



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 10-83

DATE FILMED 5/8/91 CAMERA NO. 4

CAMERAMAN AS

FEDERAL ELECTION COMMISSION
MAIL ROOM

09 OCT 30 AM 9:00

Pre-MUR 223

Comptroller of the Currency
Administrator of National Banks

Northeastern District
Office of the District Counsel
1114 Avenue of the Americas, Suite 3900
New York, New York 10036
(212) 790-4010

October 24, 1989

Lois Lerner
Assistant General Counsel-Enforcement
Federal Election Commission
999 E Street, N. W.
Washington, D. C. 20463

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

Dear Ms. Lerner:

I am writing in reference to your telephone conversation of October 11, 1989, with Senior Attorney Christopher Manthey of this office, in which you discussed a possible violation of 2 U.S.C. § 441b by a bank holding company and its subsidiary national bank. As the primary regulator of national banks, this matter came to our attention during an examination of the bank.

The companies involved are Commonwealth Banchares Corporation ("the Corporation") and its subsidiary national bank, Commonwealth Bank and Trust Company, N. A. ("the Bank"), both of Williamsport, Pennsylvania. The Corporation operates two political action committees, one for state candidates and one for candidates at the national level. Disbursements of funds by both committees are approved by senior officers and directors of both the Corporation and the Bank.

Earlier this year, two fund solicitations were mailed to directors and employees of the Corporation and the Bank. From the second solicitation, dated April 6, 1989, it is apparent that records were kept as to who did and did not contribute. Following these two mailings, a "final reminder" was also posted on employee bulletin boards. Our examiners cited possible violations of 2 U.S.C. § 441b(B) with regard to solicitations for these committees, in the following respects:

91040840947

1. It appears that more than two solicitations are made per year. (The Bank argues that bulletin board "reminders" are not additional solicitations.)
2. If bulletin board postings are deemed to be solicitations, then not all solicitations are mailed.
3. A detailed listing is kept showing who contributes and in what amounts.

As you requested in your conversation with Mr. Manthey, I am referring this matter to your agency for review and possible action. Please see the attached materials for further details.

I would greatly appreciate it if you would provide us with a copy of any correspondence that you may have with the Bank or the Corporation. In the meantime, if my office can be of further assistance, please do not hesitate to contact me or Mr. Manthey at (212) 790-4010.

Sincerely,



WALLACE S. NATHAN
District Counsel

cc: Bernard Wennemer,
Federal Reserve Bank of Philadelphia

Enc.

91040840948

COMMONWEALTH BANCSHARES CORPORATION
POLITICAL ACTION COMMITTEE
101 W. THIRD STREET
WILLIAMSPORT, PA 17701

February 1, 1989

① Mailed to Directors
And Advisory Board Members.
② Put in Payroll Envelopes
of ALL regular employees
including all Affiliate Banks.

Dear Employees and Directors:

Thank you for your support in 1988. Contributions received totaled \$8,500. Distributions that totaled \$7,695 were made to three PACs: PA Bankers PAC, PA for Effective Government and Independent Bankers PAC and thirteen individual candidates. The donations were made to individuals on the basis of their support of the banking industry and/or representation in the counties that our Corporation has interests.

The contribution committee members are: Anthony W. Borocho, John L. Bruch, Jr., William D. Davis, John T. Detwiler and Fitz R. Walling. The Officers are: Chairman, William D. Davis; Vice Chairman, John T. Detwiler; Treasurer, Anthony W. Borocho; Assistant Treasurer and Secretary, Eileen L. Johnson.

Improvement was made to our PAC through a reorganization. Under the "old" PAC By-laws, we were restricted to making donations only to candidates seeking a state office. Several requests for support from candidates for a national office, who have been supportive of our industry, were declined because of the restrictions. With the change in the PAC, we will now be able to support candidates at the state and national political levels.

We believe the future of the banking business will be influenced by our ability to support legislators and political action committees that can make constructive legislative decisions for our industry. It is extremely important that we participate in the support of candidates and pacs in order to let our position on banking industry issues be known. Everyone gains from the benefits achieved with the donations given to political candidates in an effort to elect the best possible people.

Suggestions for support of individual candidates for elected office may be made by any employee or director of Bancshares and its affiliates. Just contact any member or officer of the committee to let your suggestions known.

91040340949

Page 2.

Commonwealth Bancshares Corporation PAC

We strongly urge all employees and directors to give consideration to participating in Bancshares PAC. We believe each of us is affected by the success of good government and good banking legislation.

If you care to participate, checks should be made payable to Commonwealth Bancshares PAC and forwarded to Eileen Johnson, C/O Commonwealth Bank, Dept 52, 101 W. Third Street, Williamsport, PA 17703 by March 1, 1989. Our goal is to raise \$10,000 for our PAC. Participation is strictly voluntary and no pressure of any kind is to be placed on any individual, department, community office or affiliate. A suggested guideline for giving is as follows:

| | |
|--|---------------------|
| Supervisors - non exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Officer Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents, and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

Should you have any questions concerning the PAC, you may direct your questions to Eileen Johnson at 717-327-5159 or Tony Boroch at 717-327-5111. Thank you for your consideration of this matter.

Sincerely yours,

William D. Davis
Chairman of Commonwealth Bancshares PAC
and Chairman of the Board of
Commonwealth Bancshares Corporation

elj

(NB.) ONE OF THE INCENTIVES FOR Secy. Boroch is TO
ACCUMULATE \$10,000 ANNUALLY INTO THIS PAC FUND.

91040840950

Put in Payroll Envelopes

**COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
April 6, 1989**

Dear Directors and Fellow Employees:

We've missed you! Your name is not on the list of contributors to the annual campaign. To date only 90 contributions totaling \$7,435 have been received towards the 1989 campaign of \$10,000. As you can see, we have a long way to go to reach the goal.

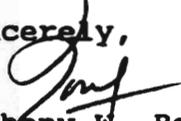
A suggested guideline for giving is as follows:

| | |
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| Supervisors - non-exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Office Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

The purposes of the Committee are the protection, preservation, and furtherance of the private enterprise system and, in particular, the protection and advancement of the banking industry and Commonwealth Bancshares Corporation through political activity. It is extremely important that we support our legislators in order to have our voice heard on banking industry issues.

Your suggestions for support of individual candidates for elected office are encouraged and welcomed. Make your suggestions known by contacting any member or officer of the Committee.

Forward your check payable to Commonwealth Bancshares PAC to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, Pa. 17701. Questions concerning the PAC should be directed to her at 717-327-5159. Your prompt consideration to this matter is appreciated.

Sincerely,


Anthony W. Boroch
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc W. D. Davis, Chairman, President
and Chief Executive Officer

91040951

**COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
May 15, 1989**

FINAL REMINDER

This is it -- the last chance to contribute to the 1989 campaign! The campaign will come to an official close on May 22, 1989. To be listed as a contributor, your check must be received by the 22nd of May. Forward your check today payable to Commonwealth Bancshares PAC to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, PA 17701. Thank you for your consideration.

Sincerely,



Anthony W. Boroch
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc: W.D. Davis, Chairman, President,
and Chief Executive Officer

91040340952

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE (PAC)
DISBURSEMENT APPROVAL FORM

DATE _____ AMOUNT REQUESTED _____

REQUESTED FROM _____

PAC MEMBERS POLLED FOR APPROVAL/DISAPPROVAL:

| NAME | PHONE | DATE-APPROVAL/DISAPPROVAL |
|------------------------|-----------------|---|
| JOHN L. BRUCH, JR. | 546-7000 | _____ |
| WILLIAM D. DAVIS | 327-5109 | _____ |
| <u>JOHN T DETWILER</u> | <u>327-3802</u> | <i>Resigned from Bank 1-26-89 no replacement named.</i> |
| FITZ R. WALLING | 524-0152 | _____ |
| ANTHONY W. BOROCH | 327-5111 | _____ |

DATE PAID _____ BY _____

21040840953

ACTION BY UNANIMOUS CONSENT IN WRITING
 IN LIEU OF MEETING OF
 THE CONTRIBUTION COMMITTEE
 COMMONWEALTH BANCSHARES PUBLIC AFFAIRS COMMITTEE (PAC)

THE UNDERSIGNED, being all the Directors of the above named committee, by Unanimous Consent in Writing, do hereby consent to the adoption of the following resolution:

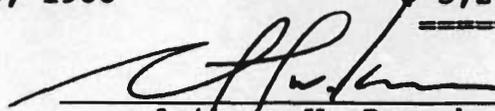
RESOLVED, that the following report represents the Collections and Distributions for the year 1988:

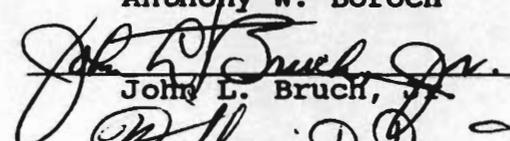
| | |
|---|-----------------|
| Balance brought forward January 1, 1988 | \$ 4,455.00 |
| Receipts during 1988 | <u>3,500.00</u> |
| | 12,955.00 |

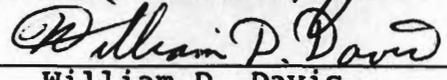
Disbursements during 1988:

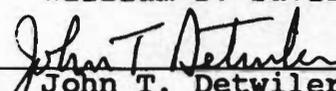
| | | |
|-----------------------------------|---------------|--------------------|
| Russell Letterman Campaign | \$ 75.00 | |
| PA for Effective Government | 350.00 | |
| PA Bankers PAC | 3,000.00 | |
| Independent Bankers PAC | 1,200.00 | |
| People for Tom Dempsey | 70.00 | |
| Edward Helfrick | 500.00 | |
| Edgar A. Carlson | 200.00 | |
| Alvin C. Bush | 400.00 | |
| Russ Fairchild | 200.00 | |
| J. Scot Chadwick | 200.00 | |
| Ernie Preate | 200.00 | |
| Kenneth Lee | 200.00 | |
| Joe Uliana | 300.00 | |
| Lee Telek | 300.00 | |
| Ted V. Kondrich | 200.00 | |
| Jerry Birmelin | <u>300.00</u> | |
| Total disbursements during 1988 | | 7,695.00 |
| Balance on hand December 20, 1988 | | <u>\$ 5,260.00</u> |

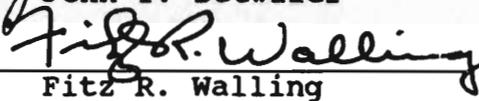
91040840954



 Anthony W. Boroch


 John L. Bruch, Jr.


 William D. Davis


 John T. Detwiler


 Fitz R. Walling



 Secretary
 1-18-89

 (Date)

**Comptroller of the Currency
Administrator of National Banks**

Northeastern District
Office of the District Counsel
1114 Avenue of the Americas, Suite 3900
New York, New York 10036
(212) 790-4010

October 24, 1989

**Bernard Wennemer
Examination Review Officer
Supervision and Regulation
Federal Reserve Bank of Philadelphia
10 Independence Mall
Philadelphia, Pennsylvania 19106**

Dear Mr. Wennemer:

As you discussed with Senior Attorney Christopher Manthey of my office last week, I am forwarding for your information materials relating to a possible violation of 2 U.S.C. § 441b(B) by Commonwealth Bancshares Corporation, Williamsport, Pennsylvania. This statute relates to permissible solicitations on behalf of political action committees.

This question was brought to my attention as the result of an examination of Commonwealth's subsidiary national bank, Commonwealth Bank and Trust Company, N. A. Since the Federal Election Commission has primary jurisdiction in this area I have, at their suggestion, referred this matter to them. However, since the political action committee activities are conducted at the holding company level, we wish to inform you, as well. Please refer to the enclosed copy of my letter to the Federal Election Commission for further details. Also enclosed are copies of solicitations made on behalf of Commonwealth's political action committee. Please do not hesitate to contact me or Mr. Manthey at the number given above if we may be of further assistance.

Very truly yours,



WALLACE S. NATHAN
District Counsel

Enc.

91040340955

COMMONWEALTH BANCSHARES CORPORATION
POLITICAL ACTION COMMITTEE
101 W. THIRD STREET
WILLIAMSPORT, PA 17701

February 1, 1989

① Mailed to Directors
And Advisory Board Members.

② Put in payroll envelopes
of ALL regular employees
including all Affiliate Banks.

Dear Employees and Directors:

Thank you for your support in 1988. Contributions received totaled \$8,500. Distributions that totaled \$7,695 were made to three PACs: PA Bankers PAC, PA for Effective Government and Independent Bankers PAC and thirteen individual candidates. The donations were made to individuals on the basis of their support of the banking industry and/or representation in the counties that our Corporation has interests.

The contribution committee members are: Anthony W. Boroeh, John L. Bruch, Jr., William D. Davis, John T. Detwiler and Fitz R. Walling. The Officers are: Chairman, William D. Davis; Vice Chairman, John T. Detwiler; Treasurer, Anthony W. Boroeh; Assistant Treasurer and Secretary, Eileen L. Johnson.

Improvement was made to our PAC through a reorganization. Under the "old" PAC By-laws, we were restricted to making donations only to candidates seeking a state office. Several requests for support from candidates for a national office, who have been supportive of our industry, were declined because of the restrictions. With the change in the PAC, we will now be able to support candidates at the state and national political levels.

We believe the future of the banking business will be influenced by our ability to support legislators and political action committees that can make constructive legislative decisions for our industry. It is extremely important that we participate in the support of candidates and pacs in order to let our position on banking industry issues be known. Everyone gains from the benefits achieved with the donations given to political candidates in an effort to elect the best possible people.

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21040340956

Page 2.

Commonwealth Bancshares Corporation PAC

We strongly urge all employees and directors to give consideration to participating in Bancshares PAC. We believe each of us is affected by the success of good government and good banking legislation.

If you care to participate, checks should be made payable to Commonwealth Bancshares PAC and forwarded to Eileen Johnson, C/O Commonwealth Bank, Dept 52, 101 W. Third Street, Williamsport, PA 17703 by March 1, 1989. Our goal is to raise \$10,000 for our PAC. Participation is strictly voluntary and no pressure of any kind is to be placed on any individual, department, community office or affiliate. A suggested guideline for giving is as follows:

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Sincerely yours,



William D. Davis
Chairman of Commonwealth Bancshares PAC
and Chairman of the Board of
Commonwealth Bancshares Corporation

elj

(NB.) ONE of the incentives for Secy. Boroach is to accumulate \$10,000 annually into his PAC fund.

