Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b). On that same date, you were sent a conciliation agreement offered by the Commission in settlement of this matter.

Please note that pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), the conciliation period in this matter may not extend for more than 90 days, but may cease after 30 days. Insofar as more than 30 days have elapsed without a response from you, a recommendation concerning the filing of a civil suit will be made to the Commission by the Office of the General Counsel unless we receive a response from you within 15 days of receipt of this letter.

Should you have any questions, please contact Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in cursive script, appearing to read "George F. Rishel".

BY: George F. Rishel  
Acting Associate General  
Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of	)	
	)	
Andrew Stein, Stein for Congress	)	MUR 2292
and J. Randolph Peyton, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a letter from counsel for the respondents in this matter, Andrew Stein, and Stein for Congress and J. Randolph Peyton, as treasurer ("the Committee"). Attachment I.

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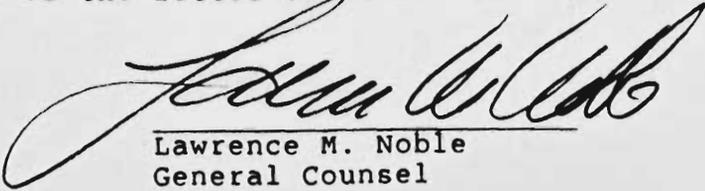
II. RECOMMENDATIONS

1. Reject the counteroffer of Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer.
2. Approve the attached counterproposal and letter.

3. Authorize the Office of the General Counsel to file a civil suit for relief in United States District Court against Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, if they do not accept the Commission's counterproposal within ten (10) days of receipt of the letter of notification.

Date

6/20/89

  
Lawrence M. Noble  
General Counsel

Attachments

1. Respondents' counteroffer
2. Proposed counterproposal and letter

Staff Assigned: Sandra H. Robinson

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Andrew Stein )  
Stein for Congress and ) MUR 2292  
J. Randolph Peyton, as )  
treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of June 27, 1989, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2292:

1. Reject the recommendations contained in the General Counsel's report dated June 21, 1989.
2. Accept the counteroffer of Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer.
3. Direct the Office of General Counsel to send an appropriate letter pursuant to the above-noted actions.

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

Attest:

6-29-89

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 12, 1989

Robert F. Bauer, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein, Stein for  
Congress and J. Randolph  
Peyton, as treasurer

Dear Mr. Bauer:

This letter is to confirm the Federal Election Commission's receipt of the counteroffer submitted on behalf of your clients, Andrew Stein, and Stein for Congress and J. Randolph Peyton, as treasurer, on June 9, 1989.

Enclosed herewith is a conciliation agreement incorporating this change, which we submit for the appropriate signature. Please submit the signed agreement, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make the check for the civil penalty payable to the Federal Election Commission.

Should you have any questions, please contact Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lawrence M. Noble".

Lawrence M. Noble  
General Counsel

Enclosure  
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of )  
Andrew Stein; Stein for Congress and )  
J. Randolph Peyton, as treasurer )

MUR 2292

**GENERAL COUNSEL'S REPORT**

**I. BACKGROUND**

Attached is a conciliation agreement which has been signed by J. Randolph Peyton, the treasurer of Stein for Congress. Attachment I.

The attached agreement contains no changes from the agreement approved by the Commission on June 27, 1989.<sup>1</sup> A check for the civil penalty has not been received.

**II. RECOMMENDATIONS**

1. Accept the attached conciliation agreement with Andrew Stein; and Stein for Congress and J. Randolph Peyton, as treasurer.
2. Close the file.

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1. On August 1, 1989, Respondents' counsel submitted a counteroffer requesting certain language changes. Attachment II. After discussion with staff of this Office, counsel stated that his clients would sign the agreement as approved by the Commission.

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3. Approve the attached letters.

