FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2898

DATE FILMED 4/24/90 CAMERA NO. 3

CAMERAMAN AS

9904077525 5

Complainant,	)(	Before the
John Wayne Caton	)(	Federal Election
vs.	)(	Commission
Respondents,	)(	
Richard K. Armey,	)(	
Susan Byrd Armey,	)(	
O.F. Henning, Jr.,		
Will Radcliff,		
David W. Warner,		
Ben E. Tate, Jr., and		
Steven Chabot		

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUN 13 PM 4:18

9904077352566

Complaint - Acting as a conduit for prohibited contributions and passing prohibited contributions through a conduit

---

The complainant, John Wayne Caton, resides at 710 Midway Drive, Euless, Texas 76039.

Complainant brings to the Federal Election Commission's attention a complaint against Respondents,

U. S. Representative

Richard K. Armey

130 Cannon House Office Building

Washington, D.C. 20515

-and-

Susan Byrd Armey

330 Canyon Oaks Drive

Argyle, Texas 76220

-and-

O.F. Henning, Jr.

P.O. Box 85

Lewisville, Texas 75067

-and-

Will Radcliff

1950 Radcliff Drive

Cincinnati, Ohio 45204

-and-

David W. Warner

8880 Old Indian Hill Road

Cincinnati, Ohio 45204

-and-

Ben E. Tate, Jr.

7754 Camargo

Cincinnati, Ohio 45243

-and-

Steven Chabot

Chabot for Congress

3014 Harrison Avenue

Cincinnati, Ohio 45211

Susan Byrd Armey is the designated treasurer of a Political Committee named "Policy Innovation Political Action Committee",

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FEC ID C00222810, which complainant has previously alleged to be an affiliated committee of "Friends of Dick Armey", FEC ID C00198309, O.F. Henning, Jr. assistant treasurer. "Friends of Dick Armey" is the primary campaign committee of U. S. Representative Richard K. Armey.

Respondent Steven Chabot was a candidate for the U.S. House of Representatives from Ohio's 1st Congressional District in the 1988 elections. Respondents Ben E. Tate Jr., David W. Warner and Will Radcliff were contributors to "Policy Innovation Political Action Committee", an affiliate committee of Richard K. Armey.

Between October 28, 1988 and November 8, 1988, respondents Tate, Warner and Radcliff contributed $4,300.00 to "Policy Innovation Political Action Committee" (exhibit A). Specifically, Tate contributed $900.00, Warner contributed $1,000.00 and Radcliff contributed $2,400.00.

Respondent Chabot was a Republican candidate for congress from the area in which Tate, Warner and Radcliff resided. Chabot's campaign received special attention from "Policy Innovation Political Action Committee" in that Chabot's committee received $3,940.00 from "Policy Innovation Political Action Committee". This was more than 3 1/2 times the amount donated to other congressional candidates by "Policy Innovation Political Action Committee". $3,400 of the total was contributed in 3 separate checks on 10/28/89, 10/31/89 and 11/1/89(exhibit B).

Complainant believes that three separate checks were issued in response to receiving three separate contributions from the

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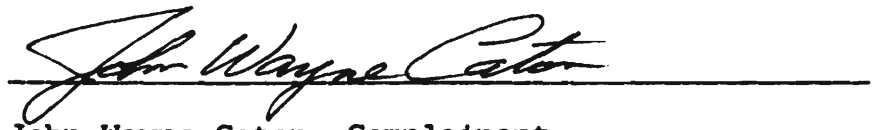
Cincinnati area. Complainant believes "Policy Innovation Political Action Committee" would have known of its intent to contribute such sums to Chabot within the span of 5 days and three separate contributions would not have been made, had three separate contributions not been received in the same timespan.

Complainant believes "Policy Innovation Political Action Committee" acted as a conduit for Tate, Warner and Radcliff in violation of 11 CFR 110.4 (b)(2)(ii). To evade reporting of excessive contributions to Chabot, a violation of 11 CFR 110.1(1), Complainant believes Tate, Warner and Radcliff intentionally used "Policy Innovation Political Action Committee" as such a conduit.

Complainant lacks investigative resources to prove such allegations and respectfully requests that the Federal Election Commission utilize its investigative powers to establish the facts in this case.

Under penalties of perjury, I hereby swear that to the best of my belief and knowledge, the statements made herein are true.



John Wayne Caton, Complainant

92040775269

Subscribed to and sworn before me this 6 day of June, 1989.

Kevin A. Vice / Kevin A. Vice

Notary Public

KEVIN A. VICE
Notary Public, State of Texas
My Commission Expires 7/27/92

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Exhibit A

SCHEDULE A — ITEMIZED RECEIPTS

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

PAGE 1 OF 1

FOR LINE NUMBER 11(a)(i)

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

NAME OF COMMITTEE (in Full): Policy Innovation Political Action Committee

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Ben E. Tate, Jr. 7754 Camargo Rd. Cincinnati, OH 45243	N/A	10/28/88	500.00
Receipt For: [ ] Primary [X] General [ ] Other (specify):	Occupation	11/1/88	400.00
	Aggregate Year-to-Date > $	900	
B. David W. Warner 8880 Old Indian Hill Rd Cincinnati, OH 45243	N/A	11/5/88	1000.00
Receipt For: [ ] Primary [X] General [ ] Other (specify):	Occupation		
	Aggregate Year-to-Date > $	1000	
C. Will Radcliff 1950 Radcliff Dr Cincinnati, OH 45204	N/A	11/8/88	2400.00
Receipt For: [ ] Primary [X] General [ ] Other (specify):	Occupation		
	Aggregate Year-to-Date > $	2400	
D. R. E. Thompson & Co. PO Box 1302 Lewisville, TX 75607	SELF	11/12/88	200.00
Receipt For: [ ] Primary [X] General [ ] Other (specify):	Occupation: EXECUTIVE		
	Aggregate Year-to-Date > $	200	
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Occupation		
	Aggregate Year-to-Date > $		
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Occupation		
	Aggregate Year-to-Date > $		
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Occupation		
	Aggregate Year-to-Date > $		

SUBTOTAL of Receipts This Page (optional)	
TOTAL This Period (last page this line number only)	4,500.00

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Exhibit B

EDULE B

ITEMIZED DISBURSEMENTS

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

PAGE 1 OF 1

FOR LINE NUMBER 21

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

NAME OF COMMITTEE (in Full): Policy Innovation Political Action Committee

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Milner in Congress P.O Box 50549 Amarillo, TX 79159	Candidate for U.S. House of Rep. Disbursement for: [ ] Primary [X] General [ ] Other (specify)	10/28/88	1,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Chabot for Congress 3014 Harrison Ave. Cincinnati, OH 45211	Candidate for U.S. House of Rep. Disbursement for: [ ] Primary [X] General [ ] Other (specify)	10/20/88 10/31/88	$500.00 $ 3,500.00
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Volunteers for K. White 1540 D Wade Hampton Blvd. Greenville, SC 29609	Candidate for U.S. House of Rep. Disbursement for: [ ] Primary [X] General [ ] Other (specify)	10/28/88	$1,920.00
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
C. Stearns for Congress P.O. Box 475 Silver Springs, FL 32688	Candidate for U.S. House of Rep. Disbursement for: [ ] Primary [X] General [ ] Other (specify)	10/28/88	$ 1,010.00
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Stark for Congress 815 Campus Way San Bernadino, CA 92405	Candidate for U.S. House of Rep Disbursement for: [ ] Primary [X] General [ ] Other (specify)	10/28/88	1,000.00
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
D. Watkins for Congress P.O. Box 781 Idaho Falls, ID 83405	Candidate for U.S. House of Rep Disbursement for: [ ] Primary [X] General [ ] Other (specify)	10/28/88	$ 2,920.00
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Chabot for Congress 3014 Harrison Ave. Cincinnati, OH 45211	Candidate for U.S. House of Rep Disbursement for: [ ] Primary [X] General [ ] Other (specify)	11/1/88	$ 400.00
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: [ ] Primary [ ] General [ ] Other (specify)		
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: [ ] Primary [ ] General [ ] Other (specify)		

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

TOTAL This Period (last page this line number only) 11,240.00

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

John Wayne Caton
710 Midway Drive
Euless, TX 76039

RE: MUR 2898

Dear Mr. Caton:

This letter acknowledges receipt on June 13, 1989, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by Susan Armey, Congressman Richard K. Armey, O.F. Henning, Jr., Policy Innovation Political Action Committee, Will Radcliff, David W. Warner, Ben E. Tate, Jr., Chabot For Congress Committee, Steven J. Chabot, and the Dick Armey Campaign. 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 2898. 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 Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

9040715275

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Steve J. Chabot
3025 Daytona Avenue
Cincinnati, OH 45211

