



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

THIS IS THE BEGINNING OF MUR # 2782

DATE FILMED 12/1/89 CAMERA NO. 4

CAMERAMAN AS

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RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM

OGC 481

88 SEP 21 AM 10:44

Mr 2702

# The Republican Party of Kentucky

Capitol Avenue at Third Street • P.O. Box 1068 • Frankfort, Kentucky 40602  
Phone (502) 875-5130

September 20, 1988

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

To the Commission:

This letter and the attached affidavit (with its attached Exhibits A, B and C) are submitted as a formal complaint concerning an advertising campaign by the Kentucky State Democratic Party, in support of the Democratic candidates for President and Vice President of the United States. This advertising campaign constitutes a flagrant violation of the Federal election laws.

The illegally-funded newspaper advertisements (attached to the enclosed affidavit) ran on September 16, 1988 in three Kentucky daily newspapers, the Somerset Commonwealth-Journal, the Bowling Green Daily News, and the Owensboro Messenger-Inquirer.

I have been advised orally by David Thompson of the Kentucky Press Service that identical ads were run in Hopkinsville, Murray, Madisonville, and Paducah.

All three specific advertisements bear the statement "Victory 88 Paid for by the Kentucky State Democratic Party." Such expenditures by the Kentucky Democratic Party, and/or its federal account, are in-kind contributions prohibited by the express terms of the agreement, personally signed "under penalty of perjury" by Governor Dukakis and Senator Bentsen in order to qualify for federal funding of their campaign. 11 CFR Sec. 9003.2(a)(2). These expenditures for paid newspaper advertisements do not qualify as state party expenditures exempt from the definition of "contribution" under 11 CFR Section 110.7(b)(17)(i), which provides, in part:

(17) The payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by such committee on behalf of the Presidential and Vice Presidential nominee(s) of that party, is not a contribution to such candidate(s) provided that the following conditions are met:

(i) Such payment is not for the costs incurred in connection with any broadcasting, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising . . . (emphasis added).

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FEDERAL ELECTION COMMISSION

It is obvious that the advertising campaign complained of is newspaper advertising of the type specifically governed by the foregoing section.

On the basis of the foregoing, the undersigned, on behalf of the Republican Party of Kentucky, requests that the Federal Election Commission:

- 1) Conduct a prompt and immediate investigation of the acts of the Kentucky State Democratic Party in making these illegal expenditures, and of the Dukakis/Bentsen ticket in accepting these illegal in-kind contributions;
- 2) Enter into prompt conciliation proceedings with the Kentucky State Democratic Party and the Dukakis/Bentsen ticket to remedy the violations complained of; and
- 3) Impose any and all appropriate penalties grounded in violations herein alleged.

Respectfully submitted,

*Robert E. Gable*

Robert E. Gable, Chairman  
Republican Party of Kentucky

State of Kentucky  
County of Fayette ss.

On this 20th day of September, 1988, before me, the undersigned, a Notary Public in and for said county and state, personally appeared Robert E. Gable, to me personally known, who being duly sworn by me, did state that he executed the foregoing as his voluntary act and deed.

*Maulin H. Donaldson*  
\_\_\_\_\_  
Notary Public in and for said  
County and State  
My Commission expires 2/13/92

89040713677



6. That the three advertisements above each contained the following statement: "Victory 88 Paid for by the Kentucky State Democratic Party."

7. The undersigned believes the foregoing advertisements are in violation of 11 CFR Sec. 903.2(a)(2) and 9003.3, and are not allowable exempt expenditures under 11 CFR Sec. 100.7(b)(17)(i).

*Robert E. Gable*

Robert E. Gable

Sworn to and subscribed before me by the said Robert E. Gable this 20th day of September, 1988.

*Maulin W. Donaldson*

Notary Public in and for said  
County and State

*My Commission expires 2/13/92*

3 2 0 4 0 7 7 3 6 9 9

MATINEE  
SATURDAY-SUNDAY  
3:00-5:00

MILLER JOURNAL  
EXHIBIT A

*"He wants to disarm the people in his state except for the military and the police."*  
George Bush, Longview, Texas, Aug. 26

# This statement is a lie.

It's the latest in a series of Republican lies.  
We think you should know the facts.

**FACT:** Governor Michael Dukakis and Senator Lloyd Bentsen strongly support a bill that would keep and bear arms. They believe law-abiding Americans should be able to own firearms for protecting their homes and businesses, hunting and target shooting, and collecting. Our government must respect those rights.

**FACT:** Governor Dukakis believes that our nation's gun laws should help law enforcement officials fight crime and keep guns out of the hands of criminals. He will not interfere with private ownership of weapons by responsible citizens.

**FACT:** The Dukakis/Bentsen ticket has been endorsed by the International Union of Police Associations, the International Brotherhood of Police Officers, the Southern States Police Reciprocity Associations and the Combined Law Enforcement Associations of Texas, among other groups.

**FACT:** Like President Reagan and the nation's major law enforcement groups, Governor Dukakis supports legislation requiring people who want to buy guns to wait seven days—so that police can determine if the person has a criminal record or is mentally dangerous. Despite overwhelming police support for this bill, George Bush opposes it.

**FACT:** The number of Massachusetts gun owners has tripled since Mike Dukakis became Governor, and grown by almost 50 percent in the last five years. There are 1.7 million handguns, shotguns and rifles in a state with 4.3 million people.

**FACT:** In 1968, then-Congressman George Bush voted for Federal gun control. After the bill passed, Bush said "more" needed to be done to curb purchases of firearms.

**FACT:** George Bush supported a ban on plastic guns in his state and personally blocked a law that would have banned plastic guns used by terrorists and drug dealers.

**FACT:** Mike Dukakis is tough on crime. Under his leadership, crime has dropped 15 percent in the past five years—while it has continued to climb in the rest of the nation. The homicide rate is the lowest of any industrial state, about half the national average.

The Republicans know they have to lie about Mike Dukakis and Lloyd Bentsen in order to win this election.

We think you deserve the facts.

# Democratic Victory '88

Victory 88 Paid for by the Kentucky State Democratic Party.

Vertical text on the left margin, including "shine" at the bottom.

*"He wants to disarm the people in his state except for the military and the police."*  
George Bush, Longview, Texas, Aug. 26

# This statement is a lie.

It's the latest in a series of Republican lies.  
We think you should know the facts.

**FACT:** Governor Michael Dukakis and Senator Lloyd Bentsen strongly support a citizen's right to keep and bear arms. They believe law-abiding Americans should be able to use firearms for protecting their homes and businesses, hunting and target shooting, and collecting. Our Government must respect those rights.

**FACT:** Governor Dukakis believes that our nation's gun laws should help law enforcement officials fight crime and keep guns out of the hands of criminals. He will not interfere with private ownership of weapons by responsible citizens.

**FACT:** The Dukakis/Bentsen ticket has been endorsed by the International Union of Police Associations, the International Brotherhood of Police Officers, the Southern States Police Benevolent Associations and the Combined Law Enforcement Associations of Texas, among other groups.

**FACT:** Like President Reagan and the nation's major law enforcement groups, Governor Dukakis supports legislation requiring people who want to buy guns to wait seven days—so that police can determine whether the person has a criminal record or is mentally dangerous. Despite overwhelming police support for this bill, George Bush opposes it.

**FACT:** The number of Massachusetts gun owners has tripled since Mike Dukakis became Governor, and grown by almost 50 percent in the last five years. There are 1.7 million handguns, shotguns and rifles in a state with 4.3 million people over age 18.

**FACT:** In 1968, then-Congressman George Bush voted for Federal gun control. After the bill passed, Bush said he thought "much more" needed to be done to curb purchases of firearms.

**FACT:** George Bush supported deep cuts in aid to state and local police and personally blocked a law that would have banned plastic guns used by terrorists and drug dealers.

**FACT:** Mike Dukakis is tough on crime. Under his leadership, crime has dropped 13 percent in the past five years—while it has continued to climb in the rest of the nation. The homicide rate is the lowest of any industrial state, about half the national average.

The Republicans know they have to lie about Mike Dukakis and Lloyd Bentsen in order to win this election.

We think you deserve the facts.

# Democratic Victory '88

Victory 88 Paid for by the Kentucky State Democratic Party.



plm



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

Robert E. Gable, Chairman  
Republican Party Of Kentucky  
PO Box 1068  
Frankfort, KY 40602

RE: MUR 2702

Dear Mr. Gable:

This letter acknowledges receipt of September 26, 1988, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Durkin/Gordian Committee, Inc. and Robert A. Farber, as treasurer, and the Kentucky State Democratic Central Executive Committee and Richard Rankin, as treasurer. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 2702. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints. If you have any questions, please contact Rethe Dixon, Docket Chief, at (202) 575-3110.

Sincerely,

Lawrence M. Noble  
General Counsel

By: Lois G. Lerner  
Associate General Counsel

Enclosure  
Procedures

89040773703



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

Richard Rankin, Treasurer  
Kentucky State Democratic  
Central Executive Committee  
PO Box 594  
Frankfurt, KY 40502

RE: MUR 2702  
Kentucky State Democratic  
Central Executive  
Committee and Richard  
Rankin, as Treasurer

Dear Mr. Rankin:

The Federal Election Commission received a complaint which alleges that the Kentucky State Democratic Central Executive Committee and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2702. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and the Kentucky State Democratic Central Executive Committee in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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

9 9 0 4 0 7 7 3 7 0 4

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 375-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

89040773709



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

General J. Taylor, Esquire  
1111 15th Street  
One International Place  
Boston, MA 02110

RE: MUR 2702  
Dukakis/Bentsen Committee,  
Inc.

Dear Mr. Taylor:

The Federal Election Commission received a complaint which alleges that your clients, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2702. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Dukakis/Bentsen Committee, Inc. in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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

89040773706

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 375-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble  
General Counsel



By: Lois E. Lerner  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

89040773707



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

Carol C. Darr, Esquire  
Dukakis/Bentsen Committee, Inc.  
108 Chauncy Street  
Boston, MA 02111

RE: MUR 2702  
Dukakis/Bentsen Committee,  
Inc.

Dear Ms. Darr:

The Federal Election Commission received a complaint which alleges that your clients, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2702. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Dukakis/Bentsen Committee, Inc. in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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

89040773708

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

89040713709

RECEIVED  
FEDERAL ELECTION COMMISSION

88 OCT 18 AM 9:35

OGC  
688  
**Kentucky  
Democratic  
Party**

06 October 1988

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

SUBJECT: MUR 2702

Ms. Lerner,

I am writing in response to the complaint recently filed with the Commission by Mr. Robert E. Gable, acting as Chairman of The Republican Party of Kentucky.

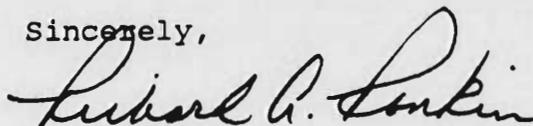
The Kentucky State Democratic Party (the "Party") has been designated as agent for DNC Services Corporation for the purposes of making expenditures pursuant to 2 U.S.C., paragraph 441a(d) in an amount not to exceed six thousand dollars (\$6,000) (Enclosure 1).