91040840957

Put in Payroll Envelopes

**COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
April 6, 1989**

Dear Directors and Fellow Employees:

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Sincerely,


Anthony W. Boroach
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc W. D. Davis, Chairman, President
and Chief Executive Officer

91040840958

Bulletin Board

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
May 15, 1989

FINAL REMINDER

This is it -- the last chance to contribute to the 1989 campaign! The campaign will come to an official close on May 22, 1989. To be listed as a contributor, your check must be received by the 22nd of May. Forward your check today, payable to Commonwealth Bancshares PAC, to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, PA 17701. Thank you for your consideration.

Sincerely,


Anthony W. Boroch
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc: W.D. Davis, Chairman, President,
and Chief Executive Officer

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE (PAC)

DISBURSEMENT APPROVAL FORM

DATE _____ AMOUNT REQUESTED _____

REQUESTED FROM _____

PAC MEMBERS POLLED FOR APPROVAL/DISAPPROVAL:

| NAME | PHONE | DATE-APPROVAL/DISAPPROVAL |
|------------------------|-----------------|-----------------------------------|
| JOHN L. BRUCH, JR. | 546-7000 | _____ |
| WILLIAM D. DAVIS | 327-5109 | _____ |
| <u>JOHN T DETWILER</u> | <u>327-3802</u> | <i>Resigned from BANK 1-26-89</i> |
| FITZ R. WALLING | 524-0152 | <i>no replacement named.</i> |
| ANTHONY W. BOROCH | 327-5111 | _____ |

DATE PAID _____ BY _____

91040840960

ACTION BY UNANIMOUS CONSENT IN WRITING
 IN LIEU OF MEETING OF
 THE CONTRIBUTION COMMITTEE
 COMMONWEALTH BANCSHARES PUBLIC AFFAIRS COMMITTEE (PAC)

THE UNDERSIGNED, being all the Directors of the above named committee, by Unanimous Consent in Writing, do hereby consent to the adoption of the following resolution:

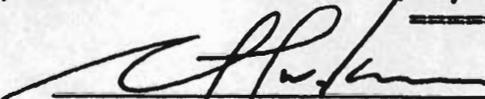
RESOLVED, that the following report represents the Collections and Distributions for the year 1988:

| | |
|---|-----------------|
| Balance brought forward January 1, 1988 | \$ 4,455.00 |
| Receipts during 1988 | <u>8,500.00</u> |
| | 12,955.00 |

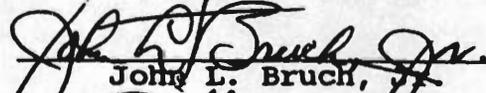
Disbursements during 1988:

| | | |
|-----------------------------------|---------------|--------------------|
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| PA for Effective Government | 350.00 | |
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| Joe Uliana | 300.00 | |
| Lee Telek | 300.00 | |
| Ted V. Kondrich | 200.00 | |
| Jerry Birmelin | <u>300.00</u> | |
| Total disbursements during 1988 | | 7,695.00 |
| Balance on hand December 20, 1988 | | <u>\$ 5,260.00</u> |

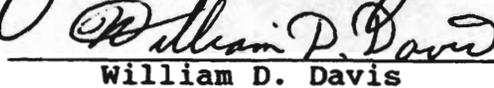
91040840961



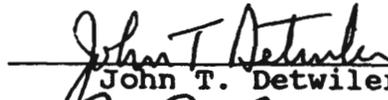
 Anthony W. Boroch



 John L. Bruch, Jr.



 William D. Davis



 John T. Detwiler



 Fitz R. Walling



 Secretary
 1-18-89

 (Date)



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 7, 1989

Wallace S. Nathan
District Counsel
Comptroller of the Currency
Administrator of National Banks
1114 Avenue of the Americas, Suite 3900
New York, NY 10036

RE: Pre-MUR 223

Dear Mr. Nathan:

This is to acknowledge receipt of your letter dated October 24, 1989, advising us of the possibility of a violation of the Federal Election Campaign Act of 1971, as amended ("the Act") by the Commonwealth Bancshares Corporation and the Commonwealth Bank and Trust Company, N.A. We are currently reviewing the matter and will advise you of the Commission's determination.

If you have any questions or additional information, please call Elizabeth Campbell, the staff member assigned to this matter, at (202) 376-8200. Our file number for this matter is Pre-MUR 223.

Pursuant to 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), the Commission's review of this matter shall remain confidential until the file has been closed.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

91040840962

90 FEB -7 PM 2:45

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

Pre-MUR 223

STAFF MEMBER: Elizabeth Campbell

SOURCE: INTERNALLY GENERATED

RESPONDENTS:

Commonwealth Bancshares
Corporation and William D.
Davis, as Chairman

Commonwealth Bancshares
Political Action Committee
(Federal) and Anthony W.
Boroch, as treasurer

RELEVANT STATUTES:

- 2 U.S.C. § 441b
- 11 C.F.R. § 114.5(a)
- 11 C.F.R. § 114.5(b)
- 11 C.F.R. § 114.5(d)
- 11 C.F.R. § 114.5(g)

INTERNAL REPORTS CHECKED:

Disclosure reports

FEDERAL AGENCIES CHECKED:

None

I. GENERATION OF MATTER

Commonwealth Bancshares Corporation Political Action Committee/Federal ("the PAC") was created in 1989 and is one of two political action committees of the Commonwealth Bancshares Corporation ("the Corporation") and its subsidiary national bank, Commonwealth Bank and Trust Company, N.A. ("the Bank"), both of Williamsport, Pennsylvania. The other political committee is the Commonwealth Bancshares Corporation Political Action Committee/State, which was established to assist candidates seeking a state office. The state committee has been registered with the Pennsylvania Election Bureau since 1987. The federal

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committee, referred to here as "the PAC," is the one we are concerned with in this case. The fundraising efforts at issue in this matter are solicitations for contributions to the PAC.¹ The PAC registered with the Commission by filing a Statement of Organization on February 8, 1989.

The PAC's 1989 mid-year report disclosed \$9,805.00 in receipts and no disbursements. Of the total receipts, \$9,055.00 were unitemized and \$750.00 were itemized. The PAC's 1989 year-end report disclosed \$195.00 in receipts, all unitemized, and \$1,000.00 in disbursements, with \$600.00 going to federal candidates and other political committees, and \$400.00 to state candidates.

In 1989, the PAC appears to have made written solicitations to corporate directors, advisory board members, and all regular employees of the corporation and its affiliate banks. The first solicitation, dated February 1, 1989, was apparently mailed to all directors and advisory board members and put in the payroll envelopes of all regular employees. The second solicitation, dated April 6, 1989, was also put in employee payroll envelopes. Then on May 15, 1989, the PAC posted "Final Reminder" notices on employee bulletin boards, reminding employees to send in their contributions because the 1989 fundraising campaign was drawing to a close.

This matter was referred to the Office of the General

1. It is not clear whether the solicitations were exclusively for contributions to the federal PAC; the solicitations may have been for the state PAC, also.

91040840964

Counsel by Wallace S. Nathan, District Counsel for the Comptroller of the Currency/Administrator of National Banks, following the agency's examination of the Bank, because of apparent corporate solicitation outside the restricted class in violation of 2 U.S.C. § 441b.

II. FACTUAL AND LEGAL ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), states that a corporation, or a separate segregated fund established by the corporation, may not solicit contributions to such a fund from any person other than its stockholders and their families and its executive or administrative personnel and their families.² 2 U.S.C. § 441b(b)(4). A corporation may also solicit the executive or administrative personnel of its subsidiaries and their families. 11 C.F.R. § 114.5(g)(1). The Act defines "executive or administrative personnel" as individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities. 2 U.S.C.

2. Accidental or inadvertent solicitations of non-solicitable class is not a violation provided that the corporation and/or its separate segregated fund have used their best efforts to prevent such prohibited solicitations, and provided that the method of solicitation which reached the non-solicitable class is corrected. 11 C.F.R. § 114.5(h). This "best efforts" rule applies to accidental or inadvertent solicitations made as a result of sales of stock or turnover in employees. Explanation and Justification for Accidental or Inadvertent Solicitation, House Document No. 95-44, 108 (January 12, 1977).

As discussed later in this report, the "best efforts" rule does not apply to the facts in this matter.

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§ 441b(b)(7); 11 C.F.R. § 114.1(c).³

Contributions to a separate segregated fund must be completely voluntary and must not be made out of physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal. 2 U.S.C.

§ 441b(b)(3)(A); 11 C.F.R. § 114.5(a). All written solicitations for contributions to a separate segregated fund must inform the person being solicited that he has the right to refuse to contribute without any reprisal. 2 U.S.C. § 441b(b)(3)(C);

11 C.F.R. § 114.5(a)(4). Additionally, all written solicitations must contain statements informing the person being solicited of the political purposes of the fund. 2 U.S.C. § 441b(b)(3)(B);

11 C.F.R. § 114.5(a)(3). Guidelines for contributions may be suggested by a corporation or its separate segregated fund, provided that the person being solicited is informed that the guidelines are merely suggestions and that he is free to contribute more or less than the suggested guidelines without fear that the corporation will favor or disadvantage anyone by reason of the amount of their contribution or their decision not

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3. A corporation and/or its separate segregated fund may solicit non-executive or administrative personnel and their families two times per calendar year. 2 U.S.C. § 441b(b)(4)(B); 11 C.F.R. § 114.6(a). These "twice yearly" solicitations must be in writing, made by mail addressed to the employees at their residences, and shall be designed so that the corporation or separate segregated fund conducting the solicitation cannot determine who makes a contribution of \$50.00 or less or who does not make a contribution as a result of the solicitation. 2 U.S.C. § 441b(b)(4)(B).

In this matter, the PAC did not follow any of the procedures for twice yearly solicitations, so none of the solicitations fall within the "twice yearly" provision.

to contribute. 11 C.F.R. § 114.5(a).

A corporation may use its general treasury monies, including monies obtained in commercial transactions and dues monies or membership fees, for the establishment, administration, and solicitation of contributions for its separate segregated fund. 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). Also, a corporation may exercise control over its separate segregated fund; for example, by directing the disbursement of voluntary contributions to its separate segregated fund, including the determination of the candidates to whom the contributions are made. 11 C.F.R. § 114.5(d).

B. Analysis

The first solicitation letter sent out by the PAC, dated February 1, 1989, and the second, dated April 6, 1989, were apparently mailed to all of the directors and advisory board members of both the Corporation and the Bank. In addition, the referral indicates that the PAC put solicitation letters in the payroll envelopes of all regular employees of the Corporation and the Bank. As noted above, the Act permits a corporation or its separate segregated fund to solicit only executive or administrative personnel and their families. Because these letters were straightforward requests for contributions, they were solicitations. And because the letters were apparently sent to all employees, not just executive and administrative personnel, the letters would be solicitations beyond the restricted class.

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There are other indications that the letters were apparently solicitations of employees beyond the restricted class. The salutation in both letters was addressed to "Directors" and "Employees." (See Attachments 2 and 3.) Also, each of the letters includes suggested guidelines for contributing to the PAC. These guidelines list suggested contribution amounts for all of the different levels of managers in the corporate structure. In addition, there is a suggested contribution amount for "employees not in the above categories" and the suggested contribution guideline for this category is significantly lower than the suggested guideline for the other categories, from \$5.00 to \$10.00. Since all of the other listed categories are for different levels of managers, the "employees not in the above categories" would include employees who received the solicitation and are not executive or administrative personnel.

The first solicitation letter, dated February 1, 1989, informed the employee of the political purpose of the PAC, and that he had a right to refuse to contribute without reprisal. The second letter, dated April 6, 1989, also discussed the political purpose of the PAC but did not inform the employee of his right to refuse to contribute without fear of reprisal. In addition, the second solicitation letter begins with the following language: "We've missed you! Your name is not on the list of contributors to the annual campaign." (See Attachment 3.) Clearly, the PAC was keeping track of who made contributions. Contributions to a separate segregated fund must be voluntary and the person being solicited must be informed that

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he has the right to refuse to contribute without reprisal. 2 U.S.C. § 441b(b)(3); 11 C.F.R. § 114.5(a). By keeping track of employees who had not made contributions and sending out a second solicitation letter to them, without informing them of their right to refuse to contribute without reprisal, the PAC seemingly violated 2 U.S.C. § 441b(b)(3)(B).

The third communication from the PAC was the "Final Reminder" dated May 15, 1989, which was apparently placed on employee bulletin boards. (See Attachment 4.) If a message is not a straightforward request for a contribution, the standard used by the Commission in making a determination whether something is a solicitation is whether the message merely informs the reader, or whether it encourages support of the fund or facilitates contributions to it. See Advisory Opinions 1988-2, 1983-38, 1982-65, 1980-65, 1979-66, 1979-13. The "Final Reminder" notice is a solicitation because it is not merely informational, but it directly encourages support of and attempts to facilitate contributions to the PAC. The Final Reminder encourages readers to "forward your check today" as this is the last chance "to be listed as a contributor" for the PAC's 1989 campaign. Thus, employee bulletin boards are being used as more than a "passive conduit" of PAC information because the posted notices explicitly encourage employees to contribute to the PAC. Cf. Advisory Opinions 1988-2 and 1982-65. And although no employee names appear on the "Final Reminder" notice, all employees had previously been solicited to contribute to the PAC, so they may have assumed that the notice was addressed to them.

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The facts here are similar to those in Advisory Opinion 1979-13 where the Commission ruled that an article in a company newsletter was a solicitation because PAC contributions were encouraged by the corporate chairman. Because the article constituted a solicitation, it could not be included in the newsletter which is distributed to persons the PAC is prohibited from soliciting. Advisory Opinion 1979-13. In this matter, the "Final Reminder" appears to be a solicitation, and because the notice may have reached non-solicitatable employees, the notice would constitute a solicitation beyond the solicitatable class in violation of 2 U.S.C. § 441b(b)(4).

