FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2983

DATE FILMED 10/12/90 CAMERA NO. 2

CAMERAMAN AS

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REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 26 April 1989

ANALYST: David J. Blakeley

I. COMMITTEE: Illinois Democratic Party
(C00167015)
Joseph Griffin, Treasurer
P.O. Box 10045
Springfield, IL 62791

II. RELEVANT STATUTE: 2 U.S.C. 441a(f)
11 CFR 110.9

III. BACKGROUND:

Excessive Coordinated Expenditures Made on Behalf of a Federal Candidate Committee

The Illinois Democratic Party's ("the Party") 1988 October Quarterly Report disclosed coordinated expenditures totalling $172.06 paid on behalf of House Candidate Jerry Costello (Attachment 2). The Party's 1988 12 Day Pre-General and 30 Day Post-General Reports disclosed additional coordinated expenditures to Jerry Costello of $626.07 (Attachment 3) and $32,671.00 (Attachment 4). The aggregate total of $33,469.13 exceeds the $23,050 limit set for the 1988 general election. A cover letter accompanying the 1988 30 Day Post-General Report stated that the excessive coordinated expenditures were under review and that a full report concerning these expenditures was to accompany the Year End Report (Attachment 5).

On February 8, 1989, a Request for Additional Information ("RFAI") was sent to the Party recommending that it seek a refund from Jerry Costello for the amount of the coordinated expenditures in excess of the limitation. The letter also informed the Party that legal action may be initiated concerning these expenditures (Attachment 6).

On March 2, 1989, a Second Notice was sent to the Party for failure to respond to the original RFAI (Attachment 7).

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A response received from the Party on March 9, 1989, stated that, in an effort to rectify the excessive coordinated expenditures, the Party took three steps:

> First, immediately upon discovering the excessive expenditures, the Party contacted the Democratic Congressional Campaign Committee ("DDCC") which was assigned the authority of making expenditures on behalf of the Congressman by the Party to determine the status of that authority. Second, the Party contacted the Congressman's campaign personnel to advise them of its concerns and discuss resolution of the matter. Third, the Party has requested of the Congressman that a full refund be deposited with the Party for the balance of the excessive expenditures (Attachment 8).

As of this date, no further information concerning the excessive coordinated expenditures or a possible refund has been received from the Party.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

9004020210

ATTACHMENT

FEDERAL ELECTION COMMISSION Attachment 1
1987-1988
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 13APR89

COMMITTEE DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES / TYPE OF FILER	# OF PAGES	MICROFILM LOCATION
ILLINOIS DEMOCRATIC PARTY			ID #C00167015 PARTY QUALIFIED		
CONNECTED ORGANIZATION:					
1987 MID-YEAR REPORT	23,377	21,000	1JAN87 -30JUN87	9	87FEC/482/1483
MID-YEAR REPORT - AMENDMENT	-	-	1JAN87 -30JUN87	2	87FEC/496/0200
REQUEST FOR ADDITIONAL INFORMATION			1JAN87 -30JUN87	2	87FEC/495/0654
YEAR-END	3,000	2,820	1JUL87 -31DEC87	6	88FEC/502/3430
YEAR-END - AMENDMENT	-	-	1JUL87 -31DEC87	3	88FEC/512/1852
REQUEST FOR ADDITIONAL INFORMATION			1JUL87 -31DEC87	1	88FEC/510/3452
1988 MISCELLANEOUS REPORT TO FEC			9DEC88	2	88FEC/570/4489
PRE-PRIMARY	0	2,453	1JAN88 -24FEB88	5	88FEC/512/2177
APRIL QUARTERLY	26,063	1,820	25FEB88 -31MAR88	10	88FEC/521/1574
APRIL QUARTERLY - AMENDMENT	-	-	25FEB88 -31MAR88	2	88FEC/529/4150
1 ST LETTER INFORMATIONAL NOTICE			25FEB88 -31MAR88	3	88FEC/526/0970
JULY QUARTERLY	3,984	3,147	1APR88 -30JUN88	8	88FEC/534/2145
OCTOBER QUARTERLY	328,734	186,777	1JUL88 -30SEP88	56	88FEC/588/0320
OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL88 -30SEP88	27	88FEC/576/4367
OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL88 -30SEP88	5	88FEC/585/2151
REQUEST FOR ADDITIONAL INFORMATION			1JUL88 -30SEP88	2	88FEC/577/0284
REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL88 -30SEP88	3	88FEC/583/1024
PRE-GENERAL	99,505	209,356	10OCT88 -19OCT88	82	88FEC/564/0044
PRE-GENERAL - AMENDMENT	-	-	10OCT88 -19OCT88	1	88FEC/585/3965
1 ST LETTER INFORMATIONAL NOTICE			10OCT88 -19OCT88	1	88FEC/577/2315
POST-GENERAL	644,918	661,277	20OCT88 -28NOV88	174	88FEC/575/0517
POST-GENERAL - AMENDMENT	-	-	20OCT88 -28NOV88	5	88FEC/588/0271
POST-GENERAL - AMENDMENT	-	-	20OCT88 -28NOV88	3	88FEC/588/1262
REQUEST FOR ADDITIONAL INFORMATION			20OCT88 -28NOV88	8	88FEC/584/3313
REQUEST FOR ADDITIONAL INFORMATION 2ND			20OCT88 -28NOV88	9	88FEC/586/4043
YEAR-END	22,159	2,972	29NOV88 -30DEC88	7	89FEC/583/3392
TOTAL	1,151,740 0	1,091,602 0		436	TOTAL PAGES

ALL REPORTS REFERENCED ABOVE HAVE BEEN REVIEWED.
CASH ON HAND AS OF 12/31/88: $60329.49
DEBTS OWED TO THE COMMITTEE: $0.00
DEBTS OWED BY THE COMMITTEE: $0.00

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ATTACHMENT 2
(1 of 2)

SCHEDULE F

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

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

Page 1 of 1
Line Number

Name of Political Committee (In Full)

Illinois Democratic Party

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

Full Name, Mailing Address and ZIP Code of Subordinate Committee

Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Dick Durbin House Candidate 20th District, IL Aggregate General Election Expenditure for this Candidate—$ 89.29			$ 89.29 MEMO
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Jerry Costello House Candidate 21st District, IL Aggregate General Election Expenditure for this Candidate—$ 89.29			89.29 MEMO
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Glenn Poshard House Candidate 22nd District, IL Aggregate General Election Expenditure for this Candidate—$ 89.29			89.29 MEMO
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
1988 OCTOBER QUARTERLY REPORT PAID TO AXELROD & ASSOCIATES FOR WRITING OF GOTV TABLOID ON 9/16/88	Aggregate General Election Expenditure for this Candidate—$			
SUBTOTAL of Expenditures This Page (optional)				
TOTAL This Period (last page this line number only)				

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818

ATTACHMENT 2

(2 of 2)

SCHEDULE F

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

(To be used only by National Committees in odd Quarter Months)

Name of Political Committee (in Full)

Illinois Democratic Party

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

Full Name, Mailing Address and ZIP Code of Subordinate Committee

Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Dick Durbin House Candidate 20th District, IL Aggregate General Election Expenditure for this Candidate—$ 172.06			$ 82.77 MMD
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Jerry Costello House Candidate 21st District, IL Aggregate General Election Expenditure for this Candidate—$ 172.06			82.77 MMD
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Glenn Poshard House Candidate 22nd District, IL Aggregate General Election Expenditure for this Candidate—$ 172.06			82.77 MMD
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Aggregate General Election Expenditure for this Candidate—$			
SUBTOTAL of Expenditures This Page (optional)				
TOTAL This Period (last page this line number only)				$2,408.75

1988 OCTOBER QUARTERLY REPORT

PAID TO MCKNIGHT DESIGNS FOR DESIGN/PRINTING OF GOTV TABLOID ON 9/30/88

ATTACHMENT 3

SCHEDULE F

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

Page 4 of 5 Line Number 23

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

Name of Political Committee (in Full)

Illinois Democratic Party

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

Full Name, Mailing Address and ZIP Code of Subordinate Committee

Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Dick Durbin House Candidate 20th District, IL Aggregate General Election Expenditure for this Candidate—$ 798.13			626.07 MEMO
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Jerry Costello House Candidate 21st District, IL Aggregate General Election Expenditure for this Candidate—$ 798.13			625.07 MEMO
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
	Glenn Poshard House Candidate 22nd District, IL Aggregate General Election Expenditure for this Candidate—$ 798.13			626.07 MEMO
Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
JBR Press Inc. 6401 W. Oakton St. Morton Grove, IL 60053	William J. Andrle House Candidate 6th District, IL Aggregate General Election Expenditure for this Candidate—$ 1,817.13		10-6-88	1,019.00
SUBTOTAL of Expenditures This Page (optional)				
TOTAL This Period (last page this line number only)				

1988 12 DAY PRE-GENERAL REPORT
PAID TO MCKNIGHT DESIGNS FOR PRINTING OF TABLOID BETWEEN 10/7/88 and 10/17/88

ATTACHMENT 4
(1 of 2)

Page 1 of — for Line Number 21

SCHEDULE F

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

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

Name of Political Committee (In Full)