The total expenditure for all advertisements placed was \$3,824.54. Such expenditure has been reported to the DNC for the purpose of DNC's compliance with the requirements of the Act.

Due to an error in typesetting, the proper disclaimer was omitted from the advertisements in question, suggesting that payment and authorization had been made by the Party, rather than the DNC. Corrections have been made, and any further expenditures made pursuant to the above mentioned letter of agency will indicate authorization and payment by the DNC.

If any further information is required, please do not hesitate to contact me.

Sincerely,



Richard Rankin  
Treasurer

Enclosures

RECEIVED  
FEDERAL ELECTION COMMISSION  
88 OCT 18 PM 1:36

30040776710

Millville Road  
Box 694  
Frankfort, Kentucky 40602  
502/695-4828





Democratic National Committee

September 22, 1988

Honorable Bill Patrick  
Chairman  
Kentucky Democratic Party  
Post Office Box 694  
Frankfort, Kentucky 40602

Dear Mr. Patrick:

This letter confirms the agreement between DNC Services Corporation/Democratic National Committee ("DNC") and the Kentucky Democratic Party concerning expenditures pursuant to 2 U.S.C. §441a(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, as follows:

1. The DNC hereby designates the Kentucky Democratic Party as agent for DNC for the exclusive purpose of making expenditures pursuant to 2 U.S.C. §441a(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, up to an amount not to exceed six thousand dollars (\$6,000.00).

2. In exercising its authority pursuant to this Agreement, the Kentucky Democratic Party will comply with the limitations and reporting and other requirements of the Federal Election Campaign Act of 1971, as amended ("the Act") and the regulations promulgated thereunder.

3. The Kentucky Democratic Party will report to the DNC all such information as the DNC may request for the purpose of DNC's compliance with the requirements of the Act.

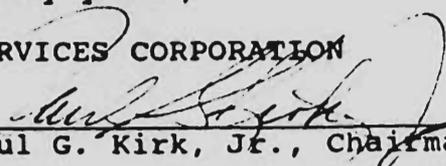
4. Notwithstanding the foregoing, the DNC may, by written notice to the Kentucky Democratic Party, reassume portions of the authority delegated to the Kentucky Democratic Party under this Agreement, to the extent that the Kentucky Democratic Party shall not then have made or committed to make such expenditures itself.

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Please confirm your agreement with the foregoing by signing and returning two copies of this letter.

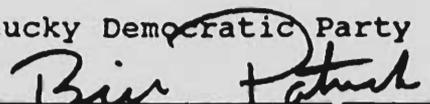
Sincerely yours,

DNC SERVICES CORPORATION

By:   
Paul G. Kirk, Jr., Chairman

AGREED:

Kentucky Democratic Party

By:   
Bill Patrick, Chair

2 3 0 4 0 7 7 3 7 1 2

October 21, 1988

Lawrence M. Noble  
General Counsel  
Federal Elections Commission  
Washington D.C. 20463

Re: MUR 2702

Dear Mr. Noble:

By this letter, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, through their undersigned counsel, respond to the complaint filed by Robert E. Gable, chairman of the Republican Party of Kentucky.

The complainant alleges that the Kentucky State Democratic Party placed newspaper advertisements that violate the Federal Election Campaign Act. The complaint conspicuously fails to allege that the Dukakis/Bentsen campaign played any role in the placement of the advertisements or even had notice that they would be run.

For two reasons, the Commission should conclude that there is no reason to believe that the Dukakis/Bentsen campaign violated any federal election law in connection with the placement of this advertisement. First, and as noted above, the complaint does not accuse the Dukakis/Bentsen campaign of engaging in any activities in connection with the advertisement. There is, therefore, no basis on which any liability can accrue to this campaign.

Second, the complainant entirely overlooks the ability of the Democratic National Committee to engage in advertising efforts pursuant to Section 315(d) of the Federal Election Campaign Act, 2 U.S.C. § 441a(d). That provision quite clearly relates to "a State committee of a political party," and there is no allegation that it has been violated. Rather, as the submission of Richard Rankin, Treasurer of the Kentucky Democratic Party demonstrates, the cost of the advertisements was properly paid under this provision of law.

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Lawrence M. Noble  
October 21, 1988  
Page 2

For these reasons, the complaint should be promptly dismissed.

Respectfully submitted,

*Scott Harris*  
SCOTT BLAKE HARRIS  
910 - 17th Street, N.W.  
10th Floor  
Washington, D.C. 20006  
(202) 331-5556

*Jonathan B. Sallet / SBH*  
JONATHAN B. SALLET  
2555 M Street, N.W.  
Suite 500  
Washington, D.C. 20037  
(202) 293-6400

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FEDERAL ELECTION COMMISSION  
MAIL ROOM

DEC 15 74

7000 2702

89 JAN 17 PM 2:12

KENTUCKY DEMOCRATIC PARTY  
Millville Road  
Frankfort, Kentucky 40601

January 13, 1989

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

RE: Amendment to Statement of Organization  
of the Kentucky State Democratic Central  
Executive Committee

Ladies and Gentlemen:

This letter will hereby amend as of January 13, 1989 the Statement of Organization of the Kentucky State Democratic Central Executive Committee to designate as an affiliated committee the Campbell County Democratic Executive Committee whose address is Newport, Kentucky.

Should there be any questions regarding the foregoing amendment, please contact the undersigned who is the Treasurer of the Kentucky state Democratic Central Executive Committee.

Very truly yours,



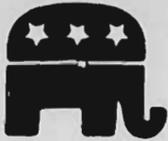
Richard A. Rankin,  
Treasurer

cc: Frances B. Hagan  
Office of the General Counsel  
Room 657  
Federal Election Commission  
999 E. Street N.W.  
Washington, D.C. 20463

Bill Patrick, Chairman  
Kentucky State Democratic  
Central Executive Committee

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RECEIVED  
FEDERAL ELECTION COMMISSION  
ADMINISTRATIVE DIVISION

0601784

89 FEB -9 AM 9:26

# The Republican Party of Kentucky

Wm 2702

Capitol Avenue at Third Street • P.O. Box 1068 • Frankfort, Kentucky 40602  
Phone (502) 875-5130

February 6, 1989

Federal Election Commission  
999 E Street NW  
Washington, DC 20463

Gentlemen:

Since sending you my complaint dated September 20, 1988, copy enclosed, by means of Federal Express, I have received no response whatsoever. Did you receive the complaint? When might I expect to receive some notification of your action in this matter?

Yours very truly,

Robert E. Gable  
State Chairman

REG:mhd

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89 FEB -9 AM 11:52

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QUESTIONS? CALL 800-238-5355 TOLL FREE.

AIRBILL NUMBER

6013355735

6013355735

Sender's Federal Express Account Number <b>1164-87280</b>		Date <b>9/20/88</b>																					
From (Your Name) Please Print <b>Robert E. Soble</b>		Your Phone Number (Very Important) <b>(502) 875-5130</b>																					
Company <b>Republican Party of Kentucky</b>		Department/Floor No.																					
Street Address <b>105 West Third Street</b>		To (Recipient's Name) Please Print <b>Federal Election Commission</b>																					
City <b>Frankfort</b>		Exact Street Address (Do Not Omit P.O. Box and Daily Delivery And Result in Extra Charge.) <b>999 E Street, N.W.</b>																					
State <b>KY</b>		City <b>Washington</b>																					
ZIP Required For Correct Invoicing <b>40601</b>		State <b>DC</b>																					
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YOUR BILLING REFERENCE INFORMATION (FIRST 24 CHARACTERS WILL APPEAR ON INVOICE.)																							
PAYMENT <input checked="" type="checkbox"/> Bill Sender <input type="checkbox"/> Bill Recipient's FedEx Acct No <input type="checkbox"/> Bill 3rd Party FedEx Acct No <input type="checkbox"/> Bill Credit Card <input type="checkbox"/> Cash																							
<b>SERVICES CHECK ONLY ONE BOX</b> <input type="checkbox"/> <b>PRIORITY 1</b> Overnight Delivery Using Your Postage <input type="checkbox"/> <b>OVERNIGHT LETTER</b> 9 1/2" x 12" (Do Not Postage) <input type="checkbox"/> <b>OVERNIGHT DELIVERY</b> USING OUR PACKAGING <input type="checkbox"/> Counter Post Overnight Envelope* 12" x 15 1/2" <input type="checkbox"/> Overnight Box 12 1/2" x 17 1/2" x 3" <input type="checkbox"/> Overnight Tube 28" x 6" x 6" <input type="checkbox"/> <b>STANDARD AIR</b> Delivery not later than second business day <input type="checkbox"/> <b>STANDARD</b> Delivery not later than second business day <b>SERVICE COMMITMENT</b> <small>PRIORITY 1 - Delivery is scheduled daily next business morning in most locations. It may take two or three business days if the destination is outside our primary service area. STANDARD AIR - Delivery is generally next business day or not later than second business day. It may take three or more business days if the destination is outside our primary service area.</small>		<b>DELIVERY AND SPECIAL HANDLING CHECK SERVICES REQUIRED</b> <input type="checkbox"/> <b>HOLD FOR PICK-UP</b> (P.O. in Section II is req'd) <input checked="" type="checkbox"/> <b>DELIVER WEDNESDAY</b> <input type="checkbox"/> <b>DELIVER SATURDAY</b> (Extra charge) <input type="checkbox"/> <input type="checkbox"/> <b>DANGEROUS GOODS</b> (P.O. and Standard Air Packages only. Extra charge) <input type="checkbox"/> <b>CONSTANT SURVEILLANCE SERVICE (CSS)</b> (Extra charge. Do Not Complete Section II) <input type="checkbox"/> <b>DRY ICE</b> (See Section II) <input type="checkbox"/> <b>OTHER SPECIAL SERVICE</b> <input type="checkbox"/> <b>SATURDAY PICK-UP</b> (Extra charge) <input type="checkbox"/>																					
<table border="1"> <thead> <tr> <th>PACKAGES</th> <th>WEIGHT</th> <th>YOUR DECLARED VALUE (After origin)</th> <th>ORIG. DATE</th> </tr> </thead> <tbody> <tr> <td></td> <td>1 BS</td> <td></td> <td></td> </tr> <tr> <td></td> <td>1 BS</td> <td></td> <td></td> </tr> <tr> <td></td> <td>1 DC</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>Total</td> <td>Total</td> <td></td> </tr> </tbody> </table>		PACKAGES	WEIGHT	YOUR DECLARED VALUE (After origin)	ORIG. DATE		1 BS				1 BS				1 DC			Total	Total	Total		<b>YOUR DECLARED VALUE</b> <b>DAMAGE OR LOSS</b> <small>We will insure for no more than \$100 per package in the event of physical loss or damage unless you file in a higher Declared Value to the left and document higher actual loss in the event of a claim. We charge 30¢ for the first additional \$100 of the insured value up to the maximum shown in our Service Guide. Declared value restrictions are shown on the back of the Sender's Copy of this airbill. We make no expressed or implied warranties.</small> <b>DELAY</b> <small>There is always a risk of late delivery or non-delivery in the event of a late delivery Federal Express will at your request and with some limitations, refund all transportation charges paid. See back of Sender's Copy of this airbill for further information.</small> <b>CONSEQUENTIAL DAMAGES</b> <small>We will not be responsible or liable for any loss or damage resulting from delay, non-delivery or damage to a package except as noted above. This includes loss of sales, income, interest, profits, attorney fees and other costs but is not limited to these items. Such damages are called consequential damages.</small> <b>DO NOT SHIP CASH OR CURRENCY</b>	
PACKAGES	WEIGHT	YOUR DECLARED VALUE (After origin)	ORIG. DATE																				
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	1 DC																						
Total	Total	Total																					
<b>RECEIVED AT</b> <b>25012-080</b> Drop Box BSC Station Federal Express Corp. Employee No.		Federal Express Use Base Charges Declared Value Charge Origin Agent Charge Other Total Charges Part #2041738900 Rev 5/87 Printed U.S.A. GBFE <b>007</b>																					
Sender authorizes Federal Express to deliver this shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from any claims resulting therefrom. Release Signature:		Date/Time For Federal Express Use:																					

SENDER'S COPY/RETAIN FOR TRACE PURPOSES



# The Republican Party of Kentucky

Capitol Avenue at Third Street • P.O. Box 1068 • Frankfort, Kentucky 40602  
Phone (502) 875-5130

September 20, 1988

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

To the Commission:

This letter and the attached affidavit (with its attached Exhibits A, B and C) are submitted as a formal complaint concerning an advertising campaign by the Kentucky State Democratic Party, in support of the Democratic candidates for President and Vice President of the United States. This advertising campaign constitutes a flagrant violation of the Federal election laws.