Based on all of the above, it appears that the PAC made solicitations outside of the restricted class and failed to include adequate notice to persons solicited that they have the right to refuse to contribute without fear of reprisal. Accordingly, there is reason to believe that the Commonwealth Bancshares Corporation Political Action Committee and William D. Davis, as treasurer, violated 2 U.S.C. § 441b(b).

There were no reported disbursements in the PAC's 1989 mid-year report, not even for the solicitation letters. Since a corporation may use its general treasury monies for the establishment, administration, and solicitation of contributions for its separate segregated fund, it is reasonable to assume that the Corporation paid the solicitation costs for the two letters and the Final Reminder notice. See 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). All of the solicitations, the two letters

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and the Final Reminder notice, have at least the appearance of being approved by the corporation. The first letter is actually signed by William D. Davis who is chairman of the corporation as well as chairman of the PAC. A carbon copy of the second solicitation letter, the one sent only to persons who had not yet contributed, was sent to Davis, as was a copy of the Final Reminder notice. Moreover, using the employee bulletin board makes the notice appear to be communication from the corporation itself. Because the three solicitations by the PAC appear to have gone outside of the restricted class and because Davis, as Chairman, apparently consented to these prohibited expenditures, there is reason to believe that the Corporation and Davis, as Chairman, violated 2 U.S.C. § 441b(b).

III. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, violated 2 U.S.C. § 441b(b).
3. Find reason to believe that Commonwealth Bancshares Corporation Political Action Committee (Federal) and Anthony W. Boroch, as treasurer, violated 2 U.S.C. § 441b(b).
3. Approve the attached letters and Factual and Legal Analyses.

2/7/90

 Date

Lawrence M. Noble

 Lawrence M. Noble
 General Counsel

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Attachments:

- 1-7 Referral Materials**
- 8-9 Proposed Letters and Factual and Legal Analysis (2)**
- 10-11 Questions (2)**

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Commonwealth Bancshares Corporation)
and William D. Davis, as Chairman)
Commonwealth Bancshares Political)
Action Committee (Federal) and)
Anthony W. Borocho, as treasurer)

Pre-MUR 223 (MUR 3033)

CORRECTED CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 12, 1990, the Commission decided by a vote of 5-0 to take the following actions in Pre-MUR 223:

1. Open a MUR.
2. Find reason to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, violated 2 U.S.C. § 441b(b).
3. Find reason to believe that Commonwealth Bancshares Corporation Political Action Committee (Federal) and Anthony W. Borocho, as treasurer, violated 2 U.S.C. § 441b(b).
4. Approve the letters and Factual and Legal Analyses, as recommended in the General Counsel's Report dated February 7, 1990.

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

Attest:

July 2, 1990
Date

Hella Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Wednesday, Feb. 7, 1990 2:45 p.m.
Circulated to the Commission: Wednesday, Feb. 7, 1990 11:00 a.m.
Deadline for vote: Monday, Feb. 12, 1990 11:00 a.m.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 14, 1990

Mr. William D. Davis
Chairman
Commonwealth Bancshares Corporation
101 W. Third St.
Williamsport, PA 17701

RE: MUR 3033
Commonwealth Bancshares
Corporation and William D.
Davis, as Chairman

Dear Mr. Davis:

On February 12, 1990, the Federal Election Commission found that there is reason to believe that Commonwealth Bancshares Corporation (the "Corporation") and you, as Chairman, violated 2 U.S.C. § 441b(b), 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 Corporation and you, as Chairman. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office, along with answers to the enclosed questions, within 15 days of 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 Corporation and you, as Chairman, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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Mr. William D. Davis, Chairman
Page 2

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.

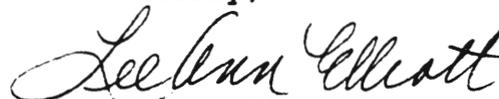
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form
Questions

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Commonwealth Bancshares
Corporation and William D.
Davis, as Chairman

MUR 3033

A. The Law

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The Federal Election Campaign Act of 1971, as amended ("the Act"), states that a corporation, or a separate segregated fund established by the corporation, may not solicit contributions to such a fund from any person other than its stockholders and their families and its executive or administrative personnel and their families.¹ 2 U.S.C. § 441b(b)(4). A corporation may also solicit the executive or administrative personnel of its subsidiaries and their families. 11 C.F.R. § 114.5(g)(1). The Act defines "executive or administrative personnel" as individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities. 2 U.S.C.

1. Accidental or inadvertent solicitations of non-solicitible class is not a violation provided that the corporation and/or its separate segregated fund have used their best efforts to prevent such prohibited solicitations, and provided that the method of solicitation which reached the non-solicitible class is corrected. 11 C.F.R. § 114.5(h). This "best efforts" rule applies to accidental or inadvertent solicitations made as a result of sales of stock or turnover in employees. Explanation and Justification for Accidental or Inadvertent Solicitation, House Document No. 95-44, 108 (January 12, 1977).

The "best efforts" rule does not apply to the facts in this matter.

§ 441b(b)(7); 11 C.F.R. § 114.1(c).²

Contributions to a separate segregated fund must be completely voluntary and must not be made out of physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal. 2 U.S.C.

§ 441b(b)(3)(A); 11 C.F.R. § 114.5(a). All written solicitations for contributions to a separate segregated fund must inform the person being solicited that he has the right to refuse to contribute without any reprisal. 2 U.S.C. § 441b(b)(3)(C);

11 C.F.R. § 114.5(a)(4). Additionally, all written solicitations must contain statements informing the person being solicited of the political purposes of the fund. 2 U.S.C. § 441b(b)(3)(B);

11 C.F.R. § 114.5(a)(3). Guidelines for contributions may be suggested by a corporation or its separate segregated fund, provided that the person being solicited is informed that the guidelines are merely suggestions and that he is free to contribute more or less than the suggested guidelines without fear that the corporation will favor or disadvantage anyone by reason of the amount of their contribution or their decision not

2. A corporation and/or its separate segregated fund may solicit non-executive or administrative personnel and their families two times per calendar year. 2 U.S.C. § 441b(b)(4)(B); 11 C.F.R. § 114.6(a). These "twice yearly" solicitations must be in writing, made by mail addressed to the employees at their residences, and shall be designed so that the corporation or separate segregated fund conducting the solicitation cannot determine who makes a contribution of \$50.00 or less or who does not make a contribution as a result of the solicitation. 2 U.S.C. § 441b(b)(4)(B).

In this matter, the PAC did not follow any of the procedures for twice yearly solicitations, so none of the solicitations fall under the twice yearly category.

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to contribute. 11 C.F.R. § 114.5(a).

A corporation may use its general treasury monies, including monies obtained in commercial transactions and dues monies or membership fees, for the establishment, administration, and solicitation of contributions for its separate segregated fund. 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). Also, a corporation may exercise control over its separate segregated fund; for example, by directing the disbursement of voluntary contributions to its separate segregated fund, including the determination of the candidates to whom the contributions are made. 11 C.F.R. § 114.5(d).

B. Analysis

The first solicitation letter sent out by the PAC, dated February 1, 1989, and the second, dated April 6, 1989, were apparently mailed to all of the directors and advisory board members of both the Corporation and the Bank. In addition, the referral indicates that the PAC put solicitation letters in the payroll envelopes of all regular employees of the Corporation and the Bank. As noted above, the Act permits a corporation or its separate segregated fund to solicit only executive or administrative personnel and their families. Because these letters were straightforward requests for contributions, they were solicitations. And because the letters were apparently sent to all employees, not just executive and administrative personnel, the letters would be solicitations beyond the restricted class.

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There are other indications that the letters were apparently solicitations of employees beyond the restricted class. The salutation in both letters was addressed to "Directors" and "Employees." Also, each of the letters includes suggested guidelines for contributing to the PAC. These guidelines list suggested contribution amounts for all of the different levels of managers in the corporate structure. In addition, there is a suggested contribution amount for "employees not in the above categories" and the suggested contribution guideline for this category is significantly lower than the suggested guideline for the other categories, from \$5.00 to \$10.00. Since all of the other listed categories are for different levels of managers, the "employees not in the above categories" would include employees who received the solicitation and are not executive or administrative personnel.

The first solicitation letter, dated February 1, 1989, informed the employee of the political purpose of the PAC, and that he had a right to refuse to contribute without reprisal. The second letter, dated April 6, 1989, also discussed the political purpose of the PAC but did not inform the employee of his right to refuse to contribute without fear of reprisal. In addition, the second solicitation letter begins with the following language: "We've missed you! Your name is not on the list of contributors to the annual campaign." Clearly, the PAC was keeping track of who made contributions. The Commission's regulations seek to protect corporate employees from coercive practices and to insure that contributions are voluntary. By

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sending out a second solicitation letter to employees who had not yet contributed to the PAC and by failing to include language indicating that the recipient could refuse to contribute without reprisal, the PAC apparently violated both the letter and spirit of the law.

The third communication from the PAC was the "Final Reminder" dated May 15, 1989, which was apparently placed on employee bulletin boards. If a message is not a straightforward request for a contribution, the standard used by the Commission in making a determination whether something is a solicitation is whether the message merely informs the reader, or whether it encourages support of the fund or facilitates contributions to it. See Advisory Opinions 1988-2, 1983-38, 1982-65, 1980-65, 1979-66, 1979-13. The "Final Reminder" notice is a solicitation because it is not merely informational, but it directly encourages support of and attempts to facilitate contributions to the PAC. The Final Reminder encourages readers to "forward your check today" as this is the last chance "to be listed as a contributor" for the PAC's 1989 campaign. Thus, employee bulletin boards are being used as more than a "passive conduit" of PAC information because the posted notices explicitly encourage employees to contribute to the PAC. Cf. Advisory Opinions 1988-2 and 1982-65. And although no employee names appear on the "Final Reminder" notice, all employees had previously been solicited to contribute to the PAC, so they may have assumed that the notice was addressed to them.

The facts here are similar to those in Advisory Opinion

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1979-13 where the Commission ruled that an article in a company newsletter was a solicitation because PAC contributions were encouraged by the corporate chairman. Because the article constituted a solicitation, it could not be included in the newsletter which is distributed to persons the PAC is prohibited from soliciting. Advisory Opinion 1979-13. In this matter, the "Final Reminder" appears to be a solicitation, and because the notice may have reached non-solicitible employees, the notice would constitute a solicitation beyond the solicitible class in violation of 2 U.S.C. § 441b(b)(4).

There were no reported disbursements in the PAC's 1989 mid-year report, not even for the solicitation letters. Since a corporation may use its general treasury monies for the establishment, administration, and solicitation of contributions for its separate segregated fund, it is reasonable to assume that the Corporation paid the solicitation costs for the two letters and the Final Reminder notice. See 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). All of the solicitations, the two letters and the Final Reminder notice, have at least the appearance of being approved by the corporation. The first letter is actually signed by William D. Davis who is chairman of the corporation as well as chairman of the PAC. A carbon copy of the second solicitation letter, the one sent only to persons who had not yet contributed, was sent to Davis, as was a copy of the Final Reminder notice. Moreover, using the employee bulletin board makes the notice appear to be communication from the corporation itself. Because the three solicitations by the PAC appear to

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have gone outside of the restricted class and because Davis, as Chairman, apparently consented to these prohibited expenditures. Therefore, there is reason to believe that the Corporation and Davis, as Chairman, violated 2 U.S.C. § 441b(b).

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3033
)

**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

TO: Mr. William D. Davis
Chairman
Commonwealth Bancshares Corporation
101 W. Third St.
Williamsport, PA 17701

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

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INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from February 1989 to the present.

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

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DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

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

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

The following information is requested from you concerning solicitations for contributions to the Commonwealth Bancshares Political Action Committee (Federal).

1. The Commonwealth Bancshares Corporation Political Action Committee (Federal) sent out a solicitation letter dated February 1, 1989, which was signed by you, William D. Davis. State whether you approved the letter before it was sent out. Also state whether anyone else from the Commonwealth Bancshares Corporation approved this letter before it was sent out.
2. The Commonwealth Bancshares Corporation Political Action Committee (Federal) sent out a second solicitation letter dated April 6, 1989. A carbon copy was sent to you, William D. Davis, as Chairman, President, and Chief Executive Officer. State whether you or anyone else from the Commonwealth Bancshares Corporation approved the letter before it was sent out.
3. The Commonwealth Bancshares Corporation Political Action Committee (Federal) posted a "Final Reminder" notice, apparently on the Corporation's bulletin boards, dated May 15, 1989. State whether you or anyone else from the Commonwealth Bancshares Corporation approved the notice before it was posted.
4. State whether the costs for the two solicitation letters and the Final Reminder notice were paid for by the Commonwealth Bancshares Corporation out of general treasury monies.
5. Explain fully your responsibilities to the Commonwealth Bancshares Corporation Political Action Committee (Federal), e.g., your role in fundraising, planning, etc.
6. Submit copies of all reports filed with the Pennsylvania Election Bureau in 1988 and 1989 by the Commonwealth Bancshares Corporation Political Action Committee (State).

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 14, 1990

**Mr. Anthony Boroch, Treasurer
Commonwealth Bancshares Corporation
Political Action Committee (Federal)
101 W. Third St., Dept. 52
Williamsport, PA 17701**

**RE: MUR 3033
Commonwealth Bancshares
Corporation Political
Action Committee (Federal)
and Anthony W. Boroch, as
treasurer**

Dear Mr. Boroch:

On February 12, 1990, the Federal Election Commission found that there is reason to believe the Commonwealth Bancshares Corporation Political Action Committee (Federal) (the "Committee") and you, as treasurer, violated 2 U.S.C. § 441b(b), 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, along with answers to the enclosed questions 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.

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Mr. Anthony Boroch, Treasurer
Page 2

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 Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form
Questions

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Commonwealth Bancshares Corporation MUR 3033
Political Action Committee (Federal)
and Anthony W. Boroach, as treasurer

A. The Law

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The Federal Election Campaign Act of 1971, as amended ("the Act"), states that a corporation, or a separate segregated fund established by the corporation, may not solicit contributions to such a fund from any person other than its stockholders and their families and its executive or administrative personnel and their families.¹ 2 U.S.C. § 441b(b)(4). A corporation may also solicit the executive or administrative personnel of its subsidiaries and their families. 11 C.F.R. § 114.5(g)(1). The Act defines "executive or administrative personnel" as individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities. 2 U.S.C.

