FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2462

DATE FILMED 6/3/88 CAMERA NO. 2

CAMERAMAN K.A.U.

8804070350

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

20 April 1987

MEMORANDUM

TO: LAWRENCE M. NOBLE
ACTING GENERAL COUNSEL

THROUGH: JOHN C. SURMA
STAFF DIRECTOR

FROM: JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF THE RAY RUSSELL FOR CONGRESS COMMITTEE

The Ray Russell for Congress Committee (the "Committee") has failed to provide the source of a $50,000 candidate loan. According to the 1985-1986 Reports Analysis Division Review and Referral Procedures for Authorized Committees (Standard 9), this matter requires further examination by your office.

Please note that the candidate, Ray Russell, lost the primary election held on September 9, 1986, with 36.7% of the vote.

If you have any questions, please contact Linda Tangney at 376-2480.

Attachment

8804070351

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 20 April 1987

ANALYST: Linda Tangney

I. COMMITTEE: Ray Russell for Congress Committee
(C00206391)
Robert Martin, Treasurer
P.O. Box 8122
Mesa, AZ 85204

II. RELEVANT STATUTE: 2 U.S.C. §434(b)(3)(E)
11 CFR 104.3(a)(4)(iv)

III. BACKGROUND:

Failure to Properly Disclose the Source of a Candidate Loan

The Ray Russell for Congress Committee (the "Committee") has failed to provide the source of a $50,000 candidate loan.

The 1986 October Quarterly Report disclosed a $50,000 loan received from the candidate on Line 13(a) of the Detailed Summary Page (Attachment 2). Schedule A supporting Line 13(a) itemized a $50,000 loan received from the candidate, Ray Russell, on August 29, 1986 (Attachment 3). Schedule C disclosed the $50,000 loan from Ray Russell with an incurred date of August 29, 1986, and a due date of September 30, 1986. Schedule C did not reflect an interest rate (Attachment 4). The 1986 October Quarterly Report also reflected a $10,000 loan repayment to Ray Russell on Line 19(a) of the Detailed Summary Page, Schedule B supporting Line 19(a), and Schedule C (Attachments 2, 4 and 5). Schedule B disclosed the $10,000 loan repayment made to Ray Russell on September 19, 1986. Schedule C, reflecting the $10,000 loan repayment, disclosed a closing balance of $40,000 on the $50,000 loan.

A Request for Additional Information ("RFAI") was sent to the Committee on January 20, 1987. The RFAI requested the Committee to clarify if the loan was from the candidate's personal funds or borrowed from a lending institution, as well as the complete terms of the loan (Attachment 6). Because no response was received, a Second Notice was sent on February 12, 1987 (Attachment 7).

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A Reports Analysis Division ("RAD") analyst telephoned the treasurer, Robert Martin, on March 16, 1987. The analyst asked Mr. Martin if he had received a letter regarding the October Quarterly Report. Mr. Martin stated he had and would start working on amending the report soon. Mr. Martin also stated that the loan in question was from a bank and was endorsed by the candidate. Mr. Martin stated he would send in a letter explaining in detail about the $50,000 loan (Attachment 8).

On March 31, 1987, the analyst telephoned Mr. Martin again, because no response had been received. Mr. Martin apologized and stated he had forgotten to send in the amendment. Mr. Martin stated that he would mail the amendment out that day (Attachment 9).

To date, no response has been received.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

The Committee will be sent an RFAI on April 21, 1987, for failure to provide a due date for the $40,000 loan disclosed on Schedule C of the 1986 Year End Report. Schedule C of the 1986 October Quarterly Report disclosed a due date of September 30, 1986 for the $40,000 loan. The RFAI requested the Committee to clarify if the loan was overdue for repayment, or if the loan had been renegotiated.

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8 8 0 4 0 7 0 3 3 5 4

FEDERAL ELECTION COMMISSION
1985-1986
CANDIDATE INDEX OF SUPPORTING DOCUMENTS - (L)

DATE 28FR87

CANDIDATE/COMMITTEE/DOCUMENT	OFFICE SOUGHT/	PARTY	RECEIPTS PRIMARY	RECEIPTS GENERAL	DISBURSEMENTS PRIMARY	DISBURSEMENTS GENERAL	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
							TYPE OF FILER		
RUSSELL, RAY L	HOUSE OF REPUBLICAN PARTY					ARIZONA	1986 ELECTION	ID# H2AZ01040	
1. STATEMENT OF CANDIDATE									
1986 STATEMENT OF CANDIDATE							10MAR86	1	86HSE/298/1525
2. PRINCIPAL CAMPAIGN COMMITTEE									
RAY RUSSELL FOR CONGRESS COMMITTEE							ID #C00206391 HOUSE		
1986 STATEMENT OF ORGANIZATION							11FEB86	1	86HSE/297/3547
48 HOUR CONTRIBUTION NOTICE							11SEP86	1	86HSE/314/0048
APRIL QUARTERLY			27,541		14,839		12FEB86 -31MAR86	9	86HSE/301/2427
JULY QUARTERLY			67,955		62,023		1APR86 -30JUN86	20	86HSE/309/4886
PRE-PRIMARY			42,493		31,429		1JUL86 -20AUG86	15	86HSE/312/4828
REQUEST FOR ADDITIONAL INFORMATION							1JUL86 -20AUG86	4	87FEC/455/0022
REQUEST FOR ADDITIONAL INFORMATION 2ND							1JUL86 -20AUG86	9	87FEC/460/3881
OCTOBER QUARTERLY			84,322		113,606		21AUG86 -30SEP86	17	86HSE/319/1700
REQUEST FOR ADDITIONAL INFORMATION							21AUG86 -30SEP86	4	87FEC/455/0052
REQUEST FOR ADDITIONAL INFORMATION 2ND							21AUG86 -30SEP86	1	87FEC/460/3890
YEAR-END			2,561		1,095		10CT86 -31DEC86	5	87HSE/331/2167
TOTAL			224,772	0	222,992	0		86	TOTAL PAGES
3. AUTHORIZED COMMITTEES									
RAY RUSSELL FOR CONGRESS COMMITTEE							ID #C00155309 HOUSE		
1985 MID-YEAR REPORT				2,069		3,906	1JAN85 -30JUN85	5	85HSE/290/2093
MID-YEAR REPORT	- AMENDMENT			-		-	1JAN85 -30JUN85	1	85HSE/291/3823
REQUEST FOR ADDITIONAL INFORMATION							1JAN85 -30JUN85	1	85FEC/389/2704
YEAR-END			2,700		2,700		1JUL85 -31DEC85	5	86HSE/296/1349
YEAR-END	- AMENDMENT		2,700		2,700		1JUL85 -31DEC85	2	86HSE/303/1945
YEAR-END	- AMENDMENT		-		-		1JUL85 -31DEC85	2	86HSE/303/2789
REQUEST FOR ADDITIONAL INFORMATION							1JUL85 -31DEC85	1	86FEC/405/1321
REQUEST FOR ADDITIONAL INFORMATION 2ND							1JUL85 -31DEC85	2	86FEC/408/1545
1986 MID-YEAR REPORT				4,050		4,050	1JAN86 -30JUN86	5	86HSE/310/0990
YEAR-END			3,733		3,733		1JUL86 -31DEC86	5	87HSE/331/4774
								29	TOTAL PAGES
								29	AUTH TOT PAGES
4. JOINT FUNDRAISING COMMITTEES AUTHORIZED BY THE CAMPAIGN									
								29	AUTH TOT PAGES