Lawrence M. Noble  
General Counsel

Date 9/12/89

BY:

  
Lois G. Lerner  
Associate General Counsel

Attachments

1. Conciliation Agreement
2. Previously submitted Counteroffer
3. Letter to Respondents' counsel
4. Letter to Complainant

Staff Assigned: Sandra H. Robinson

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Andrew Stein; Stein for Congress and ) MUR 2292  
J. Randolph Peyton, as treasurer )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 19, 1989, the Commission decided by a vote of 4-1 to take the following actions in MUR 2292:

1. Accept the conciliation agreement with Andrew Stein; and Stein for Congress and J. Randolph Peyton, as treasurer, as recommended in the General Counsel's Report dated September 12, 1989.
2. Close the file.
3. Approve the letters, as recommended in the General Counsel's Report dated September 12, 1989.

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

Attest:

9/20/89  
Date

Hilda Arnold  
for Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat: Wednesday, September 13, 1989 at 10:32  
Circulated to the Commission: Wednesday, September 13, 1989 at 4:00  
Deadline for vote: Friday, September 15, 1989 at 4:00  
At the Time of Deadline, 4 affirmatively votes had not been received.  
Final vote received: Tuesday, September 19, 1989 5:05 p.m.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 21, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Charles G. Hagedorn  
Hagedorn Communications Corporation  
1 Madison Avenue, 35th Floor  
New York, New York 10010

RE: MUR 2292

Dear Mr. Hagedorn:

This is in reference to the complaint you filed with the Federal Election Commission on November 18, 1986, concerning Andrew Stein, and Stein for Congress and J. Randolph Peyton, as treasurer.

The Commission found that there was reason to believe Andrew Stein, and Stein for Congress and J. Randolph Peyton, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b) provisions of the Federal Election Campaign Act of 1971, as amended, and conducted an investigation in this matter. On September 19, 1989, a conciliation agreement signed by the respondents was accepted by the Commission. Accordingly, the Commission closed the file in this matter on September 19, 1989. A copy of this agreement is enclosed for your information.

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

Sincerely,

Lawrence M. Noble  
General Counsel

*Lois G. Lerner*  
BY: Lois G. Lerner  
Associate General Counsel

Enclosure  
Conciliation Agreement



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

September 21, 1989

Robert F. Bauer, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 2292  
Andrew Stein; Stein for  
Congress and J. Randolph  
Peyton, as treasurer

Dear Mr. Bauer:

On September 19, 1989, the Federal Election Commission accepted the signed conciliation agreement submitted on behalf of your clients, Andrew Stein; Stein for Congress and J. Randolph Peyton, as treasurer, in settlement of a violation of 2 U.S.C. §§ 441a(f) and 434(b), provisions 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 Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel

Enclosure  
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
 Andrew Stein; Stein for Congress and ) MUR 2292  
 J. Randolph Peyton, as treasurer )

RECEIVED  
 FEDERAL ELECTION COMMISSION  
 OFFICE OF GENERAL COUNSEL  
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CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Charles G. Hagedorn. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer ("Respondents"), violated 2 U.S.C. §§ 434(b) and 441a(f).

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

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

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

III. Respondents enter voluntarily into this agreement with the Commission.

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

1. Stein for Congress is a political committee within the meaning of 2 U.S.C. § 431(4).

2. J. Randolph Peyton is the treasurer of Stein for Congress.

3. Andrew Stein was a candidate for the U.S. House of Representatives in the 1984 election cycle.

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4. Andrew Stein designated Stein for Congress his principal campaign committee pursuant to 2 U.S.C. § 434(e)(1).

5. On October 16, 1984, Mr. Stein obtained a loan from Manufacturers Hanover Trust Company in the amount of \$250,000. Mr. Stein subsequently loaned that money to Stein for Congress. Thus, Mr. Stein obtained such loan as an agent for his principal campaign committee. Stein for Congress and J. Randolph Peyton, as treasurer, failed to identify the source of the bank loan on disclosure reports filed with the Commission, as required by 2 U.S.C. § 434(b).

6. On October 29, 1984, Andrew Stein obtained a loan from Manufacturers Hanover Trust Company in the amount of \$125,000. Mr. Stein subsequently loaned that money to Stein for Congress. Thus, Mr. Stein obtained such loan as an agent for his principal campaign committee. Stein for Congress and J. Randolph Peyton, as treasurer, failed to identify the source of the bank loan on disclosure reports filed with the Commission, as required by 2 U.S.C. § 434(b).