1. Accidental or inadvertent solicitations of non-solicitable class is not a violation provided that the corporation and/or its separate segregated fund have used their best efforts to prevent such prohibited solicitations, and provided that the method of solicitation which reached the non-solicitable class is corrected. 11 C.F.R. § 114.5(h). This "best efforts" rule applies to accidental or inadvertent solicitations made as a result of sales of stock or turnover in employees. Explanation and Justification for Accidental or Inadvertent Solicitation, House Document No. 95-44, 108 (January 12, 1977).

The "best efforts" rule does not apply to the facts in this matter.

§ 441b(b)(7); 11 C.F.R. § 114.1(c).²

Contributions to a separate segregated fund must be completely voluntary and must not be made out of physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal. 2 U.S.C.

§ 441b(b)(3)(A); 11 C.F.R. § 114.5(a). All written solicitations for contributions to a separate segregated fund must inform the person being solicited that he has the right to refuse to contribute without any reprisal. 2 U.S.C. § 441b(b)(3)(C); 11 C.F.R. § 114.5(a)(4). Additionally, all written solicitations must contain statements informing the person being solicited of the political purposes of the fund. 2 U.S.C. § 441b(b)(3)(B); 11 C.F.R. § 114.5(a)(3). Guidelines for contributions may be suggested by a corporation or its separate segregated fund, provided that the person being solicited is informed that the guidelines are merely suggestions and that he is free to contribute more or less than the suggested guidelines without fear that the corporation will favor or disadvantage anyone by reason of the amount of their contribution or their decision not

2. A corporation and/or its separate segregated fund may solicit non-executive or administrative personnel and their families two times per calendar year. 2 U.S.C. § 441b(b)(4)(B); 11 C.F.R. § 114.6(a). These "twice yearly" solicitations must be in writing, made by mail addressed to the employees at their residences, and shall be designed so that the corporation or separate segregated fund conducting the solicitation cannot determine who makes a contribution of \$50.00 or less or who does not make a contribution as a result of the solicitation. 2 U.S.C. § 441b(b)(4)(B).

In this matter, the PAC did not follow any of the procedures for twice yearly solicitations, so none of the solicitations fall under the twice yearly category.

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to contribute. 11 C.F.R. § 114.5(a).

B. Analysis

The first solicitation letter sent out by the PAC, dated February 1, 1989, and the second, dated April 6, 1989, were apparently mailed to all directors and advisory board members of both the Corporation and the Bank. In addition, it appears that the PAC put solicitation letters in the payroll envelopes of all regular employees of the Corporation and the Bank. As noted above, the Act permits a corporation or its separate segregated fund to solicit only executive or administrative personnel and their families. Because these letters were straightforward requests for contributions, they were solicitations. And because the letters were apparently sent to all employees, not just executive and administrative personnel, the letters would be solicitations beyond the restricted class.

There are other indications that the letters were apparently solicitations of employees beyond the restricted class. The salutation in both letters was addressed to "Directors" and "Employees." Also, each of the letters includes suggested guidelines for contributing to the PAC. These guidelines list suggested contribution amounts for all of the different levels of managers in the corporate structure. In addition, there is a suggested contribution amount for "employees not in the above categories" and the suggested contribution guideline for this category is significantly lower than the suggested guideline for the other categories, from \$5.00 to \$10.00. Since all of the

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other listed categories are for different levels of managers, the "employees not in the above categories" would include employees who received the solicitation and are not executive or administrative personnel.

The first solicitation letter, dated February 1, 1989, informed the employee of the political purpose of the PAC, and that he had a right to refuse to contribute without reprisal. The second letter, dated April 6, 1989, also discussed the political purpose of the PAC but did not inform the employee of his right to refuse to contribute without fear of reprisal. In addition, the second solicitation letter begins with the following language: "We've missed you! Your name is not on the list of contributors to the annual campaign." Clearly, the PAC was keeping track of who made contributions. The Commission's regulations seek to protect corporate employees from coercive practices and to insure that contributions are voluntary. By sending out a second solicitation letter to employees who had not yet contributed to the PAC and by failing to include language indicating that the recipient could refuse to contribute without reprisal, the PAC apparently violated both the letter and spirit of the law.

The third communication from the PAC was the "Final Reminder" dated May 15, 1989, which was apparently placed on employee bulletin boards. If a message is not a straightforward request for a contribution, the standard used by the Commission in making a determination whether something is a solicitation is whether the message merely informs the reader, or whether it

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encourages support of the fund or facilitates contributions to it. See Advisory Opinions 1988-2, 1983-38, 1982-65, 1980-65, 1979-66, 1979-13. The "Final Reminder" notice is a solicitation because it is not merely informational, but it directly encourages support of and attempts to facilitate contributions to the PAC. The Final Reminder encourages readers to "forward your check today" as this is the last chance "to be listed as a contributor" for the PAC's 1989 campaign. Thus, employee bulletin boards are being used as more than a "passive conduit" of PAC information because the posted notices explicitly encourage employees to contribute to the PAC. Cf. Advisory Opinions 1988-2 and 1982-65. And although no employee names appear on the "Final Reminder" notice, all employees had previously been solicited to contribute to the PAC, so they may have assumed that the notice was addressed to them.

The facts here are similar to those in Advisory Opinion 1979-13 where the Commission ruled that an article in a company newsletter was a solicitation because PAC contributions were encouraged by the corporate chairman. Because the article constituted a solicitation, it could not be included in the newsletter which is distributed to persons the PAC is prohibited from soliciting. Advisory Opinion 1979-13. In this matter, the "Final Reminder" appears to be a solicitation, and because the notice may have reached non-solicitable employees, the notice would constitute a solicitation beyond the solicitable class in violation of 2 U.S.C. § 441b(b)(4).

Based on all of the above, it appears that the PAC made

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solicitations outside of the restricted class and failed to include adequate notice to persons solicited that they have the right to refuse to contribute without fear of reprisal.

Therefore, there is reason to believe that the Commonwealth Bancshares Corporation Political Action Committee and William D. Davis, as treasurer, violated 2 U.S.C. § 441b(b).

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) **MUR 3033**
)

**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

**TO: Mr. Anthony W. Boroch, Treasurer
Commonwealth Bancshares Corporation
Political Action Committee (Federal)
101 W. Third St., Dept. 52
Williamsport, PA 17701**

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

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INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from February 1989 to the present.

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

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DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

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

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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DEFINITIONS (con't)

"Executive or administrative personnel" means individuals employed by a corporation who are paid on a salary, rather than hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities. This definition includes individuals who run the corporation's business such as officers, other executives, division and section managers. This definition does not include professionals who are represented by a labor organization; salaried lower level supervisors having direct supervision over hourly employees; former or retired personnel who are not stockholders; or individuals who may be paid by the corporation such as consultants, but who are not employees of the corporation for the purpose of income withholding tax on employee wages.

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

The following information is requested from you concerning solicitations for contributions to the Commonwealth Bancshares Political Action Committee (Federal).

1. The following questions concern the solicitation letter dated February 1, 1989 sent out by the Commonwealth Bancshares Political Action Committee (Federal).
 - (a) State how many of the February 1, 1989 solicitation letters were sent to executive or administrative personnel and how many were sent to non-executive or administrative personnel.
 - (b) State how the employees identified in (a) above received the solicitation letter dated February 1, 1989.
 - (c) Explain how the PAC created the mailing list for the February 1, 1989 solicitation letter.
 - (d) Identify the person(s) who approved the solicitation letter of February 1, 1989 before it was sent out.
2. The following questions concern the solicitation letter dated April 6, 1989 sent out by the Commonwealth Bancshares Political Action Committee (Federal).
 - (a) State how many of the April 16, 1989 solicitation letters were sent to executive or administrative personnel and how many were sent to non-executive or administrative personnel.
 - (b) State how the employees identified in (a) above received the solicitation letter dated April 6, 1989.

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- (c) Indicate how the PAC created the mailing list for the April 6, 1989 solicitation letter.
- (d) Identify the person(s) who approved the solicitation letter of April 6, 1989 before it was sent out.
3. The following questions concern the "Final Reminder" notice dated May 15, 1989, posted by the Commonwealth Bancshares Corporation Political Action Committee (Federal).
- (a) Identify all of the places where the Final Reminder notice was posted. State who had access to the area where the Final Reminder notice was posted, i.e., whether it was limited only to executive or administrative employees, all employees, the general public, etc.
- (b) Identify the person(s) who approved the Final Reminder notice before it was posted.
4. Submit copies of any other solicitation letters or notices the Commonwealth Bancshares Corporation Political Action Committee (Federal) sent out or posted in 1989.
5. State how much money the Commonwealth Bancshares Corporation Political Action Committee (Federal) raised in response to its 1989 fundraising campaign from executive and administrative employees and how much was raised from non-executive or administrative employees.
6. Identify who paid the solicitation costs of the Commonwealth Bancshares Corporation Political Action Committee (Federal).
7. Describe the organizational structure of the Commonwealth Bancshares Corporation Political Action Committee (Federal).
- (a) Identify the officers of the PAC.
- (b) Indicate who runs the day to day operations of the PAC.
- (c) Identify who decides who will receive contributions from the PAC.
- (d) Identify the person(s) who plan fundraising activities.
8. Identify all of the responsibilities Eileen Johnson has with the Commonwealth Bancshares Corporation Political Action Committee (Federal).
9. Submit a copy of the by-laws of the Commonwealth Bancshares Corporation Political Action Committee (Federal). State who received a copy of the by-laws, e.g., all or only some executive or administrative personnel, all employees.

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LAW OFFICES

DRINKER BIDDLE & REATH

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

SUITE 900
901 FIFTEENTH STREET, N.W.
WASHINGTON, DC 20005
(202) 842-8800

PHILADELPHIA NATIONAL BANK BUILDING
BROAD AND CHESTNUT STREETS
PHILADELPHIA, PA 19107

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SUITE 106
1061 OAK ROAD
CORNELIUS, NJ 08049
(609) 627-8000

405 PARK AVENUE
NEW YORK, NY 10022
(212) 838-8600

TELEPHONE: (215) 988-2700
TELEX: 234884 • DEBEMAC
TELECOPIER: (215) 988-2757

SUITE 400
100 PALMER SQUARE
POST OFFICE BOX 627
PRINCETON, NJ 08542
(609) 821-6338

STEWART DALELL
(215) 988-2934

February 27, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
90 FEB 28 PM 2:44

Elizabeth Campbell, Esquire
Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

Re: MUR 3033

Dear Ms. Campbell:

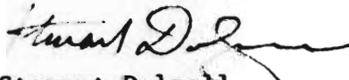
As you will see from the enclosed Statements of Designation of Counsel, Commonwealth Bancshares Corporation PAC (by its former Treasurer) and Mr. William D. Davis designated me to be their counsel in the above cited MUR.

The record should reflect that both the PAC and Mr. Davis received Chairman Elliott's February 14 letter, and enclosures, on February 20.

Recognizing the tight deadlines that necessarily prevail in these matters, we would nonetheless like to request a ten day extension of time in which to respond. This extension would also cover the Interrogatories and Request for Production of Documents for both respondents. It may well be that we will be able to get our responses out to you by eight days from today, but because Ms. Eileen L. Johnson, former Assistant Treasurer, and current Treasurer, of the PAC was not available last week, there has been some delay in the commencement of information gathering to comply with the February 14 materials.

I look forward to hearing from you about this modest extension request, and to working with you on this Matter.

Very truly yours,


Stewart Dalzell

SD:jp
Enc.
VIA FEDERAL EXPRESS
cc: Mr. Anthony W. Borocho

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 3033

NAME OF COUNSEL: Stewart Dalzell

ADDRESS: Drinker Biddle & Reath

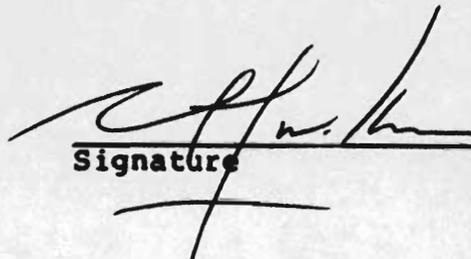
1100 Philadelphia National Bank Bldg.

Philadelphia, PA 19107

TELEPHONE: Phone: 215-988-2934

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.

02-23-90
Date


Signature

RESPONDENT'S NAME: Anthony W. Boroch

ADDRESS: Commonwealth Bancshares Corporation

101 West Third Street

Williamsport, PA 17701

HOME PHONE: 717-322-6809

BUSINESS PHONE: 717-327-5111

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 3033

NAME OF COUNSEL: Stewart Dalzell

ADDRESS: Drinker Biddle & Reath

1100 Philadelphia National Bank Bldg.

Philadelphia, PA 19107

TELEPHONE: 215-988-2934

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.

02-23-90
Date

William D. Davis
Signature

RESPONDENT'S NAME: William D. Davis

ADDRESS: Commonwealth Bancshares Corporation

101 West Third Street

Williamsport, PA 17701

HOME PHONE: 717-326-5213

BUSINESS PHONE: 717-327-5109

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1990

Stewart Dalzell, Esq.
Drinker Biddle & Reath
Philadelphia National Bank
Building
Broad and Chestnut Streets
Philadelphia, PA 19107

RE: MUR 3033
Commonwealth Bancshares
Corporation and William D.
Davis, as Chairman;
Commonwealth Bancshares
Corporation Political Action
Committee and Anthony W.
Boroch, as treasurer

Dear Mr. Dalzell:

This is in response to your letter dated February 27, 1990, requesting an extension of 10 days to respond to the Commission's interrogatories and and request for production of documents. After considering the circumstances presented in your letter, the Federal Election Commission has granted the requested extension. Accordingly, your response is due by the close of business on March 16, 1990.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: George F. Rishel
Assistant General Counsel

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LAW OFFICES
DRINKER BIDDLE & REATH

PHILADELPHIA NATIONAL BANK BUILDING
BROAD AND CHESTNUT STREETS
PHILADELPHIA, PA 19107

TELEPHONE: (215) 988-2700
TELEX: 834684 • DEBEHAC
TELECOPIER: (215) 988-2757

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RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

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SUITE 108
1202 LAUREL OAK ROAD
VOORHEES, NJ 08043
(609) 627-8000

SUITE 400
100 PALMER SQUARE
POST OFFICE BOX 627
PRINCETON, NJ 08542
(609) 921-6338

SUITE 800
901 FIFTEENTH STREET, N.W.
WASHINGTON, DC 20005
(202) 642-8600

405 PARK AVENUE
NEW YORK, NY 10022
(212) 638-5600

STEWART DALZELL
(215) 988-2934

March 15, 1990

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

Re: MUR 3033

Dear Mr. Noble:

In accordance with FEC Reg. §111.16(c), I enclose three copies of Respondents' Brief, and responses to discovery, in the above-cited Matter. In accordance with the same Regulation, I have today sent via Federal Express ten copies of these documents to Ms. Emmons, Commission Secretary.

