FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2558

DATE FILMED 8/26/88 CAMERA NO. 2

CAMERAMAN K.A.U.

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ALEX1/120987

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A87-15

December 9, 1987

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. CURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: REFERRAL OF MATTERS IN THE AUDIT OF CITIZENS FOR LAURENTI, INC.

On December 8, 1987, the Commission approved the final audit report on Citizens for Laurenti, Inc., which included referral of the attached matters to your office.

If you have any questions regarding these matters, please contact Alex Boniewicz or Ray Lisi at 376-5320.

Attachments:

Exhibit A - Apparent Excessive Contributions
Exhibit B - Failure to File a 1986 Year End Report
Exhibit C - Misstatement of Financial Activity
Exhibit D - Disclosure of Receipts

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Apparent Excessive Contributions

Section 441a(a) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

Section 431(8)(A) of Title 2 of the United States Code states, in relevant part, that the term "contribution" includes any loan. Section 100.7(a)(1)(C) of Title 11 of the Code of Federal Regulations specifies that a loan is a contribution by each endorser or guarantor. Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement. Any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in such written agreement. In the event, that such agreement does not stipulate the portion of the loan for which each endorser or guarantor is liable, the loan shall be considered a loan by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors.

Additionally, 11 C.F.R. § 100.7(a)(1)(A) provides that a loan which exceeds the contribution limitations of 2 U.S.C. § 441a and 11 C.F.R. Part 110 shall be unlawful whether or not it is repaid.

During the course of the audit, two apparent excessive contributions from the candidate's wife were noted. The contributions arose from the wife's co-signing two loan agreements. The first loan was incurred May 10, 1984 relative to the 1984 primary election in the amount of $10,000. The wife's share was determined to be $5,000, which resulted in a $4,000 excessive (portion) contribution. As of January 1, 1985 (the beginning of the audit period) this excessive portion had been reduced to $3,499.99. By December 31, 1986, the end of the audit period, the excessive portion had been reduced to $1,247.05.

The second loan was incurred on March 1, 1986 relative to the 1986 campaign in the amount of $2,835.60; and the wife's share was determined to be $1,417.80, which resulted in an excessive portion of $417.80. The excessive portion had been entirely eliminated by September 2, 1986.

At the exit conference, the Treasurer was apprised of the matter and agreed to make the necessary refund.

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The Audit staff recommended in the Interim Audit Report that the Committee refund the remaining excessive portion ($1,247.05), providing evidence of such refund, or demonstrate why the loans should not be considered excessive.

The Committee's response, received October 21, 1987, states that a check for $5,000.00 was written to the candidate to repay loans to the campaign. The response goes on to state that since this repayment was deposited into a joint account, one-half ($2,500) can therefore be credited to the spouse. No other supporting documentation was submitted. The Audit staff is of the opinion that the ($5,000) check the Committee refers to in its reponse was identified during fieldwork as a repayment to the Candidate for loans he made to the Committee during 1984 and not related to the May 10, 1984 bank loan at issue. Therefore, the Committee's response is inadequate and the remaining excessive portion ($1,247.05) still remains unrefunded. The Audit staff has requested, via telephone, further details of this payment, but, to date no further explanation has been received.

<u>Recommendation</u>

The Audit staff recommends that, in view of the Committee's inadequate response, this matter be referred to the Office of General Counsel.

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Failure to File a 1986 Year End Report

Section 434(a) of Title 2 of the United States Code states that each Treasurer of a political committee shall file reports of receipts and disbursements in accordance with the provisions of the subsection.

Section 434(a)(2)(A)(iii) of Title 2 of the United States Code requires the principal campaign committee of a candidate for the House of Representatives-in any calendar year during which there is a regularly scheduled election for which such candidate is seeking election-to file a quarterly report complete as of the last day of each calendar quarter; and that the report for the quarter ending December 31 shall be filed no later than Janaury 31 of the following calendar year.

At the time of the audit fieldwork, no Year End Report had been filed by the Committee. The auditors' analysis of the Committee's financial activity for the period covered by this report (11/21/86 through 12/31/86) indicated a beginning cash on hand balance on November 21, 1986 of $5,308.81; total receipts for the period of $5,506.56; total disbursements for the period of $6,997.94; and an ending cash on hand balance on December 31, 1986 of $3,817.43. Additionally, the auditors determined that as of December 31, 1986, there were debts owed to the Committee totaling $2,534.64 and debts (and loans) owed by the Committee totaling $43,288.48.

At the exit conference, the Treasurer, was apprised of this issue and provided copies of relevant workpapers. The Treasurer agreed to file the required report.

In response to the Interim Audit Report, the Committee filed a 1986 Year End Report on October 21, 1987, which disclosed a beginning cash on hand balance on November 21, 1986 of $31,711.55; total receipts of $6,080.47; total disbursements of $37,309.10 and an ending cash balance on December 31, 1986 of $482.92.

Despite the explicit instructions provided at the exit conference, the Committee's Year End Report failed to disclose the debts noted above. In addition, the reported figures differed from the audited figures presented above, principally as a result of the Committee using their report as a comprehensive amendment to correct other errors from previous reporting periods as presented in Finding II.A. of the Final Audit Report. Further, the following problems still remain with the Year End Report as filed:

- The Committee's receipts for this report exceeded the audited amount by $573.91 [$6,080.47 minus $5,506.56]. This is due to the Committee's unexplained reporting of Offsets to Operating Expenditures totaling $573.91.

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- The Committee failed to report three items totaling $858.55 which were made during the period covered by the Year End Report. In addition, the Committee reported four prior period disbursements ($2,366.36) twice within the report.

The Committee's begining cash-on-hand figure, although differing significantly from the audited figure, is correctly carried forward from the previous report's ending cash figure.

The difference between the Committee's ending cash figure for the Year End Report and the audited figure, is a result, not only of the above detailed errors, but also additional errors as presented in Exhibit C.2.

Recommendation

The Audit staff recommends that, in view of the Committee's inadequate response, this matter be referred to the Office of General Counsel.

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Misstatement of Financial Activity

Sections 434(b)(1), (2) and (4) of Title 2 of the United States Code state, in part, that each report shall disclose the amount of cash on hand at the beginning of each reporting period, the total amount of all receipts, and the total amount of all disbursements for the period and calendar year.

During fieldwork, the Audit staff was unable to complete reconciliations of Committee bank accounts to reports filed, by calendar year, for the period January 1, 1985 through November 21, 1986. Requests were made for missing bank account records (some of which have been provided) to enable the auditors to complete the bank reconciliations. The Audit staff has been able to determine that, at a minimum, ending cash-on-hand at November 20, 1986 appears to be overstated by $19,882.58. This appears to have been caused, in part, by a failure to report various disbursements (see Interim Audit Report Finding II.D.).

The Interim Audit Report requested that the Committee provide additional bank records for review by the Audit staff.

The Committee's response, filed October 21, 1987, did not provide the required bank records.

The Treasurer was informed of the remaining records required to complete the bank reconciliations, and on November 13, 1987 belatedly submitted the remaining bank records.

1. 1985 Bank Reconciliation

The Audit staff performed a reconciliation of Committee bank accounts to reports filed for the period January 1, 1985 through December 31, 1985 and noted that reported receipts were understated by $1,030 and reported disbursements were understated by $1,061.26, causing reported cash-on-hand on December 31, 1985 to be overstated by $31.26.

The misstatements relative to reported activity for calendar year 1985 resulted primarily from the Committee's failure to report $1,010 in receipts (95% of the account activity) and $1,059.96 in disbursements (100% of the account activity) from one of the Committee's two active bank accounts. Minor reporting discrepancies involving the other bank account included $20 in receipts not reported and reported bank charges (disbursements) being understated by $1.30.

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2. 1986 Bank Reconciliation

The Audit staff performed a reconciliation of Committee bank accounts to reports filed and noted the following discrepancies for calendar year 1986. Beginning cash-on-hand was overstated by a net amount of $31.26 (See Exhibit C.1., above). Additionally, reported receipts were overstated by $4,456.23; reported disbursements were overstated by a net amount of $7,822; and reported ending cash-on-hand on December 31, 1986 was understated by a net amount of $3,334.51.

The reason(s) for the overstatement of receipts ($4,456.23) could not be explained by the Audit staff. The overstatement of reported disbursements by a net amount of $7,822 resulted from:

- The Committee's disclosure of disbursements not required to be reported which included: interbank transfers ($1,525.15); voided checks ($1,654.75); disbursements reported twice ($2,546.36) and other miscellaneous overstatement errors ($6,427.23); and

- The Committee's failure to report disbursements totaling $4,331.49.