RE: MUR 2898

Dear Mr. Chabot:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

9904075274

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040775275

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Steven C. Elstun, Treasurer
Chabot For Congress Committee
3014 Harrison Avenue
Cincinnati, OH 45211

RE: MUR 2898

Dear Mr. Elstun:

The Federal Election Commission received a complaint which alleges that the 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 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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9904075270

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040773277

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Ben E. Tate, Jr.
7754 Camargo
Cincinnati, OH 45243

RE: MUR 2898

Dear Mr. Tate:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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9904075278

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

09040775279

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

David W. Warner
8880 Old Indian Hill Road
Cincinnati, OH 45204

RE: MUR 2898

Dear Mr. Warner:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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9904075280

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040775281

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Will Radcliff
1950 Radcliff Drive
Cincinnati, OH 45204

RE: MUR 2898

Dear Mr. Radcliff:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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9904077528 2

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040775283

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

O.F. Henning, Jr.
P.O. Box 85
Lewisville, TX 75067

RE: MUR 2898

Dear Mr. Henning:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040775285

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Susan Armey, Treasurer
Policy Innovation Political
Action Committee
P.O. Box 426
Lewisville, TX 75067

RE: MUR 2898

Dear Mrs. Armey:

The Federal Election Commission received a complaint which alleges that the Committee and you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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9904075239

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040775287

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Mike Keeling, Treasurer
Dick Armey Campaign
P.O. Box 85
Lewisville, TX 75067

RE: MUR 2898

Dear Mr. Keeling:

The Federal Election Commission received a complaint which alleges that the 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 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

09904077352 8 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

Congressman Richard K. Armey
130 Cannon House Office Building
Washington, DC 20515

RE: MUR 2898

Dear Mr. Armey:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2898. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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.

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9904075290

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690. 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

99040775291

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION
89 JUN 30 AM 9:33

LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N. W.
WASHINGTON, D. C. 20006
(202) 785-9500
FAX: (202) 835-0243

GEORGE D. WEBSTER
J. COLEMAN BEAN
ARTHUR L. HEROLD
ALAN P. DYE
BURKETT VAN KIRK
FRANK M. NORTHAM
GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES M. WATKINS
ROBERT M. SKELTON
HUGH K. WEBSTER
ANNE B. POPE

OF COUNSEL
CHARLES E. CHAMBERLAIN
CONSULTANT
A. L. SINGLETON

June 28, 1989

Jonathan Bernstein, Esq.
Office of General Counsel
Federal Election Commission
999-E Street, N.W.
Washington, D.C. 20463

Re: MUR 2898

Dear Jonathan:

I have been retained to represent several of the individuals and entities named as respondents in the above-referenced MUR . Specifically, I will be representing Congressman Richard K. Armey, Susan Byrd Armey, O. F. Henning, Jr., Policy Innovation Political Action Committee, and "Friends of Dick Armey". You will be receiving Designations of Counsel from each entity and individual in the near future.

Given the flurry of complaints filed by Mr. Caton in the past few days and the upcoming July 4th holiday, I will need additional time to prepare responses in each of the MURs. The MURs were received from June 22nd through June 27th. I hereby request an extension of time to July 21, 1989 to file responses to MUR 2898 on behalf of the individuals and entities identified above.

I look forward to working with you again and hope that we can dispose of these MURs in a mutually agreeable manner.

Sincerely,

Frank M. Northam

Frank M. Northam

FMN:dla

RECEIVED
FEDERAL ELECTION COMMISSION
89 JUN 30 AM 11:33

9904075292

OGC 3309

SMITH & SCHNACKE
A LEGAL PROFESSIONAL ASSOCIATION

2900 Dubois Tower
511 Walnut Street
Cincinnati, Ohio 45202-3163
(513) 352-6500

Telex 980085
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Telecopier (513) 352-6614
or (513) 352-6514

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Writer's Direct Dial Number
(513) 352-6635

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUL -3 P12:30

June 30, 1989

Jonathan Bernstein, Esquire
FEDERAL ELECTION COMMISSION
999 E Street, NW
Washington, D.C. 20463

Re: MUR #2898

Dear Mr. Bernstein:

As the enclosed Designation of Counsel indicates, I represent Chabot for Congress and Steve Chabot in the above-captioned matter. Please direct all future correspondence and other materials for these Respondents to me at this address.

We will shortly submit a substantive response for your consideration in this matter. Please contact me if there is anything we can do for you in the interim. Thank you very much.

Sincerely,

Gordon M. Strauss

GORDON M. STRAUSS

GMS/rh
Enclosures

cc: Honorable Steve Chabot
Steven C. Elstun

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION
89 JUL -3 AM 9:14

9904077529 3

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Gordon M. Strauss, Esq.

ADDRESS: 2900 DuBois Tower
511 Walnut Street
Cincinnati, Ohio 45202

TELEPHONE: (513) 352-6635

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.

6/26/89
Date

Signature

RESPONDENT'S NAME: Steven Chabot

ADDRESS: 3014 Harrison Avenue

Cincinnati, Ohio 45211

HOME PHONE: N/A

BUSINESS PHONE: (513) 662-8000

90040775294

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Gordon M. Strauss, Esq.

ADDRESS: 2900 DuBois Tower
511 Walnut Street
Cincinnati, Ohio 45202

TELEPHONE: (513) 352-6635

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.

6-28-89
Date

X Steven C Elstun
Signature

RESPONDENT'S NAME: Steven C. Elstun, Treasurer

ADDRESS: 3014 Harrison Avenue

Cincinnati, Ohio 45211

HOME PHONE: N/A

BUSINESS PHONE: (513) 662-8000

9904077529

OGC 3293

Graydon Head & Ritchey

1900 Fifth Third Center
511 Walnut Street
Cincinnati, Ohio 45202

Mailing Address
P.O. Box 6464
Cincinnati, Ohio 45201

(513) 621-6464

Telecopier (513) 651-3836
Telex 214160

Direct Dial Number

(513) 629-2829

Leslie A. Meek
John W. Warrington
Nelson Schwab, Jr.
Bruce I. Petrie
William H. Anderson
Joseph H. Head, Jr.
John L. Evans, Jr.
Robert L. Kreidler
William R. Hardy
Thomas A. Brennan
Robert S. Marriott
John A. Flanagan*
Peter J. Strauss
Joseph E. Kane
Thomas A. Simons, Jr.
John J. Kropp
John B. Pinney
Glenn V. Whitaker*
William J. Baechtold
James J. Cunningham**
Stephen L. Black
Susan J. Dlott
Thomas W. Kahle
Henry G. Alexander, Jr.
Bruce A. Hoffman
Barbara Scott Bison*
Barbara A. Pantenburg
Michael A. Hirschfeld
Michael R. Barrett
Anthony G. Covatta
Eric C. Okerson
Bruce I. Petrie, Jr.
Richard T. La Jeunesse
Stephen M. Goodson
J. Jeffrey Landen**
Richard G. Schmahl*
Christine A. Buttress**
Robert R. Saelinger**
Mark E. Sims
Harry J. Finke IV
Timothy S. Black**
David E. Fowler
John C. Greiner
Thomas L. Gabelman
Gerald F. O'Connell, Jr.
Robert J. Portman*
Mary W. Schmahl**
Margaret Weingartner Burgin
Donna K. Leonard
A. Christian Worrell III**
Monica Donath Kohnen
Stephanie J. Jones
Daniel C. Heyd
Paul L. Reynolds**
Paul F. Solomon
Debra A. Fraysure
Daniel E. Burke
Daniel R. Hackett
Holly A. Bankemper
Peter A. Fossett

Of Counsel
Michael K. Keating
Robert A. Taft II

*Also admitted in District of Columbia
**Also admitted in Kentucky

June 29, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION
89 JUL -3 AM 11:04

Mr. Jonathan Bernstein, Esq.
General Counsel's Office
Federal Election Commission
Washington, D.C. 20463

RE: MUR2898

Dear Mr. Bernstein:

Our client, Mr. Ben E. Tate, Jr., received Federal Election Commission's General Counsel's letter and Complaint of June 21, 1989 alleging a possible violation of the Federal Election Campaign Act of 1971, as amended.

In response, we are enclosing the following:

(1) Statement of Designation of Nelson Schwab, Jr. as Counsel for Ben E. Tate, Jr.

(2) Affidavit of Ben E. Tate, Jr.

After you have had a chance to review the above, we hope you will agree with us that the Federal Election Commission should find no reason to believe that the complaint sets forth a possible violation of the Act against Mr. Tate.

Please do not hesitate to contact us if you have any further questions about this matter.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUL -3 PM 12:31

Yours very truly,

GRAYDON, HEAD & RITCHEY

By Nelson Schwab, Jr.

VAW/kab
Enclosures

9904075293

AFFIDAVIT

COUNTY OF HAMILTON)
) SS:
STATE OF OHIO)

Ben E. Tate, Jr. being first duly cautioned and sworn, deposes and states that he was a supporter of Steven J. Chabot, candidate for the U.S. House of Representatives from Ohio's First Congressional District in the 1988 elections.

AFFIANT FURTHER STATES that during September and October, 1988 he attended several meetings in connection with Steven J. Chabot's campaign, where he learned that it was important not only to raise funds for Steven J. Chabot's campaign, but it was also important for Steven J. Chabot to demonstrate that he had the ability to raise funds for other conservative causes.

AFFIANT FURTHER STATES that at one of said meetings, he learned that "Policy Innovation Political Action Committee" of Texas supported conservative causes and congressional candidates with philosophies similar to Steven J. Chabot's.

AFFIANT FURTHER STATES that he called a woman at the "Policy Innovation Political Action Committee" office in Texas, whose name he cannot remember, and that the woman confirmed that "Policy Innovation Political Action Committee" did in fact support conservative causes and candidates whose philosophy was similar to that of Steven J. Chabot's.

AFFIANT FURTHER STATES that no one informed him that "Policy Innovation Political Action Committee" would match funds given to it by Steven J. Chabot supporters by its own like contributions to the Steven J. Chabot campaign fund.

AFFIANT FURTHER STATES that during 1988 he made over 45 contributions to candidates, committees, PACs, and funds all with conservative philosophies.

FURTHER AFFIANT SAYETH NOT.

Ben E. Tate, Jr.
Ben E. Tate, Jr.

SWORN TO BEFORE ME a notary public this 29th day of June, 1989.

Notary Public
NELSON SCHWAB, JR. Attorney at Law
Notary Public, State of Ohio
My commission has no expiration date
Section 147.03 R. C.

NS8/37

9904077/5297

STATEMENT OF DESIGNATION OF COUNSEL MUR 2898

MUR 2898

NAME OF COUNSEL: Nelson Schwab, Jr.

ADDRESS: Graydon, Head & Ritchey
1900 Fifth Third Center
511 Walnut Street
Cincinnati, Ohio 45202

TELEPHONE: (513) 629-2829

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.

6/23/89
Date

Ben E. Tate Jr
Signature

RESPONDENT'S NAME: BEN E. TATE, JR

ADDRESS: 7754 CAMARGO Rd
CINCINNATI, OHIO
45243

HOME PHONE: 513-271-4518

BUSINESS PHONE: DO

9904077529 8

OGC 3348

FEDERAL ELECTION COMMISSION
MAIL ROOM

89 JUL -7 AM 11:45

Hunt Development Corporation
Suite 1700, Atrium One
201 East Fourth Street
Cincinnati, Ohio 45202
513/579-9700

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUL -7 PM 2:29

July 6, 1989

Federal Election Commission
999 E Street, NW
Washington, DC 20463
Attn: Jonathon Bernstein, Esq.

Gentlemen:

A copy of the complaint that you recently transmitted to me is attached for reference.

The complaint accurately indicates that I made a $1000 contribution to Policy Innovation Political Action Committee ("PIPAC). The suggestion that this contribution was made in order to "evade reporting of excessive contributions to Chabot" is not true. I was not a contributor to Mr. Chabot's 1988 congressional campaign.

The suggestion in the complaint that I violated 11 CFR 110.4 (b) (2) (ii) is also not true. It is my understanding that this reference deals with "earmarked contributions". I did not need a "conduit" to make a contribution to Chabot's campaign; if I had intended to make a contribution to Chabot, I would simply have handed him a check.

My recollection of the circumstances relating to my contribution of $1000 to PIPAC is as follows:

1. At some time in mid-1988, Stephen Chabot indicated to me that he intended to run for Congress, and he asked me to support his candidancy. I choose not to support Chabot for a variety of reasons: I felt that he needed more legislative experience in Cincinnati's City Council and I felt that neither Mr. Chabot nor anyone other likely candidate had any chance of defeating Tom Luken, the incumbent.

2. Later in 1988, Mr. Chabot talked to me about PIPAC, indicating to me that PIPAC was a supporter of conservative causes, and that he was attempting to raise funds for PIPAC in order to demonstrate his fund raising capabilities; he persuaded me that PIPAC and I held similar political philisophies.

90040752999

3. Prior to the filing of the subject complaint, neither Steve Chabot, nor anyone else, had ever indicated to me that PIPAC made, or intended to make, any contribution to Mr. Chabot's 1988 Congressional campaign.

I am a supporter of numerous organizations with conservative leanings, and in contributing to other PACs, political organizations and committees, and in 1988, my total contributions to such organizations exceeded $20,000. As a general rule, these contributions have been made in response to personal solicitations, and from my perspective, there was nothing out of the ordinary in the solicitation that I received from Mr. Chabot. My personal assessment at the time was that his 1988 campaign was effectively over, and that he was attempting to create good will for the future. I wrote a check to PIPAC a few days before the election at a point in time when it was abundantly clear from the political polls that Chabot would be very unsuccessful in his campaign efforts. As I recall, Chabot received roughly 43% of the vote, and Mr. Luken received 57%; this is the worst performance in recent years by a Republican in Mr. Luken's district.

Sincerely,

David W. Warner

Enclosure
DWW:pm

9904077530

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 10, 1989

Gordon M. Strauss, Esquire
Smith & Schnacke
2900 DuBois Tower
511 Walnut Street
Cincinnati, OH 45202

RE: MUR 2898
Steve J. Chabot
Chabot For Congress Committee
and Steven C. Elstun, as
treasurer

Dear Mr. Strauss:

This is in response to your letter dated July 5, 1989, which we received on July 6, 1989, requesting an extension until July 20, 1989 to respond to the complaint in this matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on July 20, 1989.

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

9904077530 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 10, 1989

Frank M. Northam, Esquire
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

RE: MUR 2898

Congressman Richard K. Armey
Susan Byrd Armey
O.F. Henning, Jr.
Policy Innovation Political Action Committee and Susan Armey, as treasurer
Dick Armey Campaign and Mike Keeling, as treasurer

Dear Mr. Northam:

This is in response to your letter dated June 28, 1989, which we received on June 30, 1989, requesting an extension until July 21, 1989 to respond to the complaints in these matters. Considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on July 21, 1989. In addition, the Commission expects the receipt of the designation of counsel forms from your clients in the next few days.

If you have any questions, please contact Jonathan Bernstein, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

9904075302

OGC 3396

LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N. W.
WASHINGTON, D. C. 20006
(202) 785-9500
FAX: (202) 835-0243

GEORGE D. WEBSTER
J. COLEMAN BEAN
ARTHUR L. HEROLD
ALAN P. DYE
BURKETT VAN KIRK
FRANK M. NORTHAM
GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES M. WATKINS
ROBERT M. SKELTON
HUGH K. WEBSTER
ANNE B. POPE

OF COUNSEL
CHARLES E. CHAMBERLAIN
CONSULTANT
A. L. SINGLETON

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUL 13 AM 3:42

July 11, 1989

Jonathan Bernstein, Esq.
Office of General Counsel
Federal Election Commission
999-E Street, N.W.
Washington, D.C. 20463

Re: MUR 2898

Dear Jonathan:

Enclosed are Designations of Counsel from the following individuals and entities:

1. Congressman Richard K. Armey;

2. Susan Byrd Armey, indivdiually and as Treasurer, Policy Innovation PAC;

3. Michael F. Keeling, individually and as Treasurer, Friends of Dick Armey;

4. O. F. Henning, Jr., individually and as Assistant Treasurer, Friends of Dick Armey;

5. Friends of Dick Armey; and

6. Policy Innovation Political Action Committee.

Sincerely,

Frank M Northam

Frank M. Northam

FMN:dla
Enclosures

9904077530

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Frank Northam

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W
Suite 1000
Washington, D.C. 20006

TELEPHONE: (202) 785-9500

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.

7-1-89
Date

Susan Armey
Signature

RESPONDENT'S NAME: SUSAN ARMEY

ADDRESS: 330 CANYON OAKS
COPPER CANYON, TX 76226

HOME PHONE:

BUSINESS PHONE:

RECEIVED
FEDERAL ELECTION COMMISSION
89 JUL 13 AM 3:42

9904077530 4

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Frank Northam

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Ave. NW
Suite 1000
Washington, D.C. 20006

TELEPHONE: (202) 785-9500

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.

7-1-89
Date

Susan Ormey
Signature

RESPONDENT'S NAME: POLICY INNOVATION PAC

ADDRESS: P.O. BOX 426
LEWISVILLE, TX 75067

HOME PHONE:

BUSINESS PHONE:

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FEDERAL ELECTION COMMISSION
89 JUL 13 AM 3:42

9904077530

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Frank Northam

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

TELEPHONE: (202) 785-9500

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.

7/5/89
Date

O.F. Henning Jr.
Signature

RESPONDENT'S NAME: O.F. HENNING, JR.

ADDRESS: 4342 BOCA BAY DR.
DALLAS, TX 75244

HOME PHONE: (214) 233-6327

BUSINESS PHONE:

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FEDERAL ELECTION COMMISSION
89 JUL 13 AM 3:42

90040775306

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: FRANK NORTHAM

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Ave. NW #1000
Washington, DC 20006

TELEPHONE: (202) 785-9500

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.

6-27-89
Date

Dick Armey
Signature

RESPONDENT'S NAME: DICK ARMEY

ADDRESS: 130 CANNON BUILDING
WASHINGTON, DC 20515

HOME PHONE: (817)

BUSINESS PHONE: 202/225-7772

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FEDERAL ELECTION COMMISSION
89 JUL 13 AM 3:42

90040775307

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Frank M. Northam, Esq.

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

TELEPHONE: (202) 785-9500

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.

6/30/89
Date

Michael F. Keeling
Signature

RESPONDENT'S NAME: Michael F. Keeling

ADDRESS: 257 Pinyon
Coppell TX 75019

HOME PHONE: 214/462-0758

BUSINESS PHONE: 214/385-7000 Ext 236

9904077308

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89 JUL 13 AM 3:42

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Frank Northam

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Ave. NW
Suite 1000
Washington, D.C. 20006

TELEPHONE: (202) 785-9500

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.

6/30/89
Date

Michael J. Keeling
Signature

RESPONDENT'S NAME: Friends of Dick Armey

ADDRESS: P.O. Box 85
Lewisville, TX 75067

HOME PHONE:

BUSINESS PHONE:

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89 JUL 13 AM 3:42

90040775309

06C 3448

SCHWARTZ & SCHWARTZ
ATTORNEYS AND COUNSELORS AT LAW
405 SCHWARTZ BLDG.
906 MAIN STREET
CINCINNATI, OHIO 45202

JOSEPH SCHWARTZ
ROBERT L. SCHWARTZ
MICHAEL S. SCHWARTZ

PHONE (513) 241-3447

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE SERVICES BRANCH
89 JUL 17 AM 11:24

July 13, 1989

CERTIFIED MAIL

Federal Election Commission
Washington, D.C. 20463

ATTN: Jonathan Bernstein

RE: MUR 2898
Will Radcliff

Dear Mr. Bernstein:

Enclosed please find the original and one copy each of the Affidavit of Will Radcliff and the Statement of Designation of Counsel.

Very truly yours,
SCHWARTZ & SCHWARTZ

Robert L. Schwartz

RLS/jls

Enclosures: Affidavit
Designation of Counsel

cc: W. Radcliff

9904075310

RECEIVED
FEDERAL ELECTION COMMISSION
89 JUL 17 PM 3:53

BEFORE THE

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

In the matter of:	:	
RICHARD K. ARMEY	:	MUR: #2898
and,	:	
SUSAN BYRD ARMEY	:	AFFIDAVIT OF WILL RADCLIFF
O.F. HENNING, JR.	:	
WILL RADCLIFF	:	
DAVID W. WARNER	:	
BEN E. TATE, JR.	:	
CHABOT FOR CONGRESS COMMITTEE Steven C. Elstun, Treasurer 3014 Harrison Avenue Cincinnati, Ohio 45211	:	
Respondents	:	

NOW COMES the Affiant, WILL RADCLIFF, and for his Affidavit in the foregoing matter states as follows:

1. I contributed $1,000.00 to Chabot for Congress Committee. I also contributed $2,400.00 to Policy Innovation Political Action Committee ("PIPAC").

99040775311

2. The contribution I made to PIPAC was a result, in part, of conversations I had with Mr. Steve Chabot, also a Respondent in the above captioned MUR. It was my understanding at the time I made the contribution to PIPAC that PIPAC was an entity which supported candidates whose philosophies were similar to what I understand Respondent Chabot's philosophies to be, and also supported Republican candidates generally.

3. When I made the contribution to PIPAC, it was not my understanding that PIPAC would contribute any of my contribution in turn to Respondent Chabot or to Chabot for Congress Committee, Respondent Chabot's principal campaign committee, registered with the Federal Election Commission as a political committee, as the relevant terms are defined in the FECA.

4. Affiant never attempted or intended to violate any provision of the Federal Election Campaign Act, as amended, including specifically provisions prohibiting "earmarking", contributions in the name of another, or contribution limits.

FURTHER AFFIANT SAYETH NAUGHT.

WILL RADCLIFF

9904077531 2

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On this 17th day of July, 1989, Will Radcliff, having been first duly sworn and cautioned, came before me and acknowledged the foregoing instrument, and that the signing thereof was his own free act and deed.

NOTARY PUBLIC

9904077531 3

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2898

NAME OF COUNSEL: Robert L. Schwartz

ADDRESS: 906 Main Street, Suite 405
Cincinnati, Ohio 45202

TELEPHONE: (513) 241-3447

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.

JUL 6 1989
Date

Signature

RESPONDENT'S NAME: Will Radcliff

ADDRESS: 1950 Radcliff Drive
Cincinnati, Ohio 45204

HOME PHONE:

BUSINESS PHONE: (513) 244-2400

9904077531 4

06C 3484

RECEIVED
FEDERAL ELECTION COMMISSION
89 JUL 20 PM 3:20

SMITH & SCHNACKE
A LEGAL PROFESSIONAL ASSOCIATION

2900 DuBois Tower
511 Walnut Street
Cincinnati, Ohio 45202-3163
(513) 352-6500

Mailing (98600)
Cable "SMITHLAW"
Telecopier (513) 352-6614

Writer's Direct Dial Number

Other Offices Located In:
Dayton, Ohio • Columbus, Ohio • Orlando, Florida

(513)352-6635

July 19, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUL 20 PM 3:45

Jonathan Bernstein, Esquire
Office of the General Counsel
FEDERAL ELECTION COMMISSION
999 E. Street, N.W.
Washington, D.C. 20463

Re: MUR 2898

Dear Mr. Bernstein:

Our firm is counsel to Chabot for Congress Committee, a Respondent in the above-captioned MUR, We have previously delivered Designations of Counsel to you in respect of each Respondent. This letter and its attachments constitute the initial response of Respondents Chabot for Congress Committee (the "Committee") and Steven J. Chabot ("Chabot"). I shall refer to these two collectively as "Respondents." The enclosures include: 1) Affidavit of Steven Elstun, Treasurer for the Committee; and 2) Affidavit of Steven J. Chabot, the candidate whose principal campaign committee is Chabot for Congress Committee. They describe the circumstances of the subject contributions.

The Complaint alleges a conspiracy, in effect, to exceed the campaign contribution limits of the Federal Election Campaign Act ("FECA"), and a series of attempts to make contributions in the name of another by the process of "earmarking" the funds. Complainant alleges that three people who contributed funds to Respondent PIPAC (Policy Innovation Political Action Committee) gave that money to PIPAC with the express understanding that all or some portion of it would be returned to the Committee for purposes of influencing Chabot's election to the U. S. House of

9904073315

Representatives. Both Chabot and the Committee categorically deny the existence of any such conspiracy or underlying motive.[1]

Statement of Facts

Mr. Chabot is currently a member of Cincinnati City Council, and an attorney in private practice. He was a school teacher before entering the legal profession. In addition to his public office, he holds positions in civic organizations, as well. A copy of his biography is attached for your information.

The Committee is Chabot's principal campaign committee, organized, filed and reporting with the Clerk of the House and the Commission in accordance with the FECA. PIPAC appears to be registered with the Commission as a qualified multi-candidate committee [2 U.S.C. §441a(a)(4)], and PIPAC made contributions to the Committee in the amount of $5,000.00, including contributions in kind valued at $80.00 and contributions by check in the aggregate amount of $4,920.00. This is the legal limit of $5000 per election permitted to a qualified multi-candidate committee under 2 U.S.C. §441a(a)(2).

The Complaint alleges that the Respondents coordinated the transmittal of contributions from three contributors (Respondents Warner, Tate, and Radcliff) through PIPAC. (Complaint paragraphs 3 and 6). The Exhibits show that PIPAC made contributions to the Committee on the October 28, October 31, and November 1, 1988, while PIPAC received contributions from the three individual Respondents on October 28, November 1, and November 8, 1988. The bulk of the money PIPAC received from the three individual Respondents, $3400, was received on November 8, 1988, at least a week after PIPAC had made its contributions to the Committee.

The Committee's previous reports to the Clerk and the Commission contain records of several contributions in kind from

---

1/ In another Complaint, Complainant has apparently raised the issue of affiliation between PIPAC and another political committee, Friends of Dick Armey (Complaint, page 3). Friends of Dick Armey is apparently the principal campaign committee for Congressman Richard Armey, a Respondent in this MUR. The Committee has no knowledge of any such illegal interrelationship, relying on the FEC's designation of PIPAC as a qualified multi-candidate committee.

9904077531 6

PIPAC, in the form of reports and other documents. Copies of the relevant pages are attached for the Commission's convenience, though the Commission may take administrative notice of the entirety of these reports in its records.

Discussion

Mr. Chabot's Affidavit notes that he was involved in the process of raising funds for PIPAC. He discussed PIPAC with the three individual Respondents before they made contributions to PIPAC, and those discussions were in part responsible for the contributions being made at all. (Affidavit of Steven Chabot, paragraph 4). As his Affidavit also indicates, this was for reasons beyond his own campaign. Chabot was raising money for a "sympathetic" organization because he believed in it and because he considers such activity an appropriate hallmark for a successful person in his political and professional position.

Mr. Chabot refers in his Affidavit to two notebooks which PIPAC contributed to his campaign, in kind, as the basis for his understanding of PIPAC's scope of operations. We understand that copies of the notebooks will be provided by PIPAC in the course of its response, so we have merely excerpted them here. We will make them available to you if that would be helpful. In any case, as Mr. Chabot notes, these notebooks are substantial pieces of work. They are thoughtful, filled with data (the accuracy of which we presume, but have not checked) and were very useful to Mr. Chabot's campaign. Furthermore, the second volume represents additional materials and updated information in respect of earlier work. These materials do not represent the efforts of some "fly-by-night" money conduit, and Mr. Chabot relied on them in making his own judgement about PIPAC's worthiness. There was much more to the relationship than PIPAC's cash contributions to the Committee.

Mr. Chabot's representations of PIPAC to prospective contributors were also based in no small part on the scope and quality of these materials. However, we would note specifically that it is our understanding that the three individual Respondents made their own, independent judgments as to whether they would contribute to PIPAC. We understand, in fact, that Respondent Tate actually telephoned PIPAC to determine if PIPAC was an organization which supported his philosophies. Further, we note that Respondent Warner made no contribution to Chabot (or the Committee) at all. Mr. Radcliff contributed the maximum to Chabot's general election campaign, and also $2,400 to PIPAC. It

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is our understanding that he made this contribution to PIPAC because he believed that PIPAC stands for many, if not most, of the things for which Chabot stands. He has indicated to us that he never considered the prospect of an earmarked contribution, and we understand that he has so indicated to the Commission.

PIPAC's contributions to the Committee largely pre-dated the individual Respondents' contributions to PIPAC. We do not presume to speak for PIPAC as to its reasons for supporting Chabot, but we believe that they are valid ones.

Complainant imputes sinister motives to the timing of these contributions, even though PIPAC made most of its contributions to Chabot before receiving money from donors Chabot had solicited. The reality of elections is that many contributions are made "at the last minute." Like any challenger, Chabot needed money, and the timing appeared critical. It always appears critical in the last week. Mr. Chabot's opponent spent over $800,000 to keep his seat, which reflected a strong campaign on Chabot's part. It is not unusual for strong PACs to support strong campaigns with large contributions toward the end of the campaign, particularly when such a challenger has demonstrated that he merits it. It is our opinion that this was what happened in Chabot's campaign.

From its report, it is evident that PIPAC supported a number of candidates, and presumably sought funds to do so. The press of an imminent election is a well known stimulus for fundraising. The Commission has presumably encountered sufficient fundraising mechanisms and strategies to recognize this. As the election approaches, political committees (and candidates) try to raise more and more money.

So, as last year's general election approached, these committees sought and received contributions. They did not work together to violate the law, however.

Conclusion

Chabot and the Committee reassert in conclusion what they stated at the outset: there is no conspiracy to violate the FECA. Chabot is an honorable, well respected member of Cincinnati City Council, and neither he nor his committee had any intention of breaking a law. Chabot raised some money for a committee which he believed to share his vision of America's future. That committee supported Chabot, as well, beginning well

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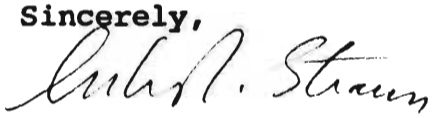
before Chabot supported it. These things do not automatically constitute a conspiracy or worse.

These Respondents will work with the Commission to resolve this matter, in a climate of reason and cooperation. Respondents were at all times and remain unaware of any circumstances which might support Complainant's allegations that PIPAC and Friends of Dick Armey are one and the same. Respondents have at all times dealt with PIPAC as a separate, independent, qualified multi-candidate committee, able to make and receive contributions in accordance with the FECA.

As such, these Respondents submit that this MUR should be dismissed with an express finding of No Reason To Believe a violation of the Act has occurred.

Thank you very much for your assistance in this matter. Please do not hesitate to contact us if there is anything else we may do.

Sincerely,



GORDON M. STRAUSS

GMS/rh
Enclosures

9904077531 9

BEFORE THE

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

In the matter of:	:	
RICHARD K. ARMEY	:	MUR: #2898
SUSAN BYRD ARMEY	:	AFFIDAVIT OF
O.F. HENNING, JR.	:	Steven J. Chabot
WILL RADCLIFF	:	
DAVID W. WARNER	:	
BEN E. TATE, JR.	:	
and,	:	
CHABOT FOR CONGRESS COMMITTEE	:	
Respondents	:	

NOW COMES the Affiant, Steven J. Chabot, and for his Affidavit in the foregoing Matter states as follows:

1. I was a candidate for United States Congress in the general election of 1988, as those terms are defined in 2 U.S.C. §431 et seq. ("FECA"). Chabot for Congress Committee was my principal campaign committee, and registered with the Federal Election Commission as a political committee, as the relevant terms are defined in the FECA.

2. Chabot for Congress Committee received contributions from a number of individuals and political committees, including contributions from Policy Innovation Political Action Committee ("PIPAC"), and from two of the individual Respondents in this MUR, Ben E. Tate, Jr., and Will Radcliff. These individual Respondents, and David Warner, also a Respondent in this MUR, made contributions to PIPAC, to the best of Affiant's knowledge.

3. Attached hereto are copies of certain portions of materials which PIPAC provided to my campaign in the form of contributions in kind. These materials are taken from two 2" notebooks containing comparable information for dozens of pieces of legislation. I have listed every piece of legislation which PIPAC analyzed in these notebooks. The first notebook is dated May 27, 1988, and the second one is dated August 29, 1988, and contains updated information.

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The materials which I have excerpted for your information represent an analysis of Pepper Bill/Long Term Health Care/Rule (PIPAC Vote Selection #176). There is an analysis identical to this excerpt for every Bill named in the attached lists. Each analysis describes a specific Bill, notes the vote thereon by every Member of the House (including that of my opponent), and describes of how to use those votes in a challenger's campaign.

This is a sophisticated analysis, in my opinion, national in its scope. The Bills represent a significant portion of what one might call "Conservative Agenda". It is evident from these materials that PIPAC is a conservative national PAC, seeking to get other conservatives like me elected. Its focus appeared far broader than the 1988 election. Obviously, PIPAC has taken a deep look at all the legislation affecting the issues of importance to conservatives. I was impressed and I was pleased to help PIPAC continue this work, which I considered important.

No one reviewing this legislative compendium would consider PIPAC to be any mere "laundering" operation. Hundreds of hours must have gone into preparing these notebooks, which I used extensively in my campaign. Our perception of PIPAC was that it is a large, dedicated, and capable conservative PAC. That is how I represented PIPAC to anyone with whom I ever discussed it, including the individual Respondents.

4. The aforementioned contributions from the individual Respondents to PIPAC were, to Affiant's information and belief, in part the result of conversations between Affiant and the individual Respondents.

5. Those conversations between Affiant and the individual Respondents (Warner, Tate, and Radcliff) were in part the result of Affiant's desire to establish himself as a "national fundraiser," and in part to assist PIPAC, as noted above. Affiant believed and believes still, that it is important for persons and groups of like philosophy to work together, regardless of whether they are in Ohio or in Texas, and that establishing relationships with like-minded organizations around the country was a desirable undertaking. Affiant was aware of PIPAC's operations and philosophies by virtue of the contributions in kind which PIPAC had made to Affiant's principal campaign committee before Affiant engaged in the subject conversations with the individual Respondents and others, and further by virtue of representations and information from representatives of the National Republican Congressional Committee, who were advising his campaign. In this regard, Affiant spoke to political, civic, and business leaders in the community about making possible contributions to PIPAC.

6. Upon Affiant's information and belief, the three individual Respondents did make contributions to PIPAC. Upon Affiant's information and belief, Respondent Ben E. Tate, Jr. telephoned PIPAC and spoke to a person there, expressly

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ascertaining an affinity of philosophy and interests before making a contribution to PIPAC. Upon Affiant's further information and belief, Respondent David Warner made a contribution to PIPAC, but Respondent Warner make no contribution to Chabot for Congress or to Affiant, individually, for purposes of influencing Affiant's election. Respondent Radcliff made a contribution to Chabot for Congress Committee in the amount of $1000 for the general election. Upon Affiant's information and belief, Respondent Radcliff made a contribution to PIPAC in the amount of $2400 for purposes of strengthening PIPAC and the candidates PIPAC might support, but expressly with no understanding whatsoever that any of Respondent Radcliff's contribution would flow back directly into Affiant's principal campaign committee.

7. Affiant entered into no agreement with PIPAC or the individual Respondents for the "funneling", "earmarking", or other illegal transfer of funds between the individual Respondents and Affiant or his principal campaign committee. Affiant at all times believed and still believes that PIPAC was and is an independent, a legitimate, qualified multi-candidate committee, as that term is defined in the FECA, and that any contributions to PIPAC or from PIPAC comported at all times with the law.

Further the Affiant saith naught.

Steven J. Chabot

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On this 19th day of July, 1989, Steven J. Chabot, having first been duly cautioned and sworn, came before me and acknowledged the foregoing instrument, and that the signing thereof was his own free act and deed.

Notary Public

GORDON M. STRAUSS, Attorney at Law
NOTARY PUBLIC - STATE OF OHIO
My Commission has no expiration date. Section 147.03 O.R.C.

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BEFORE THE

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

In the matter of:	:	
RICHARD K. ARMEY	:	MUR: #2898
and,	:	
SUSAN BYRD ARMEY	:	AFFIDAVIT OF Steven Elstun
O.F. HENNING, JR.	:	
WILL RADCLIFF	:	
DAVID W. WARNER	:	
BEN E. TATE, JR.	:	
CHABOT FOR CONGRESS COMMITTEE	:	
Respondents	:	

NOW COMES the Affiant, Steven Elstun, and for his Affidavit in the foregoing matter states as follows:

1. I am Treasurer of Respondent Chabot for Congress Committee ("Chabot for Congress"), the principal campaign committee for Steven J. Chabot in the congressional election for the Second District of Ohio in the 1988 election, as each of the relevant terms is defined in the Federal Election Campaign Act ("FECA"), and I served in that capacity at all times relevant to this Matter Under Review ("MUR").

2. At no time did I engage in any discussions with personnel of Respondent Policy Innovation Political Committee ("PIPAC") regarding contributions it had made or would make to Chabot for Congress. I received, recorded, and reported the subject contributions in accordance with the requirements of the FECA.

3. Attached hereto is the Affidavit of Steven J. Chabot, which describes the circumstances surrounding

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contributions made to PIPAC and subject of the instant MUR. The contents of this Affidavit constitute my full and complete understanding of this matter. I had no reason to believe that any contribution received from PIPAC was anything other than a legal donation of funds legally obtained from willing and independent donors.

4. At no time was Chabot for Congress party to any knowing or willful violation of any provision of the FECA, including expressly every allegation made in the Complaint.

Further the Affiant saith naught.

Steven Elstun

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON

On this 19th day of July, 1989, Steven Elstun, having first been duly cautioned and sworn, came before me and acknowledged the foregoing instrument, and that the signing thereof was his own free act and deed.

Notary Public

GORDON M. STRAUSS, Attorney at Law
NOTARY PUBLIC - STATE OF OHIO
My Commission has no expiration date. Section 147.03 O.R.C.

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JOHN W. HAZARD, JR.
CHARLES M. WATKINS
ROBERT M. SKELTON
HUGH K. WEBSTER
ANNE B. POPE

OF COUNSEL
CHARLES E. CHAMBERLAIN
CONSULTANT
A. L. SINGLETON

July 20, 1989

RECEIVED
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OFFICE OF GENERAL COUNSEL
89 JUL 21 AM 9:06

Jonathan Bernstein, Esq.
Office of General Counsel
Federal Election Commission
999-E Street, N.W.
Washington, D.C. 20463

Re: MUR 2898

Dear Mr. Bernstein:

This letter constitutes a response on behalf of Congressman Richard K. Armey, Mrs. Susan Armey, Mr. O. F. Henning, Jr., Policy Innovation Political Action Committee ("PIPAC"), and Mr. Michael F. Keeling, Treasurer of Friends of Dick Armey ("FODA") to the complaint filed by Mr. John Wayne Caton and numbered MUR 2898.

Although the complaint in MUR 2898 refers to Mr. Caton's separate MUR's alleging affiliation between PIPAC and "Friends of Dick Armey," MUR 2898's specific allegations only involve PIPAC, Mrs. Armey as treasurer of PIPAC, certain contributors to PIPAC, Steve Chabot and Chabot for Congress. Therefore, Congressman Armey, FODA, Mr. Keeling and Mr. Henning, are improperly named as respondents.

The essential allegations of Mr. Caton's complaint are that PIPAC "acted as a conduit" for certain of PIPAC's contributions in violation of 11 C.F.R. §110.4(b)(2)(ii). Mr. Caton bases his allegations on the fact that three of PIPAC's numerous contributors were from the same congressional district in which Steve Chabot was the Republican candidate for Congress and that PIPAC made contributions to Mr. Chabot's principal campaign committee, Chabot for Congress. The only <u>facts</u> asserted by Mr. Caton are the contributions to PIPAC and PIPAC's contributions to Chabot for Congress; the remainder of his complaint is based on rank supposition and an intentional attempt by Mr. Caton to mislead the Commission as to the timing of the contributions received and made by PIPAC.

As has been explained in responses to other MUR's initiated by Mr. Caton, PIPAC is an independent, multicandidiate policial action committee with two primary goals: 1) to raise funds for

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Republican challengers, open seat candidiates, and embattled incumbents, and 2) to provide challengers with information that will assist them in defeating incumbent Democrats. In 1988, PIPAC prepared "A Challenger's Guide to Key Votes in the 100th Congress," a comprehensive guide to all politically important votes in the House of Representatives with explanations of the background on the issues and advice as to how a challenger could best use those votes against his opponent.

As the FEC's own records reflect, during 1988 PIPAC received contributions in excess of $90,000 from individuals and political action committees throughout the nation. PIPAC made in-kind contributions of the "Vote Guide" to 56 congressional candidates and monetary contributions to 39 candidates. Mr. Chabot was merely one of the candidates who received such contributions.

Mr. Caton has attempted to create the false impression that Mr. Chabot received "more than 3-1/2 times the amount donated to other congressional candidates" and that he was the only candidate who received multiple contributions from PIPAC. Neither contention is true. As Exhibit A demonstrates, many candidates received contributions from PIPAC in excess of $500.00 or $1,000.00, and two other candidates (in addition to Mr. Chabot) received contributions in the aggregate amounting to $5,000.00.

Nor is the timing of contributions to Mr. Chabot indicative of the use of PIPAC as a "conduit" in "coordination" with the contributors to PIPAC. In fact, the timing conclusively demonstrates that PIPAC's contributions to Mr. Chabot could not have been "in response" to the receipt of contributions from Mssrs. Tate, Warner and Radcliff. The following chart reflects the contributions to and by PIPAC that are referenced in Mr. Caton's complaint.

Contributions to PIPAC		PIPAC Contributions to Chabot	
Tate: 10/28/88	$500.00	10/28/88	$500.00
		10/31/88	$2,500.00
Tate: 11/01/88	$400.00	11/01/88	$400.00
Warner: 11/08/88	$1,000.00		
Radcliff: 11/08/88	$2,400.00		

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As is readily apparent, between October 28, 1988 and November 1, 1988, PIPAC contributed $3,400.00 to Mr. Chabot; that amount, when combined with prior contribution's to Mr. Chabot, meant that PIPAC had reached the $5,000.00 maximum level by November 1, 1988. Only Mr. Tate's contributions to PIPAC were received on or before that date. The contributions to PIPAC from Mssrs. Warner and Radcliff were received one week later. Thus, there is no way in which PIPAC's contributions to Mr. Chabot can be viewed as having been made "in response" to the receipt of contributions from Ohio residents.

The fact that PIPAC made three separate contributions to Mr. Chabot over a brief period of time just prior to the election is readily understandable. During the 1988 elections, PIPAC selected several challengers to whom it would make contributions. PIPAC followed the progress of all such candidates and, as election day neared, pinpointed those candidates who were waging effective and strong campaigns that would benefit most from the receipt of additional contributions. Mr. Chabot was one of those candidates. Similar "last minute" contributions were made by PIPAC to the other two candidates to whom PIPAC contributed the maximum $5,000.00 amount. (Watkins for Congress, Idaho--$1,000.00 on October 14, 1988 and $2,920.00 on October 28, 1988; Volunteers for Knox White, Tennessee--$2,000.00 on October 14, 1988 and $1,920.00 on October 28, 1988).

The implication of Mr. Caton's complaint is that PIPAC "coordinated" with its contributors from Ohio to "funnel" funds to Mr. Chabot. The facts set forth above conclusively demonstrate that such was not, and could not have been, the case. PIPAC never discussed, directly or indirectly, its plans or strategies for contributing to Mr. Chabot's campaign with Mssrs. Tate, Warner, or Radcliff, and Mr. Caton has presented no evidence whatsoever to the contrary. In a similar context, in MUR 1252/1299 (involving the alleged coordinarion of independent expenditures), the Geneal Counsel's Office found that, in the absence of evidence of direct or indirect contacts between the alleged "coordinating" entities, no action should be taken by the FEC. This position was upheld in the courts. Common Cause v. FEC, 655 F. Supp. 619 (D.D.C. 1986), rev'd on other grounds, 842 F.2d 436 (D.C. Cir. 1988).

PIPAC did devote special attention to Mr. Chabot's campaign because of its vitality, strength, and potential for being successful. As a result, PIPAC contributed the maximum amount to Mr. Chabot, particularly when the election was imminent and the campaign had demonstrated its continuing viability. The facts concerning contributions to PIPAC from Mssrs. Tate, Warner and Radcliff establish that PIPAC could not have been influenced by

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their contributions in making its decisions as to when and how much to give to the Chabot campaign. The bulk of those contributions to PIPAC were made after PIPAC had "maxed-out" on Mr. Chabot and, in any event, PIPAC did not consult its contributor list in making determinations as to the candidates that were deserving of PIPAC's support.

For all of the foregoing reasons, the complaint underlying MUR 2898 should be dismissed.

The respondents to this MUR waive the confidentiality provisions of sections 437g(a)(4)(B) and 437g(a)(12)(A) of Title 2 and 11 C.F.R. §111.21.

Respectfully submitted,

Frank M Northam

Frank M. Northam

FMN:dla

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EXHIBIT A

PIPAC CONTRIBUTIONS FOR 1988

Incumbents

Sweeney (TX 14)	$2,000	Lost 46-54%
HIler (IN 3)	$2,000	Won 54-46
Lagomarsino (CA 19)	$1,000	Won 51-49
Inhofe (OK 1)	$1.000	Won 53-47
Hansen (UT 1)	$1,000	Won 60-40
Stangeland (MN 7)	$1,000	Won 55-45
Ritter (PA 15)	$1,000	Won 57-43
Coble (NC 6)	$1,000	Won 62-38
Marlenee (MT 2)	$1,000	Won 56-44
Holloway (LA 8)	$1,000	Won 57-43
Miller (WA 1)	$1,000	Won 55-45
Schaefer (CO 6)	$1,000	Won 64-36
Pursell (MI 2)	$500	Won 55-45
Davis, Bob (MI 11)	$500	Won 60-40
Roth (WI 8)	$500	Won 70-30
Spence (SC 2)	$500	Won 54-46
Davis, Jack (IL 4)	$500	Lost 49.9-50.1

Open Seats

Paxon (NY 31)	$2,000	Won 54-46%
Milner (TX 13)	$2,000	Lost 47-53
Hancock (MO 7)	$1,500	Won 53-47
Collins (MS 4)	$1,000	Lost 45-55
Azzolina (NJ 13)	$1,000	Lost 47-53
Stearns (FL 6)	$1,000	Won 53-47
Schiff (NM 1)	$500	Won 52-48
Cox (CA 40)	$500	Won 69-31
Rorhrabacher (CA 42)	$500	Won 66-34
Smith, Larkin (MS 5)	$500	Won 55-45
Douglas (NH 2)	$500	Won 57-43

Challengers

Republican		Dem. Incumbent	Amt. PIPAC gave to Republican
White (SC 3)	lost 48-52%	Patterson	$5,000
Watkins (ID 2)	lost 36-64	Stallings	$5,000
Chabot (OH 1)	lost 44-56	Luken	$5,000
Fetzer (NC 4)	lost 42-58	Price	$3,000
Taylor (NC 11)	lost 49.9-50.1	Clark	$2,000
Coker (TN 3)	lost 43-57	Lloyd	$1,000
McQueen (TX 1)	lost 37-63	Chapman	$1,000
Stark (CA 36)	lost 44-56	Brown	$1,000
Judd (VA 6)	lost 36-64	Olin	$250
In Kind (to 53 Republican Challengers for Vote Guide)			$4,160

Special Elections in 1988

McCrery (LA 4)	$1,000	Won
Arey (VA 5)	$1,000	Lost

Total PIPAC contributions for 1988 $56,410

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Congressman Richard K. Armey Susan Armey O.F. Henning, Jr. Will Radcliff David W. Warner Ben E. Tate, Jr. Steve J. Chabot Chabot For Congress Committee and Steven C. Elstun, as treasurer Dick Armey Campaign and Mike Keeling, as treasurer Policy Innovation Political Action Committee and Susan Armey, as treasurer	)	MUR 2898

GENERAL COUNSEL'S REPORT

I. INTRODUCTION

The complainant alleges that an authorized congressional committee and a non-connected multicandidate political committee should be viewed by the Commission as affiliated committees. The

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complainant further alleges that three (3) individuals used the unauthorized committee as a conduit to evade their individual contribution limitations to a congressional candidate.

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PAGES 3 THROUGH 8 DO NOT PERTAIN TO MUR 2898.

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III. MUR 2898 - The Use of a Conduit to Evade Contribution Limitations

In MUR 2898, the complainant alleges that Respondents Will Radcliff, Ben E. Tate, Jr., and David W. Warner intentionally used PIPAC as a conduit in order to evade their individual contribution limitations to Chabot For Congress Committee ("Chabot Committee") in violation of 11 C.F.R. § 110.1(b)(1). While the complainant names Steven Chabot and the Chabot Committee as respondents, the complainant failed to allege any specific violation by them. The complainant further alleges that PIPAC acted as a conduit for Respondents Radcliff, Tate and Warner in violation of 11 C.F.R. § 110.4(b)(2)(ii).

Respondent Chabot was a Republican candidate for Congress in the 1st Congressional District of Ohio and Respondents Radcliff, Tate, and Warner reside in this congressional district. Each of the three individuals made contributions to PIPAC between October 28 and November 8, 1988, for a total of $4,300. PIPAC made several contributions to the Chabot Committee totaling at least $4,480, between June 30 and November 1, 1988. Complainant points to three separate contributions PIPAC made to the Chabot Committee on October 28, October 31, and November 1, 1989, totaling $3,400, contending that the issuing of these separate contributions to the Chabot Committee was in response to receiving contributions from Respondents Radcliff, Tate and Warner. Complainant also claims that PIPAC's total contributions to Chabot Committee is more than

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three and a half times more than the amounts contributed to any other congressional candidates by PIPAC.

A. Applicable Law

Pursuant to 2 U.S.C. § 441a(a)(1)(A), no person shall make a contribution to any candidate and his authorized committees for any election for Federal office that in aggregate exceeds $1,000. Pursuant to 2 U.S.C. § 441a(a)(1)(C), no person shall make contributions to any political committee that in aggregate exceeds $5,000 per calendar year. In addition, pursuant to 2 U.S.C. § 441f and 11 C.F.R. § 110.4(b)(2)(ii), no person shall make a contribution of money or anything else of value in the name of another. See also 11 C.F.R. § 110.1(h) (individual who contributes to a candidate may not also contribute to a multicandidate committee "with the knowledge that a substantial portion [of that contribution] will be contributed to...that candidate").

B. Application of Law to Alleged Facts

According to Commission records, Mr. Radcliff and Mr. Tate both contributed $1,000 to Chabot Committee, on January 28, 1988 and October 18, 1988, respectively. Mr. Warner made no itemized contributions to the Chabot Committee. On October 28, 1988, Mr. Tate gave $500 to PIPAC, on November 1, 1988, Mr. Tate gave $400 to PIPAC, and on November 8, 1988, Mr. Radcliff and Mr. Warner gave $2,400 and $1,000 to PIPAC respectively. The following chart sets out these transactions along with PIPAC's

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donations to Chabot Committee:

Date	Contributor	Contribution to PIPAC	Contribution to Chabot Cmte.
1/28/88	Will Radcliff		$1,000
6/30/88	PIPAC		$40 (in-kind)
9/23/88	PIPAC		$500
9/30/88 4/	PIPAC		$40 (in-kind)
10/14/88	PIPAC		$500
10/18/88	Ben E. Tate, Jr.		$1,000
10/28/88	Ben E. Tate, Jr.	$500	
10/28/88	PIPAC		$500
10/31/88	PIPAC		$2,500
11/1/88	PIPAC		$400
11/1/88	Ben E. Tate, Jr.	$400	
11/8/88	David Warner	$1,000	
11/8/88	Will Radcliff	$2,400	

As the chart illustrates, PIPAC reported receiving Mr. Tate's two contributions, of $500 and $400, on the same days it reported PIPAC contributions in those amounts to Chabot Committee. On the other hand, the other larger contributions to PIPAC by Messrs. Warner and Radcliff were received approximately one week after PIPAC's last contribution to the Chabot Committee. Moreover, Respondents dispute the allegation of disproportionate support of Chabot Committee, attaching a schedule of PIPAC's 1988 election cycle contributions showing substantial contributions to candidates including maximum contributions to two other candidates (Attachment 3, p. 5).5/ Respondents contend that PIPAC selected

4/ This is the date of receipt as reported by the Chabot Committee. PIPAC disclosed this contribution during the 1988 October Quarterly reporting period, but failed to disclose the date of the contribution.

5/ There appears to be some confusion regarding the total amount of contributions that PIPAC gave to the Chabot Committee. In PIPAC's response, counsel states that PIPAC contributed a total of $5,000 to the Chabot Committee, and the Chabot

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several challengers to support based on who was running strong campaigns and would benefit the most from additional contributions near the time of the election. Furthermore, according to Respondents, "PIPAC never discussed, directly or indirectly, its plans or strategies for contributing to Mr. Chabot's campaign with Messrs. Tate, Warner, or Radcliff . . . ." (Attachment 3, p. 3). Consistently, submissions by the Chabot Committee and the individuals explain that the individuals' contributions to PIPAC came about because Mr. Chabot, who had received in-kind and cash contributions from PIPAC, encouraged them to support PIPAC as an organization sharing his political philosophy.[6/] For all these reasons, the Office of the General Counsel recommends that the Commission find no reason to believe that Will Radcliff, Ben E. Tate, Jr. and David Warner violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f; find no reason to believe that Policy Innovation Political Action Committee and Susan Armey, as treasurer violated 2 U.S.C.

(Footnote 5 continued from previous page)
Committee similarly reported receiving an aggregate amount of $5,000 from PIPAC. However, PIPAC's disclosure reports reflect only contributions totaling $4,480 to the Chabot Committee.

6/ There is an ambiguous statement contained in the response from Ben Tate (Attachment 3, p. 69), who gave $500 and $400 to PIPAC close in time to PIPAC gifts of the same amount to Chabot. Tate's affidavit states in part:

> AFFIANT FURTHER STATES that no one informed him that 'Policy Innovation Political Action Committee' would match funds given to it by Steven J. Chabot supporters by its own like contributions to the Steven J. Chabot campaign fund.

While this statement could suggest some form of coordination of the contributions, in the face of the other information provided, this Office does not believe it warrants an investigation in this matter.

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§ 441f; and find no reason to believe Steve Chabot, the Chabot Committee, and its treasurer violated any provision of the Act in this matter.

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PAGES 14 THROUGH 18 DO NOT PERTAIN TO MUR 2898.

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IV. RECOMMENDATIONS

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B. MUR 2898

4. Find no reason to believe that Will Radcliff, Ben E. Tate, Jr. and David Warner violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f.

5. Find no reason to believe that Policy Innovation Political Action Committee and Susan Armey, as treasurer violated 2 U.S.C. § 441f.

6. Find no reason to believe Steve Chabot, the Chabot Committee, and Steven C. Elstun, as treasurer, violated any provision of the Act in this matter.

7. Close the file in MUR 2898.

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Lawrence M. Noble
General Counsel

11-27-89
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1.
2.
3. Responses in MUR 2898
4.
5.
6. PIPAC Statement of Organization
7.
8. Proposed notification letters
9.
10.

Staff assigned: Bernstein/Kapper

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Congressman Richard K. Armey; Susan Armey; O.F. Henning, Jr.; Will Radcliff; David W. Warner; Ben E. Tate, Jr.;	)	
	)	
Steve J. Chabot; Chabot For Congress Committee and Steven C. Elstun, as treasurer; Dick Armey Campaign and Mike Keeling, as treasurer; Policy Innovation Political Action Committee and Susan Armey, as treasurer	)	MUR 2898

AMENDED CERTIFICATION

I, Hilda Arnold, recording secretary for the Federal Election Commission executive session of December 5, 1989, do hereby certify that the Commission took the following actions in the above-captioned matter:

(continued)

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9904077534 2

2. Decided by a vote of 4-2 to approve the recommendations in the General Counsel's report dated November 27, 1989 in MUR 2898 as follows:

(continued)

B. MUR 2898

4) Find no reason to believe that Will Radcliff, Ben E. Tate, Jr. and David Warner violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f.

5) Find no reason to believe that Policy Innovation Political Action Committee and Susan Armey, as treasurer violated 2 U.S.C. § 441f.

6) Find no reason to believe Steve Chabot, the Chabot Committee, and Steven C. Elstun, as treasurer, violated any provision of the Act in this matter.

7) Close the file in MUR 2898.

(continued)

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(continued)

17) Approve the letters, factual and legal analyses, and interrogatories as recommended in the General Counsel's Report dated November 27, 1989.

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

Attest:

12/20/89
Date

Hilda Arnold
Hilda Arnold
Administrative Assistant

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 26, 1989

David Warner
8880 Old Indian Hill Road
Cincinnati, OH 45204

RE: MUR 2898
David Warner

Dear Mr. Warner:

On June 21, 1989, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On December 5, 1989, the Commission found, on the basis of the information in the complaint, and information provided by you, that there is no reason to believe that you violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f. Accordingly, the Commission closed its file in this matter.

This matter will become a part of the public record within 30 days. 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.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

9904077534 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 26, 1989

Nelson Schwab, Jr., Esquire
Graydon, Head & Ritchey
1900 Fifth Third Center
511 Walnut Street
Cincinnati, OH 45202

RE: MUR 2898
Ben Tate, Jr.

Dear Mr. Schwab:

On June 21, 1989, the Federal Election Commission notified your client, Ben Tate, Jr., of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On December 5, 1989, the Commission found, on the basis of the information in the complaint, and information provided by you that there is no reason to believe Ben Tate, Jr. violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f. Accordingly, the Commission closed its file in this matter.

This matter will become a part of the public record within 30 days. 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.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 26, 1989

Robert L. Schwartz, Esquire
906 Main Street, Suite 405
Cincinnati, OH 45202

RE: MUR 2898
Will Radcliff

Dear Mr. Schwartz:

On June 21, 1989, the Federal Election Commission notified your client, Will Radcliff, of complaints alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On December 5, 1989, the Commission found, on the basis of the information in the complaint in MUR 2898, and information provided by your client, that there is no reason to believe that your client violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f, and closed its file in that matter.

MUR 2898 will become a part of the public record within 30 days. 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

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 26, 1989

Gordon M. Strauss, Jr., Esquire
2900 DuBois Tower
511 Walnut Street
Cincinnati, OH 45202

RE: MUR 2898
Steve Chabot
Chabot For Congress
Committee and Steven C.
Elstun, as treasurer

Dear Mr. Strauss:

On June 21, 1989, 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 December 5 , 1989, the Commission found, on the basis of the information in the complaint, and information provided by you, that there is no reason to believe that Steve Chabot and Chabot For Congress Committee and Steven C. Elstun, as treasurer, violated any statute within the Commission's jurisdiction. Accordingly, the Commission closed its file in this matter.

This matter will become a part of the public record within 30 days. 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.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 26, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John Wayne Caton
710 Midway Drive
Euless, TX 76039

RE: MUR 2898

Dear Mr. Caton:

On December 5, 1989, the Federal Election Commission reviewed the allegations of your complaints received June 13, 1989 as well as information provided by the respondents.

Further, in MUR 2898, the Commission found no reason to believe that Will Radcliff, Ben E. Tate, Jr. and David Warner violated 2 U.S.C. §§ 441a(a)(1)(A) or 441f; found no reason to believe that Policy Innovation Political Action Committee and Susan Armey, as treasurer, violated 2 U.S.C. § 441f; and found no reason to believe that Steve Chabot or the Chabot for Congress Committee, and Steven C. Elstun, as treasurer, violated any provision of the Act in this matter.

Accordingly, on December 5, 1989, the Commission closed the file in MUR 2898. The Federal Election Campaign Act of 1971, as amended ("the Act") allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner
by GJM

BY: Lois G. Lerner
Associate General Counsel

Enclosure
General Counsel's Report

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2898

DATE FILMED 1/24/90 CAMERA NO. 3

CAMERAMAN AS

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