7. On November 1, 1984, Andrew Stein obtained a loan from Bank Leumi Trust Company of New York in the amount of \$24,216.19. Mr. Stein subsequently loaned \$24,000 of that amount to Stein for Congress. Thus, Mr. Stein obtained such loan as an agent for his principal campaign committee. Stein for Congress and J. Randolph Peyton, as treasurer, failed to identify the source of the bank loan on disclosure reports filed with the Commission, as required by 2 U.S.C. § 434(b).

8. Lynn Stein, Andrew Stein's wife, signed the

Promissory Note for the Bank Leumi loan as a Co-Maker. The Bank Leumi loan was not secured with collateral of either Mr. Stein or Mrs. Stein. Thus, Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, accepted a contribution from Lynn Stein in excess of the limitation set at 2 U.S.C.

§ 441a(a)(1)(A).

9. Section 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("the Act"), limits the amount an individual can contribute to a candidate or an authorized political committee, with respect to any election for federal office, to an aggregate amount of \$1,000.

10. Section 441a(f) of the Act prohibits a candidate or political committee from knowingly accepting any contribution or making any expenditure in violation of the provisions of Section 441a. In addition, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make an expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures under Section 441a.

11. Section 431(8)(A) of the Act defines "contribution" to include loans made to the political committee. Section 100.7(a)(1)(i) of Commission regulations include a guarantee, endorsement, and any other form of security, in the term "loan." Further, loans may not exceed the contribution limitations of Section 441a and those that do are unlawful, even if they are repaid. A loan is a contribution when it is made and remains such to the extent that it remains unpaid. To the extent that it

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is repaid, a loan is no longer a contribution. In addition, a loan is a contribution made by each endorser or guarantor of such loan, according to the portion of the total amount for which the endorser or guarantor is liable in a written agreement. Any repayment proportionately reduces the amount guaranteed or endorsed. Loans made to candidates in the ordinary course of business by federally insured lending institutions are not considered contributions by that institution.

12. Section 100.7(a)(1)(i)(D) of Commission regulations provides that a candidate may obtain a loan which requires the spouse's signature where jointly owned assets are used as collateral or security. The spouse will not be considered to have contributed to the candidate's campaign, if the value of the candidate's share of such property equals or exceeds the amount of the loan used by the campaign. The spousal exemption is effective only in circumstances where jointly owned collateral or security is used for a loan. In circumstances where a loan is not collateralized or secured, both the candidate and the spouse are signatories for the loan, and both are equally and fully responsible for repayment, at least one-half the amount of the loan used by the campaign would be considered a contribution from the spouse.

13. Section 432(e)(2) of the Act provides that where any loan is obtained by a candidate in connection with his or her campaign, the candidate shall be considered to have obtained such loan as an agent of his or her authorized committee(s).

14. Section 434(b)(2) of the Act requires an authorized

committee to disclose, in reports filed with the Commission, the total amount of all loans made by or guaranteed by the candidate, as well as all other loans. Section 434(b)(3)(E) requires that disclosure reports also identify each person who makes a loan to the reporting committee during the reporting period, together with the name of any endorser or guarantor of such loan, and the date and amount or value of such loan.

V. 1. Respondents, Andrew Stein, Stein for Congress and J. Randolph Peyton, as treasurer, accepted a contribution from Lynn Stein in excess of the limitation set at 2 U.S.C. § 441a(a)(1)(A), in violation of 2 U.S.C. § 441a(f).

2. Respondents, Stein for Congress and J. Randolph Peyton, as treasurer, failed to disclose the identity of certain bank loans in violation of 2 U.S.C. § 434(b).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Two Thousand Five Hundred dollars (\$2,500), 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 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.

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IX. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements 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

BY:

Lois G. Lerner  
Lois G. Lerner  
Associate General Counsel

September 21, 1989  
Date

FOR THE RESPONDENTS:

J. Randolph Peyton  
J. Randolph Peyton  
Treasurer

8-31-89  
Date

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2292

DATE FILMED 10/13/89 CAMERA NO. 3

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