The discrepancies noted above remain uncorrected to date.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

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Disclosure of Receipts

Section 434(b)(3) of Title 2 of the United States Code states that each report shall disclose the identification of each:

- person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, or in any lesser amount if the reporting committee should so elect, together with the date and amount of any such contributions;
- authorized committee which makes a transfer to the reporting committee;
- person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt; and
- person who provides any dividend, interest, or other receipt to the reporting committee in an aggregate value or amount in excess of $200 within the calendar year, together with the date and amount of any such receipt.

Section 431(13) of Title 2 of the United States Code defines identification to mean, in the case of any individual, the name, the mailing address, and the occupation of such individual, as well as the name of his or her employer, and, in the case of any other person, the full name and address of such person.

A review of available receipt records indicated that the Committee had failed to itemize 68 contributions from individuals, totaling $20,175, representing 20.8% of the number and 14.29% of the dollars required to be itemized (Attachment I). Additionally, the Committee failed to itemize one transfer from an authorized committee ($2,462), three other receipts (interest income) amounting to $363.15, and one refund, totalling $285.

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The auditors further noted that, of the contributions received from individuals which had been itemized, the Committee failed to fully disclose available contributor information for 77 items, totalling $33,225, which represented 29.84% of the number and 27.46% of the dollars requiring such disclosure (See Attachment II).

The missing disclosure information consisted of sixty (60) items ($26,375) which lacked aggregate year-to-date information (a problem noted within the Reports Analysis Audit Referral); 13 items ($6,600) for which occupation and/or name of employer information was maintained in Committee records but was not disclosed; five (5) items ($1,250) for which the contributor name or address was insufficiently/incorrectly disclosed; and two items ($175) for which the amount was incorrectly disclosed.1/

The Treasurer agreed to file the necessary amendments.

The Audit staff recommended in the Interim Audit Report that the Committee file amended Schedules A correcting the above noted problems.

The Committee's response to the Interim Audit Report, received October 21, 1987, partially addressed three of the above problem areas and failed to address the other two, despite the explicit attachments provided.

With respect to the contributions received from individuals, detailed at Attachment I, which were to be itemized on Schedules A, the Committee failed to address 49 items totaling $12,475. In the Audit staff's opinion, the Committee's response adequately explained only one item ($100) out of the nineteen items ($7,700) addressed.

With respect to the one transfer ($2,462) from an authorized committee, the Committee's response, although providing memo Schedules A detailing individual contributions represented by the transfer, failed to itemize the transfer on Schedule A as recommended.

With respect to the three other receipts ($363.15) and the one refund ($285.00), the Committee's response did not address these items, nor were the recommended Schedules A provided.

1/ Some items (3 for $1,175) contained more than one disclosure error.

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With respect to the 77 contributions received from individuals ($33,225), which were not adequately disclosed, the Committee's response states that they "did not fill in the AYTD [Aggregate-Year-to-Date] space when the contribution for that period was the AYTD." The response goes on to state, "the Committee has made significant attempts at contacting contributors who have given us insufficient information when mailing their check." If the statement with respect to AYTD is accepted as sufficient for such items, there remain 54 items ($20,275) for which the Committee's response is inadequate.

Recommendation

The Audit staff recommends that, in view of the Committee's incomplete response, this matter be referred to the Office of General Counsel.

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Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

CONTRIBUTIONS FROM INDIVIDUALS NOT ITEMIZED

	Name	Date	Amount of Contribution
1.	Hope Aldrich	7/07/86	$ 1,000.00
2.	George V. Allen, Jr.	9/29/86	100.00
3.	Ms. Kathryn Arnow	10/15/86	100.00
4.	John Aubert	5/22/86	100.00
5.	Harry Brandt Ayers	-	500.00
6.	George W. Ball	-	500.00
7.	Winfred Bencley	10/10/86	100.00
8.	Dr. Richard Benioff	6/16/86	1,000.00
9.	N.J. Blessing	-	1,000.00
		9/30/86	100.00
10.	Walter Bliss	7/16/86	250.00
		7/28/86	100.00
		10/25/86	100.00
11.	Steven Breitman	6/16/86	1,000.00
12.	Daniel Brenna	10/27/86	100.00
13.	William P. Bundy	-	150.00
14.	Brendan T. Byrne	9/26/86	1,000.00
15.	James Dugan	7/02/86	250.00
16.	Thomas J. Edwards	10/21/86	150.00
17.	H. Reed Ellis	6/10/86	250.00
18.	Irene Goldman	6/30/86	250.00
		7/28/86	100.00
		9/09/86	75.00
19.	Mort Goldfein	7/02/86	100.00
		7/16/86	100.00

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Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

	Name	Date	Amount of Contribution
20.	Jeanne C. Greenberg	7/02/86	$ 250.00
21.	Sarah Grossman	6/30/86	150.00
22.	Eugene D. Hein	6/30/86	250.00
23.	Michael W. Huber	11/01/86	100.00
24.	Milton Hurwitz	7/16/86	250.00
25.	Harriett Hurwitz	7/16/86	250.00
26.	Lawrence Laurenti	-	250.00
		10/31/86	1,000.00
27.	Donald Linky	7/28/86	150.00
		10/15/86	100.00
28.	Gordon A MacInnes	7/16/86	500.00
29.	Alan Mallach	7/01/86	250.00
30.	AI Constance Handa Moori	6/23/86	100.00
		6/24/86	25.00
		7/11/86	25.00
31.	John F. McCarthy III	6/30/86	250.00
32.	Robin L. McCarthy	10/09/86	100.00
33.	Arlene Nash	10/20/86	100.00
34.	Margaret de Neufville	5/29/86	500.00
35.	Duncan McCrann	9/03/86	25.00
		9/22/86	25.00
36.	Edward T. O'Conner	9/05/86	250.00
37.	Richard T. O'Conner	7/05/86	250.00
38.	Gloria Pamm	7/16/86	500.00
39.	Ruth R. Pellettieri	7/02/86	250.00
40.	Steven J. Picco	7/11/86	125.00
41.	Robert S. Powell	10/15/86	100.00

Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

	Name	Date	Amount of Contribution
42.	Nancy K. Quinn	6/24/86	$ 250.00
43.	Edgar L. Rachlin	-	500.00
44.	Robert S. Raymar	10/01/86	100.00
45.	Irv Richter	9/26/86	1,000.00
46.	Ira M. Rutkow	-	250.00
47.	Joseph Santangelo	7/28/86	100.00
48.	Jerome M. Selvers	7/02/86	125.00
49.	William P. Starr	6/09/86	100.00
50.	Jack Strulowitz	7/02/86	250.00
51.	Charles W. Ufford	9/30/86	100.00
52.	Richard P. Soloman	- -	1,000.00 1,000.00
53.	Christopher Swenson	-	250.00
54.	Donald M. Wilson	9/25/86 8/21/86	150.00 100.00
55.	Jonathan Walters	-	300.00
		Total	$20,175.00

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Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

CONTRIBUTIONS FROM INDIVIDUALS NOT DISCLOSED ADEQUATELY

	Name	Date	Amount	Disclosure Required
1.	Lewis B. Kader	3/28/86	$ 500.00	OCC/NOE 1/
2.	Mark Laurenti	3/22/86	950.00	AYTD 2/
3.	Jean M. Howard	3/24/86	300.00	OCC/NOE
4.	B. Richard Benioff	3/02/86	1,000.00	OCC/NOE
5.	William P. Starr	2/15/86	250.00	OCC/NOE
6.	Walter R. Bliss, Jr.	3/16/86	50.00	AYTD
7.	Gordon A. MacInness	2/28/86	250.00	OCC/NOE
8.	Allan Sagner	2/27/86	1,000.00	OCC/NOE
9.	(Ms) Gordon G. Wallace	2/10/86	1,000.00	OCC/NOE
10.	Lowell Livezy	3/09/86	250.00	OCC/NOE
11.	Edward T. Cone	3/13/86	250.00	OCC/NOE
12.	Christopher Swenson	1/15/86	250.00	OCC/NOE
13.	Lawrence Laurenti, Jr.	5/13/86	1,000.00	AYTD
14.	Kenneth Plever	5/06/86	250.00	AYTD
15.	Thomas J. Swartz	5/01/86	250.00	AYTD

1/ Occupation/Name of Employer.

2/ Aggregate Year to Date.