The illegally-funded newspaper advertisements (attached to the enclosed affidavit) ran on September 16, 1988 in three Kentucky daily newspapers, the Somerset Commonwealth-Journal, the Bowling Green Daily News, and the Owensboro Messenger-Inquirer.

I have been advised orally by David Thompson of the Kentucky Press Service that identical ads were run in Hopkinsville, Murray, Madisonville, and Paducah.

All three specific advertisements bear the statement "Victory 88 Paid for by the Kentucky State Democratic Party." Such expenditures by the Kentucky Democratic Party, and/or its federal account, are in-kind contributions prohibited by the express terms of the agreement, personally signed "under penalty of perjury" by Governor Dukakis and Senator Bentsen in order to qualify for federal funding of their campaign. 11 CFR Sec. 9003.2(a)(2). These expenditures for paid newspaper advertisements do not qualify as state party expenditures exempt from the definition of "contribution" under 11 CFR Section ~~110.7~~(b)(17)(i), which provides, in part:

100.7

(17) The payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by such committee on behalf of the Presidential and Vice Presidential nominee(s) of that party, is not a contribution to such candidate(s) provided that the following conditions are met:

(i) Such payment is not for the costs incurred in connection with any broadcasting, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising . . . (emphasis added).

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Federal Election Commission  
September 20, 1988  
Page 2

It is obvious that the advertising campaign complained of is newspaper advertising of the type specifically governed by the foregoing section.

On the basis of the foregoing, the undersigned, on behalf of the Republican Party of Kentucky, requests that the Federal Election Commission:

- 1) Conduct a prompt and immediate investigation of the acts of the Kentucky State Democratic Party in making these illegal expenditures, and of the Dukakis/Bentsen ticket in accepting these illegal in-kind contributions;
- 2) Enter into prompt conciliation proceedings with the Kentucky State Democratic Party and the Dukakis/Bentsen ticket to remedy the violations complained of; and
- 3) Impose any and all appropriate penalties grounded in violations herein alleged.

Respectfully submitted,

*Robert E. Gable*

Robert E. Gable, Chairman  
Republican Party of Kentucky

State of Kentucky  
County of Fayette ss.

On this 20th day of September, 1988, before me, the undersigned, a Notary Public in and for said county and state, personally appeared Robert E. Gable, to me personally known, who being duly sworn by me, did state that he executed the foregoing as his voluntary act and deed.

*William H. Harrison*  
\_\_\_\_\_  
Notary Public in and for said  
County and State  
My Commission expires 2/13/92

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AFFIDAVIT

State of Kentucky

County of Fayette

ss

I, Robert E. Gable, being first duly sworn depose and state as follows:

1. I am Robert E. Gable, the duly elected chairman of the Republican Party of Kentucky, and have served as such since November 8, 1986.

2. I am a resident of Frankfort, Franklin County, Kentucky.

3. That on or about September 16 I became aware of the fact that the Kentucky State Democratic Party ran paid political advertisements on behalf of the Democratic candidates for the offices of President and Vice President of the United States in certain newspapers in Kentucky, copies of which are attached hereto marked Exhibits A, B, and C; that such advertisements have been paid or are to be paid by the so-called Victory '88 Fund of the Kentucky State Democratic Party.

4. That one of these advertisements (Attached hereto as Exhibit A) appeared in the Friday, September 16, 1988, edition of the Somerset Commonwealth-Journal published at Somerset, Kentucky; that the advertisement attached hereto as Exhibit B appeared in the Friday, September 16, 1988, edition of the Bowling Green Daily News, published at Bowling Green, Kentucky; and that the ad attached hereto as Exhibit C appeared in the Friday, September 16, 1988, edition of the Owensboro Messenger-Inquirer, published at Owensboro, Kentucky.

5. The other newspapers or other mass media in the state of Kentucky may have also run the same or similar advertisements, unknown to the affiant at this time.

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6. That the three advertisements above each contained the following statement: "Victory 88 Paid for by the Kentucky State Democratic Party."

7. The undersigned believes the foregoing advertisements are in violation of 11 CFR Sec. ~~900~~<sup>9003.2</sup>.2(a)(2) and 9003.3, and are not allowable exempt expenditures under 11 CFR Sec. 100.7(b)(17)(i).

*Robert E. Gable*

Robert E. Gable

Sworn to and subscribed before me by the said Robert E. Gable this 20th day of September, 1988.

*Maulen H. Donaldson*

Notary Public in and for said  
County and State

*My Commission expires 2/13/92*

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The United States has orders in force to keep the American military command at all times. The State Department officials said. The decision was taken at the advice of Ambassador Arthur Davis and could lead to the closing of the severe reduction of regional operations of the Drug Enforcement Administration, the U.S. Customs Service and the U.S. Coast Guard. Although other administration officials have said that the U.S. Coast Guard will remain in the Gulf of Mexico, they stressed that they would be ready to respond to any emergency. They stressed that they would be ready to respond to any emergency. They stressed that they would be ready to respond to any emergency.

# Intors softened demands?

THIN • LIGHT • COMFORTABLE

"He wants to disarm the people in his state except for the military and the police."  
George Bush, Longview, Texas, Aug. 26

# This statement is a lie.

It's the latest in a series of Republican lies.  
We think you should know the facts.

**FACT:** Governor Michael Dukakis and Senator Lloyd Bentsen strongly support a citizen's right to keep and bear arms. They believe law-abiding Americans should be able to use firearms for protecting their homes and businesses, hunting and target shooting, and collecting. Our Government must respect those rights.

**FACT:** Governor Dukakis believes that our nation's gun laws should help law enforcement officials fight crime and keep guns out of the hands of criminals. He will not interfere with private ownership of weapons by responsible citizens.

**FACT:** The Dukakis/Bentsen ticket has been endorsed by the International Union of Police Associations, the International Brotherhood of Police Officers, the Southern States Police Benevolent Associations and the Combined Law Enforcement Associations of Texas, among other groups.

**FACT:** Like President Reagan and the nation's major law enforcement groups, Governor Dukakis supports legislation requiring people who want to buy guns to wait seven days—so that police can determine whether the person has a criminal record or is mentally dangerous. Despite overwhelming police support for this bill, George Bush opposes it.

**FACT:** The number of Massachusetts gun owners has tripled since Mike Dukakis became Governor, and grown by almost 50 percent in the last five years. There are 1.7 million handguns, shotguns and rifles in a state with 4.3 million people over age 18.

**FACT:** In 1968, then-Congressman George Bush voted for Federal gun control. After the bill passed, Bush said he thought "much more" needed to be done to curb purchases of firearms.

**FACT:** George Bush supported deep cuts in aid to state and local police and personally blocked a law that would have banned plastic guns used by terrorists and drug dealers.

**FACT:** Mike Dukakis is tough on crime. Under his leadership, crime has dropped 13 percent in the past five years—while it has continued to climb in the rest of the nation. The homicide rate is the lowest of any industrial state, about half the national average.

The Republicans know they have to lie about Mike Dukakis and Lloyd Bentsen in order to win this election.

We think you deserve the facts.

# Democratic Victory '88

Victory 88 Paid for by the Kentucky State Democratic Party.

Exhibit B

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 15, 1989

Robert E. Gable, Chairman  
Republican Party of Kentucky  
P.O. Box 1068  
Frankfort, Kentucky 40602

RE: MUR 2702

Dear Mr. Gable:

This is in response to your letter dated February 6, 1989, in which you request information pertaining to the complaint you filed on September 26, 1988, with the Federal Election Commission.

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

As you were informed by letter dated October 3, 1988 (copy enclosed), we will notify you as soon as the Commission takes final action on your complaint.

Sincerely,

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel

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

**FIRST GENERAL COUNSEL'S REPORT**

**SENSITIVE**  
**EXECUTIVE SESSION**

MUR 2702  
DATE COMPLAINT RECEIVED  
BY OGC: 9/26/88  
DATE OF NOTIFICATION TO  
RESPONDENTS: 10/3/88  
STAFF MEMBER: Frances B. Hagan

**MAY 02 1989**

**COMPLAINANT:** Robert E. Gable, Chairman  
Republican Party of Kentucky

**RESPONDENTS:** Kentucky State Democratic Central Executive  
Committee and Richard Rankin, as treasurer  
Dukakis/Bentsen Committee, Inc. and Robert A.  
Farmer, as treasurer

**RELEVANT STATUTES:** 2 U.S.C. § 441a(a)(2)(A)  
2 U.S.C. § 441a(f)  
2 U.S.C. § 441a(d)  
2 U.S.C. § 441d(a)  
11 C.F.R. § 110.7(a)(4)  
11 C.F.R. § 110.7(a)(5)  
2 U.S.C. § 431(8)(B)(v) and (9)(B)(iv)  
2 U.S.C. § 431(8)(B)(x) and (9)(B)(vii)  
2 U.S.C. § 431(8)(B)(xii) and (9)(B)(ix)  
26 U.S.C. § 9003(b)

**INTERNAL REPORTS CHECKED:** Disclosure indexes and reports

**FEDERAL AGENCIES CHECKED:** None

**I. GENERATION OF MATTER**

On September 26, 1988, Robert E. Gable, Chairman of the  
Republican Party of Kentucky, submitted a complaint alleging that  
Kentucky State Democratic Central Executive Committee ("the  
Kentucky Committee") violated the Act by illegally funding  
newspaper advertisements on behalf of the Dukakis/Bentsen 1988

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general election campaign.<sup>1</sup> Complainant contended that the Party Committee paid for newspaper ads that attacked and refuted statements by Republican Presidential nominee George Bush concerning Governor Dukakis' position on gun control. The ads allegedly ran in at least three Kentucky daily newspapers on September 16, 1988.

