FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2537

DATE FILMED 3/17/89 CAMERA NO. 3

CAMERAMAN AS

8904073484

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: June 29, 1987

ANALYST: Robyn Jimeson

I. COMMITTEE: Gerald R. Ford - New Leadership Committee
(C00098186)
Sharyn J. Sheldon, Treasurer
40365 Sand Dune Road
Rancho Morage, CA 92270

II. RELEVANT STATUTE: 11 CFR 102.5(a)(1)(i)

III. BACKGROUND:

Receipt of Funds from Unregistered Organizations

The Gerald R. Ford - New Leadership Committee's ("the Committee") 1986 30 Day Post-General Report disclosed contributions from the Mike Hayden Campaign Fund and LeRoy for Governor on October 16, 1986, each in the amount of $5,000. These organizations are not registered with the Commission (Attachment 2).

A Request for Additional Information ("RFAI") was sent to the Committee on March 18, 1987 (Attachment 3). The RFAI requested that the Committee clarify whether the contributions from the unregistered organizations were permissible. The RFAI recommended that if contributions were not permissible, the Committee should refund the contributions or transfer the funds, with the donors' consent, to an account not used to influence federal elections.

Ms. Sharyn Sheldon, treasurer of the Committee, telephoned the Reports Analysis Division ("RAD") analyst on March 23, 1987. Ms. Sheldon explained that the funds were honoraria to President Ford and should have been deposited into his personal account (Attachment 4). She stated the funds would be transferred out of the account and into President Ford's account.

Mr. John Duffy, attorney for the Committee, telephoned the RAD analyst on April 3, 1987. Mr. Duffy stated the funds had been transferred to President Ford's account and a copy of the check would be sent to the Commission (Attachment 5).

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On April 7, 1987, the Committee submitted a letter of explanation and a copy of the check transferring the funds out of the Committee's account to President Ford on March 30, 1987 (Attachment 6).

The Committee's 1986 October Quarterly Report disclosed a $5,000 contribution from the Re-elect Bill Clements Committee on September 30, 1986 (Attachment 7).

An RFAI was sent to the Committee on May 12, 1987 requesting clarification on the permissibility of the contribution and recommending the same remedial action, if necessary, as noted in the earlier RFAI (Attachment 8).

On May 22, 1987 Ms. Sharyn Sheldon telephoned the RAD analyst. Ms. Sheldon explained she had been advised the Re-elect Bill Clements Committee was registered with the Commission at the time the contribution was received. She was informed later that the Re-elect Bill Clements Committee was not registered, and on May 11, 1987, the Committee refunded the $5,000 contribution (Attachment 9).

The Commission received a letter of explanation and a copy of the refund check from the Committee on June 2, 1987 (Attachment 10).

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None

9904073486

8 9 0 4 0 7 3 4 8 5 7

FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (85-86)

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
GERALD R. FORD - NEW LEADERSHIP COMMITTEE CONNECTED ORGANIZATION: NONE				NON-PARTY QUALIFIED		ID #C00098186
1985	MID-YEAR REPORT	22,945	62,835	1JAN85 -30JUN85	14	85FEC/379/1541
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN85 -30JUN85	2	86FEC/403/3082
	REQUEST FOR ADDITIONAL INFORMATION			1JAN85 -30JUN85	3	86FEC/401/4676
	YEAR-END	40,557	64,057	1JUL85 -31DEC85	16	86FEC/395/3864
1986	APRIL QUARTERLY	17,749	40,911	1JAN86 -31MAR86	10	86FEC/409/2963
	JULY QUARTERLY	12,937	34,124	1APR86 -30JUN86	11	86FEC/422/1725
	JULY QUARTERLY - AMENDMENT	12,937	34,124	1APR86 -30JUN86	12	86FEC/425/0808
	1'ST LETTER INFORMATIONAL NOTICE			1APR86 -30JUN86	1	86FEC/427/2621
	OCTOBER QUARTERLY	17,928	40,319	1JUL86 -30SEP86	14	86FEC/437/1834
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL86 -30SEP86	3	87FEC/468/5328
	REQUEST FOR ADDITIONAL INFORMATION			1JUL86 -30SEP86	3	87FEC/467/1453
	PRE-GENERAL	16,000	12,551	1OCT86 -15OCT86	7	86FEC/440/5508
	POST-GENERAL	15,444	10,114	16OCT86 -24NOV86	8	86FEC/449/4610
	POST-GENERAL - AMENDMENT	-	-	16OCT86 -24NOV86	2	87FEC/464/3189
	REQUEST FOR ADDITIONAL INFORMATION			16OCT86 -24NOV86	3	87FEC/463/1278
	YEAR-END	839	11,651	25NOV86 -31DEC86	5	87FEC/455/2010
1987	APRIL QUARTERLY	12,233	38,728	1JAN87 -31MAR87	12	87FEC/464/4287
	TOTAL	156,632 0	315,290 0		126	TOTAL PAGES

All 1985-1986 reports have been reviewed

Cash on hand as of 12/31/86: $72,819

Debts owed to the Committee as of 12/31/86: 0

Debts owed by the Committee as of 12/31/86: 0

Total receipt and disbursement figures include activity on the 1987 April Quarterly Report.

Attachment 1

Attachment 2

SCHEDULE A **ITEMIZED RECEIPTS**

1986 30 Day Post General Report

FOR LINE NUMBER 11C

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)

GERALD R. FORD NEW LEADERSHIP COMMITTEE

Receipts	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Full Name, Mailing Address and ZIP Code Mike Hayden Campaign Fund Atwood, Kansas Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: N/A Occupation: Aggregate Year-to-Date > $5,000.00	10-16-86	$5,000.00
B. Full Name, Mailing Address and ZIP Code LeRoy for Governor Post Office Box 193 Boise, Idaho 83701 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: N/A Occupation: Aggregate Year-to-Date > $5,000.00	10-16-86	$5,000.00
C. Full Name, Mailing Address and ZIP Code A.L. Williams & Associates PAC 3483 Satellite Blvd, Suite 210 Duluth, Georgia 30136 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: N/A Occupation: Aggregate Year-to-Date > $5,000.00	10-16-86	$5,000.00
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $		
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $		
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $		
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $		

SUBTOTAL of Receipts This Page (optional) .....

TOTAL This Period (last page this line number only) $15,000.00

8 9 0 4 0 7 3 4 8 5 3

9 5 1 5 1 4 7 4 6 1 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

MAR 18 1987

Sharyn J. Sheldon, Treasurer
Gerald R. Ford - New Leadership Committee
40365 Sand Dune Road
Rancho Mirage, CA 92270

Identification Number: C00098186

Reference: 30 Day Post-General Report (10/16/86-11/24/86)

Dear Ms. Sheldon:

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:

-Schedule A of your report (pertinent portion(s) attached) discloses a contribution(s) from an organization(s) which is not a political committee registered with the Commission. Under 11 CFR 102.5(b), organizations which are not political committees under the Act must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

Please clarify whether the contribution(s) received from the referenced organization(s) is permissible, as required by 11 CFR 102.5(a). To the extent that your committee has received funds which are not permissible, the Commission recommends that you refund the impermissible amount(s) to the donor(s) in accordance with 11 CFR 103.3(b). If you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor(s) of your intent and provide the contributor(s) with the option of receiving a refund. Please inform the Commission in writing and provide a photocopy of your check(s) for the refund(s) or transfer(s)-out. Contributions which are refunded should be disclosed on Schedule B for Line 26a of your next report; those which are transferred-out should be disclosed on Schedule B for Line 20 or Line 27, as appropriate.

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission 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,

Robyn Jimeson
Reports Analyst
Reports Analysis Division

Attachment 4

TELECON

ANALYST: Jimeson

CONVERSATION WITH: Sharyn Sheldon

COMMITTEE: Gerald R. Ford - New Leadership Committee C00098186

DATE: 3/23/87

SUBJECT(S): Contributions from unregistered organizations

Ms. Sharyn Sheldon, Treasurer of the Committee, telephoned in reference to the March 18, 1987 Request For Additional Information sent to the committee.

Ms. Sheldon explained the funds were honoraria to President Ford and should have been deposited into his personal account. She stated the funds would be transferred to the President's personal account.

89040734871

Attachment 5

TELECON

ANALYST: Jimeson

CONVERSATION WITH: John Duffy, Attorney for the Committee

COMMITTEE: Gerald R. Ford - New Leadership Committee C00098186

DATE: 4/3/87

SUBJECT(S): Contributions from unregistered organizations

Mr. John Duffy telephoned in reference to the March 18, 1987 Request For Additional Invormation sent to Ms. Sharyn Sheldon, Treasurer of the Committee.

Mr. Duffy stated the funds were honoraria to President Ford and should have been deposited into his personal account. He said that Ms. Sheldon had informed him the funds had been transferred from the Committee's account to the President's account. He said the transaction would be disclosed on the Committee's next report, and a letter of explanation and copy of the check would be forthcoming.

89040734872

HAND DELIVERED
APR 7 AM 11:04

PIERSON, BALL & DOWD
ATTORNEYS AT LAW
1200 18TH STREET, N.W.
WASHINGTON, D.C. 20036

202 331 8500
CABLE ADDRESS "PIERBALL"
TELEX NO 64711

JOHN J. DUFFY
(202) 457 8016

April 7, 1987

Ms. Robyn Jimeson
Reports Analysis Division
Federal Election Commission
Washington, D.C. 20463

Re: ID No. C00098186

Dear Ms. Jimeson:

This is in response to your letter dated March 18, 1986 and confirms the information I gave you during our telephone conversation of April 3. As I told you then, the monies from the Mike Hayden Campaign Fund and the Leroy for Governor Committee were improperly deposited into the Gerald R. Ford New Leadership Committee account. According to Sharyn J. Sheldon, the treasurer of the Committee, these funds were honoraria given to President Ford in connection with his appearances on behalf of these state candidates, and consequently, should have been deposited into his personal account. I have been informed by Ms. Sheldon that the funds have been transferred from the Committee's account to President Ford's personal account and that that transfer will be disclosed on the Committee's next report. I enclose for your information a photocopy of the check used for the transfer.

If you have any questions concerning this matter, please don't hesitate to contact me.

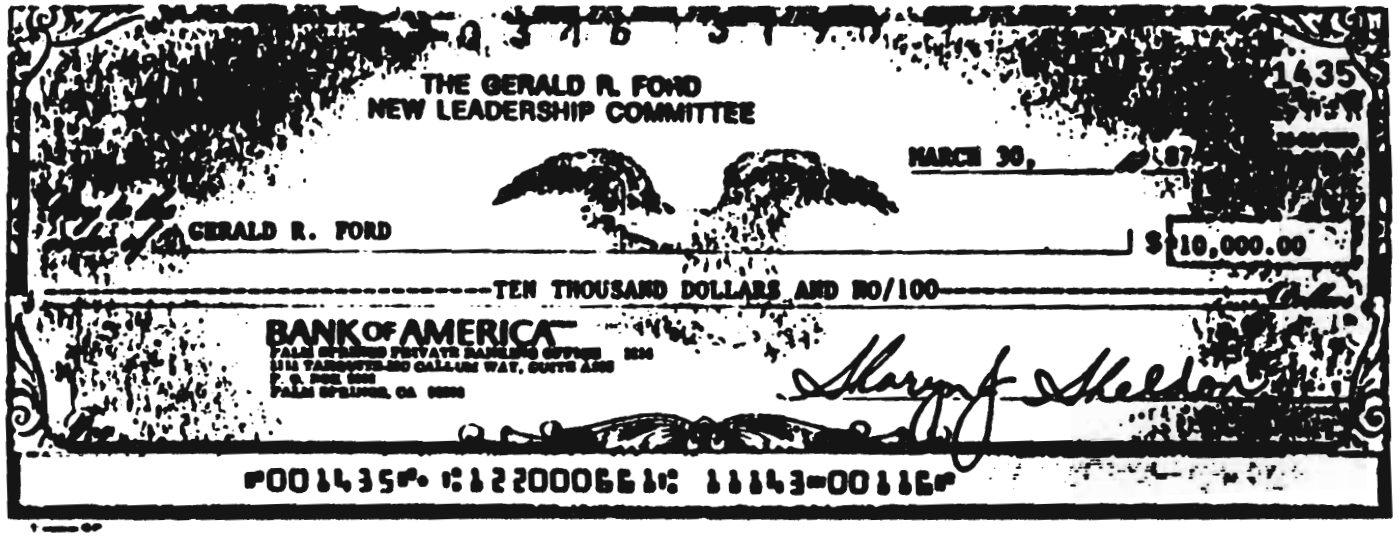
Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dp
cc: Ms. Sharyn J. Sheldon

89040748773


THE GERALD R. FORD
NEW LEADERSHIP COMMITTEE

1435

MARCH 30, 1987

GERALD R. FORD $ 10,000.00

TEN THOUSAND DOLLARS AND NO/100

BANK OF AMERICA

Mary J. Sheldon

To GRF to correct State Funds incorrectly deposited to the GRFNLC from 1986

PERSON, BALL & BOWD
RECEIVED
APR -6 1987
D.C.

Attachment 6 Page 2 of 2

Attachment 7

1986 October Quarterly Report

SCHEDULE A — ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 1

FOR LINE NUMBER 11 C

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): Gerald R. Ford New Leadership Committee

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Re-Elect Bill Clements Committee 823 Congress Ave., Suite 1010 Austin, Texas 78701 Receipt For: [ ] Primary [ ] General [X] Other (specify)	Aggregate Year-to-Date > $5,000.00	9-30-86	$5,000.00
B. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify)	Aggregate Year-to-Date > $		
C. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify)	Aggregate Year-to-Date > $		
D. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify)	Aggregate Year-to-Date > $		
E. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify)	Aggregate Year-to-Date > $		
F. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify)	Aggregate Year-to-Date > $		
G. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify)	Aggregate Year to Date > $		
SUBTOTAL (Receipts This Page (optional))			
TOTAL This Period (all pages this reporting period only)			$5,000.00

0 5 7 1 3 3 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

MAY 12 1987

Sharyn J. Sheldon, Treasurer
Gerald R. Ford New Leadership Committee
40365 Sand Dune Road
Rancho Mirage, CA 92270

Identification Number: C00098186

Reference: October Quarterly Report (7/1/86-9/30/86)

Dear Ms. Sheldon:

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:

-Schedule A of your report (pertinent portion(s) attached) discloses a contribution(s) from an organization(s) which is not a political committee registered with the Commission. Under 11 CFR 102.5(b), organizations which are not political committees under the Act must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

Please clarify whether the contribution(s) received from the referenced organization(s) is permissible, as required by 11 CFR 102.5(a). To the extent that your committee has received funds which are not permissible, the Commission recommends that you refund the impermissible amount(s) to the donor(s) in accordance with 11 CFR 103.3(b). If you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor(s) of your intent and provide the contributor(s) with the option of receiving a refund. Please inform the Commission in writing and provide a photocopy of your check(s) for the refund(s) or transfer(s)-out. Contributions which are refunded should be disclosed on Schedule B for Line 26a of your next report; those which are transferred-out should be disclosed on Schedule B for Line 20 or Line 27, as appropriate.

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An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission 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,

Robyn Jimeson

Robyn Jimeson
Reports Analyst
Reports Analysis Division

87034671451

Attachment 9

TELECON

ANALYST: Jimeson

CONVERSATION WITH: Sharyn Sheldon, Treasurer

COMMITTEE: Gerald R. Ford - New Leadership Committee

DATE: 5/22/87

SUBJECT(S): Contribution from unregistered organization

Ms. Sharyn Sheldon telephoned to explain that, at the time the Committee received the $5,000 from the Re-elect Bill Clements Committee, she was told the re-elect committee was registered. When she was later told the committee was unregistered she refunded the contribution.

I told Ms. Sheldon to send a letter of explanation and a copy of the check.

8 7 0 4 0 7 3 4 8 7 8

FEC
87 JUN 2 A8:38

GERALD R. FORD
NEW LEADERSHIP COMMITTEE
P. O. Box 301, Rancho Mirage, California 92270

May 26, 1987

Dear Ms. Jimeson:

This is in response to your letter dated May 12, 1987, and our subsequent telephone conversation of May 22, 1987.

As we had discussed, when I accepted the $5,000.00 contribution from the Re-Elect Bill Clements Committee I was advised that the Committee was indeed registered with the FEC. At a later date, early May, 1987, I spoke to another official of the Committee who informed me they were not registered and the monies would have to be refunded. On May 11, 1987, I refunded $5,000.00 to the Re-Elect Bill Clements Committee and have enclosed a copy of our check in this correspondence.

The refund of those monies will be disclosed on the next report filed with the FEC from the Gerald R. Ford New Leadership Committee.

If you have any additional questions regarding this matter, please don't hesitate to call me.

With kind regards, I am

Sincerely,

Sharyn J. Sheldon

Sharyn J. Sheldon
Treasurer

Ms. Robyn Jimeson
Reports Analysis Division
Federal Election Commission
Washington, D.C. 20463

SHARYN J. SHELDON
Robert E. Barrett, Chairman [illegible], Treasurer
Paid for by the Gerald R. Ford New Leadership Committee

THE GERALD R. FORD
NEW LEADERSHIP COMMITTEE

1448

MAY 11, 87

PAY TO THE ORDER OF RE-ELECT BILL CLEMENTS COMMITTEE $ *5,000.00*

FIVE THOUSAND DOLLARS AND 00/100

BANK OF AMERICA

Sharon J. Sheldon

⑈001448⑈ ⑆122000661⑆ 11143⑈00116⑈

GCC 4062
RECEIVED AT THE FEC
- 87L-22
87 AUG 1 A10:49

STATE OF IDAHO
SECRETARY OF STATE

PETE T. CENARRUSA
SECRETARY OF STATE
(208) 334-2300

ROOM 203, STATEHOUSE
BOISE, IDAHO 83720

July 29, 1987

87 JUL 3 A10:23

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

Dear Ms. Beard:

Pursuant to your telephone request on this date, please find enclosed a page copied from the pre-general campaign disclosure report filed by the Leroy for Governor Committee, which shows an expenditure of $5,000.00 to Gerald Ford on October 9, 1986.

If you should have any further questions concerning this entry you may wish to contact the political treasurer for the Leroy for Governor Committee, Robert Bolinder, 1555 Shoreline Drive, Boise, Idaho 83707 (208) 338-2630.

I hope this information will be of assistance.

Sincerely,

Penny Ysursa

PENNY YSURSA
Admin. Secretary
Sunshine Division

87 AUG 3 A10:37

Enclosure: as cited

8907403281

OCTOBER EXPENSES
OVER $25

10/8	David & Vicki Friedland Box 1702 Sun Valley, ID 83353 Expenses-Ford Reception	300	00
10/8	John Faulk Sun Valley, ID 83353 Expenses-Ford Reception	80	00
10/9	Gerald Ford 40365 Sand Dund Rd. Rancho Mirage, CA 92270 Reception	5000	00
10/9	Prime Time Sharing 2313 Overland Rd. Boise, ID 83705 Printing	107	39
10/9	Harmon Travel P.O. Box 7727 Boise, ID 83707 Airfare	500	00
10/9	Reagan Davis 419 S. Asbury Lane #3 Moscow, ID 83843 Payroll Expense	208	41
10/10	Bishop Kelley Drama Club 7009 Franklin Rd. Boise, ID 83709 SErvices	44	85
10/10	Copiers Unlimited 2003 Suncrest Dr. Boise, ID 83706 Copies	380	00
		6620	65

SENSITIVE

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

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
87 AUG 31 AM 10:06

FIRST GENERAL COUNSEL'S REPORT

RAD 87L-22
STAFF MEMBER: Susan Beard

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS: Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 441b
11 C.F.R. § 102.5(a)(1)(i)
11 C.F.R. § 102.5(a)(2)

INTERNAL REPORTS CHECKED: Disclosure Reports
MUR 2004

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was referred to the Office of the General Counsel on June 29, 1987, by the Reports Analysis Division (Attachment 1).