This submission is made within the time allowed by a letter, dated March 1, 1990, under your name on the Commission's behalf signed by Mr. Rishel.

Sincerely,



Stewart Dalzell

SD:jeb
Enclosures

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAR 19 PM 2:21

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BEFORE THE FEDERAL ELECTION COMMISSION

IN RE: : MUR 3033
: :
Commonwealth Bancshares :
Corporation Political :
Action Committee (Federal) :
and Anthony W. Boroeh, as :
Treasurer and William D. :
Davis, as Chairman :

RESPONDENTS' BRIEF ON THE FACTUAL AND LEGAL
ISSUES OF THE CASE, AND RESPONSES TO
INTERROGATORIES AND DOCUMENT REQUESTS

Respondents in this Matter, by their attorney, respond to the "reason to believe" letters of the Commission, dated February 14, 1990, as set forth below. In addition, appended to this Brief are Respondents' Answers to Interrogatories and Responses to the Requests for Production of Documents propounded upon them with the "reason to believe" letters.

The gist of the "reason to believe" letters is that Commonwealth Bancshares Corporation Political Action Committee (hereinafter referred to as "Bancshares PAC") may have violated 2 U.S.C. §441b(b), and the Regulations promulgated thereunder, through allegedly improper solicitations of contributions to Bancshares PAC. The Factual and Legal Analysis appended to the "reason to believe" letters specifically cites three instances of allegedly improper solicitation:

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- 1) a February 1, 1989 solicitation letter;
- 2) an April 6, 1989 solicitation letter; and
- 3) a May 15, 1989 "Final Reminder" which was allegedly "placed on employee bulletin boards."

Based upon their Answers to Interrogatories, Respondents respectfully suggest that there is no probable cause to believe a violation occurred, for the reasons set forth below. Because of the technical nature of the issues between the Commission and Respondents, however, Respondents also respectfully suggest that any remaining dispute between them and the Commission should be resolved by conciliation pursuant to 11 C.F.R. §111.18.

Background

As noted in Answer 1(b) of the Answers of Anthony W. Boroch and Bancshares PAC to the Commission's Interrogatories, Commonwealth Bancshares Corporation (hereinafter referred to as "Bancshares") initially formed a political action committee in 1987 that exclusively supported candidates for state offices. The Campaign Expense Reports, attached as Exhibit D to Mr. William D. Davis's Answers, confirm that the orientation of Bancshares PAC through the end of 1988 was exclusively to candidates for state office in the Commonwealth of Pennsylvania.

As stated in Mr. Boroch's Answers at 1(b), the practice of the State PAC was to send an annual solicitation

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letter to "directors, officers and employees about the first of February of each year."

On February 3, 1989, Bancshares PAC filed its Statement of Organization with the Commission, and the initial deposit activating this federal "account was made on February 22, 1989."

The February 1, 1989 Solicitation Letter

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The first letter questioned in the "reason to believe" letters is attached as Exhibit A to Mr. Boroch's Answers to Interrogatories. As he states in his Answer at 1(b), this letter was sent in accordance with prior practice of the Bancshares State PAC. No pretense was, therefore, made of conforming with the "Twice yearly solicitations" Regulations of the Commission, set forth at 11 C.F.R. §114.6. Given the fact that the February 1 letter was sent two days prior to Bancshares PAC's submission of its Statement of Organization to the Commission, and three weeks before it made its initial deposit into the new federal account, Respondents respectfully contend that §114.6 did not apply to preregistration activities.

It is true that the February 1, 1989 letter looks toward the future support for candidates at "national political levels" instead of "only to candidates seeking a state office." It could be argued that the use of the vague term "national political levels" could be interpreted to be a reference to "the purpose of influencing any election for

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Federal office" within the meaning of §301 of the Campaign Act, 2 U.S.C. §431(8). A review of Exhibit D-9 attached to Mr. Davis's Answers, however, shows that the first contribution to a candidate for federal office did not take place until April 14, 1989, when a modest contribution of \$60 was sent to Congressman Gekas's campaign.

In any event, the continuation of Bancshares PAC's past practice arguably into the period of coverage under the Campaign Act was in all events a good faith act, and not calculated in any way to violate the Campaign Act to solicit contributions "by physical force, job discrimination, financial reprisals, or the threat of" such unlawful acts.

The April 6, 1989 Solicitation Letter

The "reason to believe" letters question whether the April 6, 1989 letter from Mr. Boroch, attached as Exhibit B to his Answers, also constituted an unlawful solicitation letter. The gravamen of the Commission's concern seems to be in the salutation of the letter, which makes reference to "Fellow Employees".

In his Answer to Interrogatory 2, Mr. Boroch discloses that he, the author of the letter, distributed about 300 of these letters, but that none was "distributed to non-executive or non-administrative personnel" [emphasis deleted]. The locution, "Fellow Employees", was thus perhaps an excessively modest description of both the author - Vice-President and Secretary of Bancshares - and of the recipients.

Since those letters were not mailed to non-directors and non-officers, Respondents respectfully submit that the letter was not subject to the limitations of §114.6 of the Commission's Regulations and was not, therefore, unlawful under §316 of the Campaign Act, 2 U.S.C. §441b(b)(3).

The May 15, 1989 "Final Reminder"

In the "reason to believe" letters, the Commission questions a one-paragraph "Final Reminder" from Mr. Borocho, attached as Exhibit C to his Answers. At page 5 of the Factual and Legal Analysis, the Commission states its belief that this "Final Reminder" "was apparently placed on employee bulletin boards."

As Mr. Borocho's answer 3(b) to the Interrogatories flat-footedly states, however:

No officer of the political action committee or Commonwealth Bancshares Corporation authorized the posting of the notice.

In his answer to Interrogatory 3, Mr. Davis confirms that "I did not approve the notice for posting nor do I know of anyone else from Commonwealth Bancshares Corporation or the Political Action Committee who approved the notice for posting."

As far as Bancshares has been able to determine, the "Final Reminder" was only "posted on the second floor bulletin board at the Main Office, 101 West Third Street, Williamsport." Answer 3(a) of Mr. Borocho. In the same answer, Mr. Borocho goes on to note that "the remote location of the bulletin board" could only have been seen at a maximum

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by the "ten Officers and ten Employees assigned to the second floor."

Again, Mr. Boroach confirms that the "Final Reminder" was only distributed to the Directors' and Officers' group, and not to any other employees of Bancshares.

Thus, the "Final Reminder" did not begin to approach the kind of solicitation governed by 11 C.F.R. §114.6, and thus it was not unlawful under §316 of the Campaign Act.

Conclusion

Respondents respectfully conclude that they did not engage in any unlawful solicitations under the Campaign Act. To the extent there may have been infelicitous phrasing or inadvertently broad distribution of the communications in question, such acts were done so either because prior practice under state law was continued, or because unauthorized persons chose to publicize the solicitations. There was and is no intent to threaten anyone in the Bancshares organization with "force, job discrimination, or financial reprisal", and thus Respondents respectfully submit they have not in any way violated the Campaign Act.

To the extent, however, that the Commission disagrees with the conclusions set forth in the preceding paragraph, Respondents believe the most appropriate resolution of any such remaining controversy would be "by informal methods of

conference conciliation and persuasion" within the meaning of §111.18(a) of the Regulations.

Respectfully submitted,



Stewart Daisell
Drinker Biddle & Reath
1100 PNB Building
Broad and Chestnut Streets
Philadelphia, PA 19107
(215) 988-2934

Attorneys for Respondents

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ANSWERS TO INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

RE: MUR 3033
Commonwealth Bancshares
Corporation Political Action
Committee (Federal)
and Anthony W. Borocho, as
Treasurer

- 9 1 0 4 0 3 4 1 0 1 2
1. (a) The exact number of solicitation letters dated February 1, 1989, a copy of which is attached marked "Exhibit A", distributed to executive or administrative personnel (Directors and Officers) and non-executive or non-administrative personnel (Employees) is unknown. There was no record kept of to whom the letter was sent. Our best estimate is that approximately 300 letters were distributed to Directors and Officers and approximately 800 letters were distributed to Employees.
 - (b) The practice and procedure of Commonwealth Bancshares Corporation Public Affairs Committee (State) since its formation in 1987 were to send a solicitation letter to directors, officers and employees about the first of February of each year. In accordance with that prior practice, the letter dated February 1, 1989, was distributed to Directors by United States mail and to the Officers and Employees through the Corporation's internal inter-office delivery system. With the consent of the Officer or Employee, all mail is delivered to the Officer or Employee by way of the internal delivery system. Note that the Statement of Organization for the Federal Political Action Committee is dated February 3, 1989, and the initial deposit activating the account was made on February 22, 1989.
 - (c) The February 1, 1989, letter was distributed to all Directors, Officers, and Employees based on director lists and employment records at the time.
 - (d) The February 1, 1989, letter was approved by Anthony W. Borocho and William D. Davis.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Borocho, W. Davis, E. Johnson.
Drafting - A. Borocho.

2. (a) Approximately 300 solicitation letters dated April 6, 1989, a copy of which is attached marked "Exhibit B", were distributed to executive or administrative personnel (Directors and Officers). No solicitation letters were distributed to non-executive or non-administrative personnel (Employees).

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- (b) The letter dated April 6, 1989, was distributed to Directors by United States Mail and to the Officers through the Corporation's internal inter-office delivery system. Again, the letter was not distributed to the Employees.
 - (c) The April 6, 1989, letter was distributed to the Directors and Officers based on director and officer lists at the time.
 - (d) Anthony W. Boroach approved the April 6, 1989, letter.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroach, E. Johnson.
Drafting - A. Boroach

- 3. (a) The "Final Reminder" notice dated May 15, 1989, a copy of which is attached marked "Exhibit C", was not posted. Approximately 300 notices were distributed to executive or administrative personnel (Directors and Officers) minus those who had previously forwarded a contribution of \$50 or more. No notices were distributed to the non-executive or non-administrative personnel (Employees). The notice was distributed to Directors by United States Mail and to the Officers through the Corporation's internal inter-office delivery system. Upon notification and investigation, it was learned that one (1) "Final Reminder" notice dated May 15, 1989, was posted on the second floor bulletin board at the Main Office, 101 West Third Street, Williamsport. We do not know who posted the notice. The area could have been accessed by Directors and Officers, Employees, as well as the general public. However because of the remote location of the bulletin board, in all probability only the Officers and Employees who are assigned to the second floor would have seen the notice. There were approximately ten Officers and ten Employees assigned to the second floor. No officer of the Political Action Committee or Commonwealth Bancshares Corporation authorized the "Final Reminder" notice be posted on the second floor bulletin board at the Main Office or any other location. The officers of the Committee have no knowledge of the posting of the notice at any other Corporate locations, and, therefore, consider this one posting to be an isolated incident.
- (b) Approval of the May 15, 1989, "Final Reminder" notice for distribution to the Directors and Officers was made by Anthony W. Boroach. No officer of the political action committee or Commonwealth Bancshares Corporation authorized the posting of the notice.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroach, W. Davis, E. Johnson, National Bank Examiner Paul J. Amos as to the posting of the notice.

Drafting - A. Boroach.

4. One other solicitation letter was issued in 1989. No other notices were issued. A solicitation letter dated October 2, 1989, a copy of which is attached marked "Exhibit D," was issued to approximately six executive or administrative personnel (Directors and Officers). No solicitation letters were distributed to non-executive or non-administrative personnel (Employees). The October 2, 1989, letter was distributed to Officers who were hired between May 15, 1989, and October 2, 1989, and Directors of a non-banking subsidiary who were not previously solicited. Anthony W. Boroach approved the October 2, 1989 letter.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroach, E. Johnson.

Drafting - A. Boroach.

5. In the 1989 fund raising campaign, the Political Action Committee raised \$10,000. Contributions of \$50 or more were received from seventy executive or administrative personnel (Directors and Officers) for a total of \$7,585. No non-executive or non-administrative personnel (Employees) contributed \$50 or more. Of the remaining \$2,415, it is unknown what portion was received from Directors and Officers and what portion was received from Employees.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroach, E. Johnson.

Drafting - A. Boroach.

6. No solicitation out of pocket costs were incurred. Indirect costs for delivery and reproduction were absorbed by Commonwealth Bancshares Corporation.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroach, W. Davis, E. Johnson.

Drafting - A. Boroach.

7. (a) Officers of the Political Action Committee:

Until January 25, 1990 - William D. Davis, Chairman; Anthony W. Boroach, Treasurer; Eileen L. Johnson, Assistant Treasurer/Secretary. John T. Detwiler had been appointed Vice Chairman of the political action committee, but subsequently resigned from all corporate positions on January 31, 1989.

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As of January 25, 1990, William D. Davis, Chairman; Anthony W. Boroch, Vice Chairman and Assistant Treasurer; Eileen Johnson, Treasurer/Secretary.

- (b) The day-to-day operations of the Political Action Committee are run by Anthony W. Boroch and Eileen L. Johnson.
- (c) Contributions from the Political Action Committee were and are decided by a Contribution Committee consisting of:

Until January 25, 1990 - Anthony W. Boroch, John L. Bruch, Jr., William D. Davis, Fitz R. Walling. (See 7.(a) regarding Mr. Detwiler.)

After January 25, 1990 - Anthony W. Boroch, William D. Davis, Preston L. Davis, Earle A. Wootton.

- (d) Fund raising activities of the Political Action Committee are planned by the officers.

5 Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, W. Davis, E. Johnson.