Complainant alleged that the Kentucky Committee's expenditures constitute in-kind contributions to the Dukakis/Bentsen Committee, Inc. ("the Dukakis Committee"). Complainant contended that the Dukakis Committee violated the Act by accepting the Kentucky Committee's in-kind contributions.

The Kentucky Party Committee and the Dukakis Committee responded to the complaint.

**II. FACTUAL AND LEGAL ANALYSIS**

**Applicable law**

The Presidential Election Campaign Fund Act ("the Fund Act") provides for a Presidential candidate to receive public financing of the general election campaign. 26 U.S.C. § 9001 et. seq. To be eligible for public finds, the candidate must limit spending to the amount of the federal grant and must not accept private contributions to defray qualified campaign expenses. 26 U.S.C. § 9003(b).

Title 2 of the FECA provides that notwithstanding any other provisions of law with respect to limitations on expenditures or

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contributions, a national party committee may make certain limited "coordinated party expenditures" in connection with the general election campaign of its party's Presidential candidate. 2 U.S.C. § 441a(d).

The Act does not include a similar provision for a state party committee to make Section 441a(d) expenditures on behalf of a Presidential candidate. However, Commission regulations state that a national party committee may make coordinated party expenditures through any designated agent, including state and subordinate party committees. 11 C.F.R. § 110.7(a)(4). All coordinated party expenditures made by the national committee or its designated state party committees are subject to one spending limit. 11 C.F.R. § 110.7(a).

For the 1988 general election, the DNC Services Corporation's ("DNC") coordinated party expenditure limit on behalf of the Dukakis Committee was \$8,291,454. 2 U.S.C. § 441a(d). As of December 31, 1988, the DNC reported coordinated expenditures totaling \$8,072,831.62 on behalf of Democratic candidates.

Party committees may not make independent expenditures in connection with the general election campaign for President. 11 C.F.R. § 110.7(a)(5). See also AOs 1980-119, 1984-15, and 1985-14.

The Act and regulations exclude from the definition of contribution and expenditure certain types of disbursements made by state party committees on behalf of their Presidential candidates. Examples of such exempted disbursements include:

- a) payments by state committees of costs incurred with respect to printed slate cards or sample ballots

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(2 U.S.C. §§ 431(8)(B)(v) and 431(9)(B)(iv));

- b) payments by state committees of campaign material distributed by volunteers (2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii)); and
- c) payment by state committees of voter registration and get-out-the-vote costs on behalf of the Presidential nominee (2 U.S.C. §§ 431(8)(B)(xii) and 431(9)(B)(ix)).

However, disbursements for newspaper advertising and other similar general public communications or political advertising are specifically omitted from these exemptions.

The Act further provides that no political committee shall knowingly make any expenditure in violation of the provisions of Section 441a. 2 U.S.C. § 441a(f).

2 U.S.C. § 441d(a)(2) requires that whenever any person, including a party committee, makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate through any newspaper or other general public political advertising, such communication, if paid for by other persons, but authorized by a candidate's committee, shall clearly state that the communication is paid for by such other persons and authorized by such authorized committee. If the communication is not authorized by a candidate's committee, it shall clearly state the name of the person who paid for the communication and state that the communication is not authorized by any candidate's committee. 2 U.S.C. § 441d(a)(3).

The Facts

In this case, the Kentucky Committee ran an ad on behalf of the Dukakis campaign during the general election, an ad which

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appeared in at least three daily newspapers on September 16, 1988. Under the heading "This statement is a lie," the advertisement attacked and refuted statements by the Bush campaign concerning the Dukakis/Bentsen views on gun control. The partisan ad stated negative views of the opposing party and its candidate, and ended with "Democratic Victory '88." Printed at the bottom of the ad was the disclaimer "Victory '88 Paid for by the Kentucky State Democratic Party."

Because the ad was clearly intended to influence the election, the payments for the ads may be considered expenditures under the Act. 2 U.S.C. § 431(9)(A). Moreover, because the costs involved newspaper advertisements, they do not fall within the contribution or expenditure exemptions of the Act. 2 U.S.C. §§ 431(8)(B)(x), 431(9)(B)(viii), 431(8)(B)(xii), 431(9)(B)(ix), 431(8)(B)(v), 431(9)(B)(iv).

**Sections 441a(d) and 441a(f)**

The Kentucky Committee reported an expenditure of \$3,824.54 to the Kentucky Press Association for "newspaper advertising" on September 12, 1988 (1988 October Quarterly). In response to the complaint, the treasurer of the Kentucky Committee stated that his committee had been "designated as agent for DNC Services Corporation for the purposes of making expenditures pursuant to [Section] 441a(d) in an amount not to exceed six thousand dollars." The response stated that the "total expenditure for

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all advertisements placed was \$3,824.54."<sup>2</sup>

The Kentucky Committee treasurer provided a copy of the DNC letter of authorization and agreement for Section 441a(d) expenditures of up to \$6,000. 11 C.F.R. § 110.7(a)(4). The agreement was dated September 22, 1988, and signed by Paul G. Kirk, DNC Chairman, and Bill Patrick, Chairman of the Kentucky Democratic Party. The ad expenditure was dated September 12, 1988. Commission policy requires that Section 441a(d) authorization be made before the expenditure of funds. Therefore, based on Commission policy,

it appears that the Kentucky Committee's advertising expenditure was not authorized at the time it was made. Therefore, the Kentucky Party Committee's expenditure is in violation of 2 U.S.C. § 441a(f).

In asserting that the Commission should find no reason to believe in this matter, the Dukakis Committee stated, "the complaint does not accuse the...campaign of engaging in any

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2. Although the Kentucky Committee asserted its authority to make expenditures as designated agent of the DNC, some confusion regarding reporting responsibilities is apparent in that the Kentucky Committee's response stated that the coordinated expenditure for advertising "has been reported to the DNC for the purpose of DNC's compliance with the requirements of the Act." However, DNC reports do not show transfers to the Kentucky Committee that correspond to the ad amount; nor do the DNC's 1988 September or October monthly reports reflect corresponding coordinated expenses for the Kentucky Committee's ads. The Kentucky Committee did not report the expenditure on Schedule F. This Office has prepared questions to help determine what actually transpired between the Kentucky Committee and the DNC.

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activities in connection with the advertisement;" and refers to "the ability of the [DNC] to engage in advertising efforts pursuant to...2 U.S.C. § 441a(d)."

Based on the analysis of the facts concerning possible Section 441a(d) activity, and on the Commission's similar conclusion in it does not appear that the Dukakis Committee accepted an in-kind contribution from the Kentucky Committee. 26 U.S.C. § 9003(b)(2).

**Section 441d(a)**

The newspaper advertisement contained the disclaimer "Victory 88 Paid for by the Kentucky State Democratic Party." Although this indicates who paid for the ad, it does not state whether the ad was authorized by the candidate or his committee. Therefore, the Kentucky Committee violated 2 U.S.C. § 441d(a) by failing to include the appropriate disclaimer on the ad.<sup>3</sup>

**Summary**

Based on this analysis, the Office of the General Counsel is recommending that the Commission find reason to believe that the Kentucky Committee and its treasurer violated 2 U.S.C. §§ 441a(f) and 441d(a). This Office also recommends a finding of no reason

3. In the Kentucky Committee's response, the treasurer stated, "Due to an error in typesetting, the proper disclaimer was omitted..., suggesting that payment and authorization had been made by the [Kentucky] Party, rather than the DNC. Corrections have been made, and any further expenditures made pursuant to the...letter of agency will indicate authorization and payment by the DNC." Since the Kentucky Committee stated in the same letter that it had made the coordinated expenditure for advertising, there appears to be some confusion concerning use of the term "authorizatio" by the DNC for coordinated party expenditures and "authorization" as it applies to an advertisement disclaimer. Questions to the Kentucky Committee will address this misunderstanding.

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to believe that the Dukakis Committee and its treasurer violated 26 U.S.C. § 9003(b)(2) in this matter.

**III. RECOMMENDATIONS**

1. Find reason to believe that the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, violated:

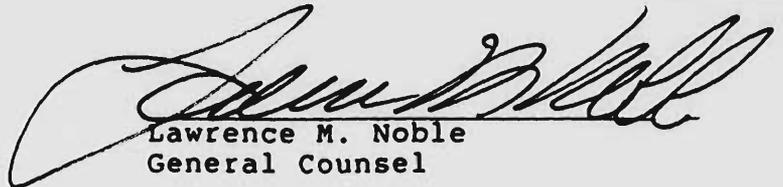
- a) 2 U.S.C. § 441a(f); and
- b) 2 U.S.C. § 441d(a).

2. Find no reason to believe that the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2).

3. Close the file as it pertains to the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, in this matter.

4. Approve the attached letters and Factual and Legal Analysis and interrogatories.

4/17/89  
Date

  
Lawrence M. Noble  
General Counsel

**Attachments**

- Responses to complaint
- Disclosure reports
- Proposed letters (2) and  
Factual and Legal Analysis (1)
- Interrogatories

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Kentucky State Democratic Central )  
Executive Committee and Richard )  
Rankin, as treasurer ) MUR 2702  
 )  
Dukakis/Bentsen Committee, Inc. )  
and Robert A. Farmer, as treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of May 2, 1989, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2702:

1. Find reason to believe that the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a).
2. Find no reason to believe that the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2).
3. Close the file as it pertains to the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, in this matter.

(continued)

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4. Approve the letters and Factual and Legal Analysis and interrogatories as recommended in the General Counsel's report dated May 17, 1989.

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

Attest:

May 2, 1989  
Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON D C 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN  
COMMISSION SECRETARY

DATE: APRIL 20, 1989

SUBJECT: OBJECTION TO MUR 2702 - FIRST G.C. REPORT  
SIGNED APRIL 17, 1989

The above-captioned document was circulated to the Commission on Tuesday, April 18, 1989 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

- Commissioner Aikens \_\_\_\_\_
- Commissioner Elliott \_\_\_\_\_
- Commissioner Josefiak \_\_\_\_\_ X \_\_\_\_\_
- Commissioner McDonald \_\_\_\_\_
- Commissioner McGarry \_\_\_\_\_
- Commissioner Thomas \_\_\_\_\_

This matter will be placed on the meeting agenda for May 2, 1989.

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 8, 1989

Richard A. Rankin, Treasurer  
Kentucky State Democratic  
Central Executive Committee  
P.O. Box 694  
Frankfort, Kentucky 40602

RE: MUR 2702  
Kentucky State Democratic  
Central Executive  
Committee and Richard A.  
Rankin, as treasurer

Dear Mr. Rankin:

On October 3, 1988, the Federal Election Commission notified the Kentucky State Democratic Central Executive Committee ("Committee") and you, as treasurer, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on May 2, 1989, found that there is reason to believe the Committee and you, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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candidates.

Party committees may not make independent expenditures in connection with the general election campaign for President. 11 C.F.R. § 110.7(a)(5). See also AOs 1980-119, 1984-15, and 1985-14.

The Act and regulations exclude from the definition of contribution and expenditure certain types of disbursements made by state party committees on behalf of their Presidential candidates. Examples of such exempted disbursements include:

- a) payments by state committees of costs incurred with respect to printed slate cards or sample ballots (2 U.S.C. §§ 431(8)(B)(v) and 431(9)(B)(iv));
- b) payments by state committees of campaign material distributed by volunteers (2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii)); and
- c) payment by state committees of voter registration and get-out-the-vote costs on behalf of the Presidential nominee (2 U.S.C. §§ 431(8)(B)(xii) and 431(9)(B)(ix)).

However, disbursements for newspaper advertising and other similar general public communications or political advertising are specifically omitted from these exemptions.

The Act further provides that no political committee shall knowingly make any expenditure in violation of the provisions of Section 441a. 2 U.S.C. § 441a(f).

2 U.S.C. § 441d(a)(2) requires that whenever any person, including a party committee, makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate through any newspaper or other general public political advertising, such communication, if paid for by other persons, but authorized by a candidate's

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committee, shall clearly state that the communication is paid for by such other persons and authorized by such authorized committee. If the communication is not authorized by a candidate's committee, it shall clearly state the name of the person who paid for the communication and state that the communication is not authorized by any candidate's committee.

2 U.S.C. § 441d(a)(3).

The Facts

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In this case, the Kentucky State Democratic Central Executive Committee ("the Kentucky Committee") ran an ad on behalf of the Dukakis campaign during the general election, an ad which appeared in at least three daily newspapers on September 16, 1988. Under the heading "This statement is a lie," the advertisement attacked and refuted statements by the Bush campaign concerning the Dukakis/Bentsen views on gun control. The partisan ad stated negative views of the opposing party and its candidate, and ended with "Democratic Victory '88." Printed at the bottom of the ad was the disclaimer "Victory 88 Paid for by the Kentucky State Democratic Party."

Because the ad was clearly intended to influence the election, the payments for the ads may be considered expenditures under the Act. 2 U.S.C. § 431(9)(A). Moreover, because the costs involved newspaper advertisements, they do not fall within the contribution or expenditure exemptions of the Act. 2 U.S.C. §§ 431(8)(B)(x), 431(9)(B)(viii), 431(8)(B)(xii), 431(9)(B)(ix), 431(8)(B)(v), 431(9)(B)(iv).

**Sections 441a(d) and 441a(f)**

The Kentucky Committee reported an expenditure of \$3,824.54 to the Kentucky Press Association for "newspaper advertising" on September 12, 1988. In response to the complaint, the treasurer of the Kentucky Committee stated that his committee had been "designated as agent for DNC Services Corporation for the purposes of making expenditures pursuant to [Section] 441a(d) in an amount not to exceed six thousand dollars." The response stated that the "total expenditure for all advertisements placed was \$3,824.54."<sup>1</sup>

The Kentucky Committee treasurer provided a copy of the DNC letter of authorization and agreement for Section 441a(d) expenditures of up to \$6,000. 11 C.F.R. § 110.7(a)(4). The agreement was dated September 22, 1988, and signed by Paul G. Kirk, DNC Chairman, and Bill Patrick, Chairman of the Kentucky Democratic Party. The ad expenditure was dated September 12, 1988. Commission policy requires that Section 441a(d) authorization be made before the expenditure of funds. Therefore, based on Commission policy, it appears that the Kentucky Committee's advertising expenditure was not authorized

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1. Although the Kentucky Committee asserted its authority to make expenditures as designated agent of the DNC, some confusion regarding reporting responsibilities is apparent in that the Kentucky Committee's response stated that the coordinated expenditure for advertising "has been reported to the DNC for the purpose of DNC's compliance with the requirements of the Act." However, DNC reports do not show transfers to the Kentucky Committee that correspond to the ad amount; nor do the DNC's 1988 September or October monthly reports reflect corresponding coordinated expenses for the Kentucky Committee's ads. The Kentucky Committee did not report the expenditure on Schedule F.

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at the time it was made. Therefore, the Kentucky Party Committee's expenditure is in violation of 2 U.S.C. § 441a(f).

**Section 441d(a)**

The newspaper advertisement contained the disclaimer "Victory 88 Paid for by the Kentucky State Democratic Party." Although this indicates who paid for the ad, it does not state whether the ad was authorized by the candidate or his committee. Therefore, the Kentucky Committee violated 2 U.S.C. § 441d(a) by failing to include the appropriate disclaimer on the ad.<sup>2</sup>

Based on the foregoing analysis, there is reason to believe that the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a).

2. In the Kentucky Committee's response, the treasurer stated, "Due to an error in typesetting, the proper disclaimer was omitted..., suggesting that payment and authorization had been made by the [Kentucky] Party, rather than the DNC. Corrections have been made, and any further expenditures made pursuant to the...letter of agency will indicate authorization and payment by the DNC." Since the Kentucky Committee stated in the same letter that it had made the coordinated expenditure for advertising, there appears to be some confusion concerning use of the term "authorization" by the DNC for coordinated party expenditures and "authorization" as it applies to an advertisement disclaimer.

33040773743

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

)  
)  
) MUR 2702  
)

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Richard A. Rankin, Treasurer  
Kentucky State Democratic  
Central Executive Committee  
P.O. Box 694  
Frankfort, Kentucky 40602

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

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INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from January 1, 1988 to December 31, 1988.

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

33040773745

DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist.

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

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding.

93040773746

**INTERROGATORIES**

1. The Kentucky State Democratic Central Executive Committee's ("the Kentucky Committee") letter dated October 6, 1988, in response to the complaint in this matter stated that the Kentucky Committee had been "designated as agent for DNC Services Corporation for the purposes of making expenditures [of up to \$6,000] pursuant to [2 U.S.C. § 441a(d)]." The Kentucky Committee also stated that it had made such an expenditure of \$3,824.54 for advertisements.

a) Identify and list all expenditures made pursuant to the agreement with the DNC, along with the payee, date and purpose of each such expenditure. State whether such expenditures were reported, and if so, how (as operating expenditures on Schedule B, coordinated expenditures pursuant to Section 441a(d) on Schedule F, or in some other manner). State which entity reported the expenditures (the Kentucky Committee, the DNC, or other).

b) Identify the source of funds used to make such expenditures. Identify any transfers of funds between the Kentucky Committee and the DNC regarding Section 441a(d) expenditures (including funds transferred from or reimbursed by the DNC), and provide the dates of such transfers. Provide copies of letters of transmittal, canceled checks, receipts, vouchers, and any other documents to support your answer.

2. a) Explain why you reported the \$3,824.54 expenditure to the DNC.

b) Was it your expectation that the DNC would disclose the \$3,824.54 expenditure on its reports filed with the FEC?

3. In your letter of October 6, 1988, you stated that "the proper disclaimer was omitted from the advertisements in question" because of a "typesetting error."

a) State how the disclaimer was supposed to have read absent the typesetting error. Provide galley proofs, correspondence, or other documents to support your answer.

b) Explain the error that occurred.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

May 8, 1989

Scott Blake Harris, Esquire  
Williams and Connolly  
839 17th Street, N.W.  
Washington, D.C. 20006

RE: MUR 2702  
Dukakis/Bentsen Committee, Inc.  
Robert A. Farmer, as treasurer

Dear Mr. Harris:

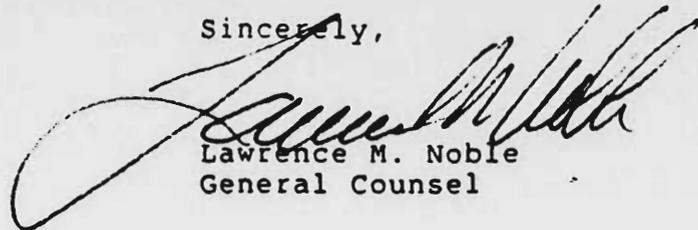
On October 3, 1988, the Federal Election Commission notified your clients, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On May 2, 1989, the Commission found, on the basis of the information in the complaint, that there is no reason to believe the Dukakis/Bentsen Committee, Inc. violated 26 U.S.C. § 9003(b)(2). Accordingly, the Commission closed its file in this matter as it pertains to your clients.

This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. If you wish to submit any materials to appear on the public record, please do so within ten days. Please send such materials to the Office of the General Counsel.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

Sincerely,



Lawrence M. Noble  
General Counsel

93040713748

LAW OFFICES  
McEVOY and McKINNEY

*Attorneys at Law*

WILLIAM P. McEVOY  
MICHAEL T. McKINNEY

TELEPHONE (606) 586-9955  
HUNTINGTON BANK OF BOONE COUNTY BRANCH  
P.O. BOX 688  
BURLINGTON, KENTUCKY 41005-0688

OAC 2926

May 30, 1989

Hon. Danny L. McDonald  
Chairman  
Federal Election Commission  
Washington, D.C. 20463

89 JUN -1 PM 3:49  
RECEIVED  
FEDERAL ELECTION COMMISSION

IN RE: MUR 2702  
Kentucky State Democratic Central Executive Committee  
and Richard A. Rankin, as Treasurer

20040716749

Dear Mr. McDonald:

I have received your May 8, 1989 letter regarding MUR 2702. It is the determination of the Kentucky State Democratic Central Executive Committee and Richard A. Rankin to submit factual or legal materials that are believed to relevant to the Commission's consideration of this matter. Based upon the information provided to you in the within letter, it is the opinion of the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as Treasurer, that no action should be taken against the Committee and its Treasurer for the questions raised in MUR 2702.

89 JUN -1 PM 4:41

I wish to further advise, however, that, in the event the Commission finds probable cause to believe that a violation has occurred, the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as Treasurer, are interested in pursuing a pre-probable cause conciliation.

The facts of this Matter Under Review concern a newspaper advertisement which appeared in three (3) daily newspapers in Kentucky on September 16, 1988. Copies of these newspaper ads are attached hereto as Exhibits A, B and C. The source of funds for payment of these newspaper advertisements was the DNC Services Corporation/Democratic National Committee ("DNC"). The full cost of these ads was the sum of \$3,824.55. The Kentucky State Central Executive Committee did, in fact, report this expenditure on Schedule F, page one of one, for line number 23 in its amended report. A copy of said page of Schedule F is attached hereto as Exhibit D and incorporated herein by reference. Likewise, copies

Page Two  
Hon. Danny McDonald  
May 30, 1989

McEVOY and McKINNEY  
*Attorneys at Law*

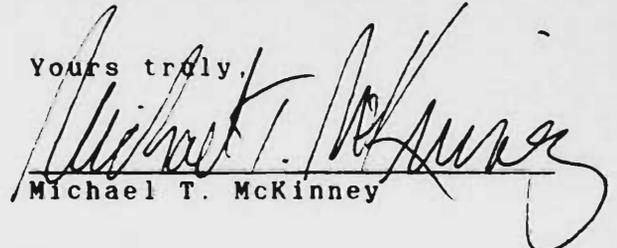
of the checks paying for said advertising are also attached hereto as Exhibit E and incorporated herein by reference.

This expenditure for newspaper advertising was made by the Kentucky State Central Executive Committee inasmuch as the Kentucky State Central Executive Committee was designated as the agent for DNC Services Corporation for purposes of making expenditures pursuant to Section 441 A (d) in a total amount not exceed \$6,000.00. This authorization was given to the Kentucky Democratic Party orally prior to the time of the expenditures. This oral agreement was subsequently confirmed in writing by letter from Paul G. Kirk, Jr., Chairman of the DNC Services Corporation, dated September 22, 1988. A copy of said letter is attached hereto as Exhibit F and incorporated herein by reference. The first paragraph of said letter serves to confirm the earlier oral agreement between DNC Services Corporation/Democratic National Committee and the Kentucky Democratic Party regarding these 441 A (d) expenditures. Thus, Commission policy wherein 441 A (d) authorization must be made before funds are expended was fulfilled insofar that authorization was given to the Kentucky Democratic Party by the DNC prior to the time of the expenditure.

With regards to the disclaimer contained on the newspaper advertisement, initially the advertisement contained the disclaimer "Victory '88 Paid For By Kentucky State Democratic Party". This disclaimer was placed upon the ad initially due to a typesetting error. The ad was not prepared at the headquarters of the Kentucky State Democratic Party. The ad was prepared by a field operative and the operative erroneously allowed the disclaimer to stand without correction. Subsequent thereto, in other ads, this disclaimer was discovered immediately corrected. A copy of a subsequent ad with the appropriate disclaimer is attached hereto as Exhibit G and incorporated herein by reference. At all times the Kentucky State Central Executive Committee operated under authority of the DNC in making the subject expenditures. At no time did the Kentucky State Central Executive Committee act without authority, expressed or implied, from the DNC in making the subject expenditures.

I trust this information will be helpful to you in making a prompt determination of this matter. Do not hesitate to contact me forthwith should you have additional questions regarding same. Also enclosed herewith are answers to your Interrogatories regarding this Matter Under Review.

Yours truly,



Michael T. McKinney

MTM:trt

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STATEMENT OF DESIGNATION OF COUNSEL

89 JUN -1 PM 3:49

MUR 2702

NAME OF COUNSEL: Michael T. McKinney

ADDRESS: 2252 Burlington Pike

P.O. Box 688

Burlington, Kentucky 41005

TELEPHONE: (606) 586-9955

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. Kentucky State Democratic Central Executive Committee

May 30, 1989  
Date

*Michael T. McKinney*  
Signature

RESPONDENT'S NAME: Kentucky State Democratic Central Executive Committee,  
and Richard A. Rankin, as Treasurer

ADDRESS: P.O. Box 694

Frankfort, Kentucky 40602

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

BUSINESS PHONE: (502) 695-4828

30040776751

MONTEE  
SATURDAY-SUNDAY

3:00-5:00

DEFENDANT'S  
EXHIBIT

A

*He wants to disarm the people in his state except for the military and the police.*  
George Bush, Longview, Texas, Aug. 26

# This statement is a lie.

It's the latest in a series of Republican lies.  
We think you should know the facts.

**FACT:** Governor Michael Dukakis and Senator Lloyd Bentsen strongly support a bill to keep and bear arms. They believe law-abiding Americans should be able to own firearms for protecting their homes and businesses, hunting and target shooting, and collecting. Our government must respect those rights.

**FACT:** Governor Dukakis believes that our nation's gun laws should help law enforcement officials fight crime and keep guns out of the hands of criminals. He will not interfere with private ownership of weapons by responsible citizens.

**FACT:** The Dukakis/Bentsen ticket has been endorsed by the International Union of Police Associations, the International Brotherhood of Police Officers, the Southern States Police Association and the Combined Law Enforcement Associations of Texas, among other groups.

**FACT:** Like President Reagan and the nation's major law enforcement groups, Governor Dukakis supports legislation requiring people who want to buy guns to wait seven days—so that police can determine whether the person has a criminal record or is mentally dangerous. Despite overwhelming police support for this bill, George Bush opposes it.

**FACT:** The number of Massachusetts gun owners has tripled since Mike Dukakis became Governor and grown by almost 50 percent in the last five years. There are 1.7 million handguns, shotguns and rifles in a state with 4.3 million people.

**FACT:** In 1968, then-Congressman George Bush voted for Federal gun control legislation that passed. Bush believed more needed to be done to curb purchases of firearms.

**FACT:** George Bush supported a bill to allow state and local police and personally blocked a law that would have banned plastic guns used by terrorists and drug dealers.

**FACT:** Mike Dukakis is tough on crime. Under his leadership, crime has dropped 13 percent in the past five years—while it has continued to climb in the rest of the nation. The homicide rate is the lowest of any industrial state, about half the national average.

The Republicans know they have to lie about Mike Dukakis and Lloyd Bentsen in order to win this election.

We think you deserve the facts.

# Democratic Victory '88

Victory '88 Paid for by the Kentucky State Democratic Party.

B

the recording of cockpit conversations, the co-pilot acknowledged during the preflight checklist that the flap had been set at the proper 15 degree extension.

But investigators found that the flap, which help provide more lift for takeoff, were almost con-

stantly in the wrong position. Investigators have yet to provide information that might shed light on the cause of the accident.

Earlier this week, Capt. Larry Smith, who was at the controls during the takeoff, told investigators he recalls one of the

The co-pilot, Carey W. Kirkland, has told investigators he doesn't remember anything after the aircraft hit the gate, while the flight engineer, Steven Judd, gave only sketchy information.

*"He wants to disarm the people in his state except for the military and the police."*  
George Bush, Longview, Texas, Aug. 26

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**FACT:** The number of Massachusetts gun owners has tripled since Mike Dukakis became Governor, and grown by almost 50 percent in the last five years. There are 1.7 million handguns, shotguns and rifles in a state with 4.3 million people over age 18.

**FACT:** In 1968, then-Congressman George Bush voted for Federal gun control. After the bill passed, Bush said he thought "much more" needed to be done to curb purchases of firearms.

**FACT:** George Bush supported deep cuts in aid to state and local police and personally blocked a law that would have banned plastic guns used by terrorists and drug dealers.

**FACT:** Mike Dukakis is tough on crime. Under his leadership, crime has dropped 13 percent in the past five years—while it has continued to climb in the rest of the nation. The homicide rate is the lowest of any industrial state, about half the national average.

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# Democratic Victory '88

Victory '88 Paid for by the Kentucky State Democratic Party.

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**ITEMIZED COORDINATED EXPENDITURES MADE BY  
POLITICAL PARTY COMMITTEES OR DESIGNATED AGENT(S)  
ON BEHALF OF CANDIDATES FOR FEDERAL OFFICE  
(2 U.S.C. §441a(d))**

**DEFENDANT'S  
EXHIBIT**

(To be used only by Political Committees in the General Election)

D

Name of Political Committee (in Full)  
**Kentucky Democratic State Central Executive Committee**

Has your Committee been designated to make coordinated expenditures by a political party committee?  YES  NO  
If YES, name the designating committee: **Democratic National Committee**

Full Name, Mailing Address and ZIP Code of Subordinate Committee  
  
N/A

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7

Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
Kentucky Press Asso. 332 Capitol Avenue Frankfort, KY 40601	Dukakis/Bentsen	Newspaper Advertising	9-12-88	3,824.54
Aggregate General Election Expenditure for this Candidate—\$3,824.54				
Aggregate General Election Expenditure for this Candidate—\$				
Aggregate General Election Expenditure for this Candidate—\$				
Aggregate General Election Expenditure for this Candidate—\$				

**SUBTOTAL** of Expenditures This Page (optional) . . . . .

**TOTAL** This Period (last page this line number only) . . . . . **3,824.54**

DEFENDANT'S  
EXHIBIT

E

KENTUCKY DEMOCRATE PARTY 08-88  
DEMOCRATIC VICTORY ACCOUNT  
FEDERAL ACCOUNT  
MILLVILLE ROAD, BOX 694, (502) 695-4828  
FRANKFORT, KY 40602

228

PAID 2 Sept 1988 <sup>73-138</sup>/<sub>421</sub>

PAY TO THE  
ORDER OF

Kentucky Press Association

\$ 1,912.27

One Thousand Nine Hundred and Twelve and 27/100 DOLLARS



73-138

DAVID BOUNDY

FOR

Advertising

*David Boundy*

⑈000228⑈ -⑈04210138⑈ 15 051 820⑈ 01 ⑈0000191227⑈

KENTUCKY DEMOCRATE PARTY 08-88  
DEMOCRATIC VICTORY ACCOUNT  
FEDERAL ACCOUNT  
MILLVILLE ROAD, BOX 694, (502) 695-4828  
FRANKFORT, KY 40602

227

PAID 12 Sept 1988 <sup>73-138</sup>/<sub>421</sub>

PAY TO THE  
ORDER OF

Kentucky Press Association

\$ 1,912.27

One Thousand Twelve and 27/100 DOLLARS



73-138

DAVID BOUNDY

FOR

Leaders' salaries

*David Boundy*

⑈000227⑈ -⑈04210138⑈ 15 051 820⑈ 01 ⑈0000191227⑈



DEFENDANT'S  
EXHIBIT  
F

Democratic National Committee

September 22, 1988

Honorable Bill Patrick  
Chairman  
Kentucky Democratic Party  
Post Office Box 694  
Frankfort, Kentucky 40602

Dear Mr. Patrick:

This letter confirms the agreement between DNC Services Corporation/Democratic National Committee ("DNC") and the Kentucky Democratic Party concerning expenditures pursuant to 2 U.S.C. §441a(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, as follows:

1. The DNC hereby designates the Kentucky Democratic Party as agent for DNC for the exclusive purpose of making expenditures pursuant to 2 U.S.C. §441a(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, up to an amount not to exceed six thousand dollars (\$6,000.00).

2. In exercising its authority pursuant to this Agreement, the Kentucky Democratic Party will comply with the limitations and reporting and other requirements of the Federal Election Campaign Act of 1971, as amended ("the Act") and the regulations promulgated thereunder.

3. The Kentucky Democratic Party will report to the DNC all such information as the DNC may request for the purpose of DNC's compliance with the requirements of the Act.

4. Notwithstanding the foregoing, the DNC may, by written notice to the Kentucky Democratic Party, reassume portions of the authority delegated to the Kentucky Democratic Party under this Agreement, to the extent that the Kentucky Democratic Party shall not then have made or committed to make such expenditures itself.

89040773757

Please confirm your agreement with the foregoing by signing and returning two copies of this letter.

Sincerely yours,

DNC SERVICES CORPORATION

By:

  
Paul G. Kirk, Jr., Chairman

AGREED:

Kentucky Democratic Party

By:

  
Bill Patrick, Chair

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# AN IMPORTANT MESSAGE FROM OUR STATE'S TOP LAW ENFORCEMENT OFFICIALS ABOUT THE PRESIDENTIAL ELECTION:

DEFENDANT'S EXHIBIT

G

As the present and former Attorneys General of Kentucky, we are deeply concerned about crime in the state and are anxious that the next president of the United States be prepared to take bold action to support the war on crime and drugs. In contrast to the distortions and misinformation circulated by the Republican campaign, Michael Dukakis' record on law enforcement is a strong one and we are proud to vigorously support his campaign.

Governor Dukakis is being attacked for supposedly being in favor of gun control. The facts are that he supports the rights of hunters and sportsmen and believes that law abiding citizens should be allowed to own guns for the protection of their homes and businesses. What he has supported — as has President Reagan — is a waiting period before an individual can purchase a handgun to determine if convicted violent criminals or individuals with mental disorders are seeking to purchase guns.

Vice President Bush has also to-

tally distorted Dukakis' record on the prison furlough issue. The fact is that virtually all states and the federal government have furlough programs. The truth is that Dukakis actually restricted the Massachusetts furlough program which was established under the previous — Republican — governor.

Michael Dukakis has set up a model program' to fight drug abuse in our schools, he has championed the rights of victims of crimes, and he has built critically needed prisons. Governor Dukakis' record in Massachusetts during the past five years shows that crime has dropped by 13 percent statewide while it has risen nationally.

When you consider these facts, we know that you will agree that the Bush campaign has skillfully distorted Governor Dukakis' strong record on law enforcement issues and cleverly hidden its own lack of commitment to fighting crime.

We urge others to join us November 8th and vote for Michael Dukakis and Lloyd Bentsen.

Sincerely,

*Frederick J. Cowan*      *David L. Armstrong*      *Steven L. Beshear*

Frederick J. Cowan  
Attorney General  
Commonwealth of  
Kentucky

David L. Armstrong  
Former Attorney General  
Commonwealth of  
Kentucky

Steven L. Beshear  
Former Attorney General  
Commonwealth of  
Kentucky

PAID FOR AND AUTHORIZED BY THE DEMOCRATIC NATIONAL COMMITTEE VICTORY 88  
1625 Massachusetts Ave., NW Washington, DC 20036

9 2 0 4 0 7 7 6 7 5 9



PHOTO COURTESY OF THE KENTUCKY STATE POLICE

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF :

MUR 2702

RESPONDENT'S ANSWERS TO INTERROGATORIES  
AND REQUEST FOR PRODUCTION OF DOCUMENTS

\* \* \* \* \*

Comes the Kentucky State Democratic Central Executive Committee, by and through its chairman, Bill Patrick, and for its answers to the interrogatories and request for production of documents as propounded by the Federal Election Commission states as follows:

1 (a). The list of expenditures made pursuant to the agreement with DNC are as follows:

The Kentucky Press Association  
Dated September 12, 1988  
Check Number 227  
\$1,912.27

The purpose of this expenditure was part payment for six (6) ads in six (6) daily newspapers.

Kentucky Press Association  
Dated September 12, 1988  
\$1,912.27  
Check Number 228

This expenditure was made for newspaper advertising in six (6) daily newspapers.

870407 / 3750

The Courier Journal  
Dated November 2, 1988  
\$1,595.76  
Check Number 385

The purpose of this expenditure was for newspaper advertising.

All of the foregoing expenditures were made as coordinated expenditures pursuant to section 440 1A (d) on Schedule F and Amended Schedule F.

(b). The source of funds used to make each of the three (3) above referenced expenditures was the DNC Services Corporation/Democratic National Committee ("DNC"). These funds were not part of a separate transfer of funds by the DNC to the Kentucky State Central Executive Committee. These funds were part of the aggregate amount given to the Kentucky State Central Executive Committee by the DNC. An oral authorization was given by the DNC to the Kentucky State Central Executive Committee to make the subject expenditures for newspaper advertising prior to the time the advertising was undertaken. Subsequent thereto, the oral agreement was confirmed by letter from the DNC under date of September 22, 1988 from Paul G. Kirk, Chairman. A copy of said letter is attached hereto. Copies of the cancelled checks for these expenditures are attached hereto.

2(a). This expenditure was not reported to the DNC. The rationale for this expenditure not being reported to the DNC is to be found in numerical paragraph three (3) of the September 22, 1988 letter from the DNC to Kentucky Democratic Party. Numerical paragraph three (3) indicates that the Kentucky Democratic Party will

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report to the DNC all such information as the DNC may request for the purpose of DNC's compliance with the requirements of the act. At no time did the DNC request this information for its reporting requirements. At all times the Kentucky State Democratic Central Executive Committee stood ready, willing and prepared to provide any and all information to the DNC in the event the DNC should request same.

(b) It was the expectation of the Kentucky State Democratic Central Executive Committee that the DNC would disclose to the FEC the DNC's grant of authority to the Kentucky State Democratic Central Executive Committee to make expenditures in the amount not to exceed \$6,000.00 for purposes of the newspaper advertisements as set forth in the September 22, 1988 letter from the DNC.

3(a). The disclaimer should have read as follows: "Paid For And Authorized By The Democratic National Committee Victory '88, 1625 Massachusetts Avenue, North West Washington D.C. 20036".

(b) The error that occurred in the original disclaimer occurred as a result of a typesetting error in that the ad was not prepared at the headquarters of the Kentucky State Democratic Party. This ad was prepared by a field operative. The operative erroneously assumed that the disclaimer should contain only the disclaimer of the Kentucky Democratic Party and took no steps to correct the erroneous disclaimer. As soon as the error was discovered by the Kentucky Democratic Party the error was corrected in a subsequent ad which utilized the proper disclaimer.

020407752

KENTUCKY DEMOCRATIC STATE  
CENTRAL EXECUTIVE COMMITTEE

*Bill Patrick*

By: Bill Patrick  
Its: Chairman

STATE OF KENTUCKY.....)

COUNTY OF FRANKLIN....)

Subscribed, sworn to and acknowledged before me this 30  
day of May, 1989 by Bill Patrick, Chairman of the Kentucky Democratic  
Party State Central Executive Committee, to be his free act and deed  
as such Chairman.

My Commission Expires: January 19 1993.

*Michael T. McKinney*  
Notary Public  
State at Large

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing answers to  
interrogators and request for production of documents was served  
this 30<sup>th</sup> day of May, 1989 on the Federal Election Commission.

*Michael T. McKinney*  
Michael T. McKinney

30740713753

KENTUCKY DEMOCRATE PARTY 08-88  
DEMOCRATIC VICTORY ACCOUNT  
FEDERAL ACCOUNT  
MILLVILLE ROAD, BOX 694, (502) 695-4828  
FRANKFORT, KY 40602

228

PAY TO THE ORDER OF

Kentucky Press Association

PAID

2 Sept 1988

73-138  
421

1912.27

One Thousand Nine Hundred and Twelve and 27/100 DOLLARS



73-138  
DAVID BOUNDY

FOR

Advertising

David Boundy

⑈000228⑈ -⑈04210138⑈ 15 05 820⑈ 0⑈ ⑈000191227⑈

KENTUCKY DEMOCRATE PARTY 08-88  
DEMOCRATIC VICTORY ACCOUNT  
FEDERAL ACCOUNT  
MILLVILLE ROAD, BOX 694, (502) 695-4828  
FRANKFORT, KY 40602

227

PAY TO THE ORDER OF

Kentucky Press Association

PAID

12 Sept 1988

73-138  
421

1,912.27

One Thousand Twelve and 27/100 DOLLARS



73-138  
DAVID BOUNDY

FOR

leads to leads

David Boundy

⑈000227⑈ -⑈04210138⑈ 15 05 820⑈ 0⑈ ⑈000191227⑈

KENTUCKY DEMOCRATE PARTY 08-88  
DEMOCRATIC VICTORY ACCOUNT  
FEDERAL ACCOUNT  
MILLVILLE ROAD, BOX 694, (502) 695-4828  
FRANKFORT, KY 40602

385

PAY TO THE ORDER OF

The Courier

PAID

2 Nov 1988

73-138  
421

1595.76

One Thousand Five Hundred and Ninety Five and 76/100 DOLLARS



NOV 04 88

73-138  
DAVID BOUNDY

FOR

David Boundy

⑈000385⑈ -⑈04210138⑈ 15 05 820⑈ 0⑈ ⑈000159576⑈

# AN IMPORTANT MESSAGE FROM OUR STATE'S TOP LAW ENFORCEMENT OFFICIALS ABOUT THE PRESIDENTIAL ELECTION:

As the present and former Attorneys General of Kentucky, we are deeply concerned about crime in the state and are anxious that the next president of the United States be prepared to take bold action to support the war on crime and drugs. In contrast to the distortions and misinformation circulated by the Republican campaign, Michael Dukakis' record on law enforcement is a strong one and we are proud to vigorously support his campaign.

Governor Dukakis is being attacked for supposedly being in favor of gun control. The facts are that he supports the rights of hunters and sportsmen and believes that law abiding citizens should be allowed to own guns for the protection of their homes and businesses. What he has supported — as has President Reagan — is a waiting period before an individual can purchase a handgun to determine if convicted violent criminals or individuals with mental disorders are seeking to purchase guns.

Vice President Bush has also to-

tally distorted Dukakis' record on the prison furlough issue. The fact is that virtually all states and the federal government have furlough programs. The truth is that Dukakis actually restricted the Massachusetts furlough program which was established under the previous — Republican — governor.

Michael Dukakis has set up a model program to fight drug abuse in our schools, he has championed the rights of victims of crimes, and he has built critically needed prisons. Governor Dukakis' record in Massachusetts during the past five years shows that crime has dropped by 13 percent statewide while it has risen nationally.

When you consider these facts, we know that you will agree that the Bush campaign has skillfully distorted Governor Dukakis' strong record on law enforcement issues and cleverly hidden its own lack of commitment to fighting crime.

We urge others to join us November 8th and vote for Michael Dukakis and Lloyd Bentsen.

Sincerely,

**Frederick J. Cowan**  
Attorney General  
Commonwealth of  
Kentucky

**David L. Armstrong**  
Former Attorney General  
Commonwealth of  
Kentucky

**Steven L. Beshear**  
Former Attorney General  
Commonwealth of  
Kentucky

PAID FOR AND AUTHORIZED BY THE DEMOCRATIC NATIONAL COMMITTEE VICTORY 88  
1625 Massachusetts Ave., NW Washington, DC 20036

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89 SEP -8 AM 11:21

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 2702  
Kentucky State Democratic Central )  
Executive Committee )  
Richard A. Rankin, as treasurer )  
 )

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On May 2, 1989, the Commission found reason to believe that the Kentucky State Democratic Central Executive Committee ("the Committee") and Richard A. Rankin, as treasurer, violated 2 U.S.C. § 441a(f) by making an unauthorized expenditure for advertisements in connection with the 1988 Presidential election, and that the Committee violated 2 U.S.C. § 441d(a) by failing to place the appropriate disclaimer on the advertisements. On May 8, 1989, the Office of the General Counsel notified the respondents of the Commission's findings. In response, counsel for the Committee argued that "no action should be taken against [the respondents]" in this matter. However, the Committee's response indicated that should the Commission proceed with the matter, the respondents would like to pursue pre-probable cause conciliation.

II. ANALYSIS

According to Committee responses and answers to interrogatories (and information from the complainant, Chairman of the Republican Party of Kentucky), the Kentucky Committee ran an ad on behalf of the Dukakis campaign during the general election, an ad which appeared in at least three daily newspapers

00407766

on September 16, 1988. The partisan ad stated negative views of the opposing party and its candidate, and ended with "Democratic Victory '88." Printed at the bottom of the ad was the disclaimer "Victory '88 Paid for by the Kentucky State Democratic Party."

Sections 441a(d) and 441a(f)

The Committee reported expenditures of \$3,824.54 to the Kentucky Press Association for "newspaper advertising" on September 12, 1988 (1988 October Quarterly). In an amendment to the 1988 October Quarterly Report, the Committee reported coordinated expenditures of \$3,824.54 on behalf of the Dukakis/Bentsen Committee.

In sworn answers to the interrogatories, the Committee treasurer stated that his committee had been designated by the Democratic National Committee ("DNC") to make expenditures pursuant to 2 U.S.C. § 441a(d). The treasurer stated that the DNC was the source of funds for the ads:

...These funds were not part of a separate transfer of funds by the DNC to the Kentucky State Central Executive Committee. These funds were part of the aggregate amount given to the [Committee] by the DNC. An oral authorization was given by the DNC to the [Committee] to make the subject expenditures for newspaper advertising prior to the time the advertising was undertaken. Subsequent thereto, the oral agreement was confirmed by letter from the DNC... (Attachment C(13)).

The Committee provided a copy of the DNC letter of authorization and agreement for Section 441a(d) expenditures of up to \$6,000. The agreement was signed by Paul G. Kirk, DNC Chairman, and Bill Patrick, Chairman of the Kentucky Democratic Party. The agreement was dated September 22, 1988, 10 days after

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the reported advertising expenditures were made. Commission policy requires that Section 441a(d) authorization be made before the expenditure of funds. Thus, based on Commission policy, and in view of the Commission's action in the ongoing MUF

it appears that the Committee's advertising expenditures were not authorized at the time they were made, resulting in a violation of 2 U.S.C. § 441a(f).

**Section 441d(a)**

The newspaper advertisement contained the disclaimer "Victory 88 Paid for by the Kentucky State Democratic Party." This statement does not indicate whether the ad was authorized by the candidate or authorized committee as required by 2 U.S.C. § 441d(a). The Committee treasurer stated that the inadequate disclaimer occurred "as a result of a typesetting error..." He stated that the ad was "prepared by a field operative...[who] erroneously assumed that the disclaimer should contain only the disclaimer of the [Committee]." Therefore, the Committee violated 2 U.S.C. § 441d(a) by failing to include the appropriate disclaimer on the ad.

**III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY**

890407/3758

**IV. RECOMMENDATIONS**

1. Enter into conciliation with the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, prior to a finding of probable cause to believe.
2. Approve the attached proposed conciliation agreement and letter.

Lawrence M. Noble  
General Counsel

9/7/88  
Date

BY:   
Lois G. Lerner  
Associate General Counsel

**Attachments**

- A. Request for conciliation
- B. Proposed Conciliation Agreement and letter

Staff assigned: Frances B. Hagan

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Kentucky State Democratic Central ) MUR 2702  
Executive Committee )  
Richard A. Rankin, as treasurer )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 13, 1989, the Commission decided by a vote of 4-0 to take the following actions in MUR 2702:

1. Enter into conciliation with the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, prior to a finding of probable cause to believe.
2. Approve the proposed conciliation agreement and letter attached to the General Counsel's Report dated September 7, 1989.

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

Attest:

9-13-89  
Date

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

Received in the Secretariat: Friday, September 8, 1989 11:21  
Circulated to the Commission: Friday, September 8, 1989 2:00  
Deadline for vote: Tuesday, September 12, 1989 4:00  
At the time of deadline 4 affirmative votes had not been received.  
Final vote received: Wednesday, September 13, 1989 2:05

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 18, 1989

Michael T. McKinney, Esquire  
McEvoy and McKinney  
2252 Burlington Pike  
P.O. Box 688  
Burlington, Kentucky 41005

RE: MUR 2702  
Kentucky State Democratic  
Central Executive Committee  
Richard A. Rankin, as treasurer

Dear Mr. McKinney:

On May 2, 1989, the Federal Election Commission found reason to believe that the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a). At your request, on September 13, 1989, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Frances B. Hagan, 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 Agreement

97040713771

OBC 4370

LAW OFFICES  
MICHAEL T. MCKINNEY

TELEPHONE (606) 586-9955  
FAX No. (606) 586-6937  
HUNTINGTON BANK OF BOONE COUNTY BRANCH  
P.O. BOX 688  
BURLINGTON, KENTUCKY 41005-0688

*Attorney at Law*  
MICHAEL T. MCKINNEY

*Of Counsel*  
WILLIAM P. McEVOY

RECEIVED  
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OFFICE OF ELECTIONS AND PRESENT  
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October 18, 1989

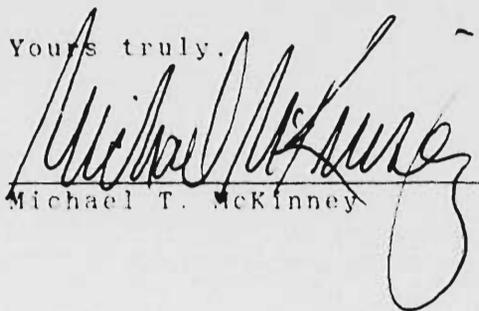
Ms. Fran Hagan  
Federal Election Commission  
Washington, D.C. 20463

IN RE: MUR 2702  
Kentucky State Democratic Central Executive Committee and  
Richard A. Rankin as Treasurer

Dear Ms. Hagan:

Pursuant to our earlier telephone communication, enclosed herewith please find the executed conciliation agreement on behalf of the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as Treasurer. Also enclosed herewith please find the Party's check in the amount of \$1,200.00, representing the payment in full of the civil penalty assessed in this matter under review.

Please advise immediately if you have any questions regarding this matter.

Yours truly,  
  
Michael T. McKinney

MTM:trt

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BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of )  
 ) MUR 2702  
 Kentucky State Democratic Central )  
 Executive Committee )  
 Richard A. Rankin, as treasurer )  
 )

**GENERAL COUNSEL'S REPORT**

**I. BACKGROUND**

Attached is a conciliation agreement which has been signed by Michael T. McKinney, counsel for the Kentucky State Democratic Central Executive Committee.

The attached agreement contains no changes from the agreement approved by the Commission on May 2, 1989. A check for the civil penalty has been received.

**II. RECOMMENDATIONS**

1. Accept the attached conciliation agreement with the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer.

2. Close the file.

3. Approve the attached letter.

Lawrence M. Noble  
General Counsel

10-31-89  
Date

BY:   
Lois G. Lerner  
Associate General Counsel

**Attachments**

- A. Conciliation Agreement
- B. Photocopy of civil penalty check
- C. Letter to Respondent

Staff Assigned: Frances B. Hagan

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Kentucky State Democratic Central ) MUR 2702  
Executive Committee )  
Richard A. Rankin, as treasurer )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 3, 1989, the Commission decided by a vote of 5-0 to take the following actions in MUR 2702:

1. Accept the conciliation agreement with the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, recommended in the General Counsel's Report dated October 31, 1989.
2. Close the file.
3. Approve the letter recommended in the General Counsel's Report dated October 31, 1989.

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

Attest:

Nov. 3 1989  
Date

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

Received in the Secretariat: Tuesday, October 31, 1989 4:51  
Circulated to the Commission: Wednesday, November 1, 1989 11:00  
Deadline for vote: Friday, November 3, 1989 11:00

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 14, 1989

**CLOSED**

Michael T. McKinney, Esquire  
P.O. Box 688  
Burlington, Kentucky 41005-0688

RE: MUR 2702  
Kentucky State Democratic  
Central Executive Committee  
Richard A. Rankin, as treasurer

Dear Mr. McKinney:

On November 3, 1989, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of the Kentucky State Democratic Central Executive Committee in settlement of violations of 2 U.S.C. §§ 441a(f) and 441d(a), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

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

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Frances B. Hagan, 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 Agreement

370407/0775

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 2702  
Kentucky State Democratic Central )  
Executive Committee )  
Richard A. Rankin, as treasurer )

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Robert E. Gable, Chairman of the Republican Party of Kentucky. The Federal Election Commission ("Commission") found reason to believe that the Kentucky State Democratic Central Executive Committee and Richard A. Rankin, as treasurer, ("Respondents") violated 2 U.S.C. §§ 441a(f) and 441d(a).

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

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C.

§ 437g(a)(4)(A)(i).

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

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

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

1. The Kentucky State Democratic Central Executive Committee is a political committee within the meaning of 2 U.S.C.

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§ 431(4).

2. Richard A. Rankin is the treasurer of the respondent committee.

3. 2 U.S.C. § 441a(d) provides that notwithstanding any other provisions of law with respect to limitations on expenditures or contributions, a national party committee may make certain limited "coordinated party expenditures" in connection with general election campaign of its party's Presidential candidate. 11 C.F.R. § 110.7(a)(4) states that a national party committee may make coordinated party expenditures through any designated agent, including state and subordinate party committees. Commission policy requires that written authorization of Section 441a(d) expenditures be made before the expenditure of funds.

4. 2 U.S.C. § 441a(f) provides that no political committee shall knowingly make any expenditure in violation of the provisions of Section 441a.

5. On the 1988 October Quarterly Report, Respondents reported expenditures of \$3,824.54 to the Kentucky Press Association for "newspaper advertising" dated September 12, 1988. In an amendment to the 1988 October Quarterly Report, the Committee reported coordinated expenditures of \$3,824.54 on behalf of the Dukakis/Bentsen Committee.

6. On September 22, 1988, ten days after the advertising expenditures were made, Respondents signed an agreement with the Democratic National Committee ("DNC") in which the DNC authorized Respondents to make expenditures up to \$6,000

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pursuant to 2 U.S.C. § 441a(d).

7. 2 U.S.C. § 441d(a)(2) requires that whenever any person, including a party committee, makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate through any newspaper or other general public political advertising, such communication, if paid for by other persons, but authorized by a candidate's committee, shall clearly state that the communication is paid for by such other persons and authorized by such authorized committee.

8. The newspaper advertisements noted in Section IV. 5 above, contained the disclaimer "Victory 88 Paid for by the Kentucky State Democratic Party." This statement does not indicate whether the ad was authorized by the candidate or an authorized committee.

V. 1. Respondents made expenditures without prior written authorization in connection with the 1988 Presidential election in violation of 2 U.S.C. § 441a(f).

2. Respondents failed to place the appropriate disclaimer on advertisements in violation of 2 U.S.C. § 441d(a).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of one thousand two hundred dollars (\$1,200), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any

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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 executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

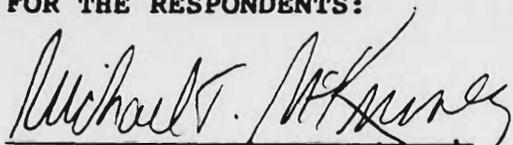
**FOR THE COMMISSION:**

Lawrence M. Noble  
General Counsel

BY:   
Lois G. Lerner  
Associate General Counsel

11-13-89  
Date

**FOR THE RESPONDENTS:**

  
(Name) Michael T. McKinney  
(Position) Counsel for  
Kentucky Democratic Party and  
Richard A. Rankin its Treasurer

October 18, 1989.  
Date

97040713779



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2702

DATE FILMED 12/1/89 CAMERA NO. 4

CAMERAMAN A.S.

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