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Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

	Name	Date	Amount	Disclosure Required
16.	Blaine V. Fogg	5/12/86	$ 250.00	AYTD
17.	Leslie Arps	5/12/86	250.00	AYTD
18.	Stephen B. Wiley	4/25/86	1,000.00	AYTD
19.	Gordon A. MacInness	5/02/86	250.00	OCC/NOE
20.	Anthony R. Pontoriero	5/07/86	250.00	AYTD
21.	George L. Pontoriero	5/08/86	250.00	AYTD
22.	Shawn Laurenti	5/08/86	650.00	AYTD
23.	Leon Sokol	5/08/86	250.00	AYTD
24.	Geoffrey M. Connor	4/21/86	250.00	AYTD
25.	Paul N. Bontempo	4/29/86	250.00	AYTD
26.	Merry Demarest	4/03/86	1,000.00	AYTD
27.	George T. Bayer	5/09/86	500.00	AYTD
28.	Robert O'Brien	5/01/86	250.00	AYTD
29.	R. Teel Oliver	4/07/86	250.00	AYTD
30.	Edward Hughes	5/12/86	1,000.00	AYTD
31.	John Maruhnic	5/14/86	1,000.00	AYTD
32.	Anne Martindell	5/13/86	300.00	AYTD
33.	Margaret DeNeufville	5/11/86	500.00	AYTD
34.	Donald M. Wilson	5/19/86	200.00	AYTD
35.	Joel Zaifman	5/09/86	250.00	AYTD
36.	Deborah MacMillan	3/21/86	300.00	OCC/NOE
37.	Richard C. Leone	4/07/86	1,000.00	AYTD

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Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

	Name	Date	Amount	Disclosure Required
38.	Harold Demarset	4/03/86	$ 1,000.00	AYTD and OCC/NOE
39.	Edward T. Cone	6/19/86	250.00	AYTD
40.	Lawrence Laurenti Sr.	6/18/86	250.00	AYTD
41.	Frank B. Quinn	6/24/86	250.00	AYTD
42.	Craig Yates	6/25/86	500.00	AYTD
43.	Ronald Bookbinder	6/24/86	250.00	Originally shown as Partnership.
44.	Tom Foy	6/24/86	250.00	Originally shown as Partnership.
45.	Philip E. Haines	6/23/86	250.00	AYTD
46.	Hugh Maguire	6/06/86	250.00	Originally shown as Partnership.
47.	Marion Edey	6/18/86	1,000.00	AYTD
48.	Martin Okean	-	250.00	Name shown originally as Ketti Okean
49.	Robert Sturken	6/27/86	250.00	AYTD
50.	Kris Laurenti	7/04/86	300.00	AYTD
51.	Pasquale Romano	6/23/86	250.00	AYTD
52.	Walter Bliss, Jr.	6/29/86	250.00	AYTD
53.	Eleanor Demarset	6/26/86	1,000.00	AYTD
54.	Lawrence Laurenti, Sr.	6/28/86	250.00	AYTD
55.	Robin McCarthy	6/26/86	50.00	AYTD and amount
56.	Mark K. Laurenti	6/27/86	500.00	AYTD
57.	Susan N. Wilson	6/20/86	500.00	AYTD

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Matter Referred
Citizen's for Laurenti, Inc.
Final Audit Report

	Name	Date	Amount	Disclosure Required
58.	Shawn Laurenti	6/30/86	$ 1,000.00	AYTD
59.	David H.S. Coates	5/09/86	300.00	AYTD
60.	Irene W. Crowe	5/18/86	250.00	Address
61.	Joan Blessing	9/26/86	1,000.00	AYTD
62.	David Coates	9/25/86	350.00	AYTD
63.	Howard M. Schorr	9/27/86	500.00	AYTD
64.	Gerry Pike	9/30/86	1,000.00	AYTD
65.	Gloria Borden	10/11/86	200.00	AYTD
66.	William Dalrymple	10/08/86	200.00	AYTD
67.	Walter R. Bliss	10/25/86	100.00	AYTD
68.	Lester R. Brown	11/06/86	100.00	AYTD
69.	William P. Bundy	10/22/86	100.00	AYTD
70.	Miriam K.W. Coletti	10/20/86	125.00	AYTD and amount
71.	Dr. Willard Darlymple	11/03/86	100.00	AYTD
72.	Eugene Howard	10/29/86	250.00	AYTD
73.	David N. Kinsey	11/03/86	200.00	AYTD
74.	Gordon MacInness	10/28/86	250.00	AYTD
75.	Christopher Swenson	11/03/86	750.00	AYTD
76.	Richard Ullman	10/31/86	100.00	AYTD
77.	Richard L. Wright	10/25/86	750.00	AYTD
		Total	$33,225.00	

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ALEX1/120987

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A87-15

December 9, 1987

Mr. Gary Matthews, Treasurer
Citizens for Laurenti, Inc.
15700 37th Avenue North, #A-124
Plymouth, Minnesota 55446

Dear Mr. Matthews:

This is to advise you that on December 8, 1987, the Commission approved the final audit report on Citizens for Laurenti, Inc.

Upon notice by return receipt that your informational copy of the report has been received (within approximately 5 days), the report will be publicly released by the Commission.

Should you have any questions regarding the public release of this report, please contact Mr. Fred Eiland of the Commission's Press Office at (202) 376-3155 or toll free at (800) 424-9530. Any questions you may yet have related to matters covered during the audit or in the audit report should be directed to Alex Boniewicz or Ray Lisi of the Audit Division at (202) 376-5320 or toll free at (800) 424-9530.

Sincerely,

Robert J. Costa
Assistant Staff Director
for the Audit Division

Attachment as stated

CERTIFIED MAIL:
RETURN RECEIPT REQUESTED

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A87-15

REPORT OF THE AUDIT DIVISION ON CITIZENS FOR LAURENTI, INC.

I. Background

A. Overview

This report is based on an audit of Citizens for Laurenti, Inc. ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this Section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee registered with the Clerk of the House of Representatives on December 28, 1983 and maintains its headquarters in Trenton, New Jersey.

The audit covered the period January 1, 1985, through December 31, 1986. The Committee reported an opening cash on hand balance on January 1, 1985 of $81.93; total receipts of $335,708.85; total disbursements of $304,079.23; and a closing cash balance on November 20, 1986 of $31,711.55.

On October 21, 1987, the Committee submitted a 1986 Year End Report disclosing an opening cash balance on November 21, 1986 of $31,711.55; total receipts of $6,080.47; total disbursements of $37,309.10; and a closing cash balance on December 31, 1986 of $482.92.

This report is based on documents and workpapers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.

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B. Key Personnel

The Treasurers of the Committee during the period of the audit were Mr. John H. Petito from January 1, 1985 through November 26, 1985; Mr. Steven M. Richman from November 27, 1985 through July 20, 1986; and the current Treasurer is Mr. Gary Matthews.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements; review of individual transactions and required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Reporting of Expenditures

Section 434(b)(4) of Title 2 of the United States Code states, in part, that each report shall contain, for the reporting period and the calendar year, the total amount of all disbursements.

Section 434(b)(5) of Title 2 of the United States Code requires, in relevant part, that each report disclose the name and address of each person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditures. Additionally, each report shall disclose the name and address of each person who receives a loan repayment from the reporting committee during the reporting period, together with the date and amount of such loan repayment.

During the course of the auditors' review of Committee disbursements, it was noted that 19 expenditures, totaling $16,333.35, were not reported. Additionally, two loan repayments, totaling $626.93, were not reported.

It should be noted that it was the Committee's practice to itemize all disbursements regardless of amount.

The Treasurer was apprised of these matters and agreed to file amendments as required.

In response to the Interim Audit Report, the Committee filed an amendment on October 21, 1987, substantially disclosing these disbursements as part of the Committee's 1986 Year End Report.

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Recommendation

The Audit staff recommends no further action on this matter.

B. **Matters Referred to the Office of General Counsel**

Certain matters noted during the audit were referred to the Commission's Office of General Counsel.

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FEDERAL ELECTION COMMISSION
SECRETARIAT
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SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

MUR: 2558
STAFF MEMBER: B. Kramer

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS: Citizens for Laurenti, Inc. and
Gary Matthews, as treasurer
Yuki Moore Laurenti

RELEVANT STATUTE: 2 U.S.C. § 441a(a)(1)(A), § 441a(f),
§ 434(a)(2)(A)(iii), § 434(b)(1)-(4)

INTERNAL REPORTS CHECKED: Audit Report and underlying documents

FEDERAL AGENCIES CHECKED: None

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I. GENERATION OF MATTER

The Commission conducted an audit of the Citizens for Laurenti, Inc. ("the Committee") pursuant to its authority under 2 U.S.C. § 438(b).1/ The audit covered the period from January 1, 1985 through December 31, 1986. At the completion of the audit, the Commission's Audit Division referred this matter to the Office of the General Counsel (Attachment 1).