Drafting - A. Boroch.

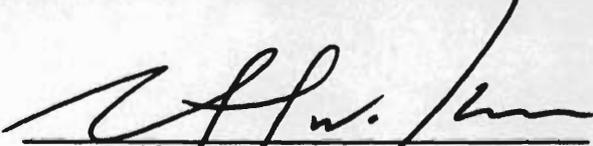
8. Prior to January 25, 1990, Eileen L. Johnson was Assistant Treasurer/Secretary of the Political Action Committee with responsibility consisting of administrative duties and acting in the capacity of custodian. As of January 25, 1990, Eileen L. Johnson is the Treasurer/Secretary of the Political Action Committee with responsibility consisting of administrative duties and acting in the capacity of custodian.

9. A copy of the Constitution of Commonwealth Bancshares Corporation Political Action Committee (Federal) in effect prior to January 25, 1990, marked "Exhibit E" is enclosed, along with a copy of the amended Constitution effective as of January 25, 1990, marked "Exhibit F." The only change is in ARTICLE X Contribution Committee. A copy of the Constitution was distributed to each member of the Commonwealth Bancshares Corporation Board of Directors, Political Action Committee Contribution Committee members, and Political Action Committee Officers.

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA:
 :SS
COUNTY OF LYCOMING :

Anthony W. Boroach, being duly sworn according to law, deposes and says that he has read the foregoing Answers to Interrogatories, and that they are true and correct to the best of his knowledge, information and belief; with respect to the Exhibits attached to these Interrogatories, they are true and correct copies. Averments contained in the Additional Statement appended hereto are true and correct to the best of his knowledge, information and belief.



Anthony W. Boroach

Sworn to and subscribed
before me this 9th
day of March 1990



Notary Public

NOTARIAL SEAL
CHRISTINE T. J. KYLE, NOTARY PUBLIC
WILLIAMSPORT, LYCOMING CO., PA.
MY COMMISSION EXPIRES JULY 12, 1993

91040341016

Exhibit

A

COMMONWEALTH BANCSHARES CORPORATION
POLITICAL ACTION COMMITTEE
101 W. THIRD STREET
WILLIAMSPORT, PA 17701

February 1, 1989

Dear Employees and Directors:

Thank you for your support in 1988. Contributions received totaled \$8,500. Distributions that totaled \$7,695 were made to three PACs: PA Bankers PAC, PA for Effective Government and Independent Bankers PAC and thirteen individual candidates. The donations were made to individuals on the basis of their support of the banking industry and/or representation in the counties that our Corporation has interests.

The contribution committee members are: Anthony W. Borocho, John L. Bruch, Jr., William D. Davis, John T. Detwiler and Fitz R. Walling. The Officers are: Chairman, William D. Davis; Vice Chairman, John T. Detwiler; Treasurer, Anthony W. Borocho; Assistant Treasurer and Secretary, Eileen L. Johnson.

Improvement was made to our PAC through a reorganization. Under the "old" PAC By-laws, we were restricted to making donations only to candidates seeking a state office. Several requests for support from candidates for a national office, who have been supportive of our industry, were declined because of the restrictions. With the change in the PAC, we will now be able to support candidates at the state and national political levels.

We believe the future of the banking business will be influenced by our ability to support legislators and political action committees that can make constructive legislative decisions for our industry. It is extremely important that we participate in the support of candidates and pacs in order to let our position on banking industry issues be known. Everyone gains from the benefits achieved with the donations given to political candidates in an effort to elect the best possible people.

Suggestions for support of individual candidates for elected office may be made by any employee or director of Bancshares and its affiliates. Just contact any member or officer of the committee to let your suggestions known.

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Page 2.

Commonwealth Bancshares Corporation PAC

We strongly urge all employees and directors to give consideration to participating in Bancshares PAC. We believe each of us is affected by the success of good government and good banking legislation.

If you care to participate, checks should be made payable to Commonwealth Bancshares PAC and forwarded to Eileen Johnson, C/O Commonwealth Bank, Dept 52, 101 W. Third Street, Williamsport, PA 17703 by March 1, 1989. Our goal is to raise \$10,000 for our PAC. Participation is strictly voluntary and no pressure of any kind is to be placed on any individual, department, community office or affiliate. A suggested guideline for giving is as follows:

| | |
|--|---------------------|
| Supervisors - non exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Officer Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents, and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

Should you have any questions concerning the PAC, you may direct your questions to Eileen Johnson at 717-327-5159 or Tony Boroeh at 717-327-5111. Thank you for your consideration of this matter.

Sincerely yours,


William D. Davis
Chairman of Commonwealth Bancshares PAC
and Chairman of the Board of
Commonwealth Bancshares Corporation

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Exhibit

B

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
April 6, 1989

Dear Directors and Fellow Employees:

We've missed you! Your name is not on the list of contributors to the annual campaign. To date only 90 contributions totaling \$7,435 have been received towards the 1989 campaign of \$10,000. As you can see, we have a long way to go to reach the goal.

A suggested guideline for giving is as follows:

| | |
|---|---------------------|
| Supervisors - non-exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Office Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

The purposes of the Committee are the protection, preservation, and furtherance of the private enterprise system and, in particular, the protection and advancement of the banking industry and Commonwealth Bancshares Corporation through political activity. It is extremely important that we support our legislators in order to have our voice heard on banking industry issues.

Your suggestions for support of individual candidates for elected office are encouraged and welcomed. Make your suggestions known by contacting any member or officer of the Committee.

Forward your check payable to Commonwealth Bancshares PAC to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, Pa. 17701. Questions concerning the PAC should be directed to her at 717-327-5159. Your prompt consideration to this matter is appreciated.

Sincerely,

Anthony W. Boroch
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc W. D. Davis, Chairman, President
and Chief Executive Officer

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Exhibit

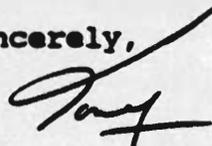
C

**COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
May 15, 1989**

FINAL REMINDER

This is it -- the last chance to contribute to the 1989 campaign! The campaign will come to an official close on May 22, 1989. To be listed as a contributor, your check must be received by the 22nd of May. Forward your check today payable to Commonwealth Bancshares PAC to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, PA 17701. Thank you for your consideration.

Sincerely,



Anthony W. Boroach
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc: W.D. Davis, Chairman, President,
and Chief Executive Officer

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Exhibit

D

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17703
OCTOBER 2, 1989

Dear Directors and Fellow Employees:

The 1989 Commonwealth Bancshares PAC Campaign year is coming to an end. We are very close to meeting our goal for this year of \$10,000. Several colleagues, like yourself, have not had an opportunity to make their 1989 contribution.

The purposes of the Committee are the protection, preservation, and furtherance of the private enterprise system and, in particular, the protection and advancement of the banking industry and Commonwealth Bancshares Corporation through political activity. It is extremely important that we support our legislators in order to have our voice heard on banking industry issues.

Your suggestions for support of individual candidates for elected office are encouraged and welcomed. Make your suggestions known by contacting any officer of the Committee. They are Bill Davis, Tony Borocho and Eileen Johnson.

If you would like to be listed among contributors for the 1989 campaign, forward your check payable to Commonwealth Bancshares PAC to Eileen Johnson, Assistant Secretary/Assistant Treasurer, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, PA 17703. Questions concerning the PAC should be directed to her at 717-327-5159. Your prompt consideration to this matter is appreciated.

A suggested guideline for giving is as follows:

| | |
|---|---------------------|
| Supervisors - non-exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers & Community Office Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00-10.00 |

Sincerely,

Anthony W. Borocho
Secretary/Treasurer
Commonwealth Bancshares Corporation PAC

cc W. D. Davis, Chairmna, President
and Chief Executive Officer

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Exhibit

E

CONSTITUTION OF
COMMONWEALTH BANCSHARES CORPORATION
POLITICAL ACTION COMMITTEE (FEDERAL)

ARTICLE I Name.

There is hereby established by Commonwealth Bancshares Corporation in the state of Pennsylvania, the political action committee named Commonwealth Bancshares Political Action Committee (Federal), (herein after called PAC).

ARTICLE II Principal Office and Address.

The Principal office of the PAC shall be located at Commonwealth Bancshares Corporation Headquarters Building, and its address shall be 101 West Third Street, Williamsport, Pennsylvania 17703.

ARTICLE III Organization.

The PAC shall be a voluntary, non-profit, unincorporated political association comprised of its members, who shall be individuals. The PAC shall be independent of any political party, candidate or other organization, except that Commonwealth Bancshares Corporation shall defray all costs and expenses incurred in the establishment of, the administration of, and the solicitation of contributions to the PAC, and shall have the power to appoint and remove all officers and Members

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of the Contribution Committee of the PAC, and to otherwise direct its activities.

ARTICLE IV Purposes and Powers.

The purposes of the PAC are the protection, preservation and furtherance of the private enterprise system and, in particular, the protection and advancement of the banking industry, and Commonwealth Bancshares Corporation, through political activity. To achieve these purposes, the PAC shall have the power to solicit and accept voluntary contributions from directors, officers and employees, and to expend such contributions, within the limits permitted by law to influence the election of those candidates to State or National elective office who its Contribution Committee determines to be in general agreement with the purpose of the PAC. In carrying out the foregoing, the PAC shall also have the power to make contributions, within the limits permitted by law, to State or National Committees of National political parties. The PAC shall have the power and authority to do and perform any and all acts necessary to carry out any activities in furtherance of its lawful purposes.

ARTICLE V Membership.

The members of the PAC shall consist of its initial organizers and such other individuals as may hereafter be admitted to membership. All personnel including directors and

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officers of Commonwealth Bancshares and their families shall be eligible for membership in the PAC.

ARTICLE VI Contributions.

Section 1. All contributions to the PAC shall be voluntary, and no contributions to the PAC shall be solicited or secured by physical force, job discrimination, financial reprisal, or by threat of force, or as a condition of employment.

Section 2. No contributions shall be accepted, and no expenditures shall be made, by or on behalf of the PAC at a time when there is a vacancy in either the office of Chairman or Treasurer.

Section 3. No member of the PAC, or contributor thereto, if not a member, shall have a right to share personally in any funds or assets of the PAC upon its dissolution, or at any other time.

Section 4. The expenditure of any funds of the PAC shall be within the sole discretion of the PAC's Contribution Committee consistent with this constitution and policy.

ARTICLE VII Depositories.

The Treasurer shall designate one or more national or state banks as campaign depositories of the PAC and may maintain accounts at each depository so designated.

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ARTICLE VIII Separate Segregated Funds.

All contributions and expenditures of the PAC shall be accounted for in one or more separate, segregated funds. All contributions to and expenditures by the PAC in support of any candidate or political committee in connection with election to state or national office shall be made from the fund designated exclusively for such use. Allocation of contributions to the PAC between separate, segregated funds as permitted by law shall be within the sole discretion of the PAC's Contribution Committee.

ARTICLE IX Officers.

Section 1. The officers of the PAC shall be a Chairman, Vice Chairman, Treasurer, Assistant Treasurer, and Secretary, and shall be appointed by the Board of Directors of Commonwealth Bancshares Corporation. Each officer of the PAC shall continue to serve in his office until his successor is appointed and qualified.

Section 2. The Chairman shall be the chief executive officer of the PAC and shall, subject to the determination of the Contribution Committee provided for in Section 1 of ARTICLE X hereof, administer the affairs of the PAC. The Chairman shall preside at all meetings of the PAC or its Contribution Committee.

Section 3. The Treasurer shall be the chief financial officer of the PAC. The Treasurer or, in his stead, the Assistant Treasurer subject to the provisions of this

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Constitution, shall have general responsibility for all funds collected by the PAC and shall cause all monies to be deposited and all books of account to be kept in accordance with the directives and in the manner authorized by the Contribution Committee pursuant to ARTICLE X hereof. The Treasurer shall also prepare, sign, file and maintain copies of all records and reports of PAC activities required to be maintained or filed by law.

Section 4. The Secretary shall maintain all minutes of meetings of the PAC and the Contribution Committee.

Section 5. During the absence or incapacity of the Chairman, the Vice Chairman shall assume the duties and exercise the powers of the Chairman. The Vice Chairman shall perform such other duties as may be assigned to him by this Constitution or by the Chairman.

Section 6. During the absence or incapacity of the Treasurer, the Assistant Treasurer shall perform the duties and functions and exercise the powers of the Treasurer.

ARTICLE X Contribution Committee.

Section 1. The affairs of the PAC, including the making of any contributions to or expenditures on behalf of, candidates or political committees, shall be supervised and directed by the Contribution Committee. The Chairman of the PAC shall serve as a member of the Contribution Committee and as its Chairman. Other members of the Contribution Committee shall be the Vice Chairman and Treasurer of the PAC, and such

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other PAC members as may be designated and appointed by the Board of Directors of Commonwealth Bancshares Corporation. If a vacancy shall occur on the Contribution Committee either through death, total disability, the end of the individual's association with Commonwealth Bancshares Corporation or an affiliate, or removal for cause, the Chairman may appoint an individual to fill the unexpired term. A quorum of the Contribution Committee for the transaction of business shall consist of a majority of its members.

ARTICLE XI Meetings.

The Contribution Committee may be called into session by the Chairman or any other two members. A meeting of the members of the PAC may be called by a majority of the members of the Contribution Committee.

ARTICLE XII Adoption, Amendments and Bylaws.

Section 1. These ARTICLES shall be adopted effective January 26, 1989.

Section 2. The ARTICLES may be amended by action of a majority of the Contribution Committee, provided, however, that Sections 1, 2, and 3 of ARTICLE VI shall not be subject to amendment or repeal so long as the PAC remains in existence.

Section 3. Bylaws of the PAC may hereafter be adopted, amended or repealed by the Contribution Committee in accordance with procedures established in such Bylaws.

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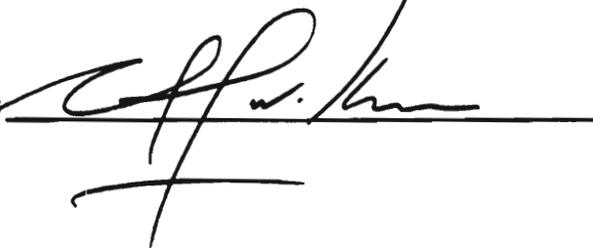
ARTICLE XIII Dissolution.