Illinois Democratic Party

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

Full Name, Mailing Address and ZIP Code of Subordinate Committees

Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
Bel Clair Printing & Litho 7 N. Indiana Belleville, IL 62221	Jerry Costello House Candidate 21st District, IL Aggregate General Election Expenditure for this Candidate—$ 11,398.13	Printing	10-24-88	$ 10,600.00
Full Name, Mailing Address and ZIP Code of Each Payee	**Name of Federal Candidate Supported, State, District & Office Sought**	**Purpose of Expenditure**	**Date (month, day, year)**	**Amount**
JNR Press Inc. 6401 W. Oakton Chicago, IL 60053	William J. Andrle House Candidate 6th District, IL Aggregate General Election Expenditure for this Candidate—$ 8,326.15	Printing	10-28-88	6,509.02
Full Name, Mailing Address and ZIP Code of Each Payee	**Name of Federal Candidate Supported, State, District & Office Sought**	**Purpose of Expenditure**	**Date (month, day, year)**	**Amount**
Lynn Marketing 400 Bonnie Brae River Forest, IL	Evelyn E. Craig House Candidate 13th District, IL Aggregate General Election Expenditure for this Candidate—$ 14,762.15	Mail preparation	10-27-88	286.00
Full Name, Mailing Address and ZIP Code of Each Payee	**Name of Federal Candidate Supported, State, District & Office Sought**	**Purpose of Expenditure**	**Date (month, day, year)**	**Amount**
Saladeo Press 320 N. Darwin Chicago, IL 60612	Evelyn E. Craig House Candidate 13th District, IL Aggregate General Election Expenditure for this Candidate—$15,457.15	Printing	10-27-88	695.00
SUBTOTAL of Expenditures This Page (optional)				
TOTAL This Period (last page this line number only)				

1988 30 DAY POST-GENERAL REPORT

DP

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ATTACHMENT 4
(2 of 2)

SCHEDULE B

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

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

Name of Political Committee (in Full)

Illinois Democratic Party

Was your Committee been designated to make coordinated expenditures by a political party committee? ☐ YES ☒ NO
If YES, name the designating committee:

Full Name, Mailing Address and ZIP Code of Subordinate Committee

Full Name, Mailing Address and ZIP Code of Each Payee	Name of Federal Candidate Supported, State, District & Office Sought	Purpose of Expenditure	Date (month, day, year)	Amount
U.S. Postmaster 433 W. Van Buren Chicago, IL 60607	Evelyn E. Craig House Candidate 13th District, IL Aggregate General Election Expenditure for this Candidate—$ 17,482.69	Postage	10-27-88 10-26-88	$ 1,033.56 992.00
U.S. Postmaster 100 S. 2nd St. Belleville, IL 62220	Jerry Costello House Candidate 21st District, IL Aggregate General Election Expenditure for this Candidate—$ 33,469.13	Postage	10-24-88	22,071.00
Frye Williamson 901 N. MacArthur Blvd. Springfield, IL 62702	Dick Durbin House Candidate 20th District, IL Aggregate General Election Expenditure for this Candidate—$ 4,728.28	Printing	11-10-88	3,930.15
Modern Mailing 150 Forrest Ave. Springfield, IL 62702	William J. Andrle House Candidate 6th District, IL Aggregate General Election Expenditure for this Candidate—$ 9,136.46	Mail Preparation	11-16-88	830.31
SUBTOTAL of Expenditures This Page (optional)				
TOTAL This Period (last page this line number only)				

1988 30 DAY POST-GENERAL REPORT

ATTACHMENT 5
(1 of 2)

Illinois Democratic Party

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 DEC 19 AM 11:43

TO: Report Analyst Division

DATE: December 15, 1988

RE: Post Election Report

Attached is the Post-Election Report ("Report") for the Illinois Democratic Party ("IDP"). The following matters are called to your attention.

Disclosure Information for Receipts/Expenditures

Certain donor and expenditure items on Schedule A, Line 11 (a) (i) and Schedule B, Line 19 lack disclosure information required by law. The IDP is making a best faith effort to secure this information. Records have been researched and information requested from those with knowledge. Requests for the information have also been forwarded to donors and payees advising them that the information is required by law and needed for disclosure. See attached. Best faith efforts will continue and the progress will be reported to the FEC.

Contribution Limits

Schedule A for Line 11 (a) (i) on Page 13 (E) shows a contribution from Robert Luken on 11-2-88 which, in the aggregate, totals $5,100. Please note the transfer itemized on Schedule A for Line 20 page 1 (A). This item represents a transfer on 11-2-88 of three receipts itemized on Schedule A for line 11 (a) (i): Robert Luken, $4,000, page 13 (E); Ralph Luken $1,000, page 13 (D); and Wallace Furrow, $2,500, page 7 (F). Such contributions were intended for deposit in a non-federal account and were transferred accordingly.

- continued -

Schedule A for Line 11 (c) shows itemized receipts from the Andrle for Congress committee which, in the aggregate, totals $5,203.23. A contribution from this committee dated 10-21-88, includes payment for mailing labels ordered for the Andrle for Congress committee from the IDP's vendor, which is itemized on Schedule A, Line 17 page 1 (A). A refund of $203.23 to the Andrle for Congress committee will be made and reflected on the year-end report.

Reimbursement for Slate Card Distribution

Several expenditures are reported on Schedule B Line 19, with the following descriptive purpose: "travel/meal reimbursement for volunteers-slate card distribution". Amounts so reported are supported by affidavit of receipt by the payee and by affidavit of subordinate receivers of reimbursements to the extent possible. The IDP continues in its efforts to gather all supporting affidavits.

Coordinated Party Expenditure

Schedule F on page 2 includes an expenditure to Jerry Costello, House Candidate, 21st District, Illinois, which, in the aggregate, totals $33,469.13. The expenditure is under review and a full report relating to this expenditure will be made in the year-end report.

8B

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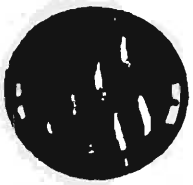
ATTACHMENT 6

(1 of 3)



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RO-2

Joseph Griffin, Treasurer
Illinois Democratic Party
P.O. Box 10045
Springfield, IL 62791

FEB 8 1989

Identification Number: C00167015

Reference: 30 Day Post-General Report (10/20/88-11/28/88)

Dear Mr. Griffin:

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

-The limitation on making coordinated expenditures on behalf of a House candidate for the 1988 general election is $23,050. Your reports, however, disclose coordinated expenditures made on behalf of Jerry Costello totalling $33,469.13, which appear to exceed the limitations under 2 U.S.C. §441a(d) (pertinent portions attached). If you have made an excessive coordinated expenditure, the Commission recommends that you notify the candidate and request a refund of the amount in excess of the limitation. Any refund should appear on a supporting Schedule A for Line 16 of your next report.

If the coordinated expenditures in question were incorrectly reported and/or you have additional information, you may wish to submit documentation for the public record.

Although the Commission may take further legal steps concerning the excessive coordinated expenditures, prompt action by you to obtain a refund will be taken into consideration. The Commission notes, in your cover letter dated 12/15/88, your intention to review these expenditures.

D1B

-Schedule A supporting Line 12 discloses a transfer-in from ASDC Dollars for Democrats, ASDC/Democratic Victory Fund, DNC Services Corporation, and the Democratic National Committee. Schedule B supporting Line 19 reflects payments for "Campaign Buttons,

3 1 7 3 5 8 4 3 3 1 3

Printing of Sample Ballots, Phone Banks, and Voter Education Activity". Payments for this type of activity are exempt from the definition of a contribution or expenditure if certain conditions are met. The conditions are that no public advertising may be used including distribution by direct mail; all funds used for the activity must be permitted under the Act; none of the funds used may have been designated for a particular candidate; and finally, payments for the activity may not be made from transfers-in from the national committee to specifically fund the activity. (See 11 CFR 100.7(b)(15) and (17) and Pages 11 and 12 of the Campaign Guide for Party Committees.)

Expenses for phone banks and voter education activity are also exempt when conducted in behalf of the Presidential nominee, provided the phones are operated by volunteer workers. Any reference to a candidate for the U.S. House or Senate, however, must be merely incidental to the overall activity. Otherwise, the cost that is attributable to the House or Senate candidate would be a contribution or coordinated party expenditure on behalf of that candidate.

Please clarify the nature of the transfers-in and subsequent payments for exempt activities. If the activity disclosed on your report does not meet the definition of "exempt" activity as described above, and a portion or all of the expenditures were made on behalf of specifically identified candidates, the activity must be disclosed on Schedule B or F for Line 21 or 23 of the Detailed Summary Page, as appropriate.

-Please clarify all expenditures for "Media, Media Expense, and Media Advertising." If a portion or all of these expenditures were made on behalf of Federal candidates, they should be reported on Schedule B or F for Line 21 or 23 of the Detailed Summary Page, as appropriate.

-Your calculation for Line 11(d), Column A appears to be incorrect. FEC calculations disclose this amount to be $219,922.62. Please provide the corrected total on the Detailed Summary Page.

-Your calculation for Line 11(d), Column B appears to be incorrect. FEC calculations disclose this amount to be $446,504.22. Please provide the corrected total on the Detailed Summary Page.

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[illegible] UNCOMMITTED PARTY
[illegible] 3

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2400.

Sincerely,

David J. Blakeley
Reports Analyst
Reports Analysis Division

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ATTACHMENT 7

RQ-3

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

March 2, 1989

Joseph Griffin, Treasurer
Illinois Democratic Party
P.O Box 10045
Springfield, IL 62791

Identification Number: C00167015

Reference: 30 Day Post-General Report (10/20/88-11/28/88)

Dear Mr. Griffin:

This letter is to inform you that as of March 1, 1989 the Commission has not received your response to our request for additional information, dated February 8, 1989. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

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

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

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure

8 7 3 3 9 6 4 0 4 3

ATTACHMENT 8
(1 of 5)

[redacted]

March 8, 1989

Mr. David Blakely
Reports Analyst
Reports Analysis Division
999 E. Street Northwest
Washington, D.C. 20463

Re: F.E.C. Reports; 30 Day Post-General Report (10/20/88 - 11/28/88); Identification No. C00167015

Dear Mr. Blakely:

This is in response to the Federal Election Commission ("F.E.C.") inquiry relating to the 30 Day Post-General Report ("Post-General Report") filed by the Illinois Democratic Party (the "Party").

The F.E.C. requested clarification of four items: (1) the coordinated party expenditures made on behalf of Congressman Jerry Costello (the "Congressman") from the 21st Congressional District of the State of Illinois; (2) transfers in from ASDC Dollars for Democrats ("Dollars for Democrats"), ASDC Democratic Victory Fund ("Victory Fund"), DNC Services Corporation ("Services Corporation") and the Democratic National Committee ("National Committee"); (3) all expenditures for "media, media expenses and media advertising"; and (4) calculations of figures for line 11(d) of Column A and 11(d) of column B of the Post-General Report. The Party's response is set forth as follows.

COORDINATED PARTY EXPENDITURES

Pursuant to 2 U.S.C. §441a(d), the limitation on making coordinated party expenditures on behalf of a House candidate for the 1988 general election is $23,050. As noted, coordinated party expenditures made on behalf of the Congressman exceeded that limit. The expenditures, and the Party's disclosures thereof, are set forth as follows:

DJB

1988 Report(s)	Amount
Third Quarter Report; Schedule F, p. 8, Line 23	82.77
Third Quarter Report, Schedule F, p. 4, Line 23	89.29
Pre-Election Report; Schedule F, p. 4, Line 23	626.07
Post Election 30 Day Report, Schedule F, p. 1, Line 23	10,600.00
Post Election 30 Day Report; Schedule F, p. 2, Line 23	22,091.00
TOTAL	33,469.13

On December 15, 1988, the Party advised the F.E.C., prior to this inquiry, that this matter was of considerable concern and under review. The Party has taken several steps to rectify this matter. First, immediately upon discovering the excessive expenditures, the Party contacted the Democratic Congressional Campaign Committee ("DCCC") which was assigned the authority of making expenditures on behalf of the Congressman by the Party to determine the status of that authority. Second, the Party contacted the Congressman's campaign personnel to advise them of its concerns and discuss resolution of the matter. Third, the Party has requested of the Congressman that a full refund be deposited with the Party for the balance of the excessive expenditures. The Party expects full cooperation from the Congressman and will, of course, keep the F.E.C. advised of this matter.

The foregoing reflects that the Party has made every effort to mitigate the effects of this inadvertent violation of the Federal Election Campaign Act (the "Act"). Further, the Party has taken the appropriate steps to insure that the coordinated party expenditure limits are strictly adhered to in the future.

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In light of the fact that the Party originally brought this matter to the attention of the F.E.C., took the necessary steps to obtain a refund of the subject expenditure, and corrected its internal procedures to prevent such a violation in the future, we respectfully suggest that further legal action on the part of the F.E.C. is unnecessary.

TRANSFER-IN

Schedule A supporting Line 12 describes transfers-in from the Dollars for Democrats amounting to $1,800.00; the Victory Fund amounting to $11,480.48; the Services Corporation amounting to $103,866.60; and the National Committee amounting to $295,000.00.

Regarding the Dollars for Democrats and the Victory Fund, these receipts were distributed to the Party pursuant to contractual arrangement. These funds were raised through various direct mail solicitation or telemarketing efforts. A portion of the net proceeds are distributed to the Party pursuant to the contractual arrangement.

The funds received from the Services Corporation derive from revenues raised pursuant to a Joint Fundraising Agreement with the Services Corporation and other member committees. The Services Corporation was designated as the "fundraising representative" in accordance with 11 C.F.R. §102.17. All funds received by the Party constituted f deral contributions and were deposited in the Party's Victory Fund federal account.

Finally, the transfer-in from the National Committee was deposited into a separate account at the LaSalle National Bank located in Chicago, Illinois. These funds were used to reimburse volunteers in the distribution of ballot/slate cards. These funds were not designated for any "exempt" activities nor were they used to pay for such "exempt" activities.

Schedule B supporting Line 19 of the Post-General Report discloses payments for activities including "campaign buttons, printing of sample ballots, phone banks, and voter education activity". Pursuant to 11 C.F.R. 100.7(b)(15) and

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(17), payments for this type of activities are "exempt" from the definition of a contribution or expenditure if the following conditions have been satisfied: that no public advertising may be used, including distribution by direct mail; that all funds used are permissible under the Act; that no earmarked funds are used, and that no transfer-in from the National Committee may be used to specifically fund the activity. Further, phone banks and voter education activity are "exempt" when conducted on behalf of the Presidential nominee and are staffed by volunteer workers.

As previously noted, the transfer-in from the National Committee was limited to reimburse the volunteers in the distribution of ballot/slate cards. Pursuant to 102.6(a) and 110.3(c), the transfer-in from the Dollars for Democrats, Victory Fund and Services Corporation constitute transfers among affiliated committees and are proper to fund "exempt" activities.

To the extent the exempt activities benefitted the Presidential nominee, only funds permissible under the Act were utilized. No public advertising, including distribution by direct mail, was undertaken and no earmarked funds were used. Where required, volunteer workers staffed the activity, including the phone banks and distribution of campaign materials. Therefore, the Party has satisfied the funding and staffing requirements set forth by the Act regarding these activities.

The subject media activities referenced in Schedule B of the Post-General Report refer to generic messages advocating the re-election of the entire Democratic ticket in the State of Illinois, including county-wide candidacies.

CALCULATION OF COLUMN A, LINE 11(d) AND COLUMN B, LINE 11(d)

Upon review of the Post-General Report, Column A, Line 11(d) should reflect a total amount of $219,922.62. Further, Column B, Line 11(d) should reflect a total amount of 446,504.22. A corrected Detailed Summary Page is forthcoming.

Mr. David Blakely
March 8, 1989
Page 5

Although the F.E.C. has not requested the source documents underlying the subject receipts or disbursements, the Party will of course produce any such documents known to it and under its control, upon request. The Party respectfully requests in advance that the F.E.C. allow thirty days in which to comply with such a request as the relevant documents must be identified from voluminous files.

If you have any questions regarding the foregoing, please do not hesitate to contact us.

Very truly yours,

John F. Kennedy

JFK:dk

cc: J. Timothy Eaton

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 SEP -7 AM 11:15

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

RAD Referral # 89L-10
STAFF MEMBER: Debby Curry

SOURCE OF MUR:	INTERNALLY GENERATED
RESPONDENTS:	Illinois Democratic Party and Joseph Griffin, as treasurer
RELEVANT STATUTES:	2 U.S.C. § 441a(d) 2 U.S.C. § 441a(f) 11 C.F.R. § 110.9
INTERNAL REPORTS CHECKED:	Illinois Democratic Party
FEDERAL AGENCIES CHECKED:	NONE

I. GENERATION OF MATTER

This matter was generated by the Reports Analysis Division. The RAD Referral indicated that during the 1987-1988 election cycle the Illinois Democratic Party ("Illinois Committee") made excessive coordinated party expenditures totalling $10,419.13 on behalf of a federal candidate committee.

II. FACTUAL AND LEGAL ANALYSIS

According to the RAD Referral, the Illinois Committee's 1988 October Quarterly Report disclosed coordinated party expenditures paid on behalf of House candidate Jerry Costello of $172.06. (Attachment 1, pages 5-6). The Illinois Committee's 1988 12 Day Pre-General Election Report and 30 Day

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Post-General Election Report disclosed additional coordinated expenditures on behalf of Jerry Costello of $626.07 and $32,671, respectively. (Attachment 1, pages 7-9). The aggregate total of $33,469.13 in coordinated party expenditures, exceeded the Illinois Committee's $23,050 coordinated party expenditure limit for Illinois House candidates during the 1988 general election.[1/]

A December 15, 1988 cover letter accompanying the 1988 30 Day Post-General Election Report noted the excessive coordinated party expenditures made by the Illinois Committee and indicated that these expenditures were under review. (Attachment 1, pages 10-11). Additionally, the cover letter stated that a full report concerning the coordinated party expenditures would accompany the Illinois Committee's 1988 Year End Report.

On February 8, 1989, RAD sent an RFAI to the Illinois Committee recommending a refund of the amount exceeding the coordinated party expenditure limit. (Attachment 1, page 12). The RFAI also informed the Illinois Committee that legal action may be initiated concerning the expenditures at issue. (Attachment 1, page 12).

On March 2, 1989, a second notice was sent to the Illinois Committee because of its failure to respond to RAD's initial RFAI. (Attachment, page 15). The Illinois Committee responded on March 9, 1989, explaining efforts taken to

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1/ The Illinois Committee also made a $5,000 in-kind contribution to Jerry Costello during the 1987-88 election cycle.

rectify the excessive coordinated party expenditures made on behalf of Jerry Costello. (Attachment 1, pages 16-18). The Illinois Committee noted that it contacted the candidate's committee to advise them of its concerns and requested that the Congressman refund the excessive coordinated party expenditures. (Attachment 1, pages 16-18).

To date no further information concerning the excessive coordinated party expenditures or a possible refund of the coordinated expenditures has been received from the Illinois Committee.

Section 441a(d) of Title 2, United States Code, provides for expenditures within certain limits by a political party's national committee and state committees in connection with House and Senate campaigns. Such expenditures may be made "[n]otwithstanding any other provision of law with respect to limitations on expenditures or limitations on contributions...." The limit for House candidates was $23,050 during 1988. See 2 U.S.C. § 441a(d)(3).

The Illinois Committee is registered with the Commission as a party committee. The Illinois Committee made $33,469.13 in coordinated party expenditures on behalf of Jerry Costello and made the maximum general election contribution to the candidate, pursuant to 2 U.S.C. § 441a(a)(2)(A). It appears, therefore, that the Illinois Committee exceeded the coordinated party expenditure limit for House candidates in Illinois by $10,419.13. Consequently, the Illinois Committee and its treasurer may have violated 2 U.S.C. § 441a(f) by

exceeding the section 441a(d) limits.[2/]

III. RECOMMENDATION

1. Open a MUR.

2. Find reason to believe the Illinois Democratic Party and Joseph Griffin, as treasurer, violated 2 U.S.C. § 441a(f).

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

Lawrence M. Noble
General Counsel

9/6/88
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Referral Materials
2. Factual and Legal Analysis
3. Letter

Staff Person: Debby Curry

2/ While section 441a(d) establishes the limitation for coordinated party expenditures, it is section 441a(f) that prohibits political committees from making expenditures exceeding the limitations of section 441a.

BEFORE THE FEDERAL ELECTION COMMISSION

(MUR 2983)

In the Matter of	)	
	)	
Illinois Democratic Party and Joseph Griffin, as treasurer	)	RAD Ref. 89L-10
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 13, 1989, the Commission decided by a vote of 4-0 to take the following actions in RAD Referral 89L-10:

1. Open a MUR.

2. Find reason to believe the Illinois Democratic Party and Joseph Griffin, as treasurer, violated 2 U.S.C. § 441a(f).

3. Approve the letter and Factual and Legal Analysis recommended in the General Counsel's Report dated September 6, 1989.

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

Attest:

9-13-89
Date

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

Received in the Secretariat: Thursday, September 7, 1989 11:15
Circulated to the Commission: Thursday, September 7, 1989 4:00
Deadline for vote: Monday, September 11, 1989 4:00
At the time of deadline 4 affirmative votes had not been received.
Final vote received: Wednesday, September 13, 1989 2:05

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 20, 1989

Joseph Griffin, Treasurer
Illinois Democratic Party
P.O. Box 10045
Springfield, IL 62791

RE: MUR 2983
Illinois Democratic Party and
Joseph Griffin, as treasurer

Dear Mr. Griffin:

On September 13, 1989, the Federal Election Commission found reason to believe Illinois Democratic Party ("Committee") and you, as treasurer, violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel

may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

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

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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DGC 4218

Coffield Ungaretti Harris & Slavin
3500 Three First National Plaza, Chicago, Illinois 60602
Telephone: 312/977-4400 Telecopier: 312/977-4405
Cable: CUHSLAW, Telex: 270286

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 OCT 10 AM 9:18

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 OCT 10 PM 1:17

BY FEDERAL EXPRESS

October 6, 1989

Ms. Deborah Curry
Federal Election Commission
999 East Street, N.W.
Washington, D.C. 20463

Re: MUR ~~2943~~ 2983 -- Illinois Democratic Party

Dear Ms. Curry:

I am writing in response to the Federal Election Commission's ("Commission") recent correspondence with the Illinois Democratic Party ("Party") and Mr. Joseph Griffin, Treasurer of the Party, wherein the Commission determined that there is reason to believe the Party and Mr. Griffin violated certain Commission regulations and Federal Election Campaign provisions. The Party and Mr. Griffin respectfully request an extension of time of twenty days in which to substantively respond to the Commission's findings.

It is our understanding, pursuant to Commission procedure, that a respondent may submit any factual or legal materials that it believes are relevant to the Commission's consideration of this matter within fifteen days of its receipt of the Commission's correspondence notifying the Respondent that the Commission has found there is reason to believe violations of the subject regulations has occurred. Further, extensions of time in which to respond to the Commission's findings will not be routinely granted. Additionally, good cause must be demonstrated to justify such an extension.

The respondents in this matter, the Party and Mr. Griffin, respectfully request an extension of twenty days in which to respond to the Commission's findings. In support of this request for an extension of time, the respondents wish to bring to the Commission's attention the following facts:

1. The Commission and the respondents have enjoyed a long-standing professional relationship. The respondents have always acted in good faith in responding to the Commission and continue to act in good faith in this matter;

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2. Counsel for respondents did not receive the Commission's correspondence until October 3, 1989. Upon receipt, counsel for respondents repeatedly contacted your office immediately. However, counsel for respondents were informed Ms. Curry was not available on October 4, 5 or 6, 1989.

3. The respondents are located in Springfield, Illinois. The respondents' designated counsel, the law firm of Coffield Ungaretti Harris & Slavin, located in Chicago, Illinois, did not gain access to the file until Wednesday, October 4, 1989;

Based upon the foregoing, the respondent's respectfully request the Commission grant respondents an extension of time of twenty days in which to respond to the Commission's findings regarding MUR 2983 and find that good cause has been demonstrated to justify the extension. The respondents realize that granting such an extension is the exception rather than the rule.

While awaiting your response regarding this matter, we are in the process of compiling all factual and legal materials relevant to filing a substantive response to the MUR. Thank you for your time and consideration regarding this matter.

If you have any questions or concerns regarding the basis for respondents' request for an extension of time in which to respond to the Commission's findings, please do not hesitate to call me at (312) 977-9218.

Very truly yours,

John F. Kennedy

John F. Kennedy

JFK:dk

cc: Joseph A. Cari, Jr., Esq.
J. Timothy Eaton, Esq.
Warren Ribley

9004080216

Coffield Ungaretti Harris & Slavin
3500 Three First National Plaza, Chicago, Illinois 60602
Telephone: 312/977-4400 Telecopier: 312/977-4405
Cable: CUHSLAW, Telex: 270286

HAND DELIVERED

OGC 4246

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

89 OCT 12 AM 10:50

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

89 OCT 12 AM 11:27

BY FEDERAL EXPRESS

October 10, 1989

Ms. Deborah Curry
Federal Election Commission
999 East Street, N.W.
Washington, D.C. 20463

MUR 2983

Re: MUR ~~2943~~ -- Illinois Democratic Party

Dear Ms. Curry:

This firm represents the Illinois Democratic Party and Joseph Griffin, ("Respondents"), in the above-referenced matter. Enclosed you will find a signed copy of the Designation of Counsel authorizing as to receive modifications and any other communications from the Federal Election Commission ("Commission"), on behalf of the Respondents.

This is in response to the Federal Election Commission's ("Commission") recent correspondence with the Respondents, wherein the Commission determined that there is reason to believe the Party and Mr. Griffin violated certain Commission regulations and Federal Election Campaign provisions. The Party and Mr. Griffin respectfully request an extension of time of twenty days in which to substantively respond to the Commission's findings.

It is our understanding, pursuant to Commission procedure, that a respondent may submit any factual or legal materials that it believes are relevant to the Commission's consideration of this matter within fifteen days of its receipt of the Commission's correspondence notifying the Respondent that the Commission has found there is reason to believe violations of the subject regulations has occurred. Further, extensions of time in which to respond to the Commission's findings will not be routinely granted. Additionally, good cause must be demonstrated to justify such an extension.

The Respondents in this matter, the Party and Mr. Griffin, respectfully request an extension of twenty days in which to respond to the Commission's findings. In support of this request for an extension of time, the Respondents wish to bring to the Commission's attention the following facts:

1. The Commission and the Respondents have enjoyed a long-standing professional relationship. The Respondents have always acted in good faith in responding to the Commission and continue to act in good faith in this matter;

2. Counsel for Respondents did not receive the Commission's correspondence until October 3, 1989. Upon receipt, counsel for Respondents repeatedly contacted your office. However, counsel for Respondents were informed Ms. Curry was not available on October 4, 5 or 6, 1989.

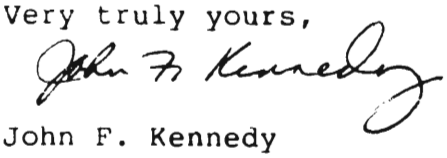
3. The Respondents are located in Springfield, Illinois. The Respondents' designated counsel, the law firm of Coffield Ungaretti Harris & Slavin, located in Chicago, Illinois, did not gain access to the file until Wednesday, October 4, 1989;

Based upon the foregoing, the Respondent's respectfully request the Commission grant Respondents an extension of time of twenty days in which to respond to the Commission's findings regarding MUR 2983 and find that good cause has been demonstrated to justify the extension. The Respondents realize that granting such an extension is the exception rather than the rule.

While awaiting your response regarding this matter, we are in the process of compiling all factual and legal materials relevant to filing a substantive response to the MUR. Thank you for your time and consideration regarding this matter.

If you have any questions or concerns regarding the basis for Respondents' request for an extension of time in which to respond to the Commission's findings, please do not hesitate to call me at (312) 977-9218.

Very truly yours,



John F. Kennedy

JFK:dk

cc: Joseph A. Cari, Jr., Esq.
J. Timothy Eaton, Esq.
Warren Ribley

9004080218 98

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2983

NAME OF COUNSEL: John F. Kennedy

ADDRESS: Coffield Ungaretti Harris & Slavin
3500 Three First National Plaza
Chicago, Illinois 60602

TELEPHONE: (312) 977-4400

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.

10-10-89
Date

Warren Ribley
Signature Warren Ribley, Special Assistant to Chairman Vincent DeMuzio

RESPONDENT'S NAME: Vincent DeMuzio, Chairman, Illinois Democratic Party

ADDRESS: Room 323 State House
Springfield, Illinois 62706

HOME PHONE: (217) 854-3020

BUSINESS PHONE: (217) 782-8806

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 17, 1989

John F. Kennedy, Esquire
Coffield, Ungaretti, Harris & Slavin
3500 Three First National Plaza
Chicago, Illinois 60602

RE: MUR 2983
Illinois Democratic Party and
Joseph Griffin, as treasurer

Dear Mr. Kennedy:

This is in response to your letter dated October 10, 1989, which we received on October 12, requesting an extension of twenty days to respond to the Commission's notification of reason to believe. 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 October 30, 1989.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

2004080022200

OGC 4418

Coffield Ungaretti Harris & Slavin
3500 Three First National Plaza, Chicago, Illinois 60602
Telephone: 312/977-4400 Telecopier 312/977-4405
Cable: CUHSLAW, Telex: 270286

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 OCT 29 AM 6:00

October 30, 1989

Ms. Deborah Curry
Federal Election Commission
999 East Street, N.W.
Washington, D.C. 20463

Re: Illinois Democratic Party, MUR 2983

Dear Ms. Curry:

Enclosed you will find one original and two copies of the Response to MUR 2983 submitted by the Illinois Democratic Party and Joseph Griffin as Treasurer. Please acknowledge receipt thereof.

Very truly yours,

John F. Kennedy

John F. Kennedy

JFK/dmh

cc: Joseph A. Cari, Jr.
J. Timothy Eaton

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 OCT 30 AM 12:31

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FEDERAL ELECTION COMMISSION

RESPONDENTS: Illinois Democratic Party and Joseph Griffin, as Treasurer **MUR: 2983**

Respondents Reply to MUR: 2983

INTRODUCTION

This memorandum is in response to the Federal Election Commission (FEC) contention that there is reason to believe the Illinois Democratic Party (IDP) has violated certain provisions of the Federal Election Campaign Act of 1971 (Act). More specifically, the FEC contends that the IDP made $33,469.13 in coordinated party expenditures on behalf of Jerry Costello, a House of Representative candidate from Illinois (Congressional Candidate). The FEC alleges that it has reason to believe that the IDP violated § 441a(f) of the Act by exceeding the coordinated party expenditure limit set by § 441a(d)(3) in the amount of $10,419.13.

This memorandum constitutes the IDP's response to the allegations set forth in MUR 2983 and sets forth the following: a statement of the facts regarding the alleged violations; corrective actions taken by the IDP with regard to the subject transactions; and a formal request for pre-probable cause conciliation of the matter.

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Contrary to MUR 2983, and, in an effort to demonstrate to the FEC the IDP's commitment to full compliance with the Act, the IDP self reports that the actual excess coordinated party expenditure made on behalf of the Congressional Candidate amounts to $33,469.13. Although this self report is against the interest of the IDP, it illustrates the IDP's continued efforts to fully comply with the Act.

I. STATEMENT OF THE FACTS

On August 29, 1988, an authorized agent of the IDP designated the Democratic Congressional Campaign Committee (DCCC) as the IDP's agent for making coordinated party expenditures on behalf of the Congressional Candidate. The agreement was memorialized in a letter dated August 29, 1988, sent by the agent to the DCCC. Due to miscommunication, the IDP did not immediately learn of the fact of the agency agreement delegating to the DCCC the right to make coordinated party expenditures to the Congressional Candidate. The IDP did not discover the assignment until November 3, 1988, after it had made coordinated party expenditures on behalf of the Congressional Candidate. The DCCC advised the IDP, on November 3, 1988, that it believed that the coordinated party expenditure limit had been expended on behalf of the Congressional Candidate. The DCCC also confirmed this fact on February 2, 1989. Thus, the DCCC, as agent for the IDP, made $23,050 in coordinated party expenditures on behalf of the Congressional Candidate. Consequently, the $33,469.13 in

2004080220 3

coordinated party expenditures issued by the IDP on behalf of the Congressional Candidate for the 1988 general election constitutes the full value of excess expenditures made to the Congressional Candidate.

In addition to this current self report, the IDP previously advised the FEC of the excess coordinated party expenditures made to the Congressional Candidate. For example, the IDP reported to the FEC in its 1988 October Quarterly Report that $172.06 in coordinated party expenditures were paid on behalf of the Congressional Candidate on September 16, 1988. The expenditures were made in connection with the writing, designing, and printing of a statewide "Get Out The Vote" brochure. Each Illinois House of Representative candidate was charged with an equal share of the total cost of this activity.

Further, the IDP reported to the FEC in its 1988 12 Day Pre-General Election Report that $626.07 in coordinated party expenditures were paid on behalf of the Congressional Candidate from October 7, 1988 through October 17, 1988. The expenditures were in connection with the printing of the "Get Out The Vote" brochure. Again, each candidate was charged with an equal share of the total cost of this printing.

In addition, the IDP reported to the FEC in its 30 Day Post-General Election Report that $32,671.00 in coordinated party expenditures were paid on behalf of the Congressional Candidate on October 24, 1988. The expenditures involved were $10,600.00 paid to Bel Clair Printing and Litho for printing costs and $22,071.00 paid to the U.S. Postmaster of Belleville, Illinois, for postage. Thus, as reported by the IDP to the FEC, the sum total of coordinated party expenditures made on behalf of the Congressional Candidate for the 1988 general election was $33,469.13.

Apart from the coordinated party expenditures made by the DCCC as agent for the IDP, this figure exceeded by $10,419.13 the coordinated party expenditure limit for Illinois House of Representative candidates for the 1988 general election and appears to be the subject of MUR 2983. The IDP's cover letter accompanying its 1988 30 day Post-General Election Report highlighted the excess coordinated party expenditures made by the IDP. The IDP indicated in the cover letter that the excess expenditures were under review. It was only through an internal investigation by the IDP that the agency agreement between the IDP and the DCCC was uncovered. Had the IDP known of such agreement, and the subsequent exhaustion by the DCCC of the statutory coordinated party expenditure limit, it would not have made further expenditures on behalf of the Congressional Candidate. Corrective measures have since been instituted by the

IDP to ensure that the subject violation does not reoccur. These corrective measure are set forth in Section II of this response.

In response to the 30 day Post General Election Report on February 8, 1989, the FEC advised the IDP to obtain a refund from the Congressional Candidate of the amount exceeding the coordinated party expenditure limit. The FEC reported that, should a refund be forthcoming, further legal action against the IDP may be unnecessary. The IDP immediately began its efforts to secure a refund of the excess coordinated expenditures from the Congressional Candidate. On March 9, 1989, the IDP informed the FEC that it had contacted the Congressional Candidate and requested a refund. The IDP's efforts to obtain a refund from the Congressional Candidate are ongoing. However, the FEC has recently communicated to the IDP, through their respective counsel, that such efforts may be unnecessary. The IDP requests guidance from the FEC regarding this issue.

II. CORRECTIVE ACTIONS

The IDP has taken several actions to remedy the foregoing. The IDP has conducted a thorough internal investigation of the matter and has adopted policies and procedures to prevent the reoccurrence of excess coordinated party expenditures. As previously set forth, the IDP continues its efforts to recover the excess coordinated party expenditures from the Congressional Candidate, pursuant to FEC directive.

The IDP has carefully examined the procedures used in the disbursement of coordinated party expenditures. After consulting with its accountants, the IDP has reorganized its internal accounting procedures to ensure against the reoccurrence of the subject expenditures. Specifically, the IDP has hired an additional staff person to review expenditures. The new procedures also require greater scrutiny of expenditures in excess of $5,000. Moreover, the IDP has established a policy that any agency agreement between the IDP and the DCCC be reviewed and approved by the IDP accountants. The IDP believes that the adoption of these policies and procedures will help ensure full compliance with the Act.

III. REQUEST FOR PRE-PROBABLE CAUSE CONCILIATION

Pursuant to 11 C.F.R. § 111.18(d), the IDP requests the FEC to enter into pre-probable cause conciliation to resolve this matter. In furtherance of this request, the IDP sets forth the following facts in mitigation of the subject violation:

A. The IDP has undertaken an extensive investigation of the facts surrounding the subject violation and moved to change internal procedures.

B. The IDP has voluntarily and fully informed the FEC of all of the circumstances surrounding the subject transactions in response to MUR 2983. Such disclosure demonstrates the IDP's commitment to full compliance with the Act;

C. The IDP has voluntarily informed the FEC of the excess expenditures made on behalf of the Congressional Candidate. The IDP highlighted to the FEC the excess expenditures made by it in the cover letter submitted with the 1988 30 day Post-General Election Report.

D. The IDP has also been forthcoming in revealing to the FEC the agency agreement between it and the DCCC resulting in the inadvertent expenditures. The IDP has made these disclosures in order to fully inform the FEC of the circumstances surrounding the coordinated party expenditures made on behalf of the Congressional Candidate.

E. The IDP's disclosure reveals that the excess expenditures were made inadvertently and without the knowledge of the IDP.

F. The IDP admits that $10,419.13 of the excess coordinated party expenditures were made on behalf of the Congressional Candidate. Moreover, an additional $23,050.00 in coordinated party expenditures were made by the DCCC, as agent for the IDP, on behalf of the

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Congressional Candidate. Thus, the IDP admits that it exceeded the coordinated party expenditure limit set pursuant to 2 U.S.C. § 444a(d)(3).[1/]

G. The IDP has reexamined and rectified the accounting procedures in order to avoid such errors. The IDP intends to ensure that such excess expenditures are not made in the future.

H. The evidence establishes that any excess coordinated party expenses were made inadvertently during the final hectic days of a campaign. The IDP promptly called the excess expenditures to the attention of the FEC. Further, the IDP has taken steps to ensure that the expenditure limits established by the Act are not exceeded in the future.

1/ The limit is established by a U.S.C. § 441a(c)(1) and 2 U.S.C. § 441a(d)(3). Section 441a(d)(3) establishes a limit of $10,000 for coordinated party expenditures made on behalf of House of Representative candidates from states with more than one Congressional district. Section 441a(c)(1) provides that the limit established by § 441a(d)(3) shall rise according to increases in the Consumer Price Index.

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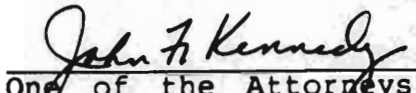
CONCLUSION

Pursuant to § 111.18(d), the IDP requests that the FEC enter into pre-probable cause conciliation with the IDP to resolve this matter.

Respectfully submitted,



One of the Attorneys for the
ILLINOIS DEMOCRATIC PARTY and
JOSEPH GRIFFIN, as Treasurer

OF COUNSEL:

Joseph A. Cari, Jr.
J. Timothy Eaton
John F. Kennedy
COFFIELD UNGARETTI HARRIS & SLAVIN
3500 Three First National Plaza
Chicago, Illinois 60602
Firm I.D. No. 20254

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Coffield Ungaretti Harris & Slavin

CHICAGO OFFICE:
5800 Three First National Plaza, Chicago, Illinois 60602
Telephone: 312/977-4400 · Fax: 312/977-4405

WASHINGTON OFFICE:
1747 Pennsylvania Avenue, N.W., Suite 800, Washington, D.C. 20006
Telephone: 202/[illegible]10 · Fax: 202/466-1974

BY TELECOPY

May 8, 1990

Jonathan Bernstein
Federal Election Commission
999 E Street NW
Washington, D.C. 20463

Re: MUR 2983

Dear Mr. Bernstein:

Per your request, attached you will find a copy of the letter agreement between the Illinois Democratic Party and the Democratic Congressional Committee in which the Illinois Democratic Party designated to the DCCC as its agent, all authority to make expenditures pursuant to 2 USC 441a(d) on behalf of Democratic candidates in the 1988 United States Congressional Election up to the full amount allowed by law.

Further, as we previously discussed, the Illinois Democratic Party leadership has changed hands and, pending resolution of this outstanding matter, this law firm will no longer represent the Illinois Democratic Party. It is our understanding that the new Chairman of the Illinois Democratic Party, Gary LaPaille, has secured Attorney Phillip Corboy of Chicago, Illinois, as new counsel for the Illinois Democratic Party. If you have any questions regarding the foregoing, please do not hesitate to contact us.

Very truly yours,

John F. Kennedy

JFK/op
Attachment

cc: Joseph A. Cari, Jr.
J. Timothy Eaton
(also with enclosure)

[illegible] Jefferson Street
Chicago, Illinois [illegible]
312 [illegible]

PO Box [illegible]
Springfield, Illinois [illegible]
217-[illegible]

August 29, 1988

Mr. Richard Bates
Executive Director
Democratic Congressional Committee
430 South Capitol Street, SE
Washington, DC 20003

RE: Section 441a(d) Agency Agreement

Gentlemen:

This letter sets forth in full the agreement between the Illinois Democratic Party and the Democratic Congressional Campaign Committee (DCCC) concerning 441a(d) expenditures on behalf of Jerry Costello's special 1988 Democratic congressional election as follows:

1. The Illinois Democratic Party hereby designates the DCCC as the agent of the State Democratic Party for the exclusive purpose of making expenditures pursuant to 2 USC 441a(d) on behalf of Democratic candidates in the 1988 United States Congressional election up to the full amount allowed by law. The DCCC hereby accepts such agency.

2. In exercising its authority pursuant to this agreement, the DCCC will comply with the limitations and reporting and other requirements of the Federal Election Campaign Act, as amended, and the regulations promulgated thereunder.

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

Yours truly,

Democratic Party of Illinois

By [signature]

ACCEPTED AND AGREED:

DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE

By [signature]

Illinois Democratic Party

Vito Fanello
Chairman

Inez McGowan
Vice Chairman

Joseph Griffin
Treasurer

Jane Spinal
Secretary

Fred Sturm
Finance Chairman

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 APR 25 PM 4:11

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Illinois Democratic Party and	)	MUR 2983
Joseph Griffin, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by the Reports Analysis Division ("RAD"). The RAD Referral indicated that during the 1987-1988 election cycle the Illinois Democratic Party ("Illinois Committee") made excessive coordinated party expenditures totalling $10,419.13 on behalf of a federal candidate, Jerry Costello. On September 13, 1989, the Commission found reason to believe the Illinois Committee and Joseph Griffin, as treasurer ("Respondents"), violated 2 U.S.C. § 441a(f). Respondents requested and were granted an extension of time to answer the Commission's notification of reason to believe. The Respondents have filed a response to the Commission's findings. (Attachment 1). Additionally, Respondents have requested pre-probable cause conciliation in the matter. (Attachment 1).

II. ANALYSIS

A. Applicable Law

Section 441a(d) of Title 2, United States Code, provides for expenditures within certain limits by a political party's national committee and state committees in connection with House and Senate campaigns. Such expenditures may be made "[n]otwithstanding any other provision of law with respect to

limitations on expenditures or limitations on contributions ...." Additionally, 2 U.S.C. § 441a(f) provides that no political committee, or officer of a political committee, shall knowingly make any expenditure in violation of any limitation imposed under that section. The 1988 coordinated party expenditure limit for the state and national party committees on behalf of House candidates in Illinois was $23,050 each, for a combined limit of $46,100. 2 U.S.C. § 441a(d)(3).

B. Response of Illinois Committee

As noted in the First General Counsel's Report, the RAD Referral indicated that the Illinois Committee had made $33,469.13 in coordinated expenditures on behalf of Jerry Costello and had made the maximum general election contribution to the candidate, pursuant to 2 U.S.C. § 441a(a)(2)(A). Therefore, it appeared that the Illinois Committee had exceeded the coordinated party expenditure limit ($23,050) for House candidates by $10,419.13. The response of the Illinois Committee admits that the coordinated expenditure limit was exceeded by the Committee. (Attachment 1). Further information submitted by the Illinois Committee, however, indicates that the Illinois Committee may have exceeded the coordinated party expenditure limit of the Act by $33,469.13. (Attachment 1, page 2).

According to the Illinois Committee response, on August 29, 1988, an authorized agent of the Committee designated the Democratic Congressional Campaign Committee ("DCCC") as its agent for making coordinated party expenditures on behalf of the

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House candidate. (Attachment 1, page 2). This agreement was confirmed by a letter sent by the agent to the DCCC on the same date. The Illinois Committee indicates that due to miscommunication, the fact of the agency agreement granting the state committee's spending authority to DCCC was not known to the Illinois Committee. (Attachment 1, page 2). The Illinois Committee states that the grant of authority was not discovered until November 3, 1988, after it had also made coordinated party expenditures on behalf of the Congressional candidate. The Illinois Committee explains that it was advised by the DCCC, on November 3, 1988, that it believed that the coordinated party expenditure limit had been exceeded for the House candidate and that the DCCC further confirmed this fact on February 2, 1989. (Attachment 1, page 2).

The response of the Illinois Committee confirms that the Illinois committee made $33,469.13 in coordinated party expenditures on behalf of the House candidate.[1/] In its response, the Illinois Committee notes the amount, date and purpose of each expenditure. (Attachment 1, page 3-4). The Illinois Committee notes that on its cover letter to its 1988 30-Day Post General Election Report, the Illinois Committee highlighted these excess expenditures and indicated that these expenditures were under review. (Attachment 1, page 4). According to the Illinois Committee, it was through internal investigation that the agency agreement between the Illinois

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1/ The Illinois Committee also made a $5,000 in-kind contribution to Jerry Costello for the 1988 general election.

Committee and DCCC was uncovered. (Attachment 1, page 4). The Illinois Committee contends that if it had known of the agreement and the exhaustion of the expenditure limit by DCCC it would not have made further expenditures on behalf of the Congressional candidate. (Attachment 2, page 4). Therefore, in the belief that DCCC, as agent for the Illinois Committee, has made $23,050 in coordinated party expenditures on behalf of the House candidate, the Illinois Committee believes the full value of the excessive coordinated party expenditures in this matter to be $33,469.13. (Attachment 1, pages 2-3).

The Illinois Committee indicates that corrective measures have been instituted by the Committee to insure that the violation does not recur. (Attachment 1, pages 4-5). These measures include reorganization of accounting procedures, additional staffing, greater scrutiny of expenditures over $5,000, and the institution of a new policy requiring approval of agency agreements between the Illinois Committee and DCCC. (Attachment 1, pages 5-6). Additionally, the Illinois Committee has contacted the candidate without success regarding a refund of the expenditure. (Attachment 1, page 5).

C. Democratic Congressional Campaign Committee (DCCC)

As noted, the DCCC was authorized as the Illinois Committee's agent for making coordinated party expenditures on behalf of the House candidate, Jerry Costello. A review of the records on file at the Commission indicates that DCCC made $63,635.05 in coordinated party expenditures on behalf of Jerry

Costello during the 1988 election cycle. These expenditures appeared to be substantially above the combined limit for coordinated party expenditures ($46,000) in the state of Illinois.

A close look at the reported DCCC coordinated party expenditures on behalf of Jerry Costello reveals that DCCC had designated certain expenditures "Special" and certain expenditures "1988" on reports filed with the Commission. The DCCC's designation of certain expenditures on behalf of Jerry Costello as "Special" or "1988" on its reports reflects the fact that the state of Illinois had two general elections in 1988.

On March 15, 1988, a primary election was held in Illinois' 21st Congressional District. As a result of the March primary, the nominees for the November 1988 general election were Jerry Costello (Democrat) and Robert H. Gaffner (Republican). Subsequently, Representative Melvin Price, who had held this office but did not intend to run for reelection, died on April 22, 1988. On August 9, 1988 a special election was held to fill the vacancy in Illinois' 21st District caused by Representative Price's death.

DCCC's coordinated party expenditures made on behalf of Jerry Costello for two elections in 1988 raises the issue of whether the August 9, 1988 special election was a general election for purposes of Title 2 U.S.C. § 441a(d). It is the opinion of this Office that the August 9 special election was a general election for purposes of 2 U.S.C. § 441a(d) and that DCCC had authority to make coordinated party expenditures within

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the limit for that election as well as authority to make coordinated expenditures for the 1988 general election. See A.O. 1983-16.

As noted, the Act provides that political party committees may make limited expenditures in connection with the general election campaign of candidates for federal office. While the Act defines the term "election", the term "general election" is not separately defined. The Commission Regulations, however, define general election to include an election which is held to fill a vacancy in a federal office and which is intended to result in the final selection of one individual to fill the vacant office. 11 C.F.R. § 100.2(b)(2). Commission regulations provide that a special election is an election held to fill a vacancy and that it may be primary, general or runoff. 11 C.F.R. § 100.2(f).

The Illinois August 9 special election was held to fill a vacancy in a Federal office for the remainder of Representative Price's term. It appears, therefore, that the August 9, 1988 special election was to result in the final selection of an individual to fill the vacant office. See A.O. 1983-16. Based on the foregoing, the national and state political party committees had a separate 441a(d) limit for the August 9, 1988 special election. Consequently, DCCC had its 441a(d) limit ($23,050) for the 1988 special election, as well as the combined 441a(d) limits ($46,100) applicable to the November general election by virtue of its status as the Illinois Committee's authorized agent for the purpose of making coordinated

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expenditures on behalf of Jerry Costello.

According to reports on file with the Commission, DCCC made expenditures of $24,427.77 that were designated as coordinated party expenditures on behalf of Jerry Costello for the 1988 (August 9) special election.[2/] The coordinated party expenditure limit was $23,050 for that election. Based on its own designation of these expenditures, DCCC exceeded the coordinated party expenditure limit by $1,377.77.

By virtue of the agency agreement with the Illinois Committee, DCCC also had a combined limit of $46,100 available for the November 1988 general election. DCCC reported making a total of $39,207.28 in coordinated party expenditures on behalf of Jerry Costello for the 1988 general election. Thus, DCCC had $6,892.72 of its coordinated party expenditure limit available for the November 1988 general election. In determining the amount that the Illinois Committee exceeded the Illinois coordinated party expenditure limit for the 1988 general election we have subtracted the portion of the Illinois Committee's limit that went unspent by DCCC ($6,892.72) from the total coordinated party expenditures ($33,469.13) made by the

---

2/ The DCCC also made a $5,000 in-kind contribution to Jerry Costello for the 1988 special election.

Illinois Committee. Consequently, the Illinois Committee exceeded the 1988 coordinated party expenditure limit for House candidates in Illinois by $26,576.41.[3/]

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

The Office of the General Counsel recommends that the Commission enter into pre-probable cause conciliation with the respondents.

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IV. RECOMMENDATIONS

1. Enter into conciliation prior to a finding of probable cause to believe with Illinois Democratic Party Committee and Joseph Griffin, as treasurer.

3/ Because the Illinois Committee made a $5,000 general election contribution to Jerry Costello during the 1988 general election, the Illinois Committee has no remaining contribution limit.

2. Approve the attached proposed Conciliation Agreement and Letter.

Lawrence M. Noble
General Counsel

Date 4/24/90

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Respondents' Response
2. Proposed Conciliation Agreement and Letter

90030221

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARRIS DH
COMMISSION SECRETARY

DATE: APRIL 30, 1990

SUBJECT: MUR 2983 - GENERAL COUNSEL'S REPORT DATED APRIL 24, 1990

The above-captioned document was circulated to the Commission on Thursday, April 26, 1990 at 11:00 a.m.

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

Commissioner Aikens	XXX
Commissioner Elliott	
Commissioner Josefiak	XXX
Commissioner McDonald	
Commissioner McGarry	
Commissioner Thomas	

This matter will be placed on the meeting agenda for Tuesday, May 8, 1990.

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

00040802222

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2983
Illinois Democratic Party and	)	
Joseph Griffin, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary of the Federal Election Commission executive session on May 8, 1990, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2983:

1. Enter into conciliation prior to a finding of probable cause to believe with Illinois Democratic Party Committee and Joseph Griffin, as treasurer.

2. Approve the proposed Conciliation Agreement and Letter attached to the General Counsel's report dated April 24, 1990.

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

Attest:

5-9-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 14, 1990

John F. Kennedy, Esquire
Coffield, Ungaretti, Harris & Slavin
3500 Three First National Plaza
Chicago, Illinois 60602

RE: MUR 2983
Illinois Democratic Party and
Joseph Griffin, as treasurer

Dear Mr. Kennedy:

On September 13, 1989, the Federal Election Commission found reason to believe that Illinois Democratic Party and Joseph Griffin, as treasurer, violated 2 U.S.C. § 441a(f). At your request, on May 8, 1990, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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

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

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Democratic Party of Illinois	)	MUR 2983
(formerly "Illinois	)	
Democratic Party") and	)	
Stuart Winstein,	)	
as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 13, 1989, the Commission found reason to believe Illinois Democratic Party and its treasurer[1/] ("Respondents or Illinois Committee"), violated 2 U.S.C. § 441a(f). On May 8, 1990, the Commission entered into pre-probable cause conciliation with Respondents. Subsequently, on July 2, 1990, the Respondents submitted a counterproposal in the matter. (Attachment 1). Additionally, Respondents submitted supplemental materials on July 19, 1990. (Attachment 2).

II. ANALYSIS

A. Applicable Law

2 U.S.C. § 433(c) requires that any changes to the statement of organization be disclosed to the Commission within 10 days of the change.

Section 441a(d) of Title 2, United States Code, provides

1/ On September 13, 1989, the Commission made findings of reason to believe against the Illinois Democratic Party and Joseph Griffin, as treasurer. On April 19, 1990, the Illinois Democratic Party changed its name to the Democratic Party of Illinois and Stuart Winstein was elected treasurer of the newly renamed organization. (See discussion infra, p. 2). Accordingly, this Office has substituted Mr. Winstein as treasurer in this matter.

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for expenditures within certain limits by a political party's national committee and state committees in connection with House and Senate campaigns. Such expenditures may be made [n]otwithstanding any other provisions of law with respect to limitations on expenditures or limitations on contributions...." Additionally, 2 U.S.C. § 441a(f) provides that no political committee or officer of a political committee shall knowingly make any expenditure in violation of any limitation imposed under that section. The 1988 coordinated party expenditure limit for the state and national party committees on behalf of House candidates in Illinois was $23,050 each, for a combined limit of $46,100. 2 U.S.C. § 441a(d)(3).

B. 2 U.S.C. § 433 Violation

On April 19, 1990, the Illinois Committee changed the name of the state party organization and elected new officers. Stuart Winstein was elected to the office of Treasurer. On July 2, 1990, the Illinois Committee filed an amendment to its statement of organization indicating the change in the office of treasurer and the change in the name of the organization. These changes were not disclosed to the Commission within ten days of the changes, as required by the Act. Therefore, the Office of the General Counsel recommends that the Commission find there is reason to believe Illinois Committee violated 2 U.S.C. § 433(c). Respondents have requested that any finding based on the untimely filing of the change in committee name and the change in treasurer be included in their request for pre-probable cause conciliation. (Attachment 2, page 1).

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Accordingly, the Office of the General Counsel recommends rejection of Respondents' counteroffer and approval of the attached proposed conciliation agreement. The 30 day time period for pre-probable cause conciliation has expired. In a effort to resolve this matter, however, this Office believes it is worthwhile to extend conciliation negotiations for a additional fifteen days.

II. RECOMMENDATIONS

1. Find reason to believe the Democratic Party of Illinois and Stuart Winstein, as treasurer, violated 2 U.S.C. § 433(c).

2. Reject the counteroffer of the Democratic Party of Illinois and Stuart Winstein, as treasurer.

3. Approve the attached counterproposal, factual and legal analysis, and the appropriate letter.

Lawrence M. Noble
General Counsel

8/7/90
Date

BY: LGL
Lois G. Lerner
Associate General Counsel

Attachments
1. Respondent's counteroffer
2. Supplemental Response
3. Proposed Conciliation Agreement
4. Factual and Legal Analysis

Staff Assigned: Debby Curry

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Democratic Party of Illinois (formerly "Illinois Democratic Party") and Stuart Winstein, as treasurer.	)	MUR 2983

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby Certify that on August 10, 1990, the Commission decided by a vote of 6-0 to take the following actions in MUR 2983:

1. Find reason to believe the Democratic Party of Illinois and Stuart Winstein, as treasurer, violated 2 U.S.C. § 433(c).

2. Reject the counteroffer of the Democratic Party of Illinois and Stuart Winstein, as treasurer.

3. Approve the counterproposal, factual and legal analysis, and letter, as recommended in the General Counsel's Report dated August 7, 1990.

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

Attest:

8-13-90
Date

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

Received in the Secretariat: Tues., August 7, 1990 4:22 p.m.
Circulated to the Commission: Wed., August 8, 1990 11:00 a.m.
Deadline for vote: Fri., August 10, 1990 11:00 a.m.

dr

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FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

August 17, 1990

James M. Morphew, Esquire
Attorney at Law
1035 South Second Street
Springfield, Illinois 62704

RE: MUR 2983
Democratic Party of Illinois
and Stuart Winstein,
as treasurer

Dear Mr. Morphew:

This letter is to confirm the Federal Election Commission's receipt of the counterproposal submitted on behalf of the Democratic Party of Illinois and Stuart Winstein, as treasurer, on July 19, 1990. The Commission has reviewed and rejected the counterproposal. In an effort to resolve this matter, however, the Commission approved a second proposed agreement

On August 10, 1990, the Commission made an additional finding against your clients. The Commission found reason to believe the Democratic Party of Illinois and Stuart Winstein, as treasurer, violated 2 U.S.C. § 433(c). The Factual and Legal Analysis, which formed the basis for the Commission's finding, is attached for your information. Enclosed herewith is a conciliation agreement incorporating these changes which we submit for your clients' signature.

The Commission is still hopeful that this matter can be settled through a conciliation agreement. Insofar as the 30 day period for pre-probable cause conciliation has elapsed, you should respond within five days of your receipt of this notification. If a response is not received within this period, this matter will proceed to the next stage of the enforcement process.

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

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosure
Conciliation Agreement
Factual and Legal Analysis

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JAMES M. MORPHEW

Attorney at Law

1035 SOUTH SECOND STREET -- SPRINGFIELD, ILLINOIS 62704 -- (217) 544-0261

August 27, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
90 AUG 30 PM 3:19

Lee Ann Elliott
Chairman
Federal Election Commission
Washington, DC 20463

Dear Chairman Elliott:

Enclosed herewith please find an executed Conciliation Agreement in relation to MUR 2983.

The Democratic Party of Illinois will comply with the terms of this Agreement within the thirty day time frame specified herein.

If you have any questions, you or your staff can feel free to contact me.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 AUG 30 PM 4:31

Sincerely,

James M. Morphew

James M. Morphew

JMM:cb
Enclosure

RECEIVED
FEDERAL ELECTION COMMISSION

90 SEP 11 PM 4:27

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	MUR 2983
Democratic Party of Illinois	)	
(formerly "Illinois Democratic	)	
Party") and Stuart Winstein,	)	
as treasurer	)	

GENERAL COUNSEL'S REPORT

I. **BACKGROUND**

Attached is a conciliation agreement which has been signed by James M. Morphew on behalf of his clients, the Democratic Party of Illinois and Stuart Winstein, as treasurer.

The attached agreement contains no changes from the agreement approved by the Commission on August 10, 1990. A check for the civil penalty ($9,000) has not been received.

II. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with the Democratic Party of Illinois and Stuart Winstein, as treasurer.

2. Close the file.

3. Approve the appropriate letter.

Lawrence M. Noble
General Counsel

Date 9/10/90

BY: Lois G. Lerner
Associate General Counsel

Attachments
Conciliation Agreement

Staff Assigned: Debby Curry

90040802233

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Democratic Party of Illinois (formerly "Illinois Democratic Party") and Stuart Winstein, as treasurer.	)	MUR 2983

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 20, 1990, the Commission decided by a vote of 6-0 to take the following actions in MUR 2983:

1. Accept the conciliation agreement with the Democratic Party of Illinois and Stuart Winstein, as treasurer, as recommended in the September 10, 1990 General Counsel's Report.

2. Close the file.

3. Approve the appropriate letter, as recommended in the September 10, 1990 General Counsel's Report.

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

Attest:

9-20-90
Date

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

Received in the Secretariat: Tuesday, Sept. 11, 1990 4:27
Circulated to the Commission: Wednesday, Sept. 12, 1990 11:00
Deadline for vote: Thursday, Sept. 20, 1990 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 25, 1990

James M. Morphew, Esquire
Attorney at Law
1035 South Second Street
Springfield, Illinois 62704

RE: MUR 2983
Democratic Party of Illinois
and Stuart Winstein,
as treasurer

Dear Mr. Morphew:

On September 20, 1990, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 433(c) and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended. The civil penalty ($9,000) is due within 30 days. Accordingly, the file has been closed in this matter.

This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Deborah Curry, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

90040802235

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Democratic Party of Illinois	)	
(formerly "Illinois Democratic	)	MUR 2983
Party") and Stuart Winstein,	)	
as treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carry out its supervisory responsibilities. The Commission found reason to believe the Democratic Party of Illinois (formerly "Illinois Democratic Party") and its treasurer ("Respondents"), violated 2 U.S.C. § 441a(f) by exceeding the coordinated party expenditure limit during the 1988 general election. Subsequently, the Commission found reason to believe the Democratic Party of Illinois and Stuart Winstein, as treasurer, violated 2 U.S.C. § 433(c).

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

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

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

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

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

1. The Democratic Party of Illinois (formerly "Illinois Democratic Party") (hereinafter "Illinois Committee") is a political committee within the meaning of 2 U.S.C. § 431(4) and a state party committee within the meaning of 2 U.S.C. § 431(15).

2. Stuart Winstein is the treasurer of the Illinois Committee.

3. The Democratic Congressional Campaign Committee ("DCCC") is a political committee within the meaning of 2 U.S.C. § 431(4).

4. Jerry Costello was a 1988 Democratic House candidate in Illinois.

5. Purusant to Title 2 U.S.C. § 433(c), any changes to the statement of organization must be disclosed to the Commission within ten days of the change.

6. On April 19, 1990, the Illinois Committee changed the name of its organization and elected Stuart Winstein as treasurer.

7. The Illinois Committee filed an amendment to its statement of organization on July 2, 1990.

8. The Illinois Committee failed to file the amendment to its statement of organization within the 10 days required under the Act.

9. Pursuant to Title 2 U.S.C. § 441a(f) political committees are prohibited from making any expenditures on behalf of a candidate in violation of 2 U.S.C. § 441a(d)(3).

10. Section 441a(d)(3), Title 2, United States Code,

provides for coordinated party expenditures within certain limits by a political party's national committee and state committees in connection with House and Senate candidates' campaigns.

11. The 1988 expenditure limit for state and national party committees for the Illinois House general election was $23,050 each, for a combined limit of $46,100.

12. On August 29, 1988, by written agreement, the Illinois Committee designated the DCCC as the Illinois Committee's agent for the purpose of making expenditures on behalf of the 1988 Illinois Democratic House candidate, Jerry Costello.

13. The DCCC, the authorized spending agent for both the state and national committees, spent a total of $39,207.28 on behalf of Jerry Costello, the Illinois Democratic House candidate in the 1988 general election.

14. Although the Illinois Committee had authorized the DCCC to make coordinated expenditures on its behalf, the Illinois Committee also made $33,469.13 in coordinated party expenditures on behalf of Jerry Costello.

15. Since the DCCC had underspent the 1988 general election limit by $6,892.72, the Illinois Committee's expenditures exceeded the 1988 coordinated party expenditure limit for House candidates in Illinois by $26,576.41

V. Respondents failed to file a timely amendment to its statement of organization, in violation of 2 U.S.C. § 433(c). Respondents made excessive coordinated party expenditures, in violation of 2 U.S.C. § 441a(f).

VI. Respondents will pay a civil penalty to the Federal

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Election Commission in the amount of Nine Thousand Dollars ($9,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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

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

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

9004080222 39

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

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

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

September 24, 1990
Date

FOR THE RESPONDENT:

James M. Morphew
James M. Morphew, Esquire
Counsel

August 27, 1990
Date

9 0 0 4 0 8 0 2 2 4 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2983

DATE FILMED 10/17/90 CAMERA NO. 2

CAMERAMAN AS

9004080224 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 2983.

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MUR 2983

Democratic Party of Illinois

State Headquarters:
1007 North 7th Street
Springfield, IL 62702
217-528-3471
FAX: 217-528-8424

Chicago Office:
13126 Merchandise Mart
Chicago, IL 60654
312-464-1900
FAX: 312-464-1907

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FEDERAL ELECTION COMMISSION
MAIL ROOM

90 OCT 22 AM 10: 09

CLOSED

GARY J. LaPAILLE
Chairman

IOLA McGOWAN
First Vice-Chairman
PATRICK WELCH
Second Vice-Chairman
MARGARET LAURINO
Third Vice-Chairman
EUGENIA CHAPMAN
Secretary
STEWART WINSTEIN
Treasurer
BARBARA BROWN
Deputy Chairman
BOBBY RUSH
Deputy Chairman
PHILIP CORBOY
General Counsel

STATE CENTRAL COMMITTEE:
Constance Howard
Bobby Rush
Cora McGruder
Allan Streeter
Rosemary Bilecki
Gary LaPaille
Margaret Donohue
Joseph Babich
Carol Diver
Walter Kozubowski
Jane Spirgel
Bruce Lester
Iola McGowan
Ed Smith
Karen Rozanski
Al Ronan
Adrienne Goodman
William Marovitz
Eugenia Chapman
Daniel Pierce
Margaret Laurino
Roman Pucinski
Nancy Scotillo
James Sheehan
Kathryn Harvey
John Collins
Peg Breslin
Patrick Welch
Luellen Laurenti
Dave Neal
Joyce Holmberg
Carl Schwerdtfeger
Vivian Peck
Stewart Winstein
Shirley McCombs
Richard Luft
Kaye Boyer
Joe Connelly
Penny Severns
Vince Demuzio
Judy Whitaker
Sam Flood
Barbara Brown
Leslie McCollum

October 19, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 OCT 24 PM 4: 06

Lawrence M. Noble
General Counsel
FEDERAL ELECTION COMMISSION
Washington DC 20463

Dear Mr. Noble:

Pursuant to the conciliation agreement entered into by the Democratic Party of Illinois and Stewart Winstein as Treasurer, in MUR 2983, enclosed please find a check payable to the FEC in the amount of $9,000.

If you have any questions regarding this matter, do not hesitate to call.

Sincerely,

James M. Morphew

James M. Morphew
Attorney for the Democratic
Party of Illinois

Enclosure

Democrats WIN 1990

A copy of our report filed with the State Board of Elections is available for purchase from the State Board of Elections, Springfield, IL or the Federal Election Commission, Washington, D.C.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Oct. 23, 1990

TWO WAY MEMORANDUM

TO: Fabrae Brunson
OGC, Docket

FROM: Philomena Brooks
Accounting Technician

SUBJECt: Account Determination for Funds Received

We recently received a check from Democratic Party of Illinois, check number 1068, dated 10/19/90, and in the amount of $ 9,000.00. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

==========

TO: Philomena Brooks
Accounting Technician

FROM: Fabrae Brunson
OGC, Docket

In reference to the above check in the amount of $9,000, the MUR number is 2983 and in the name of Democratic Party of Illinois. The account into which it should be deposited is indicated below:

__ Budget Clearing Account (OGC), 95F3875.16

✓ Civil Penalties Account, 95-1099.160

__ Other: _____

Signature

10/24/90
Date

9 1 0 4 0 3 1 3 5 1 2

2 340/710

DEMOCRATIC PARTY OF ILLINOIS
ILLINOIS '90 (NON-FEDERAL)
1007 NORTH SEVENTH STREET
SPRINGFIELD, IL 62702
GARY J. LaPAILLE, CHAIRMAN

REMITTANCE ADVICE
MUR 2983
payment of penalty

1068

PAY Nine thousand and No/100 DOLLARS

TO THE ORDER OF	DATE	DESCRIPTION	CHECK NO.	CHECK AMOUNT
Federal Election Commission	10/19/90	payment of penalty in Case* MUR 2983	1068	9000 00

1068

DEMOCRATIC PARTY OF ILLINOIS

Gary J. LaPaille
AUTHORIZED SIGNATURE

AMALGAMATED TRUST & SAVINGS BANK
CHICAGO, ILLINOIS 60603

⑈001068⑈ ⑆071000405⑆ ⑈12036804⑈

91040813513