II. FACTUAL AND LEGAL ANALYSIS

The referral indicates that the Gerald R. Ford - New Leadership Committee ("Committee") may have violated 11 C.F.R. § 102.5(a) by depositing funds into its federal account that were not subject to the prohibitions and limitations of the Act. Pursuant to 11 C.F.R. § 102.5(a)(1)(i), when an organization elects to establish separate federal and non-federal accounts, only "funds subject to the prohibitions and limitations of the Act" can be deposited into a federal account. Section 102.5(a)(2) requires that such contributions must be designated

for the federal account, the solicitation must expressly state that the contribution will be used in a federal election, and the contributor must be informed that the contribution is subject to all prohibitions and limitations of the Act.

In the instant case, the Committee accepted one check for $5,000.00 on September 30, 1986, and two checks on October 16, 1986, each for $5,000.00. All three were deposited into its federal account. The two October 16 checks were from the Mike Hayden Campaign Fund and LeRoy for Governor; neither of these organizations is registered with the Commission. In response to a RAD inquiry, the Committee stated that it determined that these funds were honoraria to President Ford for speaking and that the checks were supposed to be deposited into his personal account. On March 30, 1987, the Committee reported a disbursement of these funds to President Ford's personal account.[1/] This disbursement occurred 165 days after the checks were deposited into the federal account. This Office contacted the respective state offices in order to determine how these contributions were reported on the public record by the unregistered committees. The Mike Hayden Campaign Fund files reports in Kansas under the name of Mike Hayden Campaign Committee. Hayden reported a

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1/ The Committee reported this disbursement as a refund to an individual (Gerald R. Ford) on its 1987 April Quarterly Report and described the purpose as "to correct non-permissible funds inadvertently deposited."

9 9 0 4 0 7 3 4 8 4

$5,000.00 expenditure to the "Gerald R. Ford - NLC" on October 10, 1986. The explanation listed was "fundraiser cost." LeRoy for Governor files reports in Idaho. It reported a $5,000.00 expenditure to Gerald Ford on October 9, 1986. The purpose listed was "reception."

The September 30 check was from the Re-elect Bill Clements Committee. The Ford Committee stated that it believed that the Clements Committee was registered with the Commission. After the check was deposited into the federal account, the Ford Committee learned that the Clements Committee was not registered with the Commission. On May 11, 1987, a refund check was issued by the Ford Committee to the Clements Committee, prior to the RAD inquiry on this contribution.[2/] The refund check was issued 233 days after the check was accepted. This Office contacted the Secretary of State for Texas concerning the reporting of these transactions by the Clements Committee, but was not able to obtain any information over the telephone.

In the case of the Hayden and LeRoy checks, the contributions do not appear to meet the requirements of 11 C.F.R. § 102.5(a)(2) and § 102.5(a)(1)(i) since the contributions may have been honoraria and were not designated for deposit into a federal account. Although, the Committee's responses indicates that these checks may have been misdeposited into the federal account, the funds remained in that account for 165 days. In the

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2/ The Committee reported this refund on its 1987 July Quarterly Report and described the purpose as "Refund of monies incorrectly deposited into account."

3 3 0 4 0 7 5 8 8 5

case of the Clements check, a violation of § 102.5(a)(1)(i) may have occurred since the Clements Committee is not registered with the Commission. It is not clear at this point whether this contribution was solicited for the federal account. In any case, the funds remained in the federal account for 233 days.[3/]

Pursuant to the laws of Idaho, a corporation or labor union may make unlimited contributions to a candidate or a political committee. Idaho Code § 67-5303. In Kansas, corporations and labor unions can contribute up to $3,000.00 to a candidate committee per election for statewide offices. Kan. Stat. Ann. § 25-4153(a)(2). Under Texas law, corporation and labor unions are prohibited from making contributions to a candidate or political committee. Tex. Elec. Code § 2501.010(a) and (c). Since the contributions received from the Hayden and LeRoy Committees may have contained corporate and/or union funds, the Ford Committee may have also violated 2 U.S.C. § 441b.

Therefore, this Office recommends that the Commission find reason to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a). Although the information regarding the contributing committees also indicates that by their contributions to the Ford Committee, they may have become

---

3/ As of September 30, 1986, the Committee reported cash-on-hand of $74,852.84 and no debts. From October 1, 1986, through June 30, 1987, it reported total receipts of $107,643.28 and total disbursements of $110,095.78 with ending cash-on-hand of $71,400.34 and no debts. Thus, it does not appear that these funds were actually needed for federal election purposes.

8 0 0 4 0 7 3 4 8 8 6

political committees and should have registered and reported under the Act, this Office makes no recommendations at this time regarding these committees, pending a response from the Ford Committee.

In 1985, the Commission found reason to believe that the Gerald R. Ford - New Leadership Committee had violated 2 U.S.C. § 441a(f) by accepting a contribution which violated statutory limitations but decided to take no further action on this violation. (MUR 2004). On August 13, 1984, the Ford Committee received $10,000 from DiPrete for Governor, a Rhode Island organization not registered with the Commission. In response to inquiries made by the Commission, the DiPrete Committee stated that the $10,000 contribution was in appreciation for the former President's attendance at a reception. The Ford Committee returned the contribution on September 19, 1984. The MUR also involved the late filing of the 1984 Pre-General Election Report, which was conciliated. An investigation of DiPrete for Governor was conducted and the Commission later decided to take no further action against it. Because the present circumstances are not fully explained and may involve the possible acceptance of prohibited contributions, this Office believes further investigation of the facts is warranted.

III. RECOMMENDATIONS

1. Open a Matter Under Review.

2. Find reason to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a).

8 7 0 4 0 7 5 4 8 8 7

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

8/31/87
Date

Lawrence M. Noble
Acting General Counsel

Attachments:
1. Referral Materials
2. Proposed Factual and Legal Analysis, Letter, and Interrogatories

9904073988

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
ACTING GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /SUSAN GREENLEE S.G.

DATE: SEPTEMBER 2, 1987

SUBJECT: OBJECTION TO RAD Ref. 87L-22: First General Counsel Report Signed August 31,1987

The above-captioned document was circulated to the Commission on MONDAY AUGUST 31, 1987 at 4:00 P.M.

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

Commissioner Aikens _____

Commissioner Elliott X

Commissioner Josefiak _____

Commissioner McDonald _____

Commissioner McGarry _____

Commissioner Thomas _____

This matter will be placed on the Executive Session agenda for SEPTEMBER 15, 1987.

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

89040734989

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	~~RAD 87L-22~~ (MUR 2537)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 15, 1987, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions with respect to RAD 87L-22:

1. Open a Matter Under Review.

2. Find reason to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C § 441b and 11 C.F.R. § 102.5(a).

3. Approve the letter, Factual and Legal Analysis and Interrogatories attached to the General Counsel's report dated August 31, 1987, subject to amendment of the Factual and Legal Analysis as discussed in the meeting.

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

Attest:

9-18-87
Date

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

8904073490

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 23, 1987

Sharyn J. Sheldon, Treasurer
Gerald R. Ford - New Leadership Committee
40365 Sand Dune Road
Rancho Mirage, CA 92270

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Ms. Sheldon:

On September 15 , 1987, the Federal Election Commission found that there is reason to believe that the Gerald R. Ford - New Leadership Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. § 102.5(a), of the Commission's regulations. 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 and requests for documents, 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

89040734891

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 ordinarily will not 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 Susan Beard, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Scott E. Thomas
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2537
)

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Sharyn J. Sheldon, Treasurer
Gerald R. Ford - New Leadership Committee
40365 Sand Dune Road
Rancho Mirage, CA 92270

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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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.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1985 to June 30, 1987.

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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DEFINITIONS

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

"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.

"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.

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

1a. State whether the $5,000 contribution from the Re-elect Bill Clements Committee was designated for the Gerald R. Ford - New Leadership Committee's federal account.

b. State whether the solicitation for this contribution expressly stated that it would be used for a federal election.

c. State whether the Re-Elect Bill Clements Committee was informed that its contribution was subject to the prohibitions and limitations of the Federal Election Campaign Act of 1971, as amended.

d. If the solicitation for this contribution was written, provide a copy of such solicitation.

e. If the soliciation for this contribution was oral, describe the circumstances concerning the solicitation.

f. Please provide a copy of the $5,000 check received from the Re-Elect Bill Clements Committee and any correspondence between the Clements Committee and the Gerald R. Ford - New Leadership Committee regarding this contribution and its refund.

2a. State the circumstances surrounding and the date(s) on which President Ford spoke in connection with the Mike Hayden Campaign Fund and LeRoy for Governor.

b. State the basis on which you determined that the funds received from the Mike Hayden Campaign Fund and LeRoy for Governor were honoraria rather than contributions to the Gerald R. Ford - New Leadership Committee.

c. Please provide a copy of all documents relating to the receipt of these funds to include, but not limited to, copies of the checks from the Mike Hayden Campaign Fund and LeRoy for Governor and any correspondence between these two committees and the Gerald R. Ford - New Leadership Committee regarding these transactions.

9 0 4 0 7 3 4 8 9 6

GCC#4523

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
87 OCT -8 PM 2:24

PIERSON, BALL & DOWD
ATTORNEYS AT LAW
1200 18TH STREET, N.W.
WASHINGTON, D.C. 20036

(202) 331-8566
CABLE ADDRESS "PIERBALL"
TELEX NO. 64711

OKLAHOMA OFFICE
FIRST OKLAHOMA TOWER, SUITE 1310
210 W. PARK AVENUE
OKLAHOMA CITY, OKLA. 73102
405 235 7686

JOHN J. DUFFY
(202) 457-8616

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
87 OCT -9 AM 10:41

October 8, 1987

Honorable Scott E. Thomas
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Susan Beard, Esq.

Re: MUR 2537 - Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Chairman Thomas:

We submit herewith, on behalf of Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as treasurer, a request for extension of time to respond to the Commission's reason to believe finding in the above-referenced matter, as well as to the enclosed questions and requests for documents. By our calculations, our responses are due now on October 13, 1987. We request an extension up to and including November 2, 1987.

Good cause exists to support our request. The review of Committee records, as well as the preparation of interrogatory answers for the Committee, which is located in California, requires the additional time.

If you have any questions concerning this matter, please contact the undersigned.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dp

3 0 0 4 0 7 5 1 3 9 7

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2537

NAME OF COUNSEL: John J. Duffy, Esq.

ADDRESS: Pierson, Ball & Dowd
1200 18th Street, N.W.
Washington, D.C. 20036

TELEPHONE: 202/331-8566

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.

9 28 87
Date

Sharyn J. Sheldon
Signature

Gerald R. Ford New Leadership Committee
and Sharyn J. Sheldon, as treasurer

RESPONDENT'S NAME:

ADDRESS: 40365 Sand Dune Road
Rancho Mirage, CA 92270

HOME PHONE:

BUSINESS PHONE: 619/324-1763

89040748 08

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

14 October 1987

John J. Duffy, Esquire
Pierson, Ball & Dowd
1200 18th Street, N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

This is in response to your letter dated October 8, 1987, which we received on October 8, 1987, requesting an extension until November 2, 1987 to respond to the Federal Election Commission's reason to believe findings and the interrogatories and requests to produce documents in this matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on November 2, 1987.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

39047034399

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MWE MARJORIE W. EMMONS/JOSHUA MCFADDEN JM

DATE: OCTOBER 27, 1987

SUBJECT: MUR 2537 - COMPREHENSIVE INVESTIGATIVE REPORT SIGNED OCTOBER 23, 1987

The above-captioned matter was received in the Office of the Secretary of the Commission Monday, October 26, 1987 at 10:15 A.M. and circulated to the Commission on a 24-hour no-objection basis Monday, October 26, 1987 at 4:00 P.M.

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

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RECEIVED
FEDERAL ELECTION COMMISSION
SEC. GENERAL
87 OCT 26 AM 10: 16

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon as treasurer	)	MUR 2537

COMPREHENSIVE INVESTIGATIVE REPORT

On September 15, 1987, the Commission found reason to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a). These finding were based on three checks from unregistered committees that were erroneously deposited into the Committee's federal acccount.

Respondents were notified of the Commission's reason to believe findings on September 23, 1987. On October 9, 1987, this Office received a request from counsel for the Committee for an extension of time to respond to the Commission's reason to believe findings and the interrogatories and requests for production of documents in this matter. The request stated that the extension was needed in order to enable the Committee to review its records. In light of this circumstance this Office granted a twenty-day extension of time to November 2, 1987, for the Committee to respond.

After receiving the response and evaluating it, this Office will report to the Commission with appropriate recommendations.

Lawrence M. Noble
General Counsel

10/23/87
Date

BY: Lois G. Lerner
Associate General Counsel

8904073490

GCC# 4650

PIERSON, BALL & DOWD
ATTORNEYS AT LAW
1200 18TH STREET, N.W.
WASHINGTON, D.C. 20036

(202) 331-8566
CABLE ADDRESS "PIERBALL"
TELEX NO. 64711

OKLAHOMA OFFICE
FIRST OKLAHOMA TOWER, SUITE 1310
210 W. PARK AVENUE
OKLAHOMA CITY, OKLA. 73102
405 235 7686

JOHN J. DUFFY
(202) 457-8616

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
87 OCT 28 PM 5:46

October 28, 1987

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

Attn: Susan Beard, Esq.

Re: MUR 2537 - Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as Treasurer

Dear Mr. Noble:

On behalf of the Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as Treasurer, we request a short additional extension of time, up to and including November 9, 1987, for us to submit information in response to the Commission's reason to believe finding, as well as the enclosed questions and requests for documents. Additional inquiries must be made to prepare complete responses to the Commission's requests for information concerning this matter. The short extension of time will enable us to provide a full response and, consequently, will, we believe, permit the most expeditious resolution of this matter.

If you have any questions concerning this matter, please contact the undersigned.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dp

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

30 October 1987

John J. Duffy, Esquire
Pierson, Ball & Dowd
1200 18th Street, N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

This is in response to your letter dated October 28, 1987, which we received on October 28, requesting an extension until November 9, 1987, to respond to the Commission's reason to believe findings and the interrogatories and requests to produce documents in this matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on November 9, 1987.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

8 9 0 4 0 7 3 4 9 0 3

GCC #0740

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
87 NOV 9 PM 5:22

PIERSON, BALL & DOWD
ATTORNEYS AT LAW
1200 18TH STREET, N.W.
WASHINGTON, D.C. 20036

(202) 331-8566
CABLE ADDRESS "PIERBALL"
TELEX NO. 64711

OKLAHOMA OFFICE
FIRST OKLAHOMA TOWER, SUITE 1310
210 W. PARK AVENUE
OKLAHOMA CITY, OKLA. 73102
405 235 7686

JOHN J. DUFFY
(202) 457-8616

November 9, 1987

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
87 NOV 12 AM 11:51

Chairman Scott E. Thomas
Federal Election Commission
999 E Street N.W.
Washington, D.C. 20463

Re: Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as Treasurer - MUR 2537

Dear Chairman Thomas:

On behalf of the Gerald R. Ford New Leadership Committee ("GRF"), we submit this response to the Factual and Legal Analysis ("FLA") that was attached to your letter dated September 23, 1987.

The FLA states that on September 30, 1986, the GRF accepted a $5,000 check from the Re-Elect Bill Clements Committee and on October 16, 1986, the GRF accepted two checks, each in the amount of $5,000, from the Mike Hayden Campaign Fund and the LeRoy for Governor Committee, respectively. Neither the Hayden Fund nor the LeRoy Committee were registered with the Federal Election Commission.

The FLA goes on to state that:

> It appears that the Gerald R. Ford - New Leadership Committee ("Committee") has violated 11 C.F.R. §102.5(a) by depositing funds into its federal account that were not subject to the prohibitions and limitations of the Act.

The FLA also notes that the laws of Idaho and Kansas permit corporations and labor unions to make contributions to candidates and political committees. Consequently, since "the contributions received from the Hayden and LeRoy committees may have contained

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corporate and/or labor union funds, the Committee may also have violated 2 U.S.C. §441b."

We submit, respectfully, that the GRF has not committed a violation of 2 U.S.C. §441b, or any other provision of the Act. Consequently, no enforcement action is appropriate. See 2 U.S.C. §437g(a)(4)(5)(A).

Section 441b prohibits not the mere acceptance of a corporate contribution, but the "knowing" acceptance of a corporate contribution. As Ms. Sheldon has indicated, the monies from the Hayden and LeRoy committees were deposited in the GRF's account by mistake.

Moreover, even if Ms. Sheldon had known that the committees were state campaign committees, it does not follow that she knew that the funds contributed contained corporate or labor union funds or knew that the contributions could have contained such funds, i.e., that such funds could under state law be accepted by those committees. Consequently, neither she nor the GRF knowingly accepted corporate contributions in violation of §441b.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dp

BEFORE THE
FEDERAL ELECTION COMMISSION

Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

RESPONSE TO INTERROGATORIES

Interrogatory No. 1a

State whether the $5,000 contribution from the Re-Elect Bill Clements Committee was designated for the Gerald R. Ford - New Leadership Committee's federal account.

Answer

The contribution was designated for the Gerald R. Ford - New Leadership Committee. The Committee has only a federal account.

Interrogatory No. 1b

State whether the solicitation for this contribution expressly stated that it would be used for a federal election.

Answer

I have found no information concerning the solicitation for this contribution.

Interrogatory No. 1c

State whether the Re-Elect Bill Clements Committee was informed that its contribution was subject to the prohibitions and limitations of the Federal Election Campaign Act of 1971, as amended.

Answer

I asked specifically and was advised by the Clements Committee that the Clements Committee was registered with the Federal Election Commission.

Interrogatory No. 1d

If the solicitation for this contribution was written, provide a copy of such solicitation.

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Answer

I have found no written solicitation.

Interrogatory No. 1e

If the solicitation for this contribution was oral, describe the circumstances concerning the solicitation.

Answer

I have found no information concerning the solicitation for this contribution.

Interrogatory No. 2a

State the circumstances surrounding and the date(s) on which President Ford spoke in connection with the Mike Hayden Campaign Fund and LeRoy for Governor.

Answer

LeRoy for Governor, October 6, 1986, Sun Valley, Idaho, press conference, reception and dinner. Mike Hayden Campaign Fund, October 20, 1986, Wichita, Kansas, reception, press conference, dinner.

Interrogatory No. 2b

State the basis on which you determined that the funds received from the Mike Hayden Campaign Fund and LeRoy for Governor were honoraria rather than contributions to the Gerald R. Ford - New Leadership Committee.

Answer

President Ford often receives honoraria when he appears at receptions and/or dinners on behalf of candidates for state elective office. I assumed that this was the situation here.

I, the undersigned, do hereby certify under penalty of perjury that the foregoing information is true and correct to the best of my knowledge and belief.

Sharyn J. Sheldon

Sharyn J. Sheldon

89040735907

File

GERALD R. FORD

Sharon
ask me

August 26, 1986

Dear Editor:

When I first heard that Governor Mark White and his ally Bill Slagle had attacked the patriotism of Bill Clements and 20,000 other Texans, I just couldn't believe it. But my initial surprise and shock at this desperate political attack has turned to sadness.

I would strongly and respectfully advise the Governor of Texas that there are other matters of grave concern to Texans he should address.

Bill Clements has been a longtime friend of mine. I've come to know him as a Texan and American of the highest caliber. He served me and his country as Deputy Secretary of Defense with great ability and dedication. He is indeed a true patriot.

From what I know of Texas history and of Bill Clements, had he been around at the time of the Texas Revolution, Bill Clements would have stood shoulder to shoulder with Houston, Crockett, Travis and Bonham.

This personal attack on Bill Clements is unwarranted and unjust. I feel so strongly about this that I have offered, and Bill has accepted, to campaign in Texas on his behalf.

Sincerely,

Gerald R. Ford

Gerald R. Ford

For further information:
Millicent John
512/476-1900
101 E. 9th Street, Suite 1010
Austin, Texas 78701

8 0 0 4 0 7 3 4 9 0 8

10/1

2250

RE-ELECT BILL CLEMENTS COMMITTEE
REGULAR ACCOUNT
823 CONGRESS AVE., SUITE 1010
AUSTIN, TX 78701

INTERFIRST BANK OF AUSTIN, N.A.
AUSTIN, TX
88-17/1149

002250

DATE	AMOUNT
09/29/86	*****5000.00

PAY TO THE ORDER OF:
GERALD R. FORD/NEW LDSHP.
40365 SAND DUNE ROAD
RANCHO MIRAGE CA 92270

Martha B. Thelisson

⑈002250⑈ ⑆114900177⑆ ⑈043⑈018⑈ 1⑈

10/1 5K short.
4K in
1K short

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Bill Clements for Governor

Sharyn

August 13, 1986

Ms. Tracey Priestley
Assistant to President Gerald Ford
P. O. Box 5670
Avon, CO 81620

Dear Tracey:

Please accept this letter as confirmation that President Gerald Ford will attend two fundraisers for Governor William P. Clements, Jr. on Wednesday, October 1, 1986, in Dallas, Texas.

We are planning a fundraising luncheon and golf tournament, with a private reception that evening at the home of Mr. and Mrs. John H. Rauscher, Jr. We would like to have a photo opportunity with the people playing in the golf tournament and with the guests at the Rauscher reception. The photo sessions should not number more that 40 pictures per session. I will follow up with additional details regarding times, locations, transporation, etc.

As agreed, a check will be remitted prior to October 1 to:

Gerald R. Ford
New Leadership Committee
P. O. Box 927
Rancho Mirage, CA 92270
Attn: Sharyn Sheldon

10 PAC

2 may fly Dallas to Hamilton Pa morning 8 & I 2

Also, arrangements will be made to fly President Ford to and from Palm Springs, California on October 1.

Governor Clements is honored to have President Ford participate in these events, and we look forward to them with great anticipation.

I look forward to working with you and Sharyn. Please let me know is there is anything else you need.

Sincerely,

Lisa Scott

Lisa Scott

Pol. Adv. Paid for by Re-elect Bill Clements Committee
823 Congress Avenue, Suite 1010, Austin, Texas 78701 • (512) 476-1900
Bob Perry Treasurer

David Leroy
GOVERNOR

September 30, 1986

JUDY —

Here's the information you needed for President Ford for his talk at the reception in Sun Valley. Also, enclosed is the biography for Dave Leroy and other information about Dave.

Please call me if you need any other information —

Sincerely

Kathy Lynn

P.S. Please tell President Ford to wear a dark suit as most of our guests are going to be dressing up —

Thanks!

803 WEST BANNOCK • P.O. BOX 193 • BOISE, IDAHO 83701 • PHONE (208) 343-1200

PAID FOR BY LEROY FOR GOVERNOR COMMITTEE, BOB BOLINDER, TREASURER

8904073491 1

7/28/86

9/16/86 - Pvt phone 1/6 to SLC / per Ken Kohli

Sharyn,

For Your Calendar:

President Ford has agreed to attend a fundraising event for Dave LeRoy, who is running for Governor in Idaho.

He said he already has private transportation in to Sun Valley on the evening of 10/6, and out again following dinner.

The event is a reception and dinner (recept. for approx. 60 persons--dinner for 20)

Contact person is Ken Kohley (208)343-1200. He will call you next week with times, place, etc.

150-200 people

recept: 5:30-7:30 (~~Buf~~ 6-7)

Dinner: 7:00-9:30

15 people

(~~DRF~~ 7:15-8:30)

Invited to stay Reid W. Dennis friend of Trammell Crow in Sun Valley

No S. alone per

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MIKE HAYDEN
CAMPAIGN FUND
ATWOOD, KS 67730

1238

October 20 19 86

83-481
1011

PAY TO THE ORDER OF Gerald R. Ford Republican Club $ 5000 00/100

Five Thousand Dollars 00/100 DOLLARS

STATE BANK OF ATWOOD
ATWOOD, KANSAS

MIKE HAYDEN - CAMPAIGN FUND

Susan Peterson

MEMO

⑆101104818⑆ 12⑈215⑈22⑈ 1238

rived
2-13-86

Oct 20 Event
Hayden for Governor

HAND DELIVERED

RECEIVED FEDERAL ELECTION COMMISSION MAIL ROOM

87 NOV 23 PM 4:24

PIERSON, BALL & DOWD
ATTORNEYS AT LAW
1200 18TH STREET, N.W.
WASHINGTON, D.C. 20036

(202) 331-8566
CABLE ADDRESS "PIERBALL"
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OKLAHOMA CITY, OKLA. 73102
405 235-7686

JOHN J. DUFFY
(202) 457-8616

November 23, 1987

RECEIVED FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL
87 NOV 24 AM 10:34

Susan Beard, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2537 - Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Susan:

I have confirmed with Ms. Sheldon that she could not locate a copy of the check from the LeRoy for Governor Committee.

This is to also confirm that we do not have a copy of any correspondence between the Committee and the Mike Hayden Campaign Fund. We have, however, located several notes made in connection with this appearance, a copy of which is attached.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dp
Enclosure
cc: Ms. Sharyn J. Sheldon

4 1 6 4 3 7 0 4 0 0 3

Oct 20[redacted] (15) PAC
Kansas Pet Plan
Rep. Candidate for Sen

JOHN PAVLOFF ELECTRIC
Contractors St. Lic. #443370
(619) 323-7440 (619) 347-6272

Contact
Doug Mayer
(913) 232-1090

Pre 6:30
7:30

Din 7:30
9:00

P.C. 10-15 min

★ WE DO SERVICE CALLS 24 HRS. A DAY ★

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SENSITIVE
RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
88 JAN 26 AM 11:19
EXECUTIVE SESSION
FEB 02 1988

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 15, 1987, the Commission found reason to believe that the Gerald R. Ford - New Leadership Committee (the "Committee") and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a). Interrogatories and a request for documents were sent to Respondents on September 23, 1987. On November 9, 1987, the Commission received a response which was supplemented on November 24, 1987. See Attachment 1.

The MUR concerns the acceptance of three checks, each for $5,000, from three unregistered state committees: LeRoy for Governor, Mike Hayden Campaign Fund and Re-elect Bill Clements Committee. The Ford Committee has stated that two of the checks were speaking fees to President Ford and were deposited into the Committee's account in error. Funds representing the amount of the two checks have been transferred to President Ford's personal account. Funds from the third check were returned to the issuing Committee when the Ford Committee learned that the issuing Committee was not registered with the Commission. Two of the unregistered committees are registered in States which allow contributions of corporate funds. No questions were sent to the three state committees and no reason to believe findings were made with respect to them.

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II. ANALYSIS

Based on the responses received from Respondents and conversations with Respondents' counsel, it appears that Respondents have provided the Commission with all of the information they have concerning the acceptance of the three checks at issue.

A. Mike Hayden Campaign Fund

The Ford Committee stated that President Ford attended a reception, press conference and dinner on October 20, 1986, in Wichita, Kansas, on behalf of the Hayden Committee. The Committee stated that, the treasurer assumed that the check from the Hayden Committee was a speaking fee to President Ford. Two copies of documents were produced concerning the Hayden Committee: (1) a check for $5,000 from the Hayden Committee made payable to the "Gereald [sic] R. Ford New Leadership Ctee;" and, (2) a note about the date and time of the events. Attachment 1 at 10, 12.

The Ford Committee did not give any information concerning why the treasurer assumed that the check was a speaking fee even though the check was made payable to the Committee. This Office recommends that the Hayden Committee be asked questions in order to resolve the apparent contradiction between the claim that the $5,000 check was a speaking fee to President Ford and the fact that the check was made payable to the Committee and not to President Ford. Also, the Commission has no information concerning whether the Hayden Committee accepted funds that were not permissible under the Act.

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B. LeRoy for Governor

The Ford Committee stated that President Ford attended a press conference, reception and dinner on October 6, 1986, in Sun Valley, Idaho for the LeRoy Committee. The Committee also stated that the treasurer assumed the check from the LeRoy Committee was a speaking fee since President Ford often receives them. Two documents were produced concerning the LeRoy Committee: (1) the cover letter to a biography for David LeRoy, which refers to President Ford's talk at a reception; and, (2) a memo regarding transportation and information about the fundraiser. Attachment 1 at 8-9.

The Ford Committee did not have a copy of the check from the LeRoy Committee nor did it have any information concerning whether the LeRoy Committee intended the check to be deposited into the Ford Committee's account. The Ford Committee also did not give the Commission any information on why the treasurer assumed the check was a speaking fee. Since the Ford Committee does not have a copy of the check, the possibility exists that the check was made payable to the Committee and not to President Ford, as it was in the Hayden situation. If the check was made payable to the Committee then a contradiction similar to the one in the Hayden case exists. As a result, this Office recommends that the LeRoy Committee be asked questions concerning the issuance of the $5,000 check that was deposited into the Ford Committee's Account. Finally, the Commission has no information concerning whether the LeRoy Committee accepted funds that were not permissible under the Act.

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C. Re-elect Bill Clements Committee

The Committee stated that the contribution from the Clements Committee was designated for the Committee's account. The Committee also stated that the Clements Committee informed the Ford Committee that the Clements Committee was registered with the Commission. The Ford Committee could not locate any information concerning the solicitation or the circumstances under which the solicitation occurred. The Ford Committee also produced copies of three documents concerning the Clements Committee: (1) a letter from President Ford to an editor; (2) a check from the Clements Committee for $5,000 payable to "Gerald R. Ford/New Ldshp.;" and, (3) a letter from the Clements Committee to Tracey Priestley, Assistant to President Ford, confirming the appearance of President Ford at two fundraisers and that a check would be sent to the Ford Committee. Attachment 1 at pages 5-7.

The facts in the Clements situation appear to be similar to those in the Hayden and LeRoy situations. It appears that the Clements Committee issued a $5,000 check made payable to the Ford Committee and that President Ford apeared at two Clements fundraisers. This Office recommends that the Clements Committee be asked questions concerning the circumstances surrounding the issuance of the $5,000 check in order to obtain a full understanding of the events at issue in this MUR.

The Respondents, through their counsel, have informed representatives of this Office that all of the information

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Respondents have concerning the issues involved in this MUR have been provided to the Commission. Nevertheless, questions remain concerning why the three state committees may have issued checks payable to the Ford Committee if the checks were speaking fees to President Ford, and whether the funds came from sources that are permissible under the Act. At present, it appears that the three unregistered state committees are the only entities that may have the answers to these remaining questions.

Since there are a number of areas in which there is inadequate information, this Office recommends that the Commission approve and send the attached letters and interrogatories and requests to produce documents to the three unregistered state committees as non-respondent witnessess.

III. RECOMMENDATION

Approve and send the proposed letters and interrogatories and requests to produce documents.

Lawrence M. Noble
General Counsel

1/25/88
Date

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

Attachments
1. Response and supplemental response
2. Proposed letters (3), interrogatories and requests to produce documents (3)

Staff person: Susan Beard

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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: JANUARY 27, 1988

SUBJECT: OBJECTIONS TO MUR 2537 - General Counsel's Report Signed January 25, 1988

The above-captioned document was circulated to the Commission on Tuesday, January 26, 1988 at 4:00 P.M.

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

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

This matter will be placed on the Executive Session agenda for February 2, 1988.

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	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of February 2, 1988, do hereby certify that the Commission decided by a vote of 5-1 to approve and send the proposed letters and interrogatories and requests to produce documents as recommended in the General Counsel's report of January 25, 1988.

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

Attest:

Feb. 3, 1988
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 4, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ray R. Higley, Treasurer
Mike Hayden Campaign Fund
107 Page
Atwood, Kansas 67730

RE: MUR 2537

Dear Mr. Higley:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached interrogatories and requests to produce documents in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this request. However, you are required to submit the information under oath within 15 days of your receipt of this letter.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Interrogatories and Requests
to Produce Documents

9904073549924

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2537
)

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Ray R. Higley, Treasurer
Mike Hayden Campaign Fund
107 Page
Atwood, Kansas 67730

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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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.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1986, to January 1, 1987.

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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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 non-respondent witness 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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INTEROGATORIES AND REQUESTS TO PRODUCE DOCUMENTS

1. With regard to check number 1238 for $5,000 that the Mike Hayden Campaign Fund drew on the State Bank of Atwood and was payable to the "Gereald [sic] R. Ford New Leadership Ctee," state the following:

a. The purpose(s) for which the check was drawn;

b. Whether the Mike Hayden Campaign Fund intended to make a contribution to a federal political committee; and,

c. Whether the Mike Hayden Campaign Fund was informed that the check was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

2. a. Using a reasonable accounting method, state whether corporate and/or union funds were present in the Mike Hayden Campaign Fund's account when the check was drawn. If so, state the amount of such funds and the balance of the account.

b. Describe the accounting method used and produce copies of the work papers used to determine whether union and/or corporate funds were present.

3. Provide copies of all correspondence and other documentation concerning the check described above and the circumstances surrounding its being drawn.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

February 4, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bob Perry, Treasurer
Re-Elect Bill Clements Committee
823 Congress Avenue, Suite 1010
Austin, Texas 78701

RE: MUR 2537

Dear Mr. Perry:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached interrogatories and requests to produce documents in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this request. However, you are required to submit the information under oath within 15 days of your receipt of this letter.

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

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure
Interrogatories and Requests
to Produce Documents

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2537
)

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Bob Perry, Treasurer
Re-Elect Bill Clements Committee
823 Congress Avenue, Suite 1010
Austin, Texas 78701

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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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.

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"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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INTERROGATORIES AND REQUESTS TO PRODUCE DOCUMENTS

1. With regard to check number 2250 drawn on Interstate Bank of Austin, dated September 29, 1986, and made payable to "Gerald R. Ford/New Ldshp." state the following:

a. The purpose(s) for which the check was drawn;

b. Whether the Re-elect Bill Clements Committee intended to make a contribution to a federal political committee; and,

c. Whether the Re-elect Bill Clements Committee was informed that the check was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

2. If the check described above was in response to a solicitation state the following:

a. Whether the solicitation expressly stated that it would be used for a federal election;

b. If the solicitation was oral, describe the circumstances surrounding the solicitation; and,

c. If the solicitation was written, provide a true copy, if a copy is not available state the reason(s) why it is unavailable and describe the contents of the solicitation in detail.

3. If the check described above was not made in response to a solicitation, describe in detail, the circumstances which resulted in the drawing of the check.

4. Provide a copy of all correspondence and other documentation concerning the check described above and its refund.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 4, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert D. Bolinder
LeRoy for Governor
140 Hearthstone Drive
Boise, Idaho 83702

RE: MUR 2537

Dear Mr. Bolinder:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached interrogatories and requests to produce documents in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this request. However, you are required to submit the information under oath within 15 days of your receipt of this letter.

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

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure
Interrogatories and Requests
to Produce Documents

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2537
)

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Robert D. Bolinder
LeRoy for Governer
140 Hearthstone Drive
Boise, Idaho 83702

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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INSTRUCTIONS

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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.

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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.

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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.

8 9 0 4 0 7 3 4 9 3 8

DEFINITIONS

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"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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INTERROGATORIES AND REQUESTS TO PRODUCE DOCUMENTS

1. With regard to the $5,000 check that LeRoy for Governor wrote which was received by the Gerald R. Ford - New Leadership Committee, on or about October 16, 1986, state the following:

a. The purpose(s) for which the check was drawn;

b. Whether LeRoy for Governor intended to make a contribution to a federal political committee; and,

c. Whether LeRoy for Governor was informed that the check was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

2. a. Using a reasonable accounting method, state whether corporate and/or union funds were present in LeRoy for Governor's account when the check described above was drawn. If so, state the amount of such funds and the balance of the account.

b. Describe the accounting method used and produce copies of the work papers used to determine whether union and/or corporate funds were present.

3. Provide copies of all correspondence and other documentation concerning the check described above and the circumstances surrounding its being drawn, including a true copy of the check.

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QCC#6515

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 FEB 23 PM 12:37

Governor
Mike Hayden

T.M. Murrell
Honorary Chairman

Paul "Bud" Burke
Co-Chairman

Scott Ritchie
Co-Chairman

Wayne Tate
First District Chairman

Emery Fager
Second District Chairman

Tom Congleton
Third District Chairman

Brenda Farha
Fourth District Chairman

George Nettles
Fifth District Chairman

88040734

February 17, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 FEB 23 PM 3:12

Ms. Susan Beard, Esq.
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2537

Dear Ms. Beard:

This is to acknowledge Ms. Lois Lerner's letter of February 4, 1988, regarding the above matter. Please be advised that I have forwarded this information to Governor Hayden's private attorney, William W. Sneed, for review and preparation of an answer.

Mr. Sneed is located at 3400 Van Buren, Topeka, Kansas 66603. His phone number is 913-266-3650.

It is my understanding Mr. Sneed will contact you in the near future and will be handling this on my behalf and Governor Hayden's behalf henceforth.

Very truly yours,

Ray R. Higley

Ray R. Higley, Treasurer
Mike Hayden Campaign Fund

P.O. Box 1353
Topeka, KS 66601
(913) 234-3416

CCC#6517

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
88 FEB 23 PM 12:54

Robert D. Bolinder
140 Hearthstone Drive
Boise, Idaho 83702

February 17, 1988

Lois G. Lerner
Associate General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 2537

Dear Ms. Lerner:

I am enclosing the Answers to Interrogatories and Requests to Produce Documents requested in your letter dated February 4, 1988.

Sincerely,

Robert D. Bolinder

RDB:sm

Enclosure

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 FEB 23 PM 3:12

8904073942

Answers to Interrogatories and
Requests to Produce Documents

Re: MUR 2537

Robert D. Bolinder
Leroy for Governor

1.
a) The check to Gerald Ford, New Leadership Committee was written on October 9, 1986. It was payment for personal services rendered by Mr. Ford for speaking at a political rally on behalf of David Leroy, candidate for the office of Governor of Idaho.

b) It was never intended to make a contribution to a federal political committee. It was considered a normal fee for such an appearance by Mr. Ford.

c) Leroy for Governor was not informed that the check was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

2.
a) The check was paid from the regular checking account of Leroy for Governor. The monies in this account included both personal and corporate checks as allowed by the laws of the State of Idaho. To the best of my knowledge, the account did not include any union funds.

b) not applicable

3. A copy of the check is attached

Robert D. Bolinder

Robert D. Bolinder

8 9 0 4 0 7 3 4 9 4 3

REPUBLICAN and proud of it

LEROY FOR GOVERNOR
CAMPAIGN FUND
BOB BOLINDER TREASURER

01980

IDAHO FIRST NATIONAL BANK
Head Office
P. O. Box 7000
Boise, Idaho 83707

92-1/1241
15574-20T

PAY * * * Five Thousand Dollars & 00/100 * * *

DATE: October 9, 1986

AMOUNT: $5,000.00

TO THE ORDER OF

Gerald Ford
New Leadership Committee
40365 Sand Dune Rd.
Ranco Mirage, CA 92270

Brad Stoughton

⑈001980⑈ ⑆124100016⑆ 1100010574 64⑈

PAYEE DETAIL — LEROY FOR GOVERNOR

DATE	[illegible]	DESCRIPTION	AMOUNT	DISCOUNT OR DEDUCTION	NET AMOUNT
10/9/86		Reception			$5,000.00

EMPLOYEE'S [illegible]

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	[illegible]	[illegible]	[illegible]				NET EARNINGS
	REG. T. O.T.									

8904073 49-4

GCC# 6502

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 FEB 23 AM 8:38

GEHRT & ROBERTS, CHARTERED
ATTORNEYS AT LAW
3400 VAN BUREN STREET — P.O. BOX 5186
TOPEKA, KANSAS 66605
(913) 266-3650
ID # 48-0992424

FLOYD E. GEHRT
ROBERT L. ROBERTS
WILLIAM A. LARSON
WILLIAM W. SNEED
SHELDEN P. LE BRON
GREGORY A. LEE

ASSOCIATED COUNSEL
HARLAND K. RIEGER

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 FEB 23 PM 3:14

February 18, 1988

Ms. Susan Beard
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2537

Dear Ms. Beard:

Please be advised that I have been contacted by Governor Mike Hayden and Ray Higley, Governor Hayden's former treasurer of his campaign fund, in regard to the above matter. This is in response to a letter dated February 4, 1988 from Lois G. Lerner requesting Mr. Higley to respond to a set of Interrogatories and Request for Production of Documents.

Please be advised that Governor Hayden and Mr. Higley intend to fully cooperate with your investigation. However, Ms. Lerner's letter was mailed to Mr. Higley's Atwood, Kansas address. Mr. Higley now resides in Topeka, Kansas, and as such we have just recently received this information. Noting in Ms. Lerner's letter that Mr. Higley is required to submit the information within fifteen days, I respectfully request an extension of twenty days from February 18, 1988. Thus, we would intend to respond no later than March 8, 1988. You should further be advised that we have requested that the proper depository sources provide copies of the information requested in the Interrogatories. However, these documents are not directly in our control, and as such, it will take a few days to gather this information. That, coupled with the delay in Mr. Higley's receiving the letter, necessitates our request for an extension of time.

Unless I otherwise from you, I will assume that the extension will be granted. If not, I would appreciate your contacting me by phone at your earliest opportunity. Again, on behalf of Governor Hayden and Mr. Higley, I want to assure that we intend to fully cooperate with your request. As soon as we gather the documentation on this transaction, we will comply with the Interrogatories.

89040734943

Again, thank you in advance for the extension and your courtesies in regard to this matter.

Very truly yours,

GEHRT & ROBERTS, CHARTERED

William W. Sneed

WWS:kjb
cc: Ray Higley

8 0 0 4 0 7 3 4 9 4 6

Thm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 25, 1988

William W. Sneed, Esquire
Gehrt & Roberts, Chartered
3400 Van Buren Street
Topeka, KS 66605

RE: MUR 2537

Dear Mr. Sneed:

This is in response to your letter dated February 18, 1988, which we received on February 23, requesting an extension until March 8, 1988, to respond to the interrogatories and request for production of documents that were sent to the Mike Hayden Campaign Fund and Ray Higley, as treasurer, as non-respondent witnesses. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on March 8, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

8704075949

GCCA 6642

JOHNSON & SWANSON

ATTORNEYS AND COUNSELORS

A Partnership Including Professional Corporations

Main Office:
100 Founders Square
900 Jackson Street
Dallas, Texas 75202-4499
214-977-9000

1500 MBANK Tower
221 West Sixth Street
Austin, Texas 78701
512-476-6666

Telecopy 512-479-6431

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 MAR -1 AM 11:35

February 26, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 MAR -1 PM 12:25

Ms. Susan Beard
Attorney
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2537

Dear Ms. Beard:

This letter confirms my earlier request for a twenty (20)-day extension of time in which the Re-Elect Bill Clements Committee can respond to the FEC's letter of February 1, 1988. The requested extension is needed to permit the Committee to gather the information requested in your letter.

Sincerely,

Dan Matheson (by STH)

Dan N. Matheson III

DNM/ju

F:\jautter\misc\beard

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HAND DELIVERED
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
88 MAR -1 AM 9:56

RCC#6639

Governor Clements Committee

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 MAR -1 PM 12:25

February 29, 1988

Ms. Susan Beard
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Dear Ms. Beard:

The Governor Clements Committee has appointed Mr. Dan Matheson of Johnson & Swanson of Austin, Texas, as the designated General Counsel to review and assist in our preparation of a response to the Federal Election Commission's recent request (re: MUR 2537).

By nature of this correspondence, you are authorized to respond to any inquiry Mr. Matheson may have in regard to this case.

I would like to reiterate the Governor Clements Committee request for an extension of an additional twenty days to respond to your inquiry in order for Mr. Matheson to properly review and submit to the Federal Election Commission the appropriate documentation.

Sincerely,

Tom Kowalski

Tom Kowalski
Executive Director
Governor Clements Committee

TK/lb

cc: Dan Matheson

8 9 0 4 0 7 3 4 9 4 9

823 Congress Avenue, Suite 1012, Austin, Texas 78701 ● (512) 476-1900
Pol. Adv. Pd. for by Governor Clements Committee

COCH 0057

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 MAR -7 AM 10: 20

GEHRT & ROBERTS, CHARTERED
ATTORNEYS AT LAW
3400 VAN BUREN STREET — P.O. BOX 5199
TOPEKA, KANSAS 66605
(913) 266-3850
ID # 48-0992424

FLOYD E. GEHRT
ROBERT L. ROBERTS
WILLIAM A. LARSON
WILLIAM W. SNEED
SHELDEN P. LE BRON
GREGORY A. LEE

ASSOCIATED COUNSEL
HARLAND K. RIEGER

Mur 2537

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 MAR -7 PM 12: 27

February 29, 1988

Gerald R. Ford National
Leadership Committee
40365 Sundown Rd.
Rancho Mirage, CA 92270

RE: Campaign Expenditure Refund

Dear Sir/Madam:

Please be advised that I represent Governor Mike Hayden and his Campaign Committee and that we have been contacted by the Federal Election Commission. The Federal Election Commission has contacted us in specific reference to a check that Governor Hayden issued to your Committee on October 10, 1986 in the amount of $5,000.00. The Commission has brought up the possibility that such payment may be in violation of the Federal Election Campaign Act. Inasmuch as the Governor and his Campaign wish to avoid even the appearance of impropriety, we are requesting a refund in the amount of $5,000.00.

The facts as we know them are that on October 10, 1986, our Campaign issued a check in the amount of $5,000.00 to the Gerald R. Ford New Leadership Committee. It was our understanding that this payment was to cover the expenses of Former President Ford's attendance at a Wichita, Kansas fund raiser held on behalf of then candidate, Mike Hayden. We were unaware until contacted by the Federal Election Commission that the Gerald R. Ford New Leadership Committee was a federal political committee. Although the payment was for expenses and, in our opinion not a violation of the Federal Election Act, we respectfully request a refund in the amount of $5,000.00. You should be advised that we have provided documentation of our knowledge surrounding the transaction and our request for a refund with the Federal Election Commission.

0 5 6 9 3 4 0 7 3 7 6

I would be most happy to discuss this matter in detail with anyone at your convenience. Again, I thank you in advance for your assistance in this matter and would appreciate the issuance of a check as soon as possible.

Yours very truly,

GEHRT & ROBERTS, CHARTERED

William W. Sneed

William W. Sneed

WWS:sc
Enc.
cc: Susan Beard/Federal Elections Commission
Ray Higley

8 7 0 4 0 7 3 4 9 5 1

OCC#6659

MAIL ROOM

88 MAR -7 AM 8:40

GEHRT & ROBERTS, CHARTERED

ATTORNEYS AT LAW

3400 VAN BUREN STREET — P.O. BOX 5186

TOPEKA, KANSAS 66605

(913) 266-3650

ID # 48-0992424

FLOYD E. GEHRT
ROBERT L. ROBERTS
WILLIAM A. LARSON
WILLIAM W. SNEED
SHELDEN P. LE BRON
GREGORY A. LEE

ASSOCIATED COUNSEL
HARLAND K. RIEGER

February 29, 1988

88 MAR -7 PM 12:26

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Ms. Susan Beard
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2537

Dear Ms. Beard:

Enclosed please find Ray Higley's and Susan Peterson's Affidavits in answer to the interrogatories in regard to the above matter. Also included are the accompanying exhibits that are described in the Affidavits. As you can see by Mr. Higley's Affidavit, neither he nor Governor Hayden were aware that the check payable to Former President Ford's Committee was a payment to a federal political committee. In reviewing the Federal Election Commission statutes, it would appear that a payment for these expenses would not be a violation. However, inasmuch as Governor Hayden and the campaign wish to avoid even the appearance of impropriety, I have been directed to write a letter to the Committee and request a refund. A copy of that letter is included with these documents.

In reviewing our files, we did discover that in March of 1987 a letter was written to the Campaign in regard to this matter. Unfortunately, when the material was finally delivered form Atwood to Topeka, the cover letter was not carefully reviewed. It was assumed that the material was sent as advisory in nature to the extent we as a Committee wished to become a federal committee. Now, after reviewing your latest inquiry, we have become aware of the purpose of the 1987 letter. Please be advised that our failure to respond in March of 1987 was an oversight and we intend to fully comply with your review of this matter.

After you have had an opportunity to review these documents I would appreciate you letting me know if there is any additional information needed. Further, in the event that this documentation concludes your inquiry to Governor Hayden's committee, I would appreciate knowing that so that we may close our file.

2 0 7 4 0 7 3 4 9 5 2

Again, I appreciate your assistance in this matter and if you have any questions please feel free to contact me.

Yours very truly,

GEHRT & ROBERTS, CHARTERED

William W. Sneed

WWS:sc
Enc.
cc: Ray Higley

8 9 0 4 0 7 3 4 9 5 3

Sue

HACTS
913-232-5637

HAYDEN / FORD / KASSEBAUM BRIEFING

Monday, October 20, 1986

9:00 a.m.	Doug Mays and wife arrive in Wichita - driving in and will come directly to Headquarters.
3:45 p.m.	Pam and Nancy leave for Jabara for Hayden arrival.
4:10 p.m.	Arrival at Jabara Airport by Hayden/Kassebaum entourage. Mike and Patti Hayden Senator Nancy Kassebaum and Mike Harper, Sen. Kassebaum's aide. Bob Creighton and John Conard
4:15 p.m.	Senator Kassebaum and Mike Hayden will proceed directly to Shelby Smith's residence (132 S. Mountain).
	Patti Hayden, Mike Harper, Bob Creighton and John Conard will proceed to Mike Meacham's residence driven by Steve Yager.
5:00 p.m.	Staff from Topeka office arrives at Hayden Headquarters in Wichita. Sue Peterson, Mark Skinner, Sue Bauman, Keith Henley, Jane Lewis and Nancy Zogleman.
5:15 p.m.	Mike Meacham to Harshberger Residence (851 Tara Lane) for identification Mark Skinner, Sue Bauman and Nancy Zogleman to Harshberger for identification.
5:30 p.m.	Sue Peterson, Pam Somerville, Nancy and Alan Scott depart for Jabara for Ford entourage arrival.
5:55 p.m.	Shelby Smith will drive Mike Hayden and Senator Kassebaum (?) to Jabara for Ford arrival.
6:10 p.m.	Ford Arrival at Jabara Welcoming Committee consists of: Don Gragg, Sedgwick County Republican Chairman Nancy Scott, Co-Chair Sedgwick County Hayden for Governor John Moore, Cessna Cessna Doug Mays, Hayden Staff Pam Somerville, Sue Peterson
6:15 p.m.	Ford Motorcade departs Jabara (driven by Phil Huttig) for Harshberger Residence. Hayden and Kassebaum depart following Ford (driven by Steve Yager) Approximately 8-10 minutes driving time.
6:23 p.m.	Arrival at Harshberger Residence.
6:30 p.m.	Enter Harshberger Residence.

8 9 0 4 0 7 3 4 9 5 4

6:55 p.m.	Ford Motorcade departs Hershberger Residence Haydens and Kassebaum depart Hershberger Residence (driven by Yager) Approximately 5 minute drive to Beach Activity Center
7:00 p.m.	Ford Motorcade arrives at Beach Activity Center
7:05 p.m.	Ford proceeds to President's Dining Room (holding room) Haydens, Congressman Roberts and Senator Kassebaum
7:10 p.m.	Press Conference Begins (Mediator: Nancy Scott)
7:20 p.m.	Press Conference Concludes: Ford proceeds to President's Dining Room (holding room)
7:38 p.m.	Head Table persons assemble behind screen in Foyer of Beach.
7:40 p.m.	President Ford, head table participants and Greeting Committee (same as airport) escort to Head Table.
7:45 p.m.	Arrival at Head Table. Bud Burke makes opening remarks. Indicates that persons may continue to dine.
7:48 p.m.	Bud Burke introduces Dr. Bert McCormick of the Plymouth Congregational Church for the Invocation.
7:49 p.m.	Dr. Bert McCormick delivers invocation.
7:50 p.m.	Bud Burke introduces James Isaac to deliver the flag salute
7:51 p.m.	Jim Isaac delivers Flag Salute.
7:52 p.m.	Bud Burke introduces Mike Hayden for Opening Address
7:55 p.m.	Mike Hayden delivers remarks
8:10 p.m.	Bud Burke introduces Senator Nancy Landon Kassebaum
8:11 p.m.	Senator Nancy Landon Kassebaum introduces President Gerald R. Ford
8:15 p.m.	President Gerald R. Ford delivers keynote
8:30 p.m.	President Ford departs stage for Motorcade and proceeds to Jabara
8:45 p.m.	Brief Intermission to freshen beverages and to eat dessert.
8:46 p.m.	Introduction of Head Table
8:48 p.m.	Introduction of Congressional people present
8:51 p.m.	Introduction of Statewide Officials and Candidates (mass standing)
8:54 p.m.	Introduction of State Legislators and Candidates Present (mass standing) Bob Talkington, Jim Braden, David Heinemann (he may leave)
8:58 p.m.	Introduction of Local Officials and Candidates (mass standing)
9:00 p.m.	Introduction of Becky Gragg and Karla McCoy and all other Volunteers for this function for mass standing.
9:05 p.m.	Event concludes

AFIDAVIT

STATE OF KANSAS)
)SS:
COUNTY OF SHAWNEE)

Susan K. Peterson, of lawful age, being first duly sworn, on oath deposes and states as follows:

a. That I have read the Affidavit by Ray R. Higley subscribed and sworn on March 2, 1988 and filed with the Federal Election Commission with regard to MUR 2537. Having reviewed said Affidavit, I acknowledge and concur with the facts stated therein.

b. In reviewing the Campaign documents, we have discovered that in March, 1987, the Campaign did receive material from the Federal Election Commission which was misfiled as it was believed that the material was simply general information on federal political committees and the filing thereof. In reviewing our documents, the cover letter, along with the other forms, did note the payment of $5,000.00 to the Gerald R. Ford New Leadership Committee.

c. Had the document been fully examined, we would have requested a refund from Former President Ford's Committee at that time.

d. The only other documentation that we have in our file relative to this transaction is a copy of the schedule of events that was prepared jointly by President Ford's staff, Governor Hayden's Campaign staff, and other dignitaries' staff who were in attendance at the hearing. (Copy enclosed)

FURTHER AFFIANT SAITH NOT.

Susan K Peterson
SUSAN K. PETERSON

Subscribed and sworn to before me this 2nd day of March, 1988.

Marla K. Rutter
Notary Public

10-23-89

My Appointment Expires: Oct. 23, 1989

9 9 0 4 0 7 3 4 9 5 6

AFIDAVIT

STATE OF KANSAS)
)SS:
COUNTY OF SHAWNEE)

Ray R. Higley, of lawful age, being first duly sworn, on oath deposes and states as follows:

a. During Governor Hayden's campaign, President Gerald R. Ford agreed to participate in a fund raising speech on behalf of the candidate, Mike Hayden. Mr. Ford's appearance was arranged by Governor Hayden's campaign consultants Dresner-Sykes, 168 Fifth Avenue, New York, New York. Susan Peterson, campaign manager for Governor Hayden was contacted by Dresner-Sykes and was advised by telephone to issue a check to Gerald R. Ford New Leadership Ctee in the amount of $5,000.00. She was advised, and I was subsequently advised that the check was to cover President Ford's expenses involved in his appearance on October 20, 1986.

Thus, our check was drawn to pay for President Ford's expenses incurred as it related to our fund raiser on October 20, 1986, and as such, I recorded and filed the disbursement with the Kansas Public Disclosure in our October 29, 1986 report as a fund raiser cost. A copy of the title page and disbursement page in question is attached.

b. The Mike Hayden Campaign Fund did not intend to make a contribution to a federal political committee.

c. The Mike Hayden Campaign Fund was not informed that the check was subject to the limitation and prohibitions of the Federal Election Campaign Act of 1971. Further, it was not until we received the inquiry by the Federal Election Campaign that we had any knowledge that the Gerald R. Ford New Leadership Ctee was a federal political committee.

2a. At the time the check was drawn (October 10, 1986), the Mike Hayden Campaign Fund had $78,673.59 on hand. By our best calculation there were corporate and/or union funds present in the account. It is our estimate that

8 9 0 4 0 7 3 4 9 5 7

$10,300.73 of the above amount was from corporate and/or union funds.

2b. Attached is a copy of the Mike Hayden Campaign Fund bank statement for the month of October, 1986. By use of this document, I was able to determine the cash on hand as of October 10, 1986. Our campaign did not separate individual contributions from corporate and/or union contributions. However, the Kansas Public Disclosure Commission, in its statistical summary of 1986, has total contribution broken down by category. (Section 2, page 1). Total contributions by corporations, business or unions totalled $180,067 or 13.093% of total contributions. Applying the 13.093% factor to the cash on hand as of October 10, 1986, I arrived at our estimate of $10,300.73.

3. Enclosed are copies of the following documentation:

a. Copy of check no. 1238, for $5,000.00 drawn on the Mike Hayden Campaign Fund made payable to the Gerald R. Ford New Leadership Ctee.

b. Copy of the title page of the October 29, 1986 Mike Hayden Campaign report and page 8 of Schedule C. A complete copy of the report is on file with the Kansas Secretary of State.

c. Copy of the Statistical Summary of the 1986 Campaign in Kansas, prepared by the Kansas Public Disclosure Commission.

d. Copy of the October, 1986 Mike Hayden Campaign Fund bank statement.

FURTHER AFFIANT SAITH NOT.

Ray R. Higley

Subscribed and sworn to before me this [illegible] day of [illegible], 1988.

MARY E. FEAUSKE NOTARY PUBLIC STATE OF KANSAS

Notary Public

My Appointment Expires:

[illegible]

STATEMENT DATE 10/27/86

ACCOUNT NUMBER 1229522

BALANCE LAST STATEMENT	DEPOSITS AND CREDITS NO.	DEPOSITS AND CREDITS TOTAL AMOUNT	CHECKS AND DEBITS NO.	CHECKS AND DEBITS TOTAL AMOUNT	BALANCE THIS STATEMENT
87,129.19	51	453,623.34	221	405,063.52	132,689.01

CHECKING ACCOUNT TRANSACTIONS SOC SEC NBR 512-44-6332

DATE	DEBITS	CREDITS	DESCRIPTION
10/01		230.00	
10/01		13786.00	
10/02		5170.70	
10/02		66[illegible]9.99	
10/02		6854.00	
10/02		7547.00	
10/03		5591.00	
10/06		1925.[illegible]	
10/06		3757.96	
10/06		6796.00	
10/07		3850.00	
10/08		270.00	
10/08		506.00	
10/08		935.[illegible]	
10/08		5[illegible]56.[illegible]	
10/08		6420.[illegible]	
10/08		8300.[illegible]	
10/08		14102.[illegible]	
10/09		[illegible]	
10/09		[illegible]	
10/09		[illegible]	
10/09		[illegible]	
10/09		[illegible]	
10/09		[illegible]	
10/10		[illegible]	
10/10		223.[illegible]	
10/10		1435.[illegible]	
10/10		2500.00	
10/10		11531.00	
10/10		15370.00	

RECEIVED MAR 1 10 47 AM '88

NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION

L62 STATEMENT OF YOUR ACCOUNT RS

STATE BANK OF HOLWOOD

10/27/47

1221522
ACCOUNT NUMBER

BALANCE LAST STATEMENT	DEPOSITS AND CREDITS NO.	DEPOSITS AND CREDITS TOTAL AMOUNT	CHECKS AND DEBITS NO.	CHECKS AND DEBITS TOTAL AMOUNT	BALANCE THIS STATEMENT
87,129.19	51	450,623.34	221	405,063.52	132,689.01

CHECKING ACCOUNT TRANSACTIONS SOC SEC NBR 512-44-6332

DATE	DEBITS	CREDITS	DESCRIPTION
10/14	13.95		DELUXE CHECK CHK ORDER
10/17		5080.00	
10/17		11260.00	
10/17		14726.30	
10/17		23873.75	
10/20		5040.00	
10/20		9585.00	
10/20		29107.00	
10/20		39746.50	
10/20		43085.00	
10/21		98.40	
10/21		1293.00	
10/21		6245.00	
10/22		250.00	
10/23		22.00	
10/23		49736.[illegible]	
10/24		74.19	
10/24		205.00	
10/24		9532.00	
10/24		12172.50	
10/24		[illegible]	

CHECKS

DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
10/01	14.25	10/01	[illegible]	10/02	1376.77
10/01	25.00	10/01	447.27	10/02	1917.50
10/01	31.15	10/02	51.81	10/03	10.00
10/01	59.23	10/02	53.12	10/03	6140.00
10/01	59.43	10/02	59.15	10/03	76837.00
10/01	47.83	10/02	65.14	10/03	16.31
10/01	53.31	10/02	96.75	10/03	19.39
10/01	67.53	10/02	253.00	10/03	25.00

NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION

[illegible]

[illegible]

[illegible]

STATEMENT OF YOUR ACCOUNT WITH

STATE BANK OF ARLINGTON

10/27/86

1221522

ACCOUNT NUMBER

BALANCE LAST STATEMENT	DEPOSITS AND CREDITS NO.	DEPOSITS AND CREDITS TOTAL AMOUNT	CHECKS AND DEBITS NO.	CHECKS AND DEBITS TOTAL AMOUNT	BALANCE THIS STATEMENT
87,129.19	51	450,623.34	221	435,063.52	132,689.01

CHECKS

DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
10/22	15.28	10/23	150.00	10/24	230.95
10/22	28.04	10/23	150.00	10/27	7.93
10/22	50.00	10/23	150.00	10/27	12.81
10/22	95.00	10/23	150.00	10/27	16.09
10/22	125.16	10/23	150.00	10/27	17.47
10/22	150.00	10/23	150.00	10/27	22.90
10/22	150.00	10/23	150.00	10/27	29.20
10/22	150.00	10/23	195.52	10/27	31.65
10/22	150.00	10/23	1324.97	10/27	35.52
10/22	150.00	10/23	150.00	10/27	65.25
10/22	150.00	10/24	10.00	10/27	74.18
10/22	150.00	10/24	94000.00	10/27	75.00
10/22	150.00	10/24	6.00	10/27	80.95
10/22	150.00	10/24	44.67	10/27	105.00
10/22	150.00	10/24	47.80	10/27	129.06
10/22	297.11	10/24	95.50	10/27	138.60
10/22	300.00	10/24	100.00	10/27	145.82
10/22	330.00	10/24	150.00	10/27	150.00
10/22	399.00	10/24	150.00	10/27	150.00
10/22	732.00	10/24	150.00	10/27	150.00
10/22	771.75	10/24	150.00	10/27	150.00
10/22	824.35	10/24	150.00	10/27	150.00
10/22	925.68	10/24	150.00	10/27	150.00
10/22	1100.00	10/24	150.00	10/27	150.00
10/22	1072.45	10/24	150.00	10/27	150.00
10/23	31.45	10/24	150.00	10/27	150.00
10/23	129.10	10/24	150.00	10/27	150.00
10/23	150.00	10/24	150.00	10/27	150.00
10/23	150.00	10/24	150.00	10/27	154.09
10/23	150.00	10/24	150.00	10/27	252.25
10/23	150.00	10/24	150.00	10/27	609.00
10/23	150.00	10/24	150.00	10/27	2796.68
10/23	150.00				

NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION

STATEMENT OF YOUR ACCOUNT PAGE 5

STATE BANK OF [illegible]

10/27/[illegible]

MIKE HAYDEN
CAMPAIGN FUND
C/O RAY HERSEY
PO BOX [illegible]
ATWOOD KANSAS [illegible]

8221522
ACCOUNT NUMBER

BALANCE LAST STATEMENT	DEPOSITS AND CREDITS NO.	DEPOSITS AND CREDITS TOTAL AMOUNT	CHECKS AND DEBITS NO.	CHECKS AND DEBITS TOTAL AMOUNT	BALANCE THIS STATEMENT
87,129.19	51	450,623.34	221	405,063.52	132,689.01

DAILY BALANCE INFORMATION

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
09/30	87129.19	10/01	105050.36	10/02	126861.12
10/03	5[illegible]064.20	10/06	56686.11	10/07	56191.56
10/08	77704.45	10/09	85641.54	10/10	78673.59
10/14	76891.66	10/15	76198.43	10/16	70712.50
10/17	47737.00	10/20	146306.72	10/21	126963.93
10/22	118741.66	10/23	163378.62	10/24	139147.46
10/27	132689.01				

271

NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION

1238

MIKE HAYDEN
CAMPAIGN FUND
ATWOOD, KS

October 20 1986 — 83-481 / 1011

PAY TO THE ORDER OF Gerald R. Ford Leadership Com $ 5000 00/100

Five Thousand Dollars 00/100 DOLLARS

PAID

OCT 20 '86

MIKE HAYDEN - CAMPAIGN FUND

STATE BANK OF ATWOOD
ATWOOD, KANSAS

Susan Peterson

MEMO

83481 KANSAS 83481 1238

⑆101104818⑆ ⑈0000500000⑈

OT 86 17

Y ANY BANK
TINENTAL IL
CHICAGO, IL

OT 86 17

1114

Pay to the order of 1114

FOR DEPOSIT ONLY

Gerald R. Ford
Leadership Committee
11143 - 00116

0103 396 50

OCT 15 86

PAY ANY BANK, NA
BANK OF AMERICA, NT & SA
LOS ANGELES, CA.

RECEIVED
FEB 1 10 21 AM

[illegible]

Of a Candidate

October 29, 1986

FILE WITH SECRETARY OF STATE
SEE REVERSE SIDE FOR INSTRUCTIONS

FILED
OCT 29 1986
Jack H. Brier
Secretary of State

2

A. Name of Candidate Mike Hayden

Address Box 85

City and State Atwood, Kansas Zip Code 67730

Office Sought 015 District No. 0009

B. Check only if appropriate: _____ Amended Filing _____ Termination Report

C. Summary (covering the period from July 26, 1986 thru October 24, 1986)

1. Cash on hand at beginning of period..... 47,181.24
2. Total Contributions and Other Receipts (use Schedule A)..... 878,861.31
3. Cash available this period (add lines 1 and 2)..... 926,042.55
4. Total Expenditures and Other Disbursements (use Schedule C).. 806,870.28
5. Cash on hand at close of period (subtract line 4 from 3)..... 119,172.27
6. In-Kind Contributions (use Schedule B)..... 50,522.08
7. Other Transactions (use Schedule D)..... _____

D. "I declare that this report, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is true, correct and complete. I understand that the intentional failure to file this document or intentionally filing a false document is a class A misdemeanor."

[illegible] Treasurer

DATE	PAYEE	ADDRESS	CITY/STATE/ZIP	AMOUNT	EXPENDITURE DESCRIPTION
10-02-86	James Acoltine	1301 SW Harrison	Topeka, Ks 66612	250.00	Staff compensation
10-02-86	Kansas City Power & Light Company	P. O. Box 1330	Kansas City, Mo 64141	74.88	Office utilities
10-02-86	Kelly Hayden	1301 SW Harrison	Topeka, Ks 66612	750.00	Staff compensation
10-02-86	Logan Business Machines	4170 NE Highway 24	Topeka, Ks 66608	29.40	Office supplies
10-02-86	Lois Hedrick	1526 SW 26th	Topeka, Ks 66611	1,100.00	Staff compensation
10-02-86	Patti Hayden	2432 Harrison	Topeka, Ks 66611	2,000.00	Administrative expenses
10-02-86	Polly Kimbrough	631 SE 35th Terr	Topeka, Ks 66605	750.00	Staff compensation
10-02-86	Ralph Tevis	3831 SW College	Topeka, Ks 66611	11.21	Reimb. for Whelan's
10-02-86	Ramada Inn	3rd & Kansas	Leavenworth, Ks 66048	124.50	Room Rental
10-02-86	Republic Voice	P. O. Box 43070	St. Paul, Mn 55170	569.06	Postage & mailing
10-02-86	Ritchey Signs	1518 Washburn	Topeka, Ks 66604	1,608.83	Advertising-signs
10-02-86	S.W. Bell Telephone	P. O. Box 333	Topeka, Ks 66634	7.00	Phone costs
10-02-86	Seabrook Print Shoppe	2028 Gage	Topeka, Ks 66604	2,992.66	Printing costs
10-02-86	Sue Peterson	1301 SW Harrison	Topeka, Ks 66612	750.00	Staff compensation
10-02-86	Tom Hayden	1301 SW Harrison	Topeka, Ks 66612	500.00	Staff compensation
10-02-86	United Parcel Service	P. O. Box 419080	Kansas City, Mo 64141	6.50	Postage & mailing
10-02-86	Brunner-Dykes & Assoc.	160 5th Ave., 3rd Floor	New York, NY 10010	76,800.00	Media,production, & polling
10-02-86	Brunner-Dykes & Assoc.	160 5th Ave., 3rd Floor	New York, NY 10010	6,140.00	Media,production, & polling
10-02-86	State Bank of Atwood	121 S. 4th	Atwood, Ks 67730	10.00	Wire fee
10-02-86	Lori Allen	6900 N. 98th St.	Overland Park, Ks 66212	62.50	Printing costs
[illegible]	Press Kwik	3074 N. 29th St.	Topeka, Ks 66614	41.94	Picture supplies
[illegible]	SPL Gas Service	Box 1717	Topeka, Ks 66601	67.43	Office utilities
[illegible]	The Waste Sentinel	P. O. Box 78	Hanover, Ks 67780	26.00	Newspaper Advertising
[illegible]	Dr. Jack Walker	10107 Hardy	Overland Park, Ks 66212	112.09	Reimbursement-Advertising
[illegible]	C.D. Foster Display Co.	3812 Kansas	Kansas City, MO 64111	500.00	Signs
[illegible]	[illegible]	424 So. Kansas Ave.	Topeka, Ks 66603	1,768.00	Postage & mailing
[illegible]	[illegible] National Committee	310 1st Street,SE	Washington, DC	800.00	Secretary Sale Expense
[illegible]	[illegible] Impressions	P. O. Box 1823	Topeka, Ks 66601	3,773.28	Advertising/cards
[illegible]	[illegible] Arts	P. O. Box 1556	Topeka, Ks 66601	21.84	Office expense
[illegible]	[illegible] For Congress	2901 S. Topeka	Topeka, Ks 66611	1,000.00	Contribution
[illegible]	[illegible] Print Shoppe	2028 Gage	Topeka, Ks 66604	2,123.10	Printing costs
[illegible]	[illegible] Western Star	Box 308	Goodlander, Ks 67029	81.20	Newspaper Advertising
[illegible]	[illegible] Wichita Airport Hilton & Assoc. Conf.	P. O. Box 12690	Wichita, Ks 67277	625.75	Office expense
[illegible]	[illegible] Copies & Video	P. O. Box 1437	Topeka, Ks 66601	3.69	Picture supplies
[illegible]	[illegible]	424 So. Kansas Ave.	Topeka, Ks 66603	22.00	Postage & mailing
[illegible]	[illegible] Bank of Atwood	121 S. 4th	Atwood, KS 67730	55.59	Postage & mailing
[illegible]	[illegible] Post Office	7117 Harvey	Wichita, Ks 67202	167.22	Postage & mailing
[illegible]	[illegible] Carriage Club	5301 Stateline	Kansas City, Mo	965.05	Meal Expense
[illegible]	[illegible] of Topeka	P.O. Box 1658	Topeka, Ks 66601	125.16	Office utilities
[illegible]	[illegible] Tel Inc.	209 SW 6th	Topeka, Ks 66603	120.10	Office expense
[illegible]	[illegible]-Dykes & Assoc.	160 5th Ave., 3rd Floor	New York, NY 10010	37,030.00	Media,production, & polling
[illegible]	[illegible] Impressions	P.O. Box 1823	Topeka, Ks 66601	826.35	Advertising
[illegible]	[illegible] R. Ford, M.L.C.	4030E Gardner Rd.	[illegible]	5,000.00	Fund raiser cost
[illegible]	[illegible] Lithographing Co., Inc.	P. O. Box [illegible]	[illegible]	1,041.82	Office expense
[illegible]	[illegible]	[illegible] Lawrence	[illegible]	74.18	Room Rental
[illegible]	[illegible]	[illegible]	[illegible]	178.50	Food costs
[illegible]	[illegible]	[illegible] St.	[illegible]	1,692.45	Printing costs
[illegible]	[illegible]	[illegible]	[illegible]	19,388.47	Postage & mailing
[illegible]	[illegible]	[illegible]	[illegible]	7.00	Advertising-Ballons
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]97.48	Phone costs

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 3, 1988

Dan Matheson, III, Esquire
Johnson & Swanson
1500 MBANK Tower
221 West Sixth Street
Austin, Texas 78701

RE: MUR 2537

Dear Mr. Matheson:

This is in response to your letter dated February 26, 1988, which we received on March 1, requesting an extension of 20 days to respond to the interrogatories and request for production of documents that were sent to the Re-Elect Bill Clements Committee and Bob Perry, as treasurer, as non-respondent witnesses. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on March 21, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

8 8 0 5 0 7 3 4 9 6 7

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
88 MAR 22 AM 11:53

JOHNSON & SWANSON
A Professional Corporation
ATTORNEYS AND COUNSELORS
100 Congress Avenue
Suite 1400
Austin, Texas 78701
512-322-8000

Telex 55 1172
Telecopy 512-322-8143

Writer's Direct Dial Number

Other Locations:
Dallas, Texas
Washington, D.C.

March 21, 1988

88 MAR 22 PM 3:14

By Federal Express

Ms. Susan Beard
Attorney
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Sixth Floor
Washington, D.C. 20463

RE: MUR 2537 - Response to Interrogatories and Request for Production of Documents Submitted by The Governor Clements Committee

Dear Susan:

I am enclosing two signed originals of the Response to Interrogatories and Request for Production of Documents (the "Response") submitted by The Governor Clements Committee (which was formerly known as Re-Elect Bill Clements Committee) in response to the letter dated February 4, 1988, sent to Bob Perry, Treasurer, Re-Elect Bill Clements Committee, by Lois G. Lerner, Associate General Counsel of the Federal Election Commission in connection with MUR 2537. The Response has been signed by Tom Kowalski, Executive Director of The Governor Clements Committee.

In preparing the Response, we have attempted to be responsive to the specific questions asked and to be as accurate and complete as possible in stating our answers. I hope that we have been successful in providing you with the information you desired; however, should you wish additional information or clarification of any of the answers included in the Response, we will do our best to provide what you need.

I understood from our conversation this afternoon that you will contact me after you have completed your review of the Response (which I understand may be several weeks) to let me know whether you will need anything further from us. I also understood that you had no objection to my being one day late in delivering the Response (we had been given until March 21 but you indicated receipt by Federal Express on March 22 would be acceptable).

Please call me if you have any questions or need any additional information.

Yours truly,

Daniel N. Matheson III

DNM/ej

cc with enclosures:

Tom Kowalski

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2537
	)	

RESPONSE TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

To: Federal Election Commission, by and through its General Counsel, Lawrence M. Noble

COMES NOW The Governor Clements Committee, formerly known as Re-Elect Bill Clements Committee, and files this response to Interrogatories and Request for Production of Documents submitted to Bob Perry, Treasurer, Re-Elect Bill Clements Committee on February 4, 1988, by Lawrence M. Noble, General Counsel, Federal Election Commission.

Respectfully submitted,

JOHNSON & SWANSON
A Professional Corporation
Suite 1400
100 Congress Avenue
Austin, Texas 78701
512/322-8000

By Daniel N. Matheson III
Daniel N. Matheson III

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RESPONSES

1. With regard to check number 2250 drawn on Interstate Bank of Austin, dated September 29, 1986, and made payable to "Gerald R. Ford/New Ldshp." state the following:

   a. The purpose(s) for which the check was drawn;

   b. Whether the Re-elect Bill Clements Committee intended to make a contribution to a federal political committee; and,

   c. Whether the Re-Elect Bill Clements Committee was informed that the check was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

ANSWERS

a. The check referenced above, which was drawn on an account of Re-Elect Bill Clements Committee at InterFirst Bank Austin, N.A., was intended as a contribution to the Gerald R. Ford New Leadership Committee in lieu of an honorarium paid to President Gerald R. Ford for personal appearances on behalf of William P. Clements, Jr. in his campaign for re-election as Governor of Texas. Re-Elect Bill Clements Committee, through its staff, initiated contact with President Ford's staff for the purpose of inviting President Ford to appear at one or more campaign related events on behalf of Governor Clements. President Ford agreed to appear at two such events held in Dallas, Texas, on October 1, 1986. In return for his appearance at these events, it was agreed among the staff of the two committees who were coordinating these appearances that Re-Elect Bill Clements Committee would make a contribution of $5,000 to the Gerald R. Ford New Leadership Committee in lieu of an honorarium to President Ford in such amount. The efforts to arrange for President Ford's appearances were originated by members of the staff of Re-Elect Bill Clements Committee and not by President Ford or the Gerald R. Ford New Leadership Committee.

b. Re-Elect Bill Clements Committee did not intend to make a contribution to a federal political committee. Instead, Re-Elect Bill Clements Committee intended to make, and at the time believed that it was making, a contribution to a non-federal political committee subject to state law. At the time the contribution was made, it appears that the staff of Re-Elect Bill Clements Committee misunderstood the organizational status of the Gerald R. Ford New Leadership

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Committee and assumed, or understood from telephone conversations with members of the staff of the Gerald R. Ford New Leadership Committee, that the Gerald R. Ford New Leadership Committee was organized into two separate committees, one organized under and governed by federal law and the other organized under and governed by state law.

c. Re-Elect Bill Clements Committee was not informed that the contribution made by it to the Gerald R. Ford New Leadership Committee was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended. The staff of Re-Elect Bill Clements Committee have no recollection of being informed by the Gerald R. Ford New Leadership Committee that the contribution was, or would be, subject to the Federal Election Campaign Act of 1971 or other federal law; and the staff of Re-Elect Bill Clements Committee did not make such determination on its own. Any violation of the Federal Election Campaign Act of 1971 or other federal law that occurred as a result of the contribution was inadvertent and the result of a misunderstanding as to the organizational status of the Gerald R. Ford New Leadership Committee and the capacity of Re-Elect Bill Clements Committee to make a contribution to such committee.

This response to Interrogatory No. 1 was prepared by the respondent, Tom Kowalski, Executive director of The Governor Clements Committee, with the assistance of Daniel N. Matheson III, who served as Finance Director of Re-Elect Bill Clements Committee from July 1986 through January 1987. Other individuals who may have knowledge of the facts addressed in this response are (i) Lisa Scott, who served on the staff of Re-Elect Bill Clements Committee during a portion of 1986 and who was the principal staff contact with the staff of the Gerald R. Ford New Leadership Committee concerning the personal appearances by President Ford and the contribution described above, and (ii) Russell F. Anderson, who served as Budget Director on the staff of Re-Elect Bill Clements Committee during a portion of 1986 and who has some personal familiarity with the facts addressed in this response. Addendum A to this Response to Interrogatories and Request for Production of Documents sets forth the mailing address and telephone number of each of the foregoing individuals.

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2. If the check described above was in response to a solicitation state the following:

a. Whether the solicitation expressly stated that it would be used for a federal election;

b. If the solicitation was oral, describe the circumstances surrounding the solicitation; and,

c. If the solicitation was written, provide a true copy, if a copy is not available state the reason(s) why it is unavailable and describe the contents of the solicitation in detail.

ANSWERS

a. The contribution made by Re-Elect Bill Clements Committee to the Gerald R. Ford New Leadership Committee resulted from an invitation extended by Re-Elect Bill Clements Committee to President Gerald R. Ford to appear on behalf of Governor William P. Clements, Jr. during Governor Clements' re-election campaign in 1986. During discussions between staff members of Re-Elect Bill Clements Committee and members of President Ford's staff, the subject of an honorarium arose at the request of staff of the Gerald R. Ford New Leadership Committee and it was agreed that the $5,000 contribution would be made to the Gerald R. Ford New Leadership Committee in lieu of an honorarium of that amount. The suggestion that Re-Elect Bill Clements Committee make the contribution to the Gerald R. Ford New Leadership Committee was made by a staff representative of President Ford; but none of the staff of Re-Elect Bill Clements Committee involved in discussions related to the contribution believes that the contribution was "solicited" by the Gerald R. Ford New Leadership Committee or its representatives. Contact with President Ford's staff regarding the campaign appearances by President Ford was originated by members of the staff of Re-Elect Bill Clements Committee.

b. All discussions held among members of the respective staffs of the two committees concerning the personal appearances on behalf of Governor Clements by President Ford and the contribution to the Gerald R. Ford New Leadership Committee were held by telephone. Thus, the request for the contribution in lieu of an honorarium was made in one or more telephone conversations among staff of the two committees.

c. There was no written solicitation or other written communication concerning the contribution; and in fact, all discussions held among members of the respective staffs of the two committees were held by telephone and none of such discussions were reduced to writing or otherwise communicated in writing.

This response to Interrogatory No. 2 was prepared by the respondent, Tom Kowalski, Executive director of The Governor Clements Committee, with the assistance of Daniel N. Matheson III, who served as Finance Director of Re-Elect Bill Clements Committee from July 1986 through January 1987. Other individuals who may have knowledge of the facts addressed in this response are (i) Lisa Scott, who served on the staff of Re-Elect Bill Clements Committee during a portion of 1986 and who was the principal staff contact with the staff of the Gerald R. Ford New Leadership Committee concerning the personal appearances by President Ford and the contribution described above, and (ii) Russell F. Anderson, who served as Budget Director on the staff of Re-Elect Bill Clements Committee during a portion of 1986 and who has some personal familiarity with the facts addressed in this response. Addendum A to this Response to Interrogatories and Request for Production of Documents sets forth the mailing address and telephone number of each of the foregoing individuals.

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3. If the check described above was not made in response to a solicitation, describe in detail, the circumstances which resulted in the drawing of the check.

ANSWER

The check referenced above, which was drawn on an account of Re-Elect Bill Clements Committee at InterFirst Bank Austin, N.A., was intended as a contribution to the Gerald R. Ford New Leadership Committee in lieu of an honorarium paid to President Gerald R. Ford for personal appearances on behalf of William P. Clements, Jr. in his campaign for re-election as Governor of Texas. Re-Elect Bill Clements Committee, through its staff, initiated contact with President Ford's staff for the purpose of inviting President Ford to appear at one or more campaign related events on behalf of Governor Clements. President Ford agreed to appear at two such events held in Dallas, Texas, on October 1, 1986. In return for his appearance at these events, it was agreed among the staff of the two committees who were coordinating these appearances that Re-Elect Bill Clements Committee would make a contribution of $5,000 to the Gerald R. Ford New Leadership Committee in lieu of an honorarium to President Ford in such amount. The efforts to arrange for President Ford's appearances were originated by members of the staff of Re-Elect Bill Clements Committee and not by President Ford or the Gerald R. Ford New Leadership Committee.

This response to Interrogatory No. 3 was prepared by the respondent, Tom Kowalski, Executive director of The Governor Clements Committee, with the assistance of Daniel N. Matheson III, who served as Finance Director of Re-Elect Bill Clements Committee from July 1986 through January 1987. Other individuals who may have knowledge of the facts addressed in this response are (i) Lisa Scott, who served on the staff of Re-Elect Bill Clements Committee during a portion of 1986 and who was the principal staff contact with the staff of the Gerald R. Ford New Leadership Committee concerning the personal appearances by President Ford and the contribution described above, and (ii) Russell F. Anderson, who served as Budget Director on the staff of Re-Elect Bill Clements Committee during a portion of 1986 and who has some personal familiarity with the facts addressed in this response. Addendum A to this Response to Interrogatories and Request for Production of Documents sets forth the mailing address and telephone number of each of the foregoing individuals.

4. Provide a copy of all correspondence and other documentation concerning the check described above and its refund.

ANSWER

Copies of all correspondence and other documentation concerning the check described above and its refund that were retained in the files of Re-Elect Bill Clements Committee are attached hereto. The respondent has no knowledge of any such correspondence or documentation that exists outside of such files.

SIGNED this 21st day of March, 1988.

Tom Kowalski
Executive Director
Governor Clements Committee

THE STATE OF TEXAS)
)
COUNTY OF TRAVIS)

Before me, the undersigned authority, appeared TOM KOWALSKI, who upon being duly sworn deposed and said that he has read the foregoing Response to Interrogatories and Request for Production of Documents, that the matters stated therein are within his personal knowledge true and correct.

ELAINE C. JOHNSON
Notary Public, State of Texas
My Commission Expires Dec. 3, 1990

Notary Public, State of Texas

Printed Name: _____
My commission expires: _____

SIGNED AND SWORN TO BEFORE ME this 21st day of March, 1988, to certify which my hand and official seal.

ELAINE C. JOHNSON
Notary Public, State of Texas
My Commission Expires Dec. 3, 1990

Notary Public, State of Texas

Printed Name: _____
My commission expires: _____

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ADDENDUM A
TO
RESPONSE TO INTERROGATORIES AND
REQUEST FOR PRODUCTION OF DOCUMENTS

Individuals who assisted in the preparation of this Response to Interrogatories and Request for Production of Documents or who have knowledge of the facts addressed herein:

Tom Kowalski
Executive Director
Governor Clements Committee
823 Congress Avenue, Suite 1010
Austin, Texas 78701
512/476-1900

Daniel N. Matheson III
Johnson & Swanson A Professional Corporation
Suite 1400
100 Congress Avenue
Austin, Texas 78701
512/322-8000

Lisa Scott
1701 16th Street, N.W.
No. 126
Washington, D.C. 20009
202/328-8043

Russell F. Anderson
2110 Bronte
Austin, Texas 78752
512/452-9381

3 2 0 4 0 7 3 4 9 7 8

Bill Clements for Governor

Sent to Robert Dedman 7/28 JRA

M E M O R A N D U M

TO: Dan Matheson

FROM: Lisa Scott

DATE: August 13, 1986

SUBJ: President Gerald Ford Fundraiser

We have confirmed President Gerald Ford for October 1, 1986 in Dallas. The format presented to President Ford's office is as follows:

1) Luncheon
2) Golf Tournament
3) Private reception/dinner at the home of Mr. and Mrs. John Rauscher

There has been discussion, but no final decision, on the following ticket prices:

1) Luncheon - $250 per person
2) Golf Tournament - $1,000 per person
   Possibility of attending Rauscher event at no additional cost.
3) Rauscher event - $1,000 per person for a seated dinner or Reception/buffet for approx. 100 people with price to be determined. If a reception, and if space permits, golfers who pay $1,000 will be invited to attend reception.

The monetary goals and estimated costs are as follows:

	GOAL	APPROX. COST
1) Luncheon -		
40 @ $250	$10,000	
40 @ $1,000	(counted under Golf)	
80 attending		80 @ $15 = $1,200
2) Golf Tourney -		
40 @ $1,000	$40,000	40 @ $30 = $1,200
3) Rauscher -		
40 @ $1,000	$40,000	to be determined

Pol. Adv. Paid for by Re-elect Bill Clements Committee
823 Congress Avenue, Suite 1010, Austin, Texas 78701 • (512) 476-1900

8 2 0 4 0 7 3 4 9 7 7

$5,000

President Ford has requested, and it has been agreed to, that the Clements campaign donate ~~$10,000~~ to the Ford PAC in exchange for his appearance in Texas on our behalf.

Also, President Ford has requested, and it has been agreed to, that the Clements campaign furnish a private plane to and from Palm Springs on October 1. Jon Alworth is working to get the plane donated by Don Dwyer in Waco. However, it should be noted that if Mr. Dwyer is not able to provide the plane, it could be a substantial cost to the campaign. If you have any suggestions on possible alternatives for private planes (we also have to provide one for J. Kirkpatrick), please let me know.

Additional details on costs will follow as we progress on plans for October 1.

8 0 0 4 0 7 3 4 3 8 0

GCC#9414

PIERSON, BALL & DOWD
ATTORNEYS AT LAW
1200 18TH STREET, N. W.
WASHINGTON, D. C. 20036

(202) 331-8566
CABLE ADDRESS "PIERBALL"
TELECOPIER (202) 331-1448/1449
TELEX NO. 64711

OKLAHOMA OFFICE
FIRST OKLAHOMA TOWER, SUITE 1310
210 W. PARK AVENUE
OKLAHOMA CITY, OKLA. 73102
(405) 235-7686

NEW YORK OFFICE
[illegible] WEST 55TH STREET
NEW YORK, NEW YORK 10019
(212) 307-0520

VIRGINIA OFFICE
[illegible] KING STREET
ALEXANDRIA, VA. 22314
(703) 549-[illegible]

JOHN J. DUFFY
(202) 457-8616

May 31, 1988

Susan Beard, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUN -2 AM 10:24

Re: MUR 2537 - Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as Treasurer

Dear Susan:

This is to inform you that, effective June 1, 1988, I will have withdrawn from Pierson, Ball & Dowd to become a partner in the firm of Piper & Marbury. My new address will be:

Piper & Marbury
1200 19th Street, N.W.
Washington, D.C. 20036
861-3938

Please send all correspondence regarding the above-referenced matter to my new address.

Sincerely,

John J. Duffy

JJD:dp

88 JUN -2 AM 8:49

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FEDERAL ELECTION COMMISSION
SECRETARIAT
88 JUN -1 AM 11:40

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

June 1, 1988

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 2537

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on June 1, 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: Susan Beard

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 1, 1988

John J. Duffy, Esquire
Pierson, Ball & Dowd
1200 18th St., N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on September 15, 1987, found reason to believe that your clients, the Gerald R. Ford - New Leadership Committee, and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a), and instituted an investigation in this matter.

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

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 (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of 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.

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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 extension 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.

Should you have any questions, please contact Susan Beard, the attorney assigned to handle 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	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

According to reports filed by the Gerald R. Ford - New Leadership Committee ("Ford Committee"), the Ford Committee accepted funds from three unregistered committees during 1986. On September 30, 1986, the Ford Committee accepted a $5,000 check from the Re-elect Bill Clements Committee ("Clements Committee"). On October 16, 1986, the Ford Committee accepted two checks, each in the amount of $5,000, from the Mike Hayden Campaign Fund ("Hayden Committee") and Leroy for Governor ("Leroy Committee"). The Hayden Committee and Leroy Committee are registered in states that do not prohibit corporate and union contributions. The Clements Committee is registered in a state that has no limit on the amount that an individual contributor may contribute. On September 15, 1987, the Commission found reason to believe that the Ford Committee violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a) and instituted an investigation in this matter.

A. Clements Committee

The Clements Committee contacted the Ford Committee in order to arrange President Ford's appearance at several campaign events on behalf of Governor Clements. President

Ford agreed to attend a luncheon, golf tournament and dinner in Dallas, on October 1, 1986. "In return for his appearance at these events, it was agreed among the staff of the two committees who were coordinating these appearances that Re-elect Bill Clements Committee would make a contribution of $5,000 to the Gerald R. Ford New Leadership Committee" in lieu of a speaking fee to President Ford (Response of Clements Committee at 2). The subject of a speaking fee was raised by the staff of the Ford Committee. On September 23, 1986, the Clements Committee drafted a $5,000 check to the Ford Committee.

In a telephone call and subsequent letter to the Reports Analysis Division, Sharyn Sheldon stated that she was informed that the Clements Committee was registered with the Commission. However, the Clements Committee stated that it "intended to make, and at the time believed it was making, a contribution to a non-federal committee subject to state law." The Clements Committee mistakenly thought that the Ford Committee was "organized into two separate committees, one organized under and governed by federal law and the other organized under and governed by state law." The Clements Committee was not informed by the Ford Committee that the contribution was subject to the limitations and prohibitions of the Act. On May 11, 1987, the Ford Committee issued a $5,000 refund check to the Clements Committee. This check was issued 223 days after the check at issue was deposited.

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B. Leroy Committee

President Ford attended a press conference, reception and dinner on behalf of the Leroy Committee in Sun Valley, Idaho, on October 6, 1986. The Leroy Committee drafted a $5,000 check to the Ford Committee on October 9, 1986. According to the Leroy Committee, the check "was payment for personal services rendered by Mr. Ford for speaking at a political rally on behalf of David Leroy." The Leroy Committee "never intended to make a contribution to a federal political committee." The Leroy Committee was not informed by the Ford Committee that the contribution was subject to the limitations and prohibitions of the Act. The check was drawn upon the Leroy Committee's regular checking account which contained "both personal and corporate checks as allowed by the laws of the State of Idaho." To the best of the treasurer's knowledge there were no union funds in the account. On March 30, 1987, the Ford Committee transferred the $5,000 it received from the Leroy Committee to President Ford's personal account. This transfer occurred 165 days after the Leroy Committee's check was received.

C. Hayden Committee

President Ford attended a press conference, reception and dinner on behalf of the Hayden Committee in Wichita, Kansas, on October 20, 1986. The appearance of President Ford at these events was arranged by Dresner-Sykes, Governor Hayden's campaign consultants. Dresner-Sykes informed the Hayden Committee by telephone that the Committee should issue

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a $5,000 check to the Ford Committee to cover President Ford's expenses involved in his appearance on behalf of the Hayden Committee. The Hayden Committee issued a $5,000 check to the Ford Committee on October 10, 1986. The Hayden Committee has informed the Commission that it "did not intend to make a contribution to a federal political committee" and that it was not informed that the contribution would be subject to the limitations and prohibitions of the Act. At the time that the Hayden Committee drafted the check to the Ford Committee, the Hayden Committee had $78,673.59 in its account. The Hayden Committee estimated that $10,300.73 of the account balance was corporate or union funds. On March 30, 1987, the Ford Committee transferred the $5,000 it received from the Hayden Committee to President Ford's personal account. This transfer occurred after the funds from the Hayden Committee had been in the Ford Committee's account for 165 days.

II. LEGAL ANALYSIS

A. Acceptance of funds not meeting the limitations and prohibitions of the Act

Pursuant to 11 C.F.R. § 102.5(a)(ii), political committees that finance both federal and non-federal activity may choose to maintain only one account. When a political committee chooses to maintain only one account, it may only receive contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or

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non-federal elections. Pursuant to 11 C.F.R. § 102.5(a)(2), contributions that are deposited into an account that finances federal activity must meet three conditions: (1) the contribution must be designated for the federal account; (2) the solicitation must expressly state that the contribution will be used in connection with a federal election; and, (3) the contributors must be informed that all contributions are subject to the limitations and prohibitions of the Act.

With respect to the three subject contributions, the Ford Committee did not comply with the provisions of 11 C.F.R. § 102.5(a). The Ford Committee maintains only one account from which it finances both federal and non-federal activity. The funds it accepted from the Hayden and Leroy Committees did not meet the prohibitions of the Act because the checks were drawn on accounts that contained corporate or union funds. The funds it accepted from the Clements Committee also did not meet the prohibitions and limitations of the Act because the Clements Committee is registered in Texas which allows unlimited contributions by individuals. Moreover, none of the unregistered committees were aware that the Ford Committee maintained only a federal account. None of the funds at issue were designated for a federal account by the unregistered committees. The Ford Committee did not state that the funds at issue would be used in connection with a federal election. The Ford Committee also failed to inform the unregistered committees that the contributions were subject to the limitations and prohibitions of the Act.

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In conclusion, the Ford Committee deposited funds into a federal account that did not meet the requirements of 11 C.F.R. § 102.5(a).

Based on the foregoing analysis, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 11 C.F.R. § 102.5(a).

B. Acceptance of Corporate and Union Funds

Section 441b of Title 2 states that it is unlawful for any corporation or labor organization to make a contribution or expenditure in connection with any election for federal office. The section also states that a candidate, political committee or other person is prohibited from knowingly accepting or receiving any contribution that is prohibited by the section. The legislative history of the 1976 amendments to the Act indicate that Congress intended that the "knowing" standard not require a specific wrongful intent. See, H.R. Rep. No. 94-917, 94th Cong. 2d Sess. 3-4 (1976).

Pursuant to 11 C.F.R. § 103.3(b), as it read when the events at issue occurred in 1986, the treasurer of a political committee shall be responsible for examining all contributions received for evidence of illegality. The treasurer must make his or her best efforts to determine the legality of the contribution. Contributions which appear to be illegal should be returned to the contributor within 10 days or deposited into the campaign depository, and reported.

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If deposited, the treasurer should make and retain a written record noting the basis for the appearance of illegality. Also, a statement noting that the legality of the contribution is in question should be included in the report. 11 C.F.R. § 103.3(b)(1). When a contribution cannot be determined to be legal, refunds should be made within a reasonable time. 11 C.F.R. § 103.3(b)(2).

In the instant case, the Ford Committee accepted two $5,000 checks from the Hayden and Leroy Committees. The Ford Committee deposited the checks in its sole account, which finances both federal and non-federal activity. There is no evidence of any efforts made by the Ford Committee to determine the legality of these funds within a reasonable time. The Ford Committee transferred these funds out of its sole account in response to an inquiry by the Reports Analysis Division. This transfer occurred 165 days after the checks were deposited into the Ford Committee's account. Based on responses filed by the Hayden and Leroy Committees, both committees had prohibited funds in their accounts when the checks to the Ford Committee were drafted.

Based on the foregoing analysis, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b.

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III. RECOMMENDATION

Find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated, 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a).

5/31/88
Date

Lawrence M. Noble
General Counsel

Attachments
Response of the Re-elect Bill Clements Committee
Response of Leroy for Governor
Response of the Mike Hayden Campaign Fund

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HAND DELIVERED
RECEIVED
FEDERAL ELECTION COMMISSION
OCC#9851
88 JUL 13 PM 4:45

BEFORE THE
FEDERAL ELECTION COMMISSION

In The Matter Of	)	
	)	
Gerald R. Ford New Leadership Committee	)	MUR 2537
and Sharyn J. Sheldon, as Treasurer	)	

88 JUL 19 AM 10:07
RECEIVED
FEDERAL ELECTION COMMISSION

REPLY BRIEF OF THE
GERALD R. FORD NEW LEADERSHIP COMMITTEE
AND SHARYN J. SHELDON, AS TREASURER

2204073499 3

I. INTRODUCTION

The Gerald R. Ford New Leadership Committee ("GRF") was organized by President Gerald R. Ford shortly after the 1976 Presidential election to support candidates who shared his political philosophy. It has operated actively and continuously since that time with several treasurers and without any substantial compliance problems.

In the Fall of 1986 GRF received and deposited in its account three $5,000 checks, one from each of the following organizations: The Re-Elect Bill Clements Committee ("Clements Committee"), The Mike Hayden Campaign Fund ("Hayden Committee"), and Leroy for Governor ("Leroy Committee"). Each of these committees

had requested and received appearances by President Gerald R. Ford at various political functions, such as press conferences, luncheons, golf tournaments, and dinners, and each had written a check to GRF in lieu of honoraria to President Gerald R. Ford. None of these committees had been solicited by GRF; in each case GRF had been contacted initially by the committee.

GRF's policy forbids the receipt of checks from a committee that is not registered with the Federal Election Commission ("Commission"). During her conversations with representatives of the Clements Committee, Sharyn Sheldon, GRF's treasurer, asked them whether the Clements Committee was registered with the Commission and whether it could make contributions to a federal political committee. These questions were answered in the affirmative. Ms. Sheldon did not participate in discussions with the representatives of the Hayden Committee or the Leroy Committee.

After deposit, each of these three checks was duly reported to the Commission. When the Commission's staff subsequently raised the possibility that these donations were illegal, GRF transferred the donations from its account promptly and, in each case, in less than thirty days.

Nevertheless, the General Counsel now urges the Commission to find probable cause to believe that in depositing these three checks in its account, GRF violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5 of the Commission's regulations. We, of course, disagree with the General Counsel's position and urge the Commission to close this MUR without a probable cause finding.

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II. SUMMARY OF RESPONSE

The General Counsel's contention that the deposit of checks from the Hayden Committee and the Leroy Committee violated § 441b lacks vital evidentiary support. To make out a violation of § 441b, the General Counsel must show by some appropriate accounting method that the monies GRF received from the Hayden Committee and the Leroy Committee were "attributable" to corporate funds. This he has failed to do. Moreover, even if some corporate funds were in the accounts of the Hayden and Leroy committees at the time the GRF checks were drawn, both committees have indicated that they also had ample non-corporate funds in their accounts at that time to cover these checks. The Commission has recognized in its regulations that federal committees may receive contributions from organizations whose accounts contain both corporate and non-corporate funds without a violation of § 441b, provided the organization can demonstrate by a reasonable accounting method that sufficient non-corporate funds were received to cover the contribution. Finally, the General Counsel has failed to demonstrate, as it must under § 441b, that GRF "knowingly accepted or received a contribution prohibited" by that section.

The General Counsel's contention that GRF violated 11 C.F.R. § 102.5 by depositing checks from these three committees lacks legal as well as factual support. The Commission does not have authority under 2 U.S.C. § 437g to proceed with an enforcement action for an alleged violation of a Commission regulation alone.

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Section 437g provides that an enforcement action may be initiated only if the Commission finds reasonable grounds to believe that a violation of the "Act" has occurred. Similarly, the Commission may continue an enforcement action only if it finds probable cause to believe that the respondent has committed a violation of the "Act." Title 11 C.F.R. § 102.5 is not a part of the Act and, consequently, the Commission cannot proceed with an enforcement action for an alleged violation of 11 C.F.R. § 102.5 alone.

In any event, the General Counsel has failed to provide any factual support for his conclusion that GRF did not comply with its obligations under § 102.5. The Clements Committee concedes that it knew that GRF was a federal committee and does not contradict Sharyn Sheldon's contention that she inquired about, and was assured of, its federal status and its ability to make a contribution to a federal committee. The Hayden Committee states affirmatively that it dealt only with its agent, Dressner-Sykes, and had no direct dealings with GRF. Consequently, its affidavit contains no evidence concerning the alleged behavior of GRF. The Leroy Committee response also does not indicate with whom it dealt in arranging for President Ford's appearance on its behalf and, consequently, it also does not contain any evidence about the alleged behavior of GRF. Since the General Counsel has failed to establish any factual basis for his conclusions that GRF failed to fulfill its obligations under § 102.5, his request for a probable cause finding should be denied.

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III. ARGUMENT

A. The General Counsel has failed to establish probable cause to believe that a violation of § 441b has occurred.

1. The General Counsel has failed to establish that the contributions received from the Hayden and Leroy committees contained corporate funds.

Although both the Hayden and the Leroy committees indicated that they had received contributions from corporations at some time, the General Counsel has not traced, or asked these committees to trace, these contributions using some recognized accounting method (such as FIFO, first in, first out) to the funds in their accounts at the time the checks to GRF were drawn. (See, e.g., AO 1984-46, where the Commission assumed, for the purpose of identifying monies from prohibited sources in a committee's account, that its cash on hand "would be assumed to be composed of contributions most recently received.) Indeed, in its response to the General Counsel's interrogatories, the Hayden Committee stated initially that its "campaign did not separate individual contributions from corporate and/or union contributions." It then went on to note, somewhat confusingly, that the Kansas Public Disclosure Commission published a statistical summary indicating that "total contributions by corporations, businesses or unions totalled $180,067 or 13.093% of total contributions." By applying this 13.9% factor to the cash on hand as of October 10, 1986, the Hayden Committee arrived at an "estimate" that the corporate funds in its account at the time it drew a check to GRF totalled $10,300.73.

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The Leroy Committee's response to the General Counsel's interrogatories contained even less evidence of the presence of corporate funds in its account during the relevant time period than the response of the Hayden Committee. The Leroy Committee stated only that it had received contributions, including both personal and corporate checks as allowed by the State of Iowa. No other evidence that the funds in its account at the time it drew its check to GRF contained corporate funds has been presented by the Leroy Committee or by the General Counsel. Since the General Counsel has not shown that corporate funds were present in the Hayden and Leroy committee accounts during the relevant time period, the General Counsel has failed to establish probable cause to believe that a § 441b violation has occurred.

Moreover, even if the Commission were to accept the General Counsel's "method" of determining the presence of corporate funds in the Hayden and Leroy committee accounts at the time these committees drew checks to GRF, this same "method" demonstrates that at that time these committees had in their accounts more than sufficient funds from non-corporate sources to cover those $5,000 contributions. (See attached letter from the Leroy Committee.) The Commission has recognized in its regulations that a federal committee may receive funds from an organization whose accounts contain both corporate and non-corporate funds without violating § 441b, if the organization can demonstrate through a "reasonable accounting method" that it had received sufficient non-corporate

funds to cover the contribution. See § 102.5(b)(1)(ii). See also AO 1984-46; AO 1983-34.

The General Counsel has failed to establish that the Hayden Committee or the Leroy Committee accounts contained corporate funds at the time their checks to GRF were drawn, and in any event, the method relied upon by the General Counsel to establish the presence of corporate funds at the time the checks were drawn also establishes the presence of non-corporate funds in sufficient amounts to cover these checks. Since the General Counsel has failed to demonstrate that the contributions received from the Hayden Committee or the Leroy Committee were made with corporate funds, it has failed to establish that probable cause exists to believe that a violation of § 441b has occurred.

2. The General Counsel has failed to demonstrate that GRF knowingly accepted or received contributions prohibited by § 441b.

Title 2 U.S.C. § 441b prohibits a political committee from "knowingly" accepting or receiving a contribution "prohibited by this section." (emphasis added) To make out a violation of § 441b, the General Counsel must demonstrate at a minimum that GRF had "actual knowledge" that the monies received from the Hayden or Leroy committees contained corporate funds. Although the meaning of the term "knowingly" in statutes providing for civil penalties has been a matter of spirited debate, the term usually requires the Government to show either actual knowledge of the salient facts -- in this case the corporate source of the funds it received, or that

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the defendant's lack of actual knowledge was attributable to a "reckless disregard for truth," as opposed to mere negligence, i.e., a failure to take reasonable care in the ascertainment of the relevant facts. See, e.g., United States v. Cooperative Grain and Supply Co., 476 F.2d 47 (8th Cir. 1972). The General Counsel has not produced any evidence to support a finding that GRF had actual knowledge of the presence of corporate funds in the Hayden or Leroy committee accounts or that GRF acted with reckless disregard as to whether these accounts contained corporate funds. As we have noted before, neither the Hayden Committee affidavit nor the Leroy Committee's response contains any evidence about the information available to GRF at the time it received the checks. GRF's treasurer, Sharyn Sheldon, was not involved in the discussions with the Hayden and Leroy committees and knew only that checks made out to GRF from the "Mike Hayden Campaign Fund" and "Leroy for Governor" had been received. Nothing in the names of these committees indicated that these organizations would have corporate funds in their accounts and, indeed, as we have indicated before, it is still not clear that they did. Ms. Sheldon's failure to make additional inquiries was reasonable, and even if it was not, it constituted mere negligence and did not rise to the level of gross or reckless

disregard for facts required to make out a "knowing" acceptance of a contribution prohibited by § 441b.[1/]

B. The Commission does not have the authority under 2 U.S.C. § 437g to proceed with an enforcement action for an alleged violation of a Commission regulation alone.

Title 2 U.S.C. § 437g provides that an enforcement action may be initiated only if the Commission finds reasonable grounds to believe that a violation of the "Act" has occurred. § 437g(a)(2). Similarly, the Commission may continue an enforcement action, only if it finds probable cause to believe that the respondent has committed a violation of the "Act." § 437g(3). Title 11 C.F.R. § 102.5 is not a part of the "Act" and, consequently, the Commission cannot proceed with an enforcement action for an alleged violation of § 102.5 alone.

Courts have generally held that penal statutes (i.e., statutes that create a penalty, whether civil or criminal) are to be strictly construed, and that a person is not to be subjected to a penalty "unless the words of the statute plainly impose it . . . ." Commissioner v. Acker, 361 U.S. 87, 91 (1959); Gold Kist, Inc. v. United States Dep't of Agric., 741 F.2d 344, 348 (11th Cir. 1984). Here, the words of § 437g plainly authorize the imposition of a

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1/ The acceptance of a check drawn on an account that later turns out to contain corporate funds does not constitute a violation of § 441b. The Commission's regulations provide that the deposit of such a check can be remedied without a violation of § 441b within 30 days of the discovery of its illegality. 11 C.F.R. § 103.3(b)(2)

penalty only for a violation of the Act. Consequently, we submit that the General Counsel may proceed against GRF under this section only if it pleads some violation of the "Act."

We recognize, of course, that the Commission has been given broad authority to "prescribe rules, regulations . . . to carry out the provisions of this Act." 2 U.S.C. § 438(a)(8). Such a grant of authority does not enable an agency to impose penalties for violations of regulations promulgated under it, however, without specific authorization to do so. Gold Kist, supra. When Congress seeks to enable an agency to apply penalties for violations of regulations created by the agency, it does so explicitly. See, e.g., 7 U.S.C. § 2024(b), which provides in relevant part: "whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization cards in any manner not authorized by this chapter or the regulations issued pursuant to this chapter shall, if such coupons or authorization cards are of a value of $100 or more, be guilty of a felony . . . ." (emphasis added) In § 437g, Congress has used language that explicitly excludes violations of Commission regulations as a basis for the imposition of the penalties authorized by that section.

C. The General Counsel has failed to provide any factual support for its conclusion that GRF did not comply with § 102.5 in receiving the Clements, Hayden and Leroy committee checks.

Section 102.5(a)(2) provides that "only contributions meeting the conditions set forth at subsections (i), (ii), and (iii) of this section may be . . . received by a political committee."

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Subsections (i), (ii) and (iii) identify:

> (i) contributions designated for the federal account;
>
> (ii) contributions that result from a solicitation which expressly states that the contribution will be used in connection with a federal election; and
>
> (iii) contributions from contributors who are informed that all contributions are subject to the prohibitions and limitations of the Act.

Subsection (i) applies to a committee that has both a federal and a non-federal account established pursuant to 11 C.F.R. § 102.5(a)(1)(i) and, consequently, does not apply to GRF, which has only a single account. Subsection (ii) does not apply to the monies received by GRF, since GRF did not solicit these contributions.

Subsection (iii) limits a political committee to contributions from contributors who are informed that their contributions are subject to the limitations and prohibitions of the Act. As the General Counsel notes in his Brief, Sharyn Sheldon, treasurer of GRF, has stated that she asked representatives of the Clements Committee whether it was registered with the Federal Election Commission, and was assured that the Clements Commiteee was a federal political committee. The Clements Committee has not contradicted this statement. The Clements Committee now notes only that its staff "have no <u>recollection</u> of being informed by the Gerald R. Ford New Leadership Committee that the contribution was, or would be, subject to the Federal Election Campaign Act of 1971 or other federal law." (emphasis added) In addition, the Clements Committee

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concedes that its staff understood that GRF was a federal political committee, but that its staff "misunderstood the organizational status of GRF and assumed or understood from telephone conversations with members of the [GRF Committee staff] that the [GRF Committee] was organized into two separate committees, one organized under and governed by federal law and the other organized under and governed by state law." (emphasis supplied)

Nothing in the responses to the General Counsel's interrogatories supports the General Counsel's conclusion that GRF acted improperly in this situation and, indeed, the evidence taken as a whole supports the opposite conclusion. GRF informed the Clements Committee of GRF's status as a federal political committee. GRF also inquired about the Clements Committee's status as a federal committee, and received assurance that the Clements Committee was a federal committee. Having received the assurances that the Clements Committee was a federal committee and having informed the Clements Committee that GRF was a federal committee, GRF satisfied its obligation under § 102.5. Although the General Counsel represents the Hayden Committee affidavits as indicating that "the Hayden Committee was not informed that the contribution would be subject to the limitations and prohibitions of the Act," this statement from the Hayden Committee affidavit has been taken out of context. The Hayden Committee's affidavit states that the Hayden Committee had contact only with its agent Dressner-Sykes and, consequently, states only that Dressner-Sykes did not inform the Hayden Committee that

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the contribution "was subject to the limitations and prohibitions of the Act." The Hayden Committee affidavit does not provide any information about conversations between its agent Dressner-Sykes and representatives of GRF. The Hayden Committee's affidavit does not support the General Counsel's contention that GRF failed to comply with the requirements of § 102.5.

The Leroy Committee's response to the General Counsel's interrogatories is even briefer than the response of the Hayden Committee, and it also contains no information with respect to any discussions between the Leroy Committee and GRF. In his Brief, the General Counsel states that "the Leroy Committee was not informed by the Ford Committee that the contribution was subject to the limitations and prohibitions of the Act." The phrase "the Ford Committee" is not present, however, in the Leroy Committee's affidavit. The Leroy Committee's affidavit states only that "Leroy for Governor was not informed that the check was subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended." The Leroy Committee does not indicate with whom it dealt directly in connection with this matter. The phrase "the Ford Committee" has been added by the General Counsel's office, and constitutes an assumption that, in light of the Hayden Committee's use of an agent and lack of direct contact with representatives of President Ford, is completely unwarranted.

Consequently, we submit that the General Counsel has not demonstrated any failure on the part of GRF to comply with § 102.5.

Respectfully submitted,

GERALD R. FORD NEW LEADERSHIP COMMITTEE
AND SHARYN J. SHELDON, AS TREASURER

By: _____
John J. Duffy

PIPER & MARBURY
1200 19th Street, N.W.
Washington, D.C. 20036
(202) 861-3938

July 18, 1988

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ATTACHMENT

ROBERT D. BOLINDER ASSOCIATES

1843 Broadway Ave., P.O. Box 8266, Boise, ID. 83706 (208) 343-2500

July 7, 1988

Piper & Marbury
1200 19th Street N.W.
Washington, D. C. 20036

Attention: Mr. John Duffy

TO WHOM IT MAY CONCERN:

During 1986 I served as Treasurer for the LeRoy for Governor Committee in Idaho. As previously stated, our committee paid an honorarium to the Gerald R. Ford New Leadership Committee for the personal services of Gerald R. Ford in 1986 for campaign purposes. Mr. Ford spoke at a campaign function.

All of the monies in our fund were commingled as allowed under Idaho law, including personal, corporate and labor organization contributions. Our fund raised several hundred thousand dollars. Although I have not made a detailed analysis, it is my opinion the majority of the contributions were personal and there were ample non-corporate funds to cover the check paid to the Ford committee referenced above.

Sincerely,

Robert D. Bolinder

Robert D. Bolinder

RDB:lc

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
88 MAY 26 AM 9:30

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to all Respondents, based on the assessment of the information presently available.

5/25/88
Date

Lawrence M. Noble
General Counsel

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GCC 9492

HAND DELIVERED

FEDERAL ELECTION COMMISSION

88 JUN 10 PM 12:47

PIPER & MARBURY
1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
202-861-3900
TELECOPIER 202-223-2085
CABLE PIPERMAR WSH
TELEX 904246

JOHN J. DUFFY
DIRECT DIAL NUMBER
202 861 3938

1100 CHARLES CENTER SOUTH
36 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201
301-539-2530

88 JUN 10 PM 5:06

RECEIVED
FEDERAL ELECTION COMMISSION

June 10, 1988

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

Attn: Susan Beard, Esq.

Re: Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, as treasurer
MUR 2537

Dear Mr. Noble:

On behalf of the Gerald R. Ford New Leadership Committee and Sharyn J. Sheldon, its treasurer, I request a 20-day extension of time to respond to the General Counsel's brief in this matter. Good cause exists to support the extension requested. The General Counsel's brief includes factual material not previously available to the Committee that must be reviewed by me and Ms. Sheldon. In addition, since I received the General Counsel's brief late last week, I have been fully occupied on other matters. Furthermore, I will be out of the office on business in Nevada and Maine for all but two days during the next two weeks. Consequently, to enable an adequate brief to be prepared, the Committee needs a short extension of time.

The Committee's response is now due on June 16, 1988, and we request an extension up to and including July 6, 1988.

Sincerely,

John J. Duffy

JJD:dp
cc: Ms. Sharyn J. Sheldon

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tlm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 14, 1988

John J. Duffy, Esquire
Piper & Marbury
1200 19th St., N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

This is in response to your letter dated June 10, 1988, which we received on June 10, requesting an extension of 20 days to respond to the General Counsel's Brief in the above matter. 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 July 6, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION RECEIVED
88 JUN 22 PM 12:49

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Gerald R. Ford - New Leadership)
Committee and Sharyn J. Sheldon,) MUR 2537
as treasurer)

SENSITIVE

GENERAL COUNSEL'S REPORT

On June 1, 1988, this Office mailed a brief recommending that the Commission find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a). On June 10, 1988, this Office received a letter from Respondents' counsel requesting an extension until July 6, 1988, to respond to the General Counsel's Brief. Respondents' counsel stated two reasons for the requested extension of time to respond. First, the General Counsel's Brief contains factual information that Respondents did not previously have available. Second, Respondents' counsel will be out of his office for approximately two weeks. On June 14, 1988, this Office granted the requested extension of time to respond to the General Counsel's Brief. A report with appropriate recommendations will be prepared and circulated to the Commission after the reply brief is received.

Lawrence M. Noble
General Counsel

6/21/88
Date

BY: Lois G. Lerner
Associate General Counsel

Staff Assigned: Susan Beard

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ACC#9663

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

88 JUN 30 PM 4:31

PIPER & MARBURY
1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
202-861-3900
TELECOPIER 202-223-2085
CABLE PIPERMAR WSH
TELEX 904246

JOHN J. DUFFY
DIRECT DIAL NUMBER
202 861-3938

1100 CHARLES CENTER SOUTH
36 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201
301-539-2530

June 30, 1988

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

Attn: Susan Beard, Esq.

Re: MUR 2537
Gerald R. Ford New Leadership Committee and
Sharyn J. Sheldon, as treasurer

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL -1 AM 11:51

Dear Mr. Noble:

On behalf of the Gerald R. Ford New Leadership Committee, we request a short additional extension of time in which to file our response to the General Counsel's brief. The Committee is seeking to obtain evidence and statements from third parties with respect to this matter, and a short additional period of time is necessary to finalize these efforts.

Our response is now due on July 6, 1988. We request a 10-day extension of time up to and including July 18, 1988.

Sincerely,

John J. Duffy

JJD:dp
cc: Ms. Sharyn J. Sheldon

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plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1988

John J. Duffy, Esquire
Piper & Marbury
1200 19th St., N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

This is in response to your letter dated June 30, 1988, which we received on July 1, requesting an extension until July 18, to respond to the General Counsel's Brief in the above matter. 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 July 18, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

9904073513

FEDERAL ELECTION COMMISSION
88 SEP 20 PM 4:21
SENSITIVE
EXECUTIVE SESSION
SEP 27 1988

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 15, 1987, the Commission found reason to believe that the Gerald R. Ford - New Leadership Committee ("Ford Committee") and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a). These violations stemmed from the Ford Committee's acceptance of three checks for $5,000 each from three unregistered committees during 1986 (for a total of $15,000). On September 30, 1986, the Ford Committee accepted a $5,000 check from the Re-elect Bill Clements Committee ("Clements Committee"), and on October 16, 1986, the Ford Committee accepted a $5,000 check from the Mike Hayden Campaign Fund ("Hayden Committee") and another $5,000 check from Leroy for Governor ("Leroy Committee"). The Hayden and Leroy Committees are registered in states that do not prohibit corporate and union contributions. The Clements Committee is registered in a state that has no limit on the amount that an individual may contribute. On June 1, 1988, the General Counsel's Brief recommending a finding of probable cause was mailed to the Ford Committee's counsel. On July 19, 1988, the Ford Committee's reply brief was received.

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II. ANALYSIS

A. Acceptance of Corporate and Union Funds

The Respondents have made three arguments to support their claim that a violation of 2 U.S.C. § 441b has not occurred: first, that there is insufficient proof to establish that the Ford Committee received contributions from the Hayden and Leroy Committees which contained corporate and/or union funds; second, that 11 C.F.R. § 102.5(b) applies to their circumstances; and third, that the Ford Committee did not "knowingly" accept the corporate funds since they did not have "actual knowledge" that prohibited funds were involved. All three of these arguments are erroneous.

Section 441b of Title 2 states that it is unlawful for any corporation or labor organization to make a contribution or expenditure in connection with any election for federal office. This prohibition includes both direct and indirect payments. The section also states that a candidate, political committee or other person is prohibited from "knowingly" accepting or receiving any contribution that is prohibited by this section.

Pursuant to 11 C.F.R. § 102.5(b)(1)(ii), organizations that are not political committees under the Act can demonstrate through a reasonable accounting method that whenever the organization makes a contribution, expenditure or exempted payment, that organization has received sufficient funds subject to the prohibitions and limitations of the Act to make such contribution, expenditure or exempted payment. The organizations shall keep records of amounts received or expended under this

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subsection and, upon request, shall make their records available for examination by the Commission. Pursuant to 2 U.S.C. § 431(4)(A), the term "political committee" includes any committee or other group of persons which makes expenditures aggregating in excess of $1,000 during a calendar year.

Pursuant to 11 C.F.R. § 103.3(b), as it read when the events at issue occurred in 1986, the treasurer of a political committee shall be responsible for examining all contributions received for evidence of illegality. The treasurer must make his or her best efforts to determine the legality of contributions. Contributions which appear to be illegal should be returned to the contributor within 10 days or deposited into the campaign depository, and reported. If deposited, the treasurer should make and retain a written record noting the basis for the appearance of illegality. Also, a statement noting that the legality of the contribution is in question should be included in the report. 11 C.F.R. § 103.3(b)(1). When a contribution cannot be determined to be legal, refunds should be made within a reasonable time. 11 C.F.R. § 103.3(b)(2).

There is sufficient evidence to show that the Ford Committee violated 2 U.S.C. § 441b. The Commission sent interrogatories and requests to produce documents to all three unregistered committees. A complete set of the replies from all three of the unregistered committees was provided to the Respondents as an attachment to the General Counsel's Brief. The Hayden and Leroy Committees were asked to use a reasonable accounting method to determine whether corporate and/or union funds were in the

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Committee's account when the check to the Ford Committee was drawn, and if so, to state the amount of such funds and the account's balance. The Hayden and Leroy Committees were also asked to describe the accounting method used, and to produce copies of any work papers.

In response to the Commission's interrogatories, the Hayden Committee stated:

> At the time that the check was drawn (October 10, 1986), the Mike Hayden Campaign Fund had $78,673.59 on hand. By our best calculation there were corporate and/or union funds present in the account. It is our estimate that $10,300.73 of the above amount was from corporate and/or union funds....Attached is a copy of the Mike Hayden Campaign Fund bank statement for the month of October, 1986. By use of this document, I was able to determine the cash on hand as of October 10, 1986. Our campaign did not separate individual contributions from corporate and/or union contributions. However, the Kansas Public Disclosure Commission, in its statistical summary of 1986, has total contribution broken down by category....Total contributions by corporations, business or unions totalled $180,067 or 13.093% of total contributions. Applying the 13.093% factor to the cash on hand as of October 10, 1986, I arrived at our estimate of $10,300.73.

The Leroy Committee's response stated:

> The check was paid from the regular checking account of Leroy for Governor. The monies in this account included both personal and corporate checks as allowed by the laws of the State of Idaho. To the best of my knowledge, the account did not include any union funds.

Based on these responses, both unregistered committees had corporate or union funds in their accounts when they drafted their checks to the Ford Committee.

The Ford Committee maintains that no violation of 2 U.S.C. § 441b occurred since pursuant to 11 C.F.R. § 102.5(b)(1)(ii) the Hayden and Leroy Committees had sufficient non-corporate and non-union funds in their accounts to cover the checks to the Ford

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Committee. However, 11 C.F.R. § 102.5(b)(1)(ii) only applies to committees that make less than $1,000 in contributions and expenditures and which do not cross the threshold for political committee status under the Act. The Hayden and Leroy Committees each made a $5,000 contribution and presumably crossed the political committee threshold and should have registered and reported under the Act. Therefore, the reasonable accounting method exception is not available to negate a 2 U.S.C. § 441b violation.

Finally, the Ford Committee erroneously maintains that in order to have a violation of 2 U.S.C. § 441b, there must be a showing that the Committee had "actual knowledge" that the contributions received involved corporate and/or union funds. While the "knowing" requirement of 2 U.S.C. § 441b has not been interpreted by the courts, the "knowing" requirement of 2 U.S.C. § 441a(f) has been interpreted in F.E.C. v. John A. Dramesi for Congress Committee, 640 F. Supp. 985 (D.N.J. 1986). In Dramesi the Commission alleged that the Committee had accepted an excessive contribution in violation of 2 U.S.C. § 441a(f). The court stated that the Commission "correctly points out that a 'knowing' standard, as opposed to a 'knowing and willful' one, does not require knowledge that one is violating a law, but merely requires an intent to act." Id. at 987. The court went on to reject the Dramesi Committee's argument that it did not violate the Act since it had no knowledge that the maker of the contribution was not properly qualified to make a multi-candidate committee contribution. The court found that the treasurer

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failed to make his "best effort" to determine the legality of the contribution pursuant to 11 C.F.R. § 103.3(b).

The instant case is similar to what occurred in Dramesi. The Ford Committee accepted two $5,000 checks from unregistered committees, that are registered in states that allow corporate and/or union contributions, yet the Ford Committee took no steps to verify that prohibited funds were not involved. Section 103.3 places an affirmative duty on the treasurer of a political committee to verify that prohibited funds are not involved to preclude an unknowing acceptance. Since both the Hayden and Leroy Committees had corporate and/or union funds in their accounts when they drafted their checks to the Ford Committee, there was a knowing acceptance in violation of 2 U.S.C. § 441b.

Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b.

B. Acceptance of Funds not meeting the Prohibitions and Limitations of the Act

The Respondents have made two arguments concerning 11 C.F.R. § 102.5(a): first, that the Commission does not have authority under 2 U.S.C. § 437g to pursue an enforcement action for an alleged violation of the Commission's regulations alone; and second, that there is insufficient proof to establish that the Ford Committee failed to comply with the terms of 11 C.F.R. § 102.5(a). Both of these arguments are spurious.

Pursuant to 11 C.F.R. § 102.5(a)(1)(ii), political committees

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that finance both federal and non-federal activity may choose to maintain only one account. When a political committee so chooses, it may only receive contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections. Pursuant to 11 C.F.R. § 102.5(a)(2), contributions that are deposited into an account that finances federal activity must meet three conditions: (1) the contribution must be designated for the federal account; (2) the solicitation must expressly state that the contribution will be used in connection with a federal election; and, (3) the contributors must be informed that all contributions are subject to the limitations and prohibitions of the Act.

Contrary to the Respondents' contention, the Commission has the authority to pursue an enforcement action for a violation of its regulations alone. This issue was in general discussed by the Supreme Court in Mourning v. Family Publications Service, Inc., 411 U.S. 356 (1973). In Mourning, the Court was examining the Truth in Lending Act. The Court stated:

> Where the empowering provision of a statute states simply that the agency may "make...such rules and regulations as may be necessary to carry out the provisions of the Act," we have held that the validity of a regulation promulgated thereunder will be sustained so long as it is "reasonably related to the purposes of the enabling legislation."

Id., at 369 (footnote and cites omitted). The Court then went on to conclude that "[i]n light of the emphasis Congress placed on agency rule making and on private and administrative enforcement of the [Truth in Lending] Act, we cannot conclude that Congress

intended those who failed to comply with regulations to be subject to no penalty or to criminal penalties alone." Id. at 376.

More recently, in Maloney v. Sheehan, 453 F. Supp. 1131 (D. Conn. 1978), the district court was examining the Comprehensive Employment and Training Act of 1973 ("CETA"). The court stated: "If Congress has delegated to an officer or agency the power to make the rules governing a given type of action, it should be clear in the absence of contrary indications that it has also committed the administration or enforcement of these rules to agency discretion." Id. at 1140. Thus, federal courts have found that agencies have the authority to enforce their regulations.

Section 102.5(a) is based upon 2 U.S.C. §§ 432 and 433, and was promulgated pursuant to 2 U.S.C. § 438(a)(8). It has been in the Commission's regulations in some form since 1977. This regulation was not disapproved of by either house of the Congress when it was transmitted pursuant to 2 U.S.C. § 438(d). There is absolutely no evidence that Congress intended that the regulations the Commission has the authority to prescribe be unenforceable. Since the Commission has sole civil enforcement authority under the Act pursuant to 2 U.S.C. § 437d(e), if the Commission could not enforce its regulations no one would be able to do so. Clearly that was not Congress' intention when it gave the Commission the power to prescribe rules and regulations.

There is ample evidence to show that the Respondents violated 11 C.F.R. § 102.5(a). The Ford Committee deposited funds that

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were not subject to the limitations and prohibitions of the Act into an account that finances federal activity. The Ford Committee maintains only one account out of which it finances both federal and non-federal activity. The funds it accepted from the Hayden and Leroy Committees did not meet the prohibitions and limitations of the Act because the checks were drawn on accounts that contained corporate and/or union funds. The funds it accepted from the Clements Committee did not meet the prohibitions and limitations of the Act, since the Clements Committee is registered in Texas which allows unlimited contributions by individuals. Accordingly, the Ford Committee violated 11 C.F.R. § 102.5(a)(1)(ii).

Moreover, the Ford Committee also violated 11 C.F.R. § 102.5(a)(2). None of the unregistered committees designated their funds for a federal account. The Ford Committee claims it did not have to follow this requirement since it only maintains one account. However, that is not the case. All three unregistered committees thought that they were giving funds to a non-federal account. The Clements Committee stated that it believed it was contributing to a "non-federal political committee subject to state law." The Leroy Committee stated that it "never intended to make a contribution to a federal political committee." Finally, the Hayden Committee also stated that it "did not intend to make a contribution to a federal political committee." The Hayden Committee also stated that it did not know that the Ford Committee was a federal political committee.

The Ford Committee also failed to state that the funds at

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issue would be used in connection with a federal election. The Ford Committee alleges that it does not have to meet this requirement because no "solicitation" occurred since the unregistered committees approached President Ford initially. The Ford Committee failed to consider that even though both the Hayden and Clements Committees stated that they contacted President Ford first, it was representatives of President Ford who suggested that funds be given to the Ford Committee. The Ford Committee has been unable to present any evidence that it informed any of the unregistered committees that the funds would be used in connection with a federal election.

Finally, the Ford Committee failed to inform the unregistered committees that the funds would be subject to the prohibitions and limitations of the Act. The Clements Committee stated that it "was not informed that the contribution made by it was subject to the limitations and prohibitions of the" Act. The Ford Committee's treasurer stated that she "asked specifically and was advised by the Clements Committee that the Clements Committee was registered with the" Commission. However, the Ford Committee's treasurer was silent on whether she informed the Clements Committee that its contribution would be subject to the prohibitions and limitations of the Act. Both the Hayden and Leroy Committees stated that they were not informed that their funds would be subject to the prohibitions and limitations of the Act. The Ford Committee had a duty to inform its contributors of the requirements specified in 11 C.F.R. § 102.5(a)(2). No attempt was made to fulfill this duty. This case clearly

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demonstrates the reasons for the Commission's regulations at 11 C.F.R. § 102.5(a)(2).

Accordingly, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 11 C.F.R. § 102.5(a).

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

IV. RECOMMENDATIONS

1. Find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a).

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2. Approve the attached conciliation agreement and letter.

Date 9/20/89

Lawrence M. Noble
General Counsel

Attachments:
1. Conciliation Agreement
2. Letter

Staff assigned: Susan Beard

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gerald R. Ford, - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 27, 1988, do hereby certify that the Commission took the following actions in MUR 2537:

1. Failed on a vote of 3-3 to pass a motion to

   a) Find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a).

   b) Approve the conciliation agreement and letter attached to the General Counsel's report dated September 20, 1988.

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

2. Decided by a vote of 4-2 to

   a) Find probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 11 C.F.R. § 102.5(a).

(continued)

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b) Direct the Office of General Counsel to send an appropriate conciliation agreement and appropriate letter pursuant to the above action.

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

Attest:

9/27/88
Date

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

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plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 3, 1988

John J. Duffy, Esq.
Piper & Marbury
1200 19th St., N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

On September 27, 1988, the Federal Election Commission found that there is probable cause to believe your clients, the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, violated 11 C.F.R. § 102.5(a), a provision of the Commission's regulations, in connection with the acceptance of funds from three unregistered committees. On the same date, the Commission was equally divided with respect to whether there is probable cause to believe your clients violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended.

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

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within 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.

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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 Susan Beard, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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HAND DELIVERED 96C#654

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 OCT 12 PM 3:06

PIPER & MARBURY
1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
202-861-3900
TELECOPIER 202-223-2085
CABLE PIPERMAR WSH
TELEX 904246

JOHN J. DUFFY
DIRECT DIAL NUMBER
202-861-3938

1100 CHARLES CENTER SOUTH
36 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201
301-539-2530

October 12, 1988

Lois G. Lerner, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Susan Beard, Esq.

Re: MUR 2537
Gerald R. Ford - New Leadership Committee and
Sharyn J. Sheldon, as Treasurer

88 OCT 12 PM 5:41

Dear Ms. Lerner:

I received your letter and the proposed conciliation agreement in the above-referenced matter. As you are aware, in its Reply Brief, the Gerald R. Ford New Leadership Committee ("Committee") argued that the Federal Election Campaign Act of 1971, as amended, and in particular 2 U.S.C. §437g, authorizes the imposition of civil and criminal penalties <u>only</u> for violations of the "Act." Title 2 U.S.C. §431(19) defines the term "Act" to mean the Federal Election Campaign Act of 1971, as amended. Consequently, §437g does not appear to authorize the imposition of penalties of any kind for violations of the Commission's regulations alone. Our research has not uncovered any court cases construing the meaning of §437g in this context, but several cases involving different statutory schemes appeared to support the position that §437g should be construed literally. Since the Commission found probable cause to believe that the Committee violated §102.5 and seeks to impose a civil penalty for that infraction, however, it apparently has arrived at a different conclusion.

In your letter you note that "the Commission has a duty to attempt to correct [violations] by informal methods of . . . conference, conciliation and <u>persuasion</u>" (emphasis supplied). The Committee would appreciate it if, pursuant to this mandate, the Commission would explain the basis for its position that it has the authority under §437g to seek a civil penalty for violations of its regulations alone. Such an explanation would greatly assist the Committee in its consideration of the Commission's offer of conciliation.

Sincerely,

John J. Duffy

JJD:dp

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 19, 1988

John J. Duffy, Esq.
Piper & Marbury
1200 19th Street, N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

This Office has received your letter dated October 12, 1988, which requests the basis for the Commission's decision to seek a civil penalty in conciliation with its finding of probable cause that your clients violated 11 C.F.R. § 102.5. There are several cases that support the Commission's determination that it has the authority to enforce its regulations. See, for example, Mourning v. Family Publications Service, Inc., 411 U.S. 356 (1973).

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. Please inform this Office within the next ten days whether your clients will accept the conciliation agreement that was sent to you on October 3

If no response is received, this Office will proceed to the next stage of the enforcement process.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2537 **SENSITIVE**
Gerald R. Ford - New Leadership	)	
Committee and Sharyn J. Sheldon, as	)	
treasurer	)	

GENERAL COUNSEL'S REPORT

I. **BACKGROUND**

Attached is a conciliation agreement which has been signed by John Duffy, the counsel for the Gerald R. Ford - New Leadership Committee (the "Committee").

. Accordingly, this Office recommends that the Commission accept the attached conciliation agreement, approve the attached letter, and close

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the file in this matter.

II. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer.

2. Close the file.

3. Approve the attached letter.

Lawrence M. Noble
General Counsel

2-24-89
Date

BY: Lois G. Lerner
Associate General Counsel

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

Staff Assigned: Susan Beard

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 1, 1989, the Commission decided by a vote of 5-1 to take the following actions in MUR 2537:

1. Accept the conciliation agreement with the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer, as recommended in the General Counsel's report signed February 24, 1989.

2. Close the file.

3. Approve the letter, as recommended in the General Counsel's report signed February 24, 1989.

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

Attest:

March 1, 1989
Date

Hilda Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	Mon.,	2-27-89,	10:[illegible]
Circulated on 48 hour tally basis:	Mon.,	2-27-89,	4:00
Deadline for vote:	Wed.,	3-01-89,	4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 8, 1989

John J. Duffy, Esq.
Piper & Marbury
1200 19th St., N.W.
Washington, D.C. 20036

RE: MUR 2537
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer

Dear Mr. Duffy:

On March 1, 1989, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your clients behalf in settlement of a violation of 11 C.F.R. § 102.5 of the Commission's regulations. 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 Susan Beard, 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	)	
	)	
Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer	)	MUR 2537
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the Gerald R. Ford - New Leadership Committee and Sharyn J. Sheldon, as treasurer ("Respondents") violated 11 C.F.R. § 102.5(a).

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. Respondent, Gerald R. Ford - New Leadership Committee, is a political committee within the meaning of 2 U.S.C. § 431(4). Although the Respondent finances both federal and non-federal activity, it maintains only a single account.

2. Respondent, Sharyn J. Sheldon, was the treasurer of the Gerald R. Ford - New Leadership Committee. Peggy L. Circle is currently the treasurer of the Gerald R. Ford - New Leadership Committee.

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3. On September 30, 1986, Respondents deposited a $5,000 check from the Re-elect Bill Clements Committee. The Re-elect Bill Clements Committee is not registered with the Commission. The Re-elect Bill Clements Committee is registered and reports in Texas, which allows unlimited contributions from individuals to political committees. Respondents failed to inform the Re-elect Bill Clements Committee that the contribution would be used in connection with a federal election and that the contribution was subject to the limitations and prohibitions of the Act. The Re-elect Bill Clements Committee did not designate the contribution for a federal account. On May 11, 1987, Respondents issued a $5,000 refund check to the Re-elect Bill Clements Committee, within thirty (30) days of the time that Respondents learned that the Re-elect Bill Clements Committee was not registered with the Commission. At the time of the transfer, the contribution had been in Respondents' account for 223 days.

4. On October 16, 1986, Respondents deposited a $5,000 check from Leroy for Governor. Leroy for Governor drafted the check as a speaking fee for Gerald R. Ford. Leroy for Governor is not registered with the Commission. Leroy for Governor is registered and reports in Idaho, a state that allows corporate and union contributions to political committees. Respondents failed to inform Leroy for Governor that the contribution would be used in connection with a federal election and that the contribution would be subject to the limitations and prohibitions of the Act. Leroy for Governor did not designate the contribution for a federal account. On March 30, 1987, within

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thirty (30) days of the date upon which Respondents learned that Leroy for Governor was not registered with the Commission, Respondents transferred the $5,000 they received from Leroy for Governor to Gerald R. Ford's personal account. At the time of the transfer, the contribution had been in Respondents' account for 165 days.

5. On October 16, 1986, Respondents deposited a $5,000 check from the Mike Hayden Campaign Fund. The Mike Hayden Campaign Fund is not registered with the Commission. The Mike Hayden Campaign Fund is registered and reports in Kansas, a state that allows corporate and union contributions to political committees. Respondents failed to inform the Mike Hayden Campaign Fund that the contribution would be used in connection with a federal election and that the contribution would be subject to the limitations and prohibitions of the Act. The Mike Hayden Campaign Fund did not designate the contribution for a federal account. On March 30, 1987, within thirty (30) days of the date upon which Respondents learned that the Mike Hayden Campaign Fund was not registered with the Commission, Respondents transferred the $5,000 they received from the Mike Hayden Campaign Fund to Gerald R. Ford's personal account. At the time of the transfer, the contribution had been in Respondents' account for 165 days.

6. Pursuant to 11 C.F.R. § 102.5(a), a political committee that finances both federal and non-federal activity may maintain only one account; however, if it chooses to do so, it may receive only contributions subject to the limitations and

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prohibitions of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections. Also, contributions that are deposited into an account that finances federal activity must meet three conditions : (1) the contribution must be designated for a federal account; (2) the solicitation must expressly state that the contribution will be used in connection with a federal election; and, (3) the contributor must be informed that all contributions are subject to the prohibitions and limitations of the Act.

V. Respondents accepted $15,000 in contributions from the Re-elect Bill Clements Committee, Leroy for Governor, and the Mike Hayden Campaign Fund that were not made from funds subject to the limitations and prohibitions of the Act in violation of 11 C.F.R. § 102.5(a). Moreover, Respondents deposited the $15,000 in contributions into an account that financed federal activity. However, the contributions were not designated for a federal account, the contributors were not informed that the contributions would be used in connection with a federal election, and the contributors were not informed that the contributions would be subject to the limitations and prohibitions of the Act in violation of 11 C.F.R. § 102.5(a).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Fifteen Hundred Dollars ($1,500), 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

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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.

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: _____ Date 3/8/89
Lois G. Lerner
Associate General Counsel

FOR THE RESPONDENTS:

_____ Date 2/15/89
(Name) John J. Duffy, Esq.
(Position) Attorney for Respondents

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2537

DATE FILMED 3/17/89 CAMERA NO. 3

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