II. SUMMARY OF ALLEGATIONS

The audit referral alleges that the candidate's wife, Yuki Moore Laurenti, made contributions to the Committee in the form of loans, which contributions exceeded the limits set forth in 2 U.S.C. § 441a(a)(1)(A), in violation of this section and

1/ Citizens for Laurenti, Inc. is the principal campaign committee of Jeffrey K. Laurenti, a candidate for election to the United States House of Representatives in the fourth congressional district of New Jersey.

section 441a(f) of the Act. The referral also alleges that the Committee failed to timely file its 1986 Year End Report, in violation of 2 U.S.C. § 434(a)(2)(A)(iii). Additionally, the referral alleges that a review of the Committee's receipt records and the reconciliation of Committee bank accounts to reports filed for the periods covering January 1, 1985 through December 31, 1986 indicate that the Committee violated reporting requirements set forth at 2 U.S.C. § 434(b)(1)-(4).

III. FACTUAL AND LEGAL ANALYSIS

A. Apparent Excessive Contributions

The audit referral's allegation regarding excessive contributions concerns two separate transactions to which both the candidate and his wife were a party. A factual summary and legal analysis of each transaction is presented below. The factual summaries are based on information contained in the audit referral and in its underlying documents which were obtained from the Committee in the course of the audit.

1. Loan Contribution

a. Factual Summary

On May 10, 1984, relative to the 1984 primary election, candidate Jeffrey Laurenti and his wife, Yuki Moore Laurenti, obtained a personal loan of $10,000 from the New Jersey National Bank. The proceeds of this loan were deposited in the Committee's campaign depository. The loan instrument stated that the loan would mature on June 14, 1984. On this date, the loan

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was refinanced.

As part of the original and the refinanced loan agreements, Mr. and Mrs. Laurenti co-signed on notes identifying themselves as the "Borrowers." The note instruments included sections on security. On both notes the box was checked beside the statement reading "[t]his loan is not secured." Both notes also included a section on collateral. The original loan instrument was left blank at this section and there was no security instrument attached to the agreement indicating what, if anything, was used as collateral. The instrument for the refinanced loan stated that the loan was not secured by collateral.

Committee bank records reveal that by December 31, 1986, the end of the audit period, the Committee had repaid all but $2,494.10 of the loan in several installments.

Noting that the loan agreement was co-signed by the candidate's wife, the audit referral states that the wife's share in the loan was determined to be $5,000. The referral alleges that this amount exceeds the contribution limits of 2 U.S.C. § 441a(a)(1)(A) by $4,000.

b. Analysis

Section 441a(a)(1)(A) of the Act prohibits individual contributions of more than $1,000 per election to a candidate's authorized political committee. Section 441a(f) of the Act makes it unlawful for authorized committees to accept contributions that exceed the donor's contribution limit. This limitation

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applies to any type of contribution, including loans. 2 U.S.C. § 431(8)(A). The Commission's Regulations at 11 C.F.R. § 100.7(a)(1)(i)(C) specify that a loan is a contribution by each endorser or guarantor. Each endorser or guarantor is deemed to have contributed that portion of the total amount for which he or she agreed to be liable and, in the absence of the stipulation of a portion, the loan is considered a loan by each endorser or guarantor in the same proportion to the unpaid balance that he or she bears to the total number of endorsers or guarantors. Id.

Commission Regulations at 11 C.F.R. § 100.7(a)(1)(i)(D) carve out a narrow exception to allow for the use of property in which the candidate's spouse has an interest or to allow for spousal signature on a loan without violating the contribution limits. This section of the Commission's Regulations specifies:

> A candidate may obtain a loan on which his or her spouse's signature is required when jointly owned assets are used as collateral or security for the loan. The spouse shall not be considered a contributor to the candidate's campaign if the value of the candidate's share of the property used as collateral equals or exceeds the amount of the loan which is used for the candidate's campaign.

The threshold issue here is whether the narrow exception carved out by 11 C.F.R. § 100.7(a)(1)(i)(D) applies to the loan obtained by the Laurentis for use by the Committee relative to the 1984 primary election. If so, then there is no violation of the Act's contribution limits. If not, Mrs. Laurenti would be a

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contributor to the extent provided for in 11 C.F.R. § 100.7(a)(1)(i)(C), in this case $5,000, which exceeds the contribution limits of 2 U.S.C. § 441a(a)(1)(A) by $4,000.

Based on the available facts, it does not appear that the exception of 11 C.F.R. § 100.7(a)(1)(i)(D) would apply to the loan in question. There is nothing in the original loan agreement nor is there any security instrument attached to the agreement which indicates that any property was used as collateral. Thus the question whether the candidate's share of any such property equals or exceeds the amount of the loan which was used in the candidate's campaign is irrelevant here. Moreover, the refinanced loan agreement specifically states that the loan was not secured by collateral. Accordingly, there is reason to believe that Yuki Moore Laurenti violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to the Committee in connection with the 1984 primary election and, that the Committee and Gary Matthews, as treasurer, accepted an excessive contribution in violation of 2 U.S.C. § 441a(f).

2. Purchase of Computer Equipment

a. Factual Summary

On March 1, 1986, Jeffrey and Yuki Laurenti jointly signed a contract to purchase computer equipment worth $2,835.60 on an installment basis. 2/ The Laurentis signed as "Buyers" on a

2/ The cash price that was listed for the equipment was $3,835.60, however, the Committee made a down payment of $1,000 towards this purchase price on or about March 1, 1986.

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retail sales contract. Under the terms of the contract anyone who signed as a buyer was jointly and severally responsible for repayment of all amounts owed. The contract included a section on security. This section read "I am giving a security interest in the goods or property being purchased."

The computer equipment was conveyed to the Committee solely for its use. According to the Committee bank records, the Committee made all the required payments to the lending institution. 3/

b. Analysis

The above facts reveal that Jeffrey and Yuki Laurenti signed the retail sales contract and incurred an obligation to pay $2,835.60. As there is nothing in the agreement stipulating what would be used as collateral, the exception of 11 C.F.R. § 100.7(a)(1)(i)(D) does not apply to the loan in question. Yuki Laurenti is a contributor to the extent provided for in 11 C.F.R. § 100.7(a)(1)(i)(C), which states that in the absence of the stipulation of the portion to which the guarantor agrees to be liable, the loan is considered to be a loan by each endorser or guarantor in the same proportion to the unpaid balance that he

3/ The seller, Clancy Paul, Inc., assigned the contract to Finance One, a lending institution. Consequently, all payments by the Committee were made to Finance One.

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or she bears to the total number of endorsers or guarantors. In this case, Yuki Laurenti is a contributor of one half of $2,835.60, the amount to which she and her husband agreed to be liable. Thus, Yuki Laurenti made a contribution of $1,417.80 in connection with the 1986 primary election, which amount exceeded the contribution limits of 2 U.S.C. § 441a(a)(1)(A) by $417.80. Therefore, there is reason to believe Yuki Moore Laurenti violated 2 U.S.C. § 441a(a)(1)(A) and that the Committee and Gary Matthews, as treasurer, violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Yuki Laurenti.

B. Reporting Violations

1. Late Filing

Section 434(a)(2)(A)(iii) of the Act provides that during an election year, the authorized committee of a candidate is required, through its treasurer, to file a quarterly report complete as of the last day of each calendar quarter. The report for the quarter ending December 31 ("the Year End Report") must be filed no later than January 31 of the following calendar year.

The Committee's 1986 Year End Report, which was due January 31, 1987, was not filed until October 21, 1987. Accordingly, there is reason to believe the Committee and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(a)(2)(A)(iii).

2. Misstatement of Financial Activity

Sections 434(b)(1), (2) and (4) of the Act state, in part,

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that each report shall disclose the amount of cash-on-hand at the beginning of each reporting period, the total amount of all receipts, and the total amount of all disbursements for the period and calendar year.

The Audit staff performed a reconciliation of Committee bank accounts to reports filed for the period January 1, 1985 through December 31, 1985 and noted that reported receipts were understated by $1,030 and reported disbursements were understated by $1,061.26, causing reported cash-on-hand on December 31, 1985 to be overstated by $31.26.

The misstatements relative to reported activity for calendar year 1985 resulted primarily from the Committee's failure to report $1,010 in receipts (95% of the account activity) and $1,059.96 in disbursements (100% of the account activity) from one of the Committee's two active bank accounts. Minor reporting discrepancies involving the other bank account included $20 in receipts not reported and reported bank charges (disbursements) being understated by $1.30.

In addition, the Audit staff performed a reconciliation of Committee bank accounts to reports filed and noted the following discrepancies for calendar year 1986. Beginning cash-on-hand was overstated by a net amount of $31.26. Additionally, reported receipts were overstated by $4,456.23; reported disbursements were overstated by a net amount of $7,822; and reported ending cash-on-hand on December 31, 1986 was understated by a net amount of $3,334.51.

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The reason(s) for the overstatement of receipts ($4,456.23) could not be explained by the Audit staff. The overstatement of reported disbursements by a net amount of $7,822 resulted from:

- The Committee's disclosure of disbursements not required to be reported which included: interbank transfers ($1,525.15); voided checks ($1,654.75); disbursements reported twice ($2,546.36) and other miscellaneous overstatement errors ($6,427.23); and

- The Committee's failure to report disbursements totalling $4,331.49.

The discrepancies noted above remain uncorrected to date.

In view of the foregoing facts, there is reason to believe the Committee and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(b)(1), (2) and (4).

3. Disclosure of Receipts

Section 434(b)(3) of the Act states that each report shall disclose the identification of each:

- person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, or in any lesser amount if the reporting committee should so elect, together with the date and amount of any such contributions;

- authorized committee which makes a transfer to the reporting committee;

- person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt; and

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- o person who provides any dividend, interest, or other receipt to the reporting committee in an aggregate value or amount in excess of $200 within the calendar year, together with the date and amount of any such receipt.

Section 431(13) of the Act defines identification to mean, in the case of any individual, the name, the mailing address, and the occupation of such individual, as well as the name of his or her employer, and, in the case of any other person, the full name and address of such person.

The auditors' review of available receipt records indicated that the Committee had failed to itemize 68 contributions from individuals, totalling $20,175. (Attachments at 11-13). Additionally, the Committee failed to itemize one transfer from an authorized committee ($2,462), three other receipts (interest income) amounting to $363.15, and one refund, totalling $285.

The auditors further noted that, of the contributions received from individuals which had been itemized, the Committee failed to fully disclose available contributor information for 77 contributions totalling $33,225. (See Attachments at 14-17).

The missing disclosure information consisted of sixty (60) contributions ($26,375) which lacked aggregate year-to-date information; 13 contributions ($6,600) for which occupation and/or name of employer information was maintained in Committee records but was not disclosed; five (5) contributions ($1,250) for which the contributor name or address was insufficiently/incorrectly

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disclosed; and two contributions ($175) for which the amount was incorrectly disclosed.4/

The Audit staff recommended in the Interim Audit Report that the Committee file amended Schedules A correcting the above noted problems. The Committee's response to the Interim Audit Report, received October 21, 1987, partially addressed three of the above problem areas and failed to address the other two, despite the explicit attachments provided.

With respect to the contributions received from individuals, detailed at Attachments 11-13, which were to be itemized on Schedules A, the Committee failed to address 49 items totalling $12,475. The Committee's response adequately explained only one contribution ($100) out of the nineteen contributors ($7,700) addressed.

With respect to the one transfer ($2,462) from an authorized committee, the Committee's response, although providing memo Schedules A detailing individual contributions represented by the transfer, failed to itemize the transfer on Schedule A as recommended.

With respect to the three other receipts ($363.15) and the one refund ($285.00), the Committee's response did not address these items, nor were the recommended Schedules A provided.

4/ Some contributions (3 for $1,175) contained more than one disclosure error.

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With respect to the 77 contributions received from individuals ($33,225), which were not adequately disclosed, the Committee's response states that they "did not fill in the AYTD [Aggregate-Year-to-Date] space when the contribution for that period was the AYTD." The response goes on to state, "the Committee has made significant attempts at contacting contributors who have given us insufficient information when mailing their check."

Contrary to the Committee's statement, the contribution information was maintained in the Committee's receipt records but was not carried over to its reports.

In view of the foregoing facts, there is reason to believe that the Committee and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(b)(3).

IV. RECOMMENDATIONS

1. Find reason to believe that Yuki Moore Laurenti violated 2 U.S.C. § 441a(a)(1)(A).

2. Find reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated 2 U.S.C. § 441a(f).

3. Find reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(a)(2)(A)(iii).

4. Find reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(b)(1),(2),(3) and (4).

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5. Approve and send the attached letters and General Counsel's Factual and Legal Analyses.

Lawrence M. Noble
General Counsel

Date 2/22/88

By: Lois G. Lerner
Associate General Counsel

Attachments
1. Audit Referral
2. Proposed letters and General Counsel's Factual and Legal Analyses

Staff Member: Beverly Kramer

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Citizens for Laurenti, Inc. and	)	MUR 2558
Gary Matthews, as treasurer	)	
Yuki Moore Laurenti	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 25, 1988, the Commission decided by a vote of 5-0 to take the following actions in MUR 2558:

1. Find reason to believe that Yuki Moore Laurenti violated 2 U.S.C. § 441a(a)(1)(A).

2. Find reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated 2 U.S.C. § 441a(f).

3. Find reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(a)(2)(A)(iii).

4. Find reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated 2 U.S.C. § 434(b)(1), (2),(3) and (4).

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5. Approve and send the letters and General Counsel's Factual and Legal Analyses, as recommended in the First General Counsel's report signed February 22, 1988.

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

Attest:

2/26/88
Date

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

Received in the Office of Commission Secretary:	Tues.,	2-23-88,	10:10
Circulated on 48 hour tally basis:	Tues.,	2-23-88,	4:00
Deadline for vote:	Thurs.,	2-25-88,	4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 2, 1988

Mr. Gary Matthews, Treasurer
Citizens for Laurenti, Inc.
P. O. Box 339
Trenton, NJ 08603

RE: MUR 2558
Citizens for Laurenti, Inc. and Gary Matthews, as treasurer

Dear Mr. Matthews:

On February 25, 1988, the Federal Election Commission found that there is reason to believe Citizens for Laurenti, Inc. ("Committee") and you, as treasurer, violated 2 U.S.C. § 441a(f) § 434(a)(2)(A)(iii) and § 434(b)(1)-(4), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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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.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the 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 Beverly Kramer, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 2, 1988

Ms. Yuki Moore Laurenti
464 Hamilton Avenue
Trenton, NJ 08609

RE: MUR 2558
Yuki Moore Laurenti

Dear Ms. Laurenti:

On February 25, 1988, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel 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.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the 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 Beverly Kramer, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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GCC#8854

YUKI MOORE LAURENTI
404 Hamilton Avenue • Trenton, New Jersey 08609

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

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March 19, 1987

Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Dear Sir or Madam:

I am responding to the March 2 letter of Commission chairman Thomas Josefiak, which I received on March 8, 1988, in which I was informed that the Commission found reason to believe I may have violated a provision of the Federal Election Campaign Act (**"MUR 2558"**). I was astonished by the letter and the suggestion of a violation, as I never had any reason to believe that co-signing my husband's loan was a "contribution".

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FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 MAR 23 PM 12:10

Chairman Josefiak asks if I am interested in pursuing "pre-probable cause conciliation." I am, and by this letter so request it.

Allow me to make several observations:

At no time -- until the receipt of the Chairman's letter -- did I have any knowledge that a spouse's co-signature on a loan made to the candidate would be viewed as a separate "contribution"; nor was my husband ever so informed. We were fully aware that a guarantor could guarantee no more than $1000 (less his/her actual contribution) on a loan -- but believed that spouses were treated differently from outside contributors. When the loan was negotiated, the 1984 treasurer and counsel to the campaign committee, John Petito, who was in all respects extremely scrupulous about complying with all facets of Federal election law, saw no impediment in Commission law or regulation and made no objection to the arrangements for my husband's loan.

Mt signature on the final loan agreement was solely to accommodate the lending institution, New Jersey National Bank, which requested a co-signature on the loan agreement I am sure because my husband had resigned his employment in order to undertake his campaign; he intended to resume gainful employ as soon as the campaign ended -- and in fact did so -- and *guaranteed* to me that in the event the campaign committee could not make payments on the loan, he alone would make the payments.

Over the entire lifetime of the bank loan to my husband (the proceeds of which he lent to his campaign committee) all repayments to New Jersey

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National Bank w[illegible] made either by him personally [illegible]y Citizens for Laurenti. *At no time did I make any payment whatsoever on the loan.* Nor did I or my husband ever contemplate that I would be asked to make any repayments. My husband fully paid the bank loan as of February 18, 1988.

The situation regarding the contract for purchase of computer equipment on behalf of the campaign committee in March of 1986 was analogous. The seller, Clancy Paul, Inc., was unwilling to extend credit to a political campaign, so my husband (the candidate) agreed to sign as borrower on behalf of the campaign. Once again I was asked to co-sign with my husband. A new campaign committee treasurer and counsel, Steven Richman, likewise approved the loan arrangement as consistent with Federal election law. The entire loan was paid by the campaign committee during 1986; in 1987 my husband bought the used computer equipment from the campaign committee. *At no time did I make any payment whatsoever on the loan for purchase of the computer.*

Clearly I had absolutely no intention of circumventing the election law or of making any excess contribution to my husband's campaign. In fact, *I made no contribution at all* to his 1986 primary election campaign.

I submit to the Commission that I acted entirely in good faith when I dutifully added my name as co-signer for my husband's loan applications in 1984 and 1986. We never had any reason to believe that such action might be contrary to law or Commission regulation. At no time did I make any payment on my husband's loans. If any violation is found to have occurred, as the Commission's legal analysis suggests it may have, it was truly inadvertent and unintentional. I will be grateful for the Commission's consideration.

Sincerely,

Yuki Moore Laurenti

Yuki Moore Laurenti

cc: Frank P Reiche

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2558

NAME OF COUNSEL: Frank P. Reiche

ADDRESS: Katzenbach, Gildea & Rudner
Princeton Pike Corporate Center
~~997 Lenox Drive~~
Lawrenceville, New Jersey 08648

TELEPHONE: 609-896-3600

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.

3-18-88
Date

Yuki Moore Laurenti
Signature Yuki Moore Laurenti

RESPONDENT'S NAME: Ms. Yuki Moore Laurenti

ADDRESS: 464 Hamilton Avenue
Trenton, New Jersey 08609

HOME PHONE: 609-394-1065

BUSINESS PHONE: 212-806-3479

88040713223

March 18, 1988

Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2558

Dear Sir:

I wish to acknowledge receipt of a letter from Commission Chairman Thomas J. Josefiak on March 8, 1988 indicating that the Federal Election Commission had found reason to believe that Citizens for Laurenti, Inc., the registered campaign committee of Jeff Laurenti, may have violated various provisions of the Federal Election Campaign Act.

In view of the prior contact of this Committee with the Commission concerning the reports submitted on behalf of the Committee, I believe there are facts which will explain these alleged violations. In accordance with the invitation contained in Chairman Josefiak's letter, I hereby request on behalf of Citizens for Laurenti, Inc. that we enter into pre-probable cause conciliation. On behalf of the Committee I wish to assure you of our complete cooperation in this matter.

Very truly yours,

Mark K. Laurenti

Mark K. Laurenti,
Assistant Treasurer
Citizens for Laurenti, Inc.

83040713224

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2558

NAME OF COUNSEL: Frank P. Reiche

ADDRESS: Katzenbach, Gildea & Rudner
Princeton Pike Corporate Center
997 Lenox Drive

Lawrenceville, New Jersey 08648

TELEPHONE: 609-896-3600

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.

3-18-88
Date

Mark K. Laurenti
Signature Mark K. Laurenti,
Assistant Treasurer

RESPONDENT'S NAME: Citizens for Laurenti, Inc.

ADDRESS: Post Office Box 339
(411 Ardmore Avenue=Asst. Treas. home address)

Trenton, New Jersey 08609

HOME PHONE: 609-393-0788

BUSINESS PHONE: 609-890-8088

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
88 APR 19 AM 11:40

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Citizens for Laurenti, Inc. and	)	MUR 2558
Gary Matthews, as treasurer	)	
Yuki Moore Laurenti	)	

EXECUTIVE SESSION
SENSITIVE
APR 28 1988

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter arose based on an audit of Citizens for Laurenti, Inc., the principal campaign committee of Jeffrey K. Laurenti in the 1984 and 1986 congressional elections. The Commission determined on February 25, 1988, that there is reason to believe Citizens for Laurenti, Inc. and Gary Matthews, as treasurer ("the Committee"), violated 2 U.S.C. § 441a(f) by accepting contributions, in the form of loans from the candidate's wife, exceeding the limits of 2 U.S.C. § 441a(a)(1)(A) for the 1984 and 1986 primary elections by a total of $4,417.80. Conversely, the Commission found reason to believe that the candidate's wife, Yuki Moore Laurenti, violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Committee. In addition, the Commission found reason to believe that the Committee failed to timely file its 1986 Year End Report, in violation of 2 U.S.C. § 434(a)(2)(A)(iii), and that the Committee violated the reporting provisions of 2 U.S.C. § 434(b)(1)-(4).

On March 23, 1988, the General Counsel's Office received letters from Ms. Laurenti and the Committee responding to notice of the Commission's findings. Attachment 1. Ms. Laurenti generally admits a violation of 2 U.S.C. § 441a(a)(1)(A) and

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requests to enter into a conciliation agreement with the Commission prior to a finding of probable cause to believe. On requesting pre-probable cause conciliation, however, Ms. Laurenti asks the Commission to consider, in mitigation, the circumstances which surrounded the violation. Ms. Laurenti observes that at no time--until the receipt of the Commission's notice of a violation--did either she or her husband have any knowledge that a spouse's co-signature on a loan made to the candidate would be viewed as a separate contribution. Ms. Laurenti states that her signature on a loan agreement with the New Jersey National Bank was solely to accommodate the lending institution, which had requested a co-signature for the reason that her husband had resigned his employment in order to undertake his campaigns. Ms. Laurenti further states that she had her husband's personal guarantee that in the event the campaign committee could not make payments on the loan, he alone would make the payments. According to Ms. Laurenti, all repayments to the lending institution were made either by her husband or the Committee. Ms. Laurenti claims that at no time did she make any payment on the loan which was fully repaid by February 18, 1988.

Ms. Laurenti also states that the situation regarding the contract for the purchase of computer equipment on behalf of the Committee was analogous. According to Ms. Laurenti, the seller of the equipment was unwilling to extend credit to a political campaign, hence, her husband agreed to sign as borrower on behalf of the campaign, and she again was asked to co-sign.

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Ms. Laurenti claims that the entire loan was paid by the Committee during 1986 and that at no time did she make any payment on the loan for purchase of the computer.

The Committee, in its letter received on March 23, 1988, also requests to enter into a conciliation agreement with the Commission at this time and assures its complete cooperation in this matter. In view of these responses, this Office recommends that the Commission enter into conciliation with all respondents in this matter prior to a finding of probable cause to believe.

II. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTIES

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III. RECOMMENDATIONS

1. Enter into conciliation with Yuki Moore Laurenti prior to a finding of probable cause to believe.

2. Approve the proposed conciliation agreement with Yuki Moore Laurenti.

3. Enter into conciliation with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, prior to a finding of probable cause to believe.

4. Approve the attached conciliation agreement with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer.

5. Approve the attached letter.

Lawrence M. Noble
General Counsel

4/18/88
Date

By: Lois G. Lerner
Associate General Counsel

Attachments
1. Requests for Conciliation
2. Proposed conciliation agreement with Yuki Moore Laurenti
3. Proposed conciliation agreement with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer
4. Proposed letter

Staff Member: Beverly Kramer

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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: APRIL 20, 1988

SUBJECT: COMMENTS TO MUR 2558 - General Counsel's Report Signed April 18, 1988

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

Attachment:
copy of vote sheet

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BALLOT

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

DATE & TIME TRANSMITTED: TUESDAY, APRIL 19, 1988 4:00

COMMISSIONER: AIKENS, [redacted] JOSEFIAK, McDONALD, McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY THURSDAY, APRIL 21,1988 4:00

SUBJECT: MUR 2558 - General Counsel's Report
Signed April 18, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 APR 20 PM 3:33

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( ) I approve the recommendation

(X) I object to the recommendation

COMMENTS: Tabled

DATE: 4-20-88 SIGNATURE Leeann Elliott

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.

PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.

PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Citizens for Laurenti, Inc. and Gary Matthews, as treasurer	)	MUR 2558
Yuki Moore Laurenti	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of April 28, 1988, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2558:

1. Enter into conciliation with Yuki Moore Laurenti prior to a finding of probable cause to believe.

2. Approve the proposed conciliation agreement with Yuki Moore Laurenti as recommended in the General Counsel's report dated April 18, 1988.

3. Enter into conciliation with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, prior to a finding of probable cause to believe.

4. Approve the conciliation agreement with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, as recommended in the General Counsel's report dated April 18, 1988.

5. Approve the letter attached to the General Counsel's report dated April 18, 1988.

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

Attest:

4-28-88
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 3, 1988

Frank P. Reiche, Esquire
Katzenbach, Gilda & Rudner
Princeton Pike Corporate Center
997 Lenox Drive
Lawrenceville, NJ 08648

RE: MUR 2558
Citizens for Laurenti,
Inc and Gary Matthews,
as treasurer
Yuki Moore Laurenti

Dear Mr. Reiche:

On February 25, 1988, the Federal Election Commission found reason to believe that your clients, Yuki Moore Laurenti, Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, violated certain provisions of the Federal Election Campaign Act of 1971, as amended. At your clients' request, the Commission determined on April 28, 1988, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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

If you have any questions or suggestions for changes in the agreements, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please

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contact Beverly Kramer, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreements

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FEDERAL ELECTION COMMISSION
88 JUL 15 PM 3:30

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Yuki Moore Laurenti	)	MUR 2558
Citizens for Laurenti, Inc. and	)	
Gary Matthews, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 28, 1988, the Commission approved the requests of Yuki Moore Laurenti, Citizens for Laurenti, Inc. and Gary Matthews, as treasurer ("the Committee"), to enter into conciliation negotiations prior to a finding of probable cause to believe. Proposed conciliation agreements were mailed to the respondents on May 3, 1988.

II. DISCUSSION OF CONCILIATION

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III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Yuki Moore Laurenti.

2. Accept the attached conciliation agreement with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer.

3. Close the file.

4. Approve and send the attached letter.

Lawrence M. Noble
General Counsel

Date 7/15/88

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

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Staff Assigned: Beverly Kramer

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Yuki Moore Laurenti	)	MUR 2558
Citizens for Laurenti, Inc. and	)	
Gary Matthews, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 20, 1988 the Commission decided by a vote of 4-0 to take the following actions in MUR 2558:

1. Accept the conciliation agreement with Yuki Moore Laurenti, as recommended in the General Counsel's Report signed July 15, 1988.

2. Accept the conciliation agreement with Citizens for Laurenti, Inc. and Gary Matthews, as treasurer, as recommended in the General Counsel's Report signed July 15, 1988.

3. Close the file.

4. Approve and send the letter, as recommended in the General Counsel's Report signed July 15, 1988.

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

Attest:

7-20-88
Date

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

Received in the Office of the Commission Secretary: Fri., 7-15-88, 3:38
Circulated on a 48-hour tally basis: Mon., 7-18-88, 11:00
Deadline for vote: Wed., 7-20-88, 11:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 22, 1988

Frank P. Reiche, Esquire
Katzenbach, Gildea & Rudner
Princeton Pike Corporate Center
997 Lenox Drive - Building 3
Lawrenceville, NJ 08648-2311

RE: MUR 2558
Yuki Moore Laurenti
Citizens for Laurenti, Inc. and Gary Matthews, as treasurer

Dear Mr. Reiche:

On July 20, 1988, the Federal Election Commission accepted the signed conciliation agreements submitted on your clients' behalf in settlement of a violation of 2 U.S.C. § 441a(a)(1)(A), § 441a(f), § 434(a)(2)(A)(iii) and §§ 434(b)(1)-(4), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreements, however, will become a part of the public record.

Enclosed you will find copies of the fully executed conciliation agreements for your files. If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner by GJR

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreements

8804071 3243

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2558
Yuki Moore Laurenti	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Yuki Moore Laurenti ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A).

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

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

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

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

1. Citizens for Laurenti, Inc. ("the Committee") was the principal campaign committee for Jeffrey K. Laurenti,

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a candidate for the U.S. House of Representatives in 1984 and 1986.

2. Respondent, Yuki Moore Laurenti, is the wife of Jeffrey K. Laurenti.

3. On May 10, 1984, relative to the 1984 primary election, Jeffrey Laurenti obtained a personal loan of $10,000 from the New Jersey National Bank and transferred the proceeds to the Committee.

4. As part of the loan agreement, Jeffrey and Yuki Laurenti co-signed notes identifying themselves as the "Borrowers." The note instruments indicated that the loan was not secured.

5. Section 441a(a)(1)(A) of Title 2, United States Code, prohibits individual contributions of more than $1,000 per election to a candidate's authorized political committee. This limitation applies to any type of contribution, including loans which are deemed contributions under the Act until repaid, 2 U.S.C. § 431(8)(A). Section 100.7(a)(1)(i)(C) of Title 11, Code of Federal Regulations, specifies that a loan is a contribution by each endorser or guarantor. Each endorser or guarantor is deemed to have contributed that portion of the total amount for which he or she agreed to be liable and, in the absence of the allocation of a specific portion thereof to the endorser or guarantor, the loan will be considered a

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loan (and contribution) by each endorser or guarantor in the same proportion to the unpaid balance that he or she bears to the total number of endorsers or guarantors. Id.

6. The transaction described in paragraphs 3 and 4 above constituted a $5,000 contribution from Yuki Moore Laurenti to the Committee in connection with the 1984 primary election.

7. Payments on the loan were made by the Committee and by Jeffrey Laurenti personally to New Jersey National Bank. The loan was finally liquidated on February 18, 1988.

8. On March 1, 1986, relative to the 1986 primary election, Jeffrey and Yuki Laurenti jointly (as "Buyers") signed a retail sales contract to purchase computer equipment worth $2,835.60 on an installment basis.

9. Under the terms of the contract, Jeffrey and Yuki Laurenti were jointly and severally responsible for the repayment of all amounts owed. The computer equipment was conveyed to the Committee solely for its use with the Committee not only making the original downpayment, but also all required installment payments.

10. The transaction described above in paragraphs 8 and 9 constituted a $1,417.80 contribution from Yuki Laurenti to the Committee in connection with the 1986 primary election.

11. Respondent contends that in co-signing her husband's loan from New Jersey National Bank and in co-signing

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the retail sales contract for the purchase of computer equipment, she was totally unaware that these transactions would be deemed contributions to her husband's campaign by the Commission. The Respondent also contends that she did not knowingly and willfully violate the Act.

V. Respondent made contributions to the authorized committee of a Federal candidate, which contributions exceeded the per election limits of 2 U.S.C. § 441a(a)(1)(A) by a total of $4,417.80, in violation of 2 U.S.C. § 441a(a)(1)(A).

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Three Hundred Fifty Dollars ($350.00), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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

IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply

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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:

General Counsel
Lawrence M. Noble

By: Lois G. Lerner by [illegible] — July 22, 1988
Lois G. Lerner — Date
Associate General Counsel

FOR THE RESPONDENT:

Frank P. Reiche — June 15, 1988
Frank P. Reiche — Date
Attorney

38040713248

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2558
Citizens for Laurenti, Inc.	)	
and Gary Matthews, as	)	
treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Citizens for Laurenti, Inc. and Gary Matthews, as treasurer ("Respondents"), violated 2 U.S.C. § 441a(f), § 434(a)(2)(A)(iii) and §§ 434(b)(1), (2), (3) and (4).

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

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

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

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

1. Respondent, Citizens for Laurenti, Inc. ("the Committee"), was the principal campaign committee for Jeffrey K. Laurenti, a candidate for the U.S. House of Representatives in 1984 and 1986.

2. Respondent, Gary Matthews, is treasurer of the Committee.

3. Yuki Moore Laurenti is the wife of Jeffrey K. Laurenti.

4. On May 10, 1984, in connection with his 1984 primary election campaign, Jeffrey K. Laurenti obtained a personal loan of $10,000 from the New Jersey National Bank and transferred the proceeds to the Committee.

5. As part of the loan agreement, Jeffrey and Yuki Laurenti co-signed notes identifying themselves as the "Borrowers." The note instruments indicated that the loan was not secured.

6. Section 441a(a)(1)(A) of Title 2, United States Code, prohibits individual contributions of more than $1,000 per election to a candidate's authorized political committee. Section 441a(f) of Title 2, United States Code, makes it unlawful for authorized committees to accept contributions that exceed the donor's limit. This limitation applies to any type of contribution, including loans which are deemed contribu-

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tions under the Act until repaid, 2 U.S.C. § 431(8)(A). Section 100.7(a)(1)(i)(C) of Title 11, Code of Federal Regulations, specifies that a loan is a contribution by each endorser or guarantor. Each endorser or guarantor is deemed to have contributed that portion of the total amount for which he or she agreed to be liable and, in the absence of the allocation of a specific portion thereof to the endorser or guarantor, the loan will be considered a loan (and contribution) by each endorser or guarantor in the same proportion to the unpaid balance that he or she bears to the total number of endorsers or guarantors. Id.