The PAC may be dissolved at any time by action of a majority of the Contribution Committee, or by the Board of Commonwealth Bancshares Corporation. In the event of such dissolution, all funds of the PAC remaining after satisfaction of all outstanding liabilities shall be promptly distributed to candidates or political committees chosen in a manner consistent with ARTICLE X hereof and for the purposes set forth in ARTICLE IV hereof.

ARTICLE XIV Reports and Changes.

Annual reports will be submitted to the Board of Directors of Commonwealth Bancshares Corporation. Any proposed changes to this Constitution must be presented to the Board of Directors of Commonwealth Bancshares Corporation.

COMMONWEALTH BANCSHARES CORPORATION

BY: 

Date: 02-17-89

(11/9/88)

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Exhibit
F

CONSTITUTION OF
COMMONWEALTH BANCSHARES CORPORATION
POLITICAL ACTION COMMITTEE (FEDERAL)

ARTICLE I Name.

There is hereby established by Commonwealth Bancshares Corporation in the state of Pennsylvania, the political action committee named Commonwealth Bancshares Political Action Committee (Federal), (herein after called PAC).

ARTICLE II Principal Office and Address.

The Principal office of the PAC shall be located at Commonwealth Bancshares Corporation Headquarters Building, and its address shall be 101 West Third Street, Williamsport, Pennsylvania 17703.

ARTICLE III Organization.

The PAC shall be a voluntary, non-profit, unincorporated political association comprised of its members, who shall be individuals. The PAC shall be independent of any political party, candidate or other organization, except that Commonwealth Bancshares Corporation shall defray all costs and expenses incurred in the establishment of, the administration of, and the solicitation of contributions to the PAC, and shall have the power to appoint and remove all officers and Members

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of the Contribution Committee of the PAC, and to otherwise direct its activities.

ARTICLE IV Purposes and Powers.

The purposes of the PAC are the protection, preservation and furtherance of the private enterprise system and, in particular, the protection and advancement of the banking industry, and Commonwealth Bancshares Corporation, through political activity. To achieve these purposes, the PAC shall have the power to solicit and accept voluntary contributions from directors, officers and employees, and to expend such contributions, within the limits permitted by law to influence the election of those candidates to State or National elective office who its Contribution Committee determines to be in general agreement with the purpose of the PAC. In carrying out the foregoing, the PAC shall also have the power to make contributions, within the limits permitted by law, to State or National Committees of National political parties. The PAC shall have the power and authority to do and perform any and all acts necessary to carry out any activities in furtherance of its lawful purposes.

ARTICLE V Membership.

The members of the PAC shall consist of its initial organizers and such other individuals as may hereafter be admitted to membership. All personnel including directors and

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officers of Commonwealth Bancshares and their families shall be eligible for membership in the PAC.

ARTICLE VI Contributions.

Section 1. All contributions to the PAC shall be voluntary, and no contributions to the PAC shall be solicited or secured by physical force, job discrimination, financial reprisal, or by threat of force, or as a condition of employment.

Section 2. No contributions shall be accepted, and no expenditures shall be made, by or on behalf of the PAC at a time when there is a vacancy in either the office of Chairman or Treasurer.

Section 3. No member of the PAC, or contributor thereto, if not a member, shall have a right to share personally in any funds or assets of the PAC upon its dissolution, or at any other time.

Section 4. The expenditure of any funds of the PAC shall be within the sole discretion of the PAC's Contribution Committee consistent with this constitution and policy.

ARTICLE VII Depositories.

The Treasurer shall designate one or more national or state banks as campaign depositories of the PAC and may maintain accounts at each depository so designated.

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ARTICLE VIII Separate, Segregated Funds.

All contributions and expenditures of the PAC shall be accounted for in one or more separate, segregated funds. All contributions to and expenditures by the PAC in support of any candidate or political committee in connection with election to state or national office shall be made from the fund designated exclusively for such use. Allocation of contributions to the PAC between separate, segregated funds as permitted by law shall be within the sole discretion of the PAC's Contribution Committee.

ARTICLE IX Officers.

Section 1. The officers of the PAC shall be a Chairman, Vice Chairman, Treasurer, Assistant Treasurer, and Secretary, and shall be appointed by the Board of Directors of Commonwealth Bancshares Corporation. Each officer of the PAC shall continue to serve in his office until his successor is appointed and qualified.

Section 2. The Chairman shall be the chief executive officer of the PAC and shall, subject to the determination of the Contribution Committee provided for in Section 1 of ARTICLE X hereof, administer the affairs of the PAC. The Chairman shall preside at all meetings of the PAC or its Contribution Committee.

Section 3. The Treasurer shall be the chief financial officer of the PAC. The Treasurer or, in his stead, the Assistant Treasurer subject to the provisions of this

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Constitution, shall have general responsibility for all funds collected by the PAC and shall cause all monies to be deposited and all books of account to be kept in accordance with the directives and in the manner authorized by the Contribution Committee pursuant to ARTICLE X hereof. The Treasurer shall also prepare, sign, file, and maintain copies of all records and reports of PAC activities required to be maintained or filed by law.

Section 4. The Secretary shall maintain all minutes of meetings of the PAC and the Contribution Committee.

Section 5. During the absence or incapacity of the Chairman, the Vice Chairman shall assume the duties and exercise the powers of the Chairman. The Vice Chairman shall perform such other duties as may be assigned to him by this Constitution or by the Chairman.

Section 6. During the absence or incapacity of the Treasurer, the Assistant Treasurer shall perform the duties and functions and exercise the powers of the Treasurer.

ARTICLE X Contribution Committee.

Section 1. The affairs of the PAC, including the making of any contributions to or expenditures on behalf of candidates or political committees, shall be supervised and directed by the Contribution Committee. The Chairman of the PAC shall serve as a member of the Contribution Committee and as its Chairman. Other members of the Contribution Committee shall be the Vice Chairman of the PAC, and such

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other PAC members as may be designated and appointed by the Board of Directors of Commonwealth Bancshares Corporation. If a vacancy shall occur on the Contribution Committee either through death, total disability, the end of the individual's association with Commonwealth Bancshares Corporation or an affiliate, or removal for cause, the Chairman may appoint an individual to fill the unexpired term. A quorum of the Contribution Committee for the transaction of business shall consist of a majority of its members.

ARTICLE XI Meetings.

The Contribution Committee may be called into session by the Chairman or any other two members. A meeting of the members of the PAC may be called by a majority of the members of the Contribution Committee.

ARTICLE XII Adoption, Amendments and Bylaws.

Section 1. These ARTICLES shall be adopted effective January 26, 1989.

Section 2. The ARTICLES may be amended by action of a majority of the Contribution Committee, provided, however, that Sections 1, 2, and 3 of ARTICLE VI shall not be subject to amendment or repeal so long as the PAC remains in existence.

Section 3. Bylaws of the PAC may hereafter be adopted, amended or repealed by the Contribution Committee in accordance with procedures established in such Bylaws.

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ARTICLE XIII Dissolution.

The PAC may be dissolved at any time by action of a majority of the Contribution Committee, or by the Board of Commonwealth Bancshares Corporation. In the event of such dissolution, all funds of the PAC remaining after satisfaction of all outstanding liabilities shall be promptly distributed to candidates or political committees chosen in a manner consistent with ARTICLE X hereof and for the purposes set forth in ARTICLE IV hereof.

ARTICLE XIV Reports and Changes.

Annual reports will be submitted to the Board of Directors of Commonwealth Bancshares Corporation. Any proposed changes to this Constitution must be presented to the Board of Directors of Commonwealth Bancshares Corporation.

COMMONWEALTH BANCSHARES CORPORATION

BY: 

Date: 02-17-89

(11/9/88)

AMENDED 01-25-90

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Exhibit

G

ADDITIONAL STATEMENT

Commonwealth Bancshares Corporation is a four (4) bank holding company with fifty-five (55) community banking offices serving central and northeastern Pennsylvania which covers a vast geographic area. In addition to the banks, the Corporation owns a number of non-banking subsidiaries.

It was the intent of the Political Action Committee to have a smooth transition from the state committee to a federal committee in order to be able to make contributions at both the National and State levels. While in attendance at a conference concerning political action committees, it was realized the possibility existed that there was a difference in the operational requirements between a state and federal committee. Subsequently, a thorough review of all regulations was made and proper action was taken to insure compliance. It has been and is the intent of the Political Action Committee to comply with both the letter and spirit of the law.

91040341036

**ANSWERS TO INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

**RE: MUR 3033
Commonwealth Bancshares
Corporation and William D.
Davis, as Chairman**

1. The Political Action Committee letter dated February 1, 1989, a copy of which is attached and marked "Exhibit A" was approved by me prior to distribution. I approved this letter as did Anthony W. Boroch.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, W. Davis, E. Johnson.
Drafting - A. Boroch.

2. The Political Action Committee letter dated April 6, 1989, a copy of which is attached and marked "Exhibit B" was approved by Anthony W. Boroch prior to distribution.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, W. Davis, E. Johnson.
Drafting - A. Boroch.

3. The Political Action Committee did not post a "Final Reminder" notice. The notice dated May 15, 1989, a copy of which is attached and marked "Exhibit C" was prepared for distribution to executive or administrative personnel. The notice was approved by Anthony W. Boroch prior to distribution. I did not approve the notice for posting nor do I know of anyone else from Commonwealth Bancshares Corporation or the Political Action Committee who approved the notice for posting.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, W. Davis, E. Johnson.
Drafting - A. Boroch.

4. The costs for production of and distribution of the two solicitation letters and the final reminder notice were borne by Commonwealth Bancshares Corporation from its general treasury monies.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, W. Davis, E. Johnson.
Drafting - A. Boroch.

91040341037

5. My involvement in the Political Action Committee consists of the fund raising efforts, approval of contributions as a member of the Contribution Committee, and general oversight of the Committee's activities.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, W. Davis, E. Johnson.
Drafting - A. Boroch.

6. Copies of all reports filed with the Pennsylvania Bureau of Elections in 1988 and 1989 by Commonwealth Bancshares Corporation Public Affairs Committee (State) are attached marked Exhibit D - 1 through D-14, inclusive.

Persons capable of furnishing testimony:

Informational/documentary/other - A. Boroch, E. Johnson.
Drafting - A. Boroch.

21040841038

Exhibit

A

**COMMONWEALTH BANCSHARES CORPORATION
POLITICAL ACTION COMMITTEE
101 W. THIRD STREET
WILLIAMSPORT, PA 17701**

February 1, 1989

Dear Employees and Directors:

Thank you for your support in 1988. Contributions received totaled \$8,500. Distributions that totaled \$7,695 were made to three PACs: PA Bankers PAC, PA for Effective Government and Independent Bankers PAC and thirteen individual candidates. The donations were made to individuals on the basis of their support of the banking industry and/or representation in the counties that our Corporation has interests.

The contribution committee members are: Anthony W. Boroch, John L. Bruch, Jr., William D. Davis, John T. Detwiler and Fitz R. Walling. The Officers are: Chairman, William D. Davis; Vice Chairman, John T. Detwiler; Treasurer, Anthony W. Boroch; Assistant Treasurer and Secretary, Eileen L. Johnson.

Improvement was made to our PAC through a reorganization. Under the "old" PAC By-laws, we were restricted to making donations only to candidates seeking a state office. Several requests for support from candidates for a national office, who have been supportive of our industry, were declined because of the restrictions. With the change in the PAC, we will now be able to support candidates at the state and national political levels.

We believe the future of the banking business will be influenced by our ability to support legislators and political action committees that can make constructive legislative decisions for our industry. It is extremely important that we participate in the support of candidates and pacs in order to let our position on banking industry issues be known. Everyone gains from the benefits achieved with the donations given to political candidates in an effort to elect the best possible people.

Suggestions for support of individual candidates for elected office may be made by any employee or director of Bancshares and its affiliates. Just contact any member or officer of the committee to let your suggestions known.

91040841040

Page 2.
Commonwealth Bancshares Corporation PAC

We strongly urge all employees and directors to give consideration to participating in Bancshares PAC. We believe each of us is affected by the success of good government and good banking legislation.

If you care to participate, checks should be made payable to Commonwealth Bancshares PAC and forwarded to Eileen Johnson, C/O Commonwealth Bank, Dept 52, 101 W. Third Street, Williamsport, PA 17703 by March 1, 1989. Our goal is to raise \$10,000 for our PAC. Participation is strictly voluntary and no pressure of any kind is to be placed on any individual, department, community office or affiliate. A suggested guideline for giving is as follows:

| | |
|--|---------------------|
| Supervisors - non exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Officer Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents, and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

Should you have any questions concerning the PAC, you may direct your questions to Eileen Johnson at 717-327-5159 or Tony Boroach at 717-327-5111. Thank you for your consideration of this matter.

Sincerely yours,


William D. Davis
Chairman of Commonwealth Bancshares PAC
and Chairman of the Board of
Commonwealth Bancshares Corporation

elj

91040341041

Exhibit

B

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
April 6, 1989

Dear Directors and Fellow Employees:

We've missed you! Your name is not on the list of contributors to the annual campaign. To date only 90 contributions totaling \$7,435 have been received towards the 1989 campaign of \$10,000. As you can see, we have a long way to go to reach the goal.

A suggested guideline for giving is as follows:

| | |
|---|---------------------|
| Supervisors - non-exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Office Managers | 40.00 |
| Department Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

The purposes of the Committee are the protection, preservation, and furtherance of the private enterprise system and, in particular, the protection and advancement of the banking industry and Commonwealth Bancshares Corporation through political activity. It is extremely important that we support our legislators in order to have our voice heard on banking industry issues.

Your suggestions for support of individual candidates for elected office are encouraged and welcomed. Make your suggestions known by contacting any member or officer of the Committee.

Forward your check payable to Commonwealth Bancshares PAC to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, Pa. 17701. Questions concerning the PAC should be directed to her at 717-327-5159. Your prompt consideration to this matter is appreciated.