THE FOLLOWING APPLIES ONLY TO RAY RUSSELL FOR CONGRESS COMMITTEE, ID NUMBER C00206369
ALL REPORTS HAVE BEEN REVIEWED
ENDING CASH-ON-HAND AS OF 12/31/86: $1778
OUTSTANDING DEBTS OWED BY THE COMMITTEE AS OF 12/31/86: $40,000

ATTACHMENT 1

[illegible]
(Page 2, FEC Form 3)

Name of Committee (in Full): RAY RUSSELL FOR CONGRESS

Report Covering the Period From: 8/21/86 To: 9/30/86

	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date	
I. RECEIPTS			
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees	33,579.81	$165,866.78	11 (a)
(Memo Entry Unitemized $ 20,201.50)			
(b) Political Party Committees		5,600.00	11 (b)
(c) Other Political Committees			11 (c)
(d) The Candidate			11 (d)
(e) TOTAL CONTRIBUTIONS (other than loans (add 11(a), 11(b), 11(c) and 11(d).	33,579.81	171,466.78	11 (e)
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES			12
13. LOANS:			LT
(a) Made or Guaranteed by the Candidate	50,000.00	50,000.00	13 (a)
(b) All Other Loans			13 (b)
(c) TOTAL LOANS (add 13 (a) and 13 (b))			13 (c)
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	572.04		14
15. OTHER RECEIPTS (Dividends, Interest, etc.)	70.29		15
16. TOTAL RECEIPTS (add 11 (e), 12, 13 (c), 14 and 15)	84,222.14		16
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES	88,606.43	196,899.40	17
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES			18
19. LOAN REPAYMENTS:			LT
(a) Of Loans Made or Guaranteed by the Candidate	10,000.00	10,000.00	19 (a)
(b) Of All Other Loans			19 (b)
(c) TOTAL LOAN REPAYMENTS (add 19 (a) and 19 (b))			19 (c)
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees	15,000.00	15,000.00	20 (a)
(b) Political Party Committees			20 (b)
(c) Other Political Committees			20 (c)
(d) TOTAL CONTRIBUTION REFUNDS (add 20 (a), 20 (b), and 20 (c))			20 (d)
21. OTHER DISBURSEMENTS			21
22. TOTAL DISBURSEMENTS (add 17, 18, 19 (c), 20 (d) and 21)	113,606.43	221,899.40	22

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD	$ 29,697.14	23
24. TOTAL RECEIPTS THIS PERIOD (From Line 16)	$ 84,222.14	24
25. SUBTOTAL (Add Line 23 and Line 24)	$ 113,919.28	25
26. TOTAL DISBURSEMENTS THIS PERIOD (From Line 22)	$ 113,606.43	26
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 26 from 25)	$ 312.85	27

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SCHEDULE A [redacted]

LOANS FROM CANDIDATE

For each heading of the Detailed Summary Page

FOR LINE NUMBER 13a

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)

RAY RUSSELL FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code RAY RUSSELL P.O. Box 8122 Mesa, AZ 85204 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer: CANDIDATE Occupation: CANDIDATE Aggregate Year-to-Date > $50,000.00	Date (month, day, year): 8/[illegible]/86	Amount of Each Receipt this Period: $50,000.00
B. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
C. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
D. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			$50,000.00

SCHEDULE C
(Revised 3/85)

LOANS

Page 1 of 3
(All Schedule C pages must be attached for each outstanding loan)

Name of Committee (In Full)
RAY RUSSELL FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code of Loan Source

Ray Russell
P. O. Box 8122
Mesa, AZ 85204

Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
$[illegible]	$[illegible]	$40,000

Election ☐ Primary ☐ General ☐ Other (specify)

Terms: Date Incurred 8/29/86 Date Due 9/30/86 Interest Rate [illegible] ☐ Secured

List All Endorsers or Guarantors (if any) to Item A

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 $

B. Full Name, Mailing Address and ZIP Code of Loan Source

Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period

Election ☐ Primary ☐ General ☐ Other (specify)

Terms: Date Incurred _____ Date Due _____ Interest Rate _____ ☐ 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)

TOTALS This Period (last page in this line only) $40,000.00

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary

SCHEDULE B

LOAN REPAYMENTS TO CANDIDATE

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)

RAY RUSSELL FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
RAY RUSSELL 758 E. 7th Place Mesa, AZ 85203	Partial repayment of loan Disbursement for [X] Primary [ ] General [ ] Other (specify)	9/19/86	$10,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for [ ] Primary [ ] General [ ] Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
SUBTOTAL of Disbursements This Page (optional)			
TOTAL This Period (last page this line number only)			$

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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

JUN 20 1997

Robert Martin, Treasurer
Ray Russell for Congress Committee
P.O. Box 0122
Mesa, AZ 85204

Identification Number: C00206391

Reference: October Quarterly Report (8/21/96-9/30/96)

Dear Mr. Martin:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Please provide the Column B figures for Lines 14, 15 and 16 on the Detailed Summary Page.

-When a committee reports receiving a loan from the candidate, it is necessary to clarify whether or not the candidate used his/her personal funds or borrowed the money from a lending institution, or any other source. If the candidate borrowed funds from a lending institution or any other source, please provide the name of the lending institution and the complete terms of the loan. <u>If the loan(s) was from personal funds, please acknowledge that fact in an amendment to this report.</u> Further, it is important to note that "personal funds" is strictly defined by Commission regulations and may be found in 11 CFR 110.10. (11 CFR 100.7(a)(1) and 104.3(d))

LT

-Schedule A of your report (pertinent portion attached) discloses contributions which appear to exceed the limits set forth in the Act. An individual or a political committee other than a multicandidate committee may not make contributions to a candidate for Federal office in excess of $1,000 per election. If you have received a contribution which exceeds the limits, the Commission recommends that you refund to the donor the amount in excess of $1,000. The Commission should be notified in writing if a refund is necessary. In addition, any refund should appear on Line 20 of the Detailed Summary Page and Schedule B of your next report. (2 U.S.C. §441a(a) and (f))

97020435359

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

If the contributions in question were incompletely or incorrectly reported, you may wish to submit documentation for the public record. Please amend your report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of excessive contributions, prompt action by you to refund the excessive amounts will be taken into consideration.

An amendment to your original report(s) correcting the above problem(s) should be filed with the Clerk of the House of Representatives, 1036 Longworth House Office Building, Washington, DC 20515 within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,

Linda Tangney

Linda Tangney
Reports Analyst
Reports Analysis Division

ATTACHMENT 7

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

RQ-3

February 12, 1987

Robert Martin, Treasurer
Ray Russell for Congress Committee
P.O. Box 8122
Mesa, AZ 85204

Identification Number: C00206391

Reference: 12 Day Pre-Primary (7/1/86-8/20/86) and October Quarterly (8/21/86-9/30/86) Reports

Dear Mr. Martin:

This letter is to inform you that as of February 11, 1987, the Commission has not received your response to our requests for additional information dated January 20, 1987. Those notices requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). Copies of our original requests are enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Linda Tangney on our toll-free number (800) 424-9530 or our local number (202) 376-2480.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosures

8804070336

ATTACHMENT 8

MEMORANDUM FOR FILES: TELECON

SUBJECT: 1986 OCTOBER QUARTERLY REPORT

FROM: LINDA TANGNEY

TO: ROBERT MARTIN, TREASURER

NAME OF COMMITTEE: RAY RUSSELL FOR CONGRESS COMMITTEE

DATE: 3/16/87

I telephoned Mr. Martin, and asked him if he had received a letter regarding the October Quarterly report. He stated that he had, and would be working on the amendment soon. Mr. Martin stated that the loan in question was from a bank and was endorsed by the candidate. Mr. Martin stated that he would send in a letter which explained in detail about the $50,000 loan.

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ATTACHMENT 9

MEMORANDUM FOR FILES: TELECON

SUBJECT: 1986 OCTOBER QUARTERLY REPORT

FROM: LINDA TANGNEY

TO: ROBERT MARTIN, TREASURER

NAME OF COMMITTEE: RAY RUSSELL FOR CONGRESS COMMITTEE

DATE: 3/31/87

I called Mr. Martin again, to ask him if he had sent in the amendment to the October Quarterly report yet. Mr. Martin apologized for forgetting to send it in, and stated that he would mail it out today.

8 8 0 4 0 7 0 3 3 6 3

SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

RAD Referral # 87L-13
STAFF MEMBER
Anthony L. Marshall

Source: INTERNALLY GENERATED

Respondent: Ray Russell for Congress Committee and Robert Martin, as Treasurer

Relevant Statutes: 2 U.S.C. § 434(b)(2)(H)
2 U.S.C. § 434(b)(3)(E)
2 U.S.C. § 434(b)(4)(E)
2 U.S.C. § 434(b)(5)(D)

Internal Reports Checked: Respondent's October 1986 Quarterly Report and January 31 Year End Report

Federal Agencies Checked: None

I. GENERATION OF MATTER

This matter was generated as a result of a referral by the Reports Analysis Division ("RAD") concerning the failure of the Ray Russell for Congress Committee ("the Committee") to provide the source of a $50,000.00 candidate loan.

II. FACTUAL AND LEGAL ANALYSIS

The October 1986 Quarterly Report of the Committee disclosed a $50,000.00 loan from the candidate. The report also disclosed a $10,000 loan repayment to the candidate. Terms of the loan were not disclosed. On January 20, 1987 a request for additional information ("RFAI") was sent to the Committee requesting that the Committee clarify whether the loan was from the candidate's personal funds or borrowed from a lending institution. The RFAI also requested full disclosure of the terms of the loan.

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A second RFAI was sent on February 12, 1987. Not receiving any response from the Committee, a RAD analyst telephoned the treasurer, Robert Martin on March 16, 1987. During the conversation, Mr. Martin revealed that a bank was the source of the loan. Mr. Martin stated he would send a letter clarifying the details of the loan. To date, no response has been received.

2 U.S.C. § 434(b)(3)(E) states that reports shall disclose 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 date and amount or value of such loan.

The candidate, Ray Russell would be permitted by Commission regulations to make a loan from his personal funds to the Committee. 11 C.F.R. § 110.10(a). However, such loans must meet the definition of personal funds and be identified as such. See 11 C.F.R. § 110.10(b).

The Act and Commission regulations, however, specifically provide that when a candidate receives a loan for use in connection with his campaign, the candidate receives such a loan as agent of his authorized committee. See 2 U.S.C. § 432(e)(2); 11 C.F.R. §§ 101.2 and 102.7(d). See also Advisory Opinion 1985-33. To comply with the Act and Commission regulations, the $50,000.00 loan and its terms would have to have been reported by the Committee and itemized as a loan from the bank, rather than as a loan from the candidate to the Committee. 2 U.S.C. §§ 434(b)(2)(H) and (3)(E). Accordingly, the repayment of the loan was reportable as a disbursement to the lender. 2 U.S.C. § 434(b)(4)(E) and (b)(5)(D).

8804070365

Based on the information contained in the Committee's 1986 October Quarterly Report combined with the oral statements received from the treasurer, the candidate received a personal loan which was used by the Committee. This loan does not qualify as a loan from the candidate's personal funds but rather as a loan from the lender and should have been reported and itemized as such.

Therefore, the Office of the General Counsel recommends finding reason to believe that the Ray Russell for Congress Committee and Robert Martin, as treasurer, violated 2 U.S.C. § 434(b)(2)(H), (b)(3)(E), (b)(4)(E) and (b)(5)(D).

III. RECOMMENDATIONS

1. Open a MUR.

2. Find reason to believe that the Ray Russell for Congress Committee and Robert Martin, as treasurer, violated:

   2 U.S.C. § 434(b)(3)(E)
   2 U.S.C. § 434(b)(2)(H)
   2 U.S.C. § 434(b)(4)(E)
   2 U.S.C. § 434(b)(5)(D).

3. Approve the attached letter and Factual and Legal Analysis.

4. Approve the attached Interrogatories and Request for Production of Documents.

6/4/87
Date

Lawrence M. Noble
Acting General Counsel

Attachments:
1. Referral Materials
2. Letter and Factual and Legal Analysis
3. Interrogatories and Request for Production of Documents

8804070336 6

BEFORE THE FEDERAL ELECTION COMMISSION

(MUR 2462)

In the Matter of	)	
	)	
Ray Russell for Congress Committee and Robert Martin, as Treasurer	)	RAD Ref. 87L-13
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 8, 1987, the Commission decided by a vote of 6-0 to take the following actions in RAD Ref. 87L-13:

1. Open a MUR.

2. Find reason to believe that the Ray Russell for Congress Committee and Robert Martin, as treasurer, violated:

   2 U.S.C. § 434(b)(3)(E)
   2 U.S.C. § 434(b)(2)(H)
   2 U.S.C. § 434(b)(4)(E)
   2 U.S.C. § 434(b)(5)(D).

3. Approve the letter and Factual and Legal Analysis, as recommended in the First General Counsel's Report signed June 4, 1987.

4. Approve the Interrogatories and Request for Production of Documents, as recommended in the First General Counsel's Report signed June 4, 1987.

(continued)

8804070367

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

Attest:

6-9-87
Date

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

Received in Office of Commission Secretary: Thurs., 6-4-87, 11:32
Circulated on 48 hour tally basis: Thurs., 6-4-87, 4:00
Deadline for vote: Mon., 6-8-87, 4:00

8804070368

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 12, 1987

Robert Martin, treasurer,
Ray Russell for Congress Committee
P.O. Box 8112
Mesa, AZ 85204

RE: MUR 2462
Ray Russell for Congress
Committee and Robert Martin,
as treasurer

Dear Mr. Martin:

On June 8, 1987, the Federal Election Commission found that there is reason to believe that the Ray Russell for Congress Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 434(b)(2)(H), (b)(3)(E), (b)(4)(E) and (b)(5)(D), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office, along with answers to the enclosed questions within 15 days of your 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 the Committee and you, as treasurer, 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.

8804070369

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.

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 authorizing such counsel to receive any notifications and other communications from the Commission.

The investigation now being conducted will be 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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Anthony Marshall, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Scott E. Thomas
Chairman

Enclosures
Factual and Legal Analysis
Interrogatories and Request for Production of Documents
Procedures
Designation of Counsel Form

8804070370

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2462
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Robert Martin
Treasurer, Ray Russell for Congress Committee
P.O. Box 8112
Mesa, AZ 85204

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you 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 you 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.

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INTERROGATORIES

1. Did the $50,000 loan shown on the Committee's 1986 October Quarterly Report come from personal funds as defined by 11 C.F.R. § 110.10(b)? If so, identify the personal assets used and the candidate's ownership interest in them.

2. Did the candidate receive a loan to finance activities associated with his campaign?

3. What was the source of the loan?

4. What was the interest rate on the loan?

5. What was the due date of the loan?

6. Was the loan evidenced by a written instrument? If so, provide a copy of the instrument.

7. What was the collateral for the loan?

8. Identify all persons having ownership or an interest in the collateral?

9. Has the loan been repaid? If so, provide evidence of such.

10. Provide a copy of the instrument used to make the loan to the committee (front and back).

11. Provide a copy(ies) of document(s) used in repayment of the loan in question.

12. Identify all guarantors or endorsers of the $50,000 loan.

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GCC 3731
RECEIVED AT THE FEC

87 JUN 29 A11:47

- MUR 2462

ROBERT MARTIN
616 E. SOUTHERN AVE. SUITE 103
MESA, AZ. 85204

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
87 JUN 29 P 2:40

June 26, 1987

Federal Election Commission
Washington, D.C. 20463

Attn: Mr. Anthony Marshall

Dear Mr. Marshall:

This is in response to your letter of June 12, 1987 concerning the Ray Russell for Congress Committee of which I am treasurer, requesting information related to a previously reported $50,000.00 loan to the Committee.

I have enclosed a copy of the "Interrogatories" requested by you and my response to these. I will obtain a copy of the check written for $5,000.00 to repay a portion of the loan and attempt to have it sent to you during the week of June 29, 1987 (question #11).

I apologize for the misclassification I made on the original report as filed and for not furnishing the requested written information to correct this to you sooner; however, as you noted in your letter, I did furnish this information verbally to your reports analyst, Linda Tangney on March 16, 1987.

I do not believe that there was any violation of the Federal Campaign Act and when the information is received by you to complete the answer to question #11 that no action should be taked against the Committee and me.

If you have any additional questions or need any additional information, do not hesitate to contact me.

I thank you for your consideration in this matter.

Sincerely,

Robert Martin

Robert Martin,
Treasurer, Ray Russell for Congress Committee

8804070373

INTERROGATORIES

1. **Did the $50,000 loan shown on the Committee's 1986 October Quarterly Report come from personal funds as defined by 11 C.F.R. § 110.10(b)? If so, identify the personal assets used and the candidate's ownership interest in them.** Loan did not come from personal funds as defined above.

2. **Did the candidate receive a loan to finance activities associated with his campaign?** Yes

3. **What was the source of the loan?** First Interstate Bank, P.O. Box 29763, Phoenix, Ar. 85038-9763 (Loan Officer is Norman Fish)

4. **What was the interest rate on the loan?** Prime Rate plus 2%

5. **What was the due date of the loan?** October 27, 1986 renewed to March 2, 1987, renewed to August 1, 1987.

6. **Was the loan evidenced by a written instrument? If so, provide a copy of the instrument.** Yes- see attached.

7. **What was the collateral for the loan?** None

8. **Identify all persons having ownership or an interest in the collateral?** N/A

9. **Has the loan been repaid? If so, provide evidence of such.** See #1 Below

10. **Provide a copy of the instrument used to make the loan to the committee (front and back).** See Attached

11. **Provide a copy(ies) of document(s) used in repayment of the loan in question.** This is not currently available-will be sent week of 6/29/87 when it is required.

12. **Identify all guarantors or endorsers of the $50,000 loan.** Ray Russell

#1. $10,000.00 was paid by the committee to Ray Russell and was previously recorded as reduction of the loan to Ray Russell. However, because of above reclassification of loan, the $10,000.00 repayment must be reallociated as follows:

Repayment to First Interstate Bank	$5,000.00
Interest	2,307.33
Reimbursement to Ray Russell for campaing expenses incurred by Ray Russell	2,692.67
	10,000.00

I submit the above information and under oath state I believe all above answers to be correct

Robert Martin 6/26/87

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ALL

Mesa, ARIZONA August 28, 19 86

alue received, the undersigned ("Maker") promises to pay to the order of FIRST INTERSTATE BANK OF ARIZONA N. A. AT ITS Brown and Gilbert OFFICE IN THIS CITY, THE SUM OF

* * * * * * * * *FiftyThousand and 00/100* DOLLARS $ 50,000.00

with interest on the outstanding principal balance computed on the basis of a 365 day year from date until paid at the rate of

☐ _____ % per annum; or

☒ "Prime" plus 2.00 % (The prime rate is defined as the interest rate per annum designated by First Interstate Bank of Arizona, N.A., as its "prime rate" as announced by that bank from time to time.) adjusted periodically on the effective date of, and in conformity with, changes in that prime rate.

Principal and interest payable as follows; Principal: October 27, 1986 Interest October 27, 1986

Maker agrees to an effective rate of interest which is the rate stated above plus any additional rate of interest resulting from any other charges in the nature of interest paid or to be paid in connection with this note. "Default Rate" is defined as three percent (3%) above the rate in effect on the day that the unpaid balance becomes immediately due and payable.

Maker also agrees that: (a) Maker will pay all costs and expenses of collection of this note, including reasonable attorneys' fees; (b) the entire principal hereof shall bear interest after maturity at the Default Rate until paid; (c) if the interest is not paid when due, it shall become a part of the principal and thereafter bear the same rate of interest; (d) at the option of the holder, the unpaid balance of this note shall become due and payable immediately without notice, with interest thereon after the date of exercise of such option at the Default Rate until paid: (i) upon default in payment of any installment as and when such is herein promised to be paid; (ii) in the event garnishment, attachment, execution, levy or assessment of tax deficiency is issued against any of the property or assets of Maker; or (iii) in the event that the holder in good faith believes that the prospect of payment by Maker, endorser or guarantor is impaired; (e) the holder shall have the right, before or after maturity, to offset any property of Maker in holder's possession against Maker's obligations.

Maker and endorsers and guarantors hereof severally (a) waive presentment, notice of dishonor and protest and all exemption laws and rights thereunder affecting the full collection of this note; (b) consent, without notice, to any indulgence granted to any party by the holder; and (c) agree that the liability under this note of all parties hereto shall be joint and several.

This Note shall be construed according to the laws of the State of Arizona.

L/O INITIALS

Raymond L. Russell

8804070337 5

Mesa, ARIZONA October 30, 19 86

For value received, the undersigned ("Maker") promises to pay to the order of FIRST INTERSTATE BANK OF ARIZONA N. A. AT ITS Brown and Gilbert OFFICE IN THIS CITY, THE SUM OF

* * * * *Forty-Five Thousand and 00/100* * * * * * * * * * * * * * DOLLARS $ 45,000.0

with interest on the outstanding principal balance computed on the basis of a 365 day year from date until paid at the rate of

☐ _____ % per annum; or

☒ "Prime" plus 2.00 % (The prime rate is defined as the interest rate per annum designated by First Interstate Bank of Arizona, N.A., as its "prime rate" as announced by that bank from time to time.) adjusted periodically on the effective date of, and in conformity with, changes in that prime rate.

Principal and interest payable as follows; Principal: March 2, 1987 Interest March 2, 1987

Maker agrees to an effective rate of interest which is the rate stated above plus any additional rate of interest resulting from any other charges in the nature of interest paid or to be paid in connection with this note. "Default Rate" is defined as three percent (3%) above the rate in effect on the day that the unpaid balance becomes immediately due and payable.

L/O INITIALS

Maker also agrees that: (a) Maker will pay all costs and expenses of collection of this note, including reasonable attorneys' fees; (b) the entire principal hereof shall bear interest after maturity at the Default Rate until paid; (c) if the interest is not paid when due, it shall become a part of the principal and thereafter bear the same rate of interest; (d) at the option of the holder, the unpaid balance of this note shall become due and payable immediately without notice, with interest thereon after the date of exercise of such option at the Default Rate until paid: (i) upon default in payment of any installment as and when such is herein promised to be paid; (ii) in the event garnishment, attachment, execution, levy or assessment of tax deficiency is issued against any of the property or assets of Maker; or (iii) in the event that the holder in good faith believes that the prospect of payment by Maker, endorser or guarantor is impaired; (e) the holder shall have the right, before or after maturity, to offset any property of Maker in holder's possession against Maker's obligations.

Maker and endorsers and guarantors hereof severally (a) waive presentment, notice of dishonor and protest and all exemption laws and rights thereunder affecting the full collection of this note; (b) consent, without notice, to any indulgence granted to any party by the holder; and (c) agree that the liability under this note of all parties hereto shall be joint and several.

This Note shall be construed according to the laws of the State of Arizona.

758 E. 7th Place

Mesa, ARizona 85203

Raymond L. Russell

Raymond L. Russell

8804070376

Mesa, ARIZONA March 6, 19 87

value received, the undersigned ("Maker") promises to pay to the order of FIRST INTERSTATE BANK OF ARIZONA N. A. AT ITS Brown and Gilbert OFFICE IN THIS CITY, THE SUM OF

* * * * * *Forty-Five Thousand and 00/100* * * * * * * * DOLLARS $45,000.00

interest on the outstanding principal balance computed on the basis of a 365 day year from date until paid at the rate of % per annum; or

Prime" plus 2.00 % (The prime rate is defined as the interest rate per annum designated by First Interstate Bank of Arizona, N.A., as its "prime " as announced by that bank from time to time.) adjusted periodically on the effective date of, and in conformity with, changes in that prime rate.

cipal and interest payable as follows; Principal: August 1, 1987 Interest: August 1, 1987

ker agrees to an effective rate of interest which is the rate stated above plus any additional rate of interest resulting from any other charges in the nature of interest paid or to aid in connection with this note. "Default Rate" is defined as three percent (3%) above the rate in effect on the day that the unpaid balance becomes immediately due and able.

ker also agrees that: (a) Maker will pay all costs and expenses of collection of this note, including reasonable attorneys' fees; (b) the entire principal hereof shall bear interest maturity at the Default Rate until paid; (c) if the interest is not paid when due, it shall become a part of the principal and thereafter bear the same rate of interest; (d) at the on of the holder, the unpaid balance of this note shall become due and payable immediately without notice, with interest thereon after the date of exercise of such option at Default Rate until paid: (i) upon default in payment of any installment as and when such is herein promised to be paid; (ii) in the event garnishment, attachment, execution, or assessment of tax deficiency is issued against any of the property or assets of Maker; or (iii) in the event that the holder in good faith believes that the prospect of payment aker, endorser or guarantor is impaired; (e) the holder shall have the right, before or after maturity, to offset any property of Maker in holder's possession against Maker's gations.

ker and endorsers and guarantors hereof severally (a) waive presentment, notice of dishonor and protest and all exemption laws and rights thereunder affecting the full ction of this note; (b) consent, without notice, to any indulgence granted to any party by the holder; and (c) agree that the liability under this note of all parties hereto shall be and several.

Note shall be construed according to the laws of the State of Arizona.

L/O INITIALS

58 E. 7th Place

esa, Arizona 85203

Raymond L. Russel

R3040703377

ROBERT MARTIN
616 E. SOUTHERN AVE. SUITE 103
MESA, AZ. 85204

GCC 4006

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87 JUL 23 AM 11: 0

MUR 2462

July 15, 1987

Federal Election Commission
Washington, D.C. 20463

RECEIVED
GENERAL COUNSEL
87 JUL 23 P 3:

Attn: Mr. Anthony Marshall

Dear Mr. Marshall:

Enclosed is the final information you requested related to the Ray Russell for Congress Committee of which I am treasurer, which is a follow up to my letter to you dated June 26, 1987.

If you have any additional questions or need any additional information, do not hesitate to contact me.

I thank you for your consideration in this matter.

Sincerely,

Robert Martin

Robert Martin,
Treasurer, Ray Russell for Congress Committee

88040703378

DR. RAYMOND L. RUSSELL
EVANGELINE D. RUSSELL
758 E. 7TH PL. PH. 844-0500
MESA, AZ 85203

1104

91-170
1221

Oct 30 1986

Pay to the order of First Interstate Bank $ 5,819.84

Five thousand eight hundred nineteen 84/100 Dollars

THE ARIZONA BANK / MESA MAIN 63 WEST MAIN STREET MESA, ARIZONA 85201

The Premium Money Market Account

For 5,000 principal + 819.84 int. Ray L. Russell

⑆122101706⑆1104 014⑈725205⑈ ⑈0000581986⑈

Rocky Mountain Bank Note 9

DR. RAYMOND L. RUSSELL
EVANGELINE D. RUSSELL
758 E. 7TH PL. PH. 844-0500
MESA, AZ 85203

1106

91-170
1221

March 12, 1987

Pay to the order of First Interstate Bank $ 1487.42

Fourteen eighty seven dollars and 42/100 Dollars

THE ARIZONA BANK / MESA MAIN 63 WEST MAIN STREET MESA, ARIZONA 85201

The Premium Money Market Account

For #6562670 - Pump. Sub. Ray L. Russell

⑆122101706⑆1106 014⑈725205⑈ ⑈0000148742⑈

Rocky Mountain Bank Note 9

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BCC#4125
87 AUG 10 A8:48

ROBERT MARTIN
616 E. SOUTHERN AVE. SUITE 103
MESA, AZ. 85204

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
87 AUG 10 A10:44

July 30, 1987

Federal Election Commission
Washington, D.C. 20463

Attn: Ms. Debbie Curry

Re: Ray Russell for Congress Committee, MUR# 2462

Dear Ms. Curry:

This letter is written to request pre probable cause reconcilation for the misclassification made on the originial reprot filed for the "Ray Russell for Congress Committee" (MUR#2462) and request that no action be taken against the Committee or myself as treasurer.

I believe that all information requested by you has been forwarded; however, if you have any additional questions or need any additional information, do not hesitate to contact me.

I thank you for your consideration in this matter.

Sincerely,

Robert Martin

Robert Martin,
Treasurer, Ray Russell for Congress Committee

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
87 NOV 20 PM 3:50

EXECUTIVE SESSION
DEC 01 1987

In the Matter of)
)
Ray Russell for Congress)
Committee and Robert Martin,)
as treasurer)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by the Reports Analysis Division after a review of the disclosure reports of Ray Russell for Congress Committee ("Russell Committee") revealed that the committee had failed to provide the source of a $50,000 candidate loan.

According to the referral materials, Mr. Martin, treasurer of the Russell Committee, indicated that the bank was the source of the $50,000 loan to the Russell Committee and not the candidate. Based on the foregoing, on June 8, 1987, the Commission found reason to believe the Russell Committee and Robert Martin, as treasurer, violated 2 U.S.C. § 434(b)(3)(E), 434(b)(2)(H), 434(b)(4)(E) and 434(b)(5)(D). The Commission also approved Interrogatories and a Request for Production of Documents. The questions and documents requested by the Commission explored the nature of the $50,000 loan initially reported as a personal loan from the candidate.

On June 29, 1987, the Office of General Counsel received a response from Mr. Martin on behalf of the Russell Committee. (Attachment 1, pages 1-5). Attached to Mr. Martin's response were answers to the interrogatories and copies of the instrument used to make the loan and subsequent renewals of the loan. (Attachment 1 pages 2-5). The only item not provided was the

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document requested under number 11, (copies of checks used to repay the loan), which was not available at the time. (Attachment 1, page 1).

On July 23, 1987, the Commission received the missing documentation evidencing repayments on the $50,000 loan. (Attachment 1, pages 6-7). On August 10, 1987, the Office of General Counsel received a request for pre-probable cause conciliation. (Attachment 3, page 8).

II. ANALYSIS

According to the responses received from Mr. Martin, the $50,000 candidate loan was not made from personal funds of the candidate, Ray Russell. (Attachment 1, page 2). Mr. Martin states that the source of the $50,000 loan was the First Interstate Bank of Arizona. (Attachment 1, page 2). The documents evidencing the loan and answers to the interrogatories indicate that the due date of the loan was October 27, 1986. The due date was extended to March 2, 1987 and again to August 1, 1987. (Attachment 1, pages 2-5). Additionally, the loan instruments supporting the transaction in question indicate that there were no other guarantors or endorsers for the $50,000 loan other than Mr. Russell himself. (Attachment 1, pages 2-5).

While acknowledging the misclassification of the $50,000 loan, Mr. Martin notes that the $10,000 paid by the committee to Mr. Russell and previously recorded as a reduction of the loan must now be reallocated as follows:

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(a) Repayment of principal to First Interstate Bank - $5,000

b) Interest on Loan to First Interstate Bank - $2,307.33

c) Reimbursement to Ray Russell for campaign expenses made by Ray Russell - $2,692.57 (Attachment 1, page 2).

Subsequent documents, evidencing repayments (copies of the checks) on the $50,000 loan, indicate that repayments on the loan were made on October 30, 1986 and March 12, 1987 for a total $5,307.27 including principal and interest. (Attachment 2, page 7).

The facts and evidence in this matter indicates Ray Russell received a $50,000 loan from First Interstate Bank for use in his campaign. Pursuant to 2 U.S.C. § 432(e)(2), when a candidate receives a loan for use in connection with his campaign, the candidate receives such loan as an agent of his authorized committee. To comply with the Act and Commission regulations, the $50,000 loan from First Interstate Bank should have been reported (including date, amount and endorsers) and itemized as a loan from the bank and not as a loan from the candidate to the Committee. 2 U.S.C. § 434(b)(2)(h) and (b)(3)(E). Accordingly, the repayment of the loan was also reportable (including repayment dates and amounts) as a disbursement to the lender. 2 U.S.C. § 434(b)(4)(E) and (b)(5)(D).

Mr. Martin admits that the Russell Committee erred in reporting the loan in question and requests pre-probable cause conciliation in the matter. (Attachment 1, page 1). Mr. Martin also requests that no further action be taken against the

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Committee. However, the misreporting of the loan in question by the the Russell Committee is, nevertheless, a violation of the Act. The Office of General Counsel, therefore, recommends that the Commission accept the Russell Committee's request for pre-probable cause conciliation.

III. DISCUSSION OF CONCILIATION PROVISIONS

88040703384

IV. RECOMMENDATIONS

1. Enter into conciliation with Ray Russell for Congress Committee and Robert Martin, as treasurer, prior to a finding of probable cause to believe.

2. Approve the attached proposed conciliation agreement and letter.

11/20/87
Date

Lawrence M. Noble
General Counsel

Attachments
1. Response of Russell Committee
2. Supplemental response of Russell Committee
3. Request for pre-probable cause conciliation
4. Proposed conciliation agreement
5. Letter to Respondents

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN

DATE: NOVEMBER 25, 1987

SUBJECT: OBJECTION TO MUR 2462 - General Counsel's Report Signed November 20, 1987

The above-captioned document was circulated to the Commission on Monday, November 23, 1987 at 11:00 A.M.

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

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

This matter will be placed on the Executive Session agenda for December 1, 1987.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ray Russell for Congress Committee and	)	MUR 2462
Robert Martin, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 1, 1987, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2462:

1. Enter into conciliation with Ray Russell for Congress Committee and Robert Martin, as treasurer, prior to a finding of probable cause to believe.

2. Approve the proposed conciliation agreement and letter attached to the General Counsel's report dated November 20, 1987,

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

Attest:

12-1-87
Date

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

8804070387

plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

09 December 1987

Robert Martin, Treasurer
Ray Russell for Congress Committee
616 E Southern Avenue, Suite 102
Mesa, AZ 85204

RE: MUR 2462
Ray Russell for Congress Committee and Robert Martin, as treasurer

Dear Mr. Martin:

On June 8, 1987, the Federal Election Commission found reason to believe that Ray Russell for Congress Committee and Robert Martin, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(H), 434(b)(3)(E), 434(b)(4)(E) and 434(b)(5)(D). At your request, on December 1, 1987, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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

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

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

8804070388

CCC #8949

ROBERT MARTIN
616 E. SOUTHERN AVE. SUITE 103
MESA, AZ. 85204

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 APR -1 PM 12:03

March 24, 1988

Federal Election Commission
Washington, D.C. 20463

Attn: Ms. Debbie Curry

Re: Ray Russell for Congress Committee, MUR# 2462

Dear Ms. Curry:

Enclosed is a signed copy of the conciliation agreement for the Ray Russell for Congress Committee, and a check for $350.00. As I previously stated to you, I previously adjusted the June 30, 1987 semi-annual report to reflect the loan and its terms to be to the First Interstate Bank and not Ray Russell. I believe this, plus the payment of the check for $350.00 meets the requirements of paragraphs VI and VII of the conciliation agreement.

Again, I thank you for your consideration and help in this matter, and if you have any questions, please do not hesitate to call me.

Sincerely

Robert Martin

Robert Martin
Treasurer, Ray Russell for Congress Committee

88040703389

RAY RUSSELL FOR CONGRESS
P. O. BOX 8122
MESA, AZ 85204

1292

3/27/88 19

91-170/1221

PAY TO THE ORDER OF Federal Election Commission $ 350.00

Three hundred fifty and no/100 DOLLARS

THE Arizona BANK / MESA DOWNTOWN OFFICE (014)
63 WEST MAIN
MESA, ARIZONA 85201

MEMO

Robert Martin

⑈0001292⑈ ⑆122101706⑆ 014⑈704869⑈

CCCH 8949

MEMORANDUM

TO: DEBRA A. TRIMIEW

TO: CECILIA LIEBER

FROM: CECILIA LIEBER

FROM: DEBRA A. TRIMIEW

CHECK NO. 1292 { A COPY OF WHICH IS ATTACHED } RELATING TO

MUR 2462 (Curry) AND NAME Ray Russell for Congress Cmte.

WAS RECIEVED ON 4/1/88. PLEASE INDICATE THE ACCOUNT INTO

WHICH IT SHOULD BE DEPOSITED:

/ ✓ / BUDGET CLEARING ACCOUNT { 95F3875.16 }

/ / CIVIL PENALTIES ACCOUNT { 95-1099.160 }

/ / OTHER

SIGNATURE Debra A. Trimiew DATE 4/4/88

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
88 APR 27 AM 10: 07

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ray Russell for Congress Committee and Robert Martin, as treasurer	)	MUR 2462
	)	
	)	
	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Robert Martin, the treasurer of the Ray Russell for Congress Committee.

The attached agreement contains no changes from the agreement approved by the Commission on February 24, 1988. A check for the civil ($350) penalty has been received.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Ray Russell for Congress Committee and Robert Martin, as treasurer.

2. Close the file.

3. Approve the attached letter.

Lawrence M. Noble
General Counsel

4/26/88
Date

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

Attachments
1. Conciliation Agreement
2. Photocopy of civil penalty check
3. Letter to Respondent

Staff Person: Debby Curry

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ray Russell for Congress Committee and Robert Martin, as treasurer	)	MUR 2462
	)	
	)	
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 29, 1988, the Commission decided by a vote of 6-0 to take the following actions in MUR 2462:

1. Accept the conciliation agreement with Ray Russell for Congress Committee and Robert Martin, as treasurer, as recommended in the General Counsel's report signed April 26, 1988.

2. Close the file.

3. Approve the letter, as recommended in the General Counsel's report signed April 26, 1988.

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

Attest:

4-29-88
Date

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

Received in the Office of Commission Secretary:	Wed.,	4-27-88,	10:07
Circulated on 48 hour tally basis:	Wed.,	4-27-88,	4:00
Deadline for vote:	Fri.,	4-29-88,	4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 5, 1988

Robert Martin, Treasurer
Ray Martin for Congress Committee
616 E. Southern Avenue, Suite 103
Mesa, AZ 85204

RE: MUR 2462

Dear Mr. Martin:

On April 29, 1988, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your and the committee's behalf in settlement of a violation of 2 U.S.C. §§ 434(b)(3)(E), 434(b)(2)(H), 434(b)(4)(E) and 434(b)(5)(D), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to the committee, and you, as treasurer. 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 Deborah Curry, the attorney assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner by AFR

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ray Russell for Congress Committee and Robert Martin, as treasurer	)	MUR 2462

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Ray Russell for Congress Committee and Robert Martin, as treasurer, ("Respondents or Russell Committee") violated 2 U.S.C. §§ 434(b)(3)(E), 434(b)(2)(H), 434(b)(4)(E) and 434(b)(5)(D) by failing to accurately report the receipt and the repayments made on a $50,000 loan from a bank to the Ray Russell for Congress Committee.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

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.

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

1. The Ray Russell for Congress Committee is a political committee within the meaning of 2 U.S.C. § 434(4).

2. The Russell Committee is the principal campaign Committee for Ray L. Russell.

3. Robert Martin is the treasurer of the Russell Committee.

4. The October 1986 Quarterly Report of the Russell Committee disclosed a $50,000 loan from the candidate to the Committee.

5. The 1986 Quarterly Report of the Russell Committee also disclosed a $10,000 repayment to the candidate.

6. The 1986 Quarterly Report of the Russell Committee failed to disclose whether the loan was from personal funds of the candidate or from funds borrowed from a lending institution.

7. The 1986 Quarterly Report also failed to fully disclose the terms and due date of the $50,000 loan.

8. Subsequently, the Russell Committee disclosed that the $50,000 loan had been misreported.

9. The Russell Committee submitted information which indicates that the $50,000 loan was made to Ray Russell by First Interstate Bank of Arizona.

10. Mr. Russell is the sole guarantor or endorser of the $50,000 loan.

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11. The $10,000 paid by the Russell Committee to Mr. Russell and previously recorded as a reduction of the loan has now been reallocated as follows:

a) Repayment of principal to First Interstate Bank -$5,000

b) Payment of Interest to First Interstate Bank -$2,307.33

c) Reimbursement to Ray Russell of campaign expenses incurred by Ray Russell - $2,692.67.

12. Pursuant to 2 U.S.C. § 432(e)(2), when a candidate receives a loan for use in connection with his campaign, the candidate receives such loan as an agent of his authorized committee.

13. 2 U.S.C. §§ 434(b)(2)(H) and 434(b)(3)(E), require the reporting of loans together with identification of endorser or guarantor and the date and the amount of such loan by the political committee.

14. Additionally, 2 U.S.C. §§ 434(b)(4)(E) and 434(b)(5)(D) require the reporting of loan repayments together with identification of the person receiving the disbursement and the date and amount of the loan repayment.

V. Respondents failed to report the $50,000 loan as a loan from a bank and failed to properly disclose required information regarding the $50,000 loan from the bank, in violation of 2 U.S.C. §§ 434(b)(2)(H) and §§ 434(b)(3)(E). Additionally, Respondents failed to report the loan repayments as disbursements to lenders and to properly disclose required information

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regarding the loan repayment, in violation of 2 U.S.C. §§ 434(b)(4)(E) and 434(b)(5)(D).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Three Hundred Fifty dollars ($350), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondents will amend their reports to accurately reflect the receipt of the $50,000 from the bank and the subsequent reallocation of the $10,000 repayment.

VIII. 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.

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

X. 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.

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

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

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

Date 5/5/88

Robert Martin
Treasurer

Date 3/24/88

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2462

DATE FILMED 6/3/88 CAMERA NO. 2

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

IN 8.25.88

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 2462.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 27, 1988

Robert Martin, Treasurer
Ray Russell for Congress Committee
616 E. Southern Avenue, Suite 103
Mesa, AZ 85204

RE: MUR 2462

Dear Mr. Martin:

On April 29, 1988, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your and the committee's behalf in settlement of a violation of 2 U.S.C. §§ 434(b)(3)(E), 434(b)(2)(H), 434(b)(4)(E) and 434(b)(5)(D), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to the committee, and you, as treasurer. 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 Deborah Curry, the attorney assigned to this matter at (202) 376-8200.

Please note that a similar letter accepting the conciliation agreement and civil penalty and closing the file was sent to you on May 5, 1988. That letter, however, contained an error in the

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address. Specifically, the letter was addressed to the Ray Martin for Congress Committee instead of the Ray Russell for Congress Committee. We apologize for the error and resend this corrected letter for the record.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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