7. The transaction described in paragraphs 4 and 5 above constituted a $5,000 contribution from Yuki Moore Laurenti to the Committee in connection with the 1984 primary election.

8. Payments on the loan were made by the Committee and by Jeffrey Laurenti personally to New Jersey National Bank. The loan was finally liquidated on February 18, 1988.

9. On March 1, 1986, relative to the 1986 primary election, Jeffrey and Yuki Laurenti jointly (as "Buyers") signed a retail sales contract to purchase computer equipment worth $2,835.60 on an installment basis.

10. Under the terms of the contract, Jeffrey and Yuki Laurenti were jointly and severally responsible for

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the repayment of all amounts owed. The computer equipment was conveyed to the Committee solely for its use with the Committee not only making the original downpayment, but also all required installment payments.

11. The transaction described above in paragraphs 9 and 10 constituted a $1,417.80 contribution from Yuki Laurenti to the Committee in connection with the 1986 primary election.

12. The Respondents contend that they did not knowingly and willfully violate the Act.

13. Section 434(a)(2)(A)(iii) of Title 2, United States Code, provides that during an election year the authorized committee of a candidate is required, through its treasurer, to file a quarterly report complete as of the last day of each quarter. The report for the quarter ending December 31 ("Year End Report") must be filed no later than January 31 of the following calendar year.

14. The Committee's 1986 Year End Report, which was due January 31, 1987, was filed on October 21, 1987.

15. Sections 434(b)(1), (2) and (4) of Title 2, United States Code, state, in part, that each report shall disclose the amount of cash on hand at the beginning of each reporting period, the total amount of all receipts, and the total amount of all disbursements for the period and calendar year.

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16. The Committee's reports for the period January 1, 1985 through December 31, 1985 understated its receipts by $1,030.00 and understated its disbursements by $1,061.26, causing reported cash on hand on December 31, 1985, to be overstated by $31.26. The misstatements resulted primarily from the Committee's failure to report the receipt and disbursement activity from one of its two active bank accounts.

17. The Committee's reports for the period January 1, 1986, through December 31, 1986, misstated the Committee's financial activity as follows: beginning cash on hand was overstated by a net amount of $31.26; reported receipts were overstated by $4,456.23; reported disbursements were overstated by a net amount of $7,822.00; reported ending cash on hand on December 31, 1986 was understated by a net amount of $3,334.54.

18. Section 434(b)(3) of Title 2, United States Code, states in part, that each report shall disclose the identification of every individual whose contributions to the reporting committee aggregate in excess of $200 within the calendar year; each authorized committee which makes a transfer to the reporting committee; every person whose refund to the reporting committee aggregates in excess of $200 within the calendar year; and every person who provides any interest to the reporting committee aggregating in excess of $200 within the calendar year.

19. Section 431(13) of Title 2, United States Code, defines identification to mean, in the case of any individual,

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the name, the mailing address, occupation and name of employer, and, in the case of any other person, the full name and address of such person.

20. For the reporting periods covering January 1, 1986, through December 31, 1986, the Committee failed to itemize 68 contributions from individuals, totalling $20,175; one transfer from an authorized committee ($2,462); three other receipts (interest income) totalling $363.15 and one refund, totalling $285.

21. Of the contributions received from individuals which had been itemized in reports for calendar year 1986, the Committee failed to fully disclose contributor information for 77 contributions totalling $33,225.

22. The Respondents contend that they did not knowingly and willfully violate the Act by filing the Committee's 1986 Year End Report late and by failing to include all information required by the Act.

V. Respondents accepted contributions exceeding the contribution limits of 2 U.S.C. § 441a(a)(1)(A), in violation of 2 U.S.C. § 441a(f); failed to timely file their 1986 Year End Report, in violation of 2 U.S.C. § 434(a)(2)(A)(iii); failed to properly disclose their cash on hand, total receipts and total disbursements in violation of 2 U.S.C. §§ 434(b)(1), (2) and (4); and failed to disclose or properly disclose contributor information, in violation of 2 U.S.C. § 434(b)(3).

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VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Two Thousand Dollars ($2,000.00), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondents will file comprehensive amended reports for the calendar years of 1985, 1986 and 1987, correcting the errors and omissions addressed in this matter.

VIII. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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

X. Respondents shall have no more than ninety (90) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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

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that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

General Counsel
Lawrence M. Noble

By: Lois G. Lerner — July 22, 1988
Lois G. Lerner — Date
Associate General Counsel

FOR THE RESPONDENTS:

Frank P. Reiche — June 15, 1988
Frank P. Reiche — Date
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2558

DATE FILMED 8/26/88 CAMERA NO. 2

CAMERAMAN K.A.U.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 2658 .

38040722401

GCC# 151
152

464 Hamilton Avenue
Trenton, New Jersey 08609
August 10, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 AUG 17 PM 3:40
88 AUG 15 AM 9:26

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

Attention: Office of General Counsel: Beverly Kramer

Ref: MUR 2558

Dear Ms. Kramer:

Enclosed are two checks totaling $350.00 (#2525 for $50.00 and #02074143 for $300.00) which represent the civil penalties payable under the Conciliation Agreement, paragraph VI, in the matter of Yuki Moore Laurenti.

Thank you.

Sincerely,

Yuki Moore Laurenti

Yuki Moore Laurenti

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Kidder, Peabody & Co.
Incorporated
20 Exchange Place
NEW YORK, NEW YORK

1-131
210

No. 02074143

DATE 8/4/88

PAY Three hundred and 00/100 CTS

AMOUNT $ 300.00

NOT VALID AFTER 180 DAYS

TO THE ORDER OF

ACCOUNT NO. 10E 04057 0 204

Federal Election Commission
Ref: MUR 2558

AUTHORIZED SIGNATURE

Carolyn L. Mez

AUTHORIZED SIGNATURE

CHECK AMOUNTS OF $100,000 AND OVER REQUIRE TWO SIGNATURES

UNITED STATES TRUST COMPANY OF NEW YORK
45 WALL STREET, NEW YORK, N.Y.

⑈02074143⑈ ⑆021000318⑆ 19 0026 9⑈

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YUKI MOORE LAURENTI
464 HAMILTON AVENUE
TRENTON, NJ 08609

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1-12
210

PAY TO THE ORDER OF Federal Election Commission $ 50.00

fifty and no/100 DOLLARS

CHEMICALBANK
52 Broadway
New York, N.Y. 10004

MEMO MUR 2558 - Civil Penalty

Yuki Moore Laurenti

⑆021000128⑆ 001⑈294656⑈ 2525

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE FILE IN

MUR 2558

8 9 0 4 0 7 2 5 2 5 4

OGC#730

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 OCT 21 AM 9:12

CITIZENS FOR LAURENTI

Post Office Box 200 • Trenton, New Jersey 08608

October 20, 1988

Office of General Counsel
ATTN: Beverly Kramer
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

88 OCT 24 PM 3:28
FEDERAL ELECTION COMMISSION
LEGAL DIVISION

Ref: MUR 2558

Dear Ms. Kramer:

Enclosed is a check for $2,000.00 in accordance with the Conciliation Agreement between the Commission and the Citizens for Laurenti Committee.

Sincerely,

Jeffrey Laurenti

Jeffrey Laurenti

8904072525 5

CLOSED

CITIZENS FOR LAURENTI INC.
MEDIA ACCOUNT
P.O. BOX 339
TRENTON, NEW JERSEY 08605

181

Oct. 18, 1988 55-73/312 06

PAY TO THE ORDER OF F. E. C. $ 2,000.00

Two thousand DOLLARS

NEW JERSEY NATIONAL BANK
HAMILTON OFFICE
TRENTON, N.J. 08609

FOR MUR 2558

Mark Laurenti

⑈000181⑈ ⑆031200730⑆ 310835⑈

06C#730

MEMORANDUM

TO: DEBRA A. TRIMIEW

TO: CECILIA LIEBER

FROM: CECILIA LIEBER

FROM: DEBRA A. TRIMIEW

CHECK NO. 181 { A COPY OF WHICH IS ATTACHED } RELATING TO

MUR 2558 (Kramer) AND NAME Citizens For Laurenti, Inc.

WAS RECIEVED ON 10/24/88. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

/ / BUDGET CLEARING ACCOUNT { 95F3875.16 }

/ ✓ / CIVIL PENALTIES ACCOUNT { 95-1099.160 }

/ / OTHER

SIGNATURE Debra A. Trimiew DATE 10/25/88

88 OCT 24 PM 3:23

9004072525