Sincerely,


Anthony W. Boroch
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc W. D. Davis, Chairman, President
and Chief Executive Officer

91040341042

Exhibit

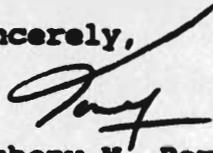
C

COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE
101 WEST THIRD STREET
WILLIAMSPORT, PENNSYLVANIA 17701
May 15, 1989

FINAL REMINDER

This is it -- the last chance to contribute to the 1989 campaign! The campaign will come to an official close on May 22, 1989. To be listed as a contributor, your check must be received by the 22nd of May. Forward your check today payable to Commonwealth Bancshares PAC to Eileen Johnson, Commonwealth Bank, Department 52, 101 West Third Street, Williamsport, PA 17701. Thank you for your consideration.

Sincerely,



Anthony W. Boroch
Treasurer/Secretary of
Commonwealth Bancshares Corporation PAC

cc: W.D. Davis, Chairman, President,
and Chief Executive Officer

21040341043

Exhibit
D-1

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA - DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|--|--|--|---|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST 8700094 PAC COMMONWEALTH BANCSHARES PAC XXXXXXXXXXXXXXXXXXXX Anthony W. Boroch 101 W THIRD ST WILLIAMSPORT PA 17701 | ELECTION DATE OFFICE/DISTRICT COUNTY Lycoming | <input type="checkbox"/> Candidate <input checked="" type="checkbox"/> Committee <input type="checkbox"/> Lobbyist | <input type="checkbox"/> 6th Tues. Pre-Election <input type="checkbox"/> 2nd Fri. Pre-Election <input type="checkbox"/> 30-Day Post Election <input checked="" type="checkbox"/> Annual Report <input type="checkbox"/> Amendment Report <input type="checkbox"/> Termination Report |

SUMMARY OF RECEIPTS AND EXPENDITURES FROM 6/9/87 TO 12/31/87

| | |
|---|----------|
| A. Cash Balance - Beginning (See instruction # 1) | \$ 4,455 |
| B. Total Receipts (From Schedule I - This Report Only) | \$ 100 |
| C. Total of Lines A and B | \$ 4,555 |
| D. Total Expenditures (From Schedule II - This Report Only) ... | \$ 100 |
| E. Cash Balance - Ending (Subtract Line D from Line C) | \$ 4,455 |
| F. Unpaid Debts and Obligations (From Schedule III) | \$ 00 |
| G. In-Kind Contributions (From Schedule IV - This Report Only) .. | \$ 00 |

FOR OFFICE USE ONLY

AFFIDAVIT SECTION

PART I - TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
(Treasurer - If Filed By Committee; Candidate - If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete.

Sworn to and subscribed before me this 4th day of January 1988

Signature: [Signature]
Signature of Person Submitting Report
Anthony W. Boroch
Printed Name
717-327-5159
Telephone Number

Signature: [Signature]
Signature
Mrs V. Wachter
Official Title
WILLIAMSPORT, LYCOMING COUNTY
My Commission Expires DEC. 6, 1989

PART II - TO BE COMPLETED BY THE CANDIDATE IF THIS REPORT IS FILED BY THE CANDIDATE'S AUTHORIZED COMMITTEE

I swear (or affirm) that to the best of my knowledge and belief this political committee has not violated any provisions of the Act of J 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this _____ day of _____ 19____

Signature of Candidate _____
Printed Name _____
Telephone Number _____

Signature _____ Official Title _____
My Commission Expires _____

40341044

SCHEDULE I
SUMMARY OF CONTRIBUTIONS AND RECEIPTS
USE THIS SCHEDULE TO SUMMARIZE ALL CONTRIBUTIONS, RECEIPTS AND REFUNDS
RECEIVED DURING THE REPORTING PERIOD.

| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | REPORTING PERIOD |
|--|-------------------------|
| Commonwealth Bancshares PAC | From 6/9/87 To 12/31/87 |

A. UNITEMIZED CONTRIBUTIONS AND RECEIPTS — \$50.00 OR LESS

| | |
|----------------------------------|-------|
| TOTAL (For the Reporting Period) | \$ 00 |
|----------------------------------|-------|

B. CONTRIBUTIONS AND RECEIPTS — \$50.01 TO \$250.00 (Complete Sections 1.1 & 1.2)

| | |
|---|--------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 1.1) | \$ 00 |
| ALL OTHER CONTRIBUTIONS (Section 1.2) | \$ 100 |
| TOTAL (For the Reporting Period) | \$ 100 |

C. CONTRIBUTIONS AND RECEIPTS — OVER \$250.00 (Complete Sections 2.1 & 2.2)

| | |
|---|-------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 2.1) | \$ 00 |
| ALL OTHER CONTRIBUTIONS (Section 2.2) | \$ 00 |
| TOTAL (For the Reporting Period) | \$ 00 |

D. REFUNDS RECEIVED (Complete Section 3)

| | |
|----------------------------------|-------|
| TOTAL (For the Reporting Period) | \$ 00 |
|----------------------------------|-------|

| | |
|---|--------|
| TOTAL THIS PERIOD — ADD AMOUNT TOTALS FROM BOXES A, B, C & D ENTER ON PAGE 1 (Face Sheet) — ITEM B | \$ 100 |
|---|--------|

91040341045

Filed State & County
3/15/88

Exhibit
D-2

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA — DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|--|---|--|---|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST 8700094 PAC COMMONWEALTH BANCSHARES PAC DETHILER, JOHN T 101 W THIRD ST WILLIAMSPORT PA 17701 | ELECTION DATE OFFICE/DISTRICT COUNTY Lycoming | <input type="checkbox"/> Candidate <input checked="" type="checkbox"/> Committee <input type="checkbox"/> Lobbyist | <input checked="" type="checkbox"/> 6th Tues. Pre-Elect <input type="checkbox"/> 2nd Fri. Pre-Election <input type="checkbox"/> 30-Day Post Electic <input type="checkbox"/> Annual Report <input type="checkbox"/> Amendment Report <input type="checkbox"/> Termination Report |

91040341048

SUMMARY OF RECEIPTS AND EXPENDITURES FROM 1/1/88 TO 3/7/88 Incl.

| | |
|---|--------------|
| A. Cash Balance — Beginning (See Instruction # 1) | \$ 4,455.00 |
| B. Total Receipts (From Schedule I — This Report Only) | \$ 5,700.00 |
| C. Total of Lines A and B | \$ 10,155.00 |
| D. Total Expenditures (From Schedule II — This Report Only) ... | \$ 695.00 |
| E. Cash Balance — Ending (Subtract Line D from Line C) | \$ 9,660 |
| F. Unpaid Debts and Obligations (From Schedule III) | \$ 0 |
| G. In-Kind Contributions (From Schedule IV — This Report Only) .. | \$ 0 |

FOR OFFICE USE ONLY

AFFIDAVIT SECTION

PART I — TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
(Treasurer — If Filed By Committee; Candidate — If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, cor and complete.

Sworn to and subscribed before me this 14th day of March 1988

Lois V. Wachter
Signature of Notary Public
WILLIAMSPORT, LYCOMING COUNTY
My Commission Expires DEC 4 1989

Anthony W. Boroch
Signature of Person Submitting Report
Printed Name
717-327-5159
Telephone Number

PART II — TO BE COMPLETED BY THE CANDIDATE IF THIS REPORT IS FILED BY THE CANDIDATE'S AUTHORIZED COMMITTEE

I swear (or affirm) that to the best of my knowledge and belief this political committee has not violated any provisions of the Act of J 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this _____ day of _____ 19____

Signature of Candidate
Printed Name

Telephone Number

Signature

Official Title
My Commission Expires _____

SCHEDULE I SUMMARY OF CONTRIBUTIONS AND RECEIPTS

USE THIS SCHEDULE TO SUMMARIZE ALL CONTRIBUTIONS, RECEIPTS AND REFUNDS RECEIVED DURING THE REPORTING PERIOD.

| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | REPORTING PERIOD |
|--|-----------------------|
| COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE | From 1/1/88 To 3/7/88 |

A. UNITEMIZED CONTRIBUTIONS AND RECEIPTS — \$50.00 OR LESS

| | |
|----------------------------------|------------|
| TOTAL (For the Reporting Period) | \$ 1510.00 |
|----------------------------------|------------|

B. CONTRIBUTIONS AND RECEIPTS — \$50.01 TO \$250.00 (Complete Sections 1.1 & 1.2)

| | | |
|---|--|-------------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 1.1) | | \$ 0 |
| ALL OTHER CONTRIBUTIONS (Section 1.2) | | \$ 4,190.00 |
| TOTAL (For the Reporting Period) | | \$ 4,190.00 |

C. CONTRIBUTIONS AND RECEIPTS — OVER \$250.00 (Complete Sections 2.1 & 2.2)

| | | |
|---|--|------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 2.1) | | \$ 0 |
| ALL OTHER CONTRIBUTIONS (Section 2.2) | | \$ 0 |
| TOTAL (For the Reporting Period) | | \$ 0 |

D. REFUNDS RECEIVED (Complete Section 3)

| | |
|----------------------------------|------|
| TOTAL (For the Reporting Period) | \$ 0 |
|----------------------------------|------|

| | |
|---|-------------|
| TOTAL THIS PERIOD — ADD AMOUNT TOTALS FROM BOXES A, B, C & D ENTER ON PAGE 1 (Face Sheet) — ITEM B | \$ 5,700.00 |
|---|-------------|

91040341049

**SECTION 1.1
POLITICAL COMMITTEE CONTRIBUTIONS AND RECEIPTS ONLY
\$50.01 TO \$250.00**

USE THIS SECTION TO ITEMIZE ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES WITH AN AGGREGATE VALUE FROM \$50.01 TO \$250.00 FOR THE REPORTING PERIOD.

| | | | |
|--|---|------------------|---------------|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | | REPORTING PERIOD | |
| COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE | | From 1/1/88 | To 3/7/88 Inc |
| DATE(S) | FULL NAME, MAILING ADDRESS AND ZIP CODE OF CONTRIBUTORS | AGGREGATE VALL | |

| DATE | NAME | ADDRESS | AMOUNT |
|---------|-----------------------|--|--------|
| 1/8/88 | Earle A. Wootton | 30 Lake Avenue Montrose, PA 18801 | 200.00 |
| 2/13/88 | Beach Davis | Wellsboro, Pa. | 100.00 |
| 2/12/88 | William D. Davis | 1500 Ritchey St. Williamsport, Pa. | 250.00 |
| 2/15/88 | John T. Detwiler | 1603 James Road Williamsport, Pa. | 100.00 |
| 2/13/88 | C. Harry Forse | 2785 Four Mile Dr. Montoursville, Pa. | 100.00 |
| 2/12/88 | Harold B. Fravel, Jr. | Pine Creek Ave., R.D.#4 Jersey Shore, Pa. | 60.00 |
| 2/18/88 | George D. Golden | 416 Russel Ave. Williamsport, Pa. | 100.00 |
| 2/16/88 | Carl Haga, Sr. | 19 Canal St. Watsonstown, Pa. | 200.00 |
| 2/15/88 | Guy C. Koser | P. O. Box 2008 S. Williamsport, Pa. | 150.00 |
| 2/13/88 | Randall D. Kramm | 541 Broadway Milton, Pa. | 200.00 |
| 2/12/88 | Henry W. Lush | 25 River St. Galeton, Pa. | 100.00 |

Subtotal This Page (Optional) ▶

Total This Period - Enter on Schedule I - Summary of Contributions and Receipts - Box B ▶

91040841050

PAGE 2. SECTION 1.2 OTHER CONTRIBUTIONS AND RECEIPTS \$50.01 TO \$250.00

| | | | |
|---------|-----------------------|---|--------|
| 2/16/88 | John F. McKeage | 16 Cedar St. Montrose, Pa. | 100.00 |
| 2/20/88 | Birch Phillips | 1630 Lincoln Ave. Williamsport, Pa. | 100.00 |
| 2/12/88 | Philip Marks | 430 Erie Ave. Renovo, Pa. | 100.00 |
| 2/13/88 | John M. Spangler, Jr. | R. D. #3, Box 1852 Milton, Pa. | 100.00 |
| 2/12/88 | Barry R. Stiger | 201 Grampian Boulevard Williamsport, Pa. | 60.00 |
| 2/19/88 | Carl V. Beach | 700 W. Central Ave. S. Williamsport, Pa. | 60.00 |
| 2/21/88 | John S. Bush | R. D. #2, Box 217 Knoxville, Pa. | 100.00 |
| 2/15/88 | William R. Fracalossi | 5th and Ash Sts. Kulpmont, Pa. | 100.00 |
| 2/17/88 | Stephen Kent | Route 61 Atlas, Pa. | 100.00 |
| 2/16/88 | Robert J. Karris | R.D.#1, Box 265 Elysburg, Pa. | 200.00 |
| 2/22/88 | Robert Karris Jr. | 125 S. Market St. Elysburg, Pa. | 100.00 |
| 2/19/88 | John G. Menapace | Natalie Road Strong, Pa. | 100.00 |
| 2/24/88 | George W. Pardoe, Jr. | Route 45, Box 170 | 100.00 |
| 2/19/88 | John Shimock, Jr. | 238 S. Hickory St. Mt. Carmel, Pa. | 100.00 |
| 2/27/88 | Oliver W. Judson | - Columbia Cross Rds, Pa. | 100.00 |
| 2/22/88 | David L. Reed | United Methodist Homes Lewisburg, PA 17837 | 100.00 |

91040891051

PAGE 3. SECTION 1.2 OTHER CONTRIBUTIONS AND RECEIPTS \$50.01 TO \$250.00

| | | | |
|---------|------------------------|--|------------|
| 2/22/88 | Robert L. Shadle | 20 Sylvan Dr. Lock Haven, Pa. | 150.00 |
| 2/29/88 | Charles W. Snyder | 1325 Paxon Circle Williamsport, Pa. | 100.00 |
| 2/24/88 | Carl W. Swartz | R. D. #2, Milton, Pa. | 100.00 |
| 3/3/88 | Robert Forse | R. D. #5, Box 256 Muncy, Pa. | 60.00 |
| 2/29/88 | H. Richard Ishler, Jr. | 204 Roderick Road Williamsport, Pa. | 100.00 |
| 3/3/88 | G. Richard Morris | | 100.00 |
| 2/15/88 | W. Thomas Morris | 140 Chestnut St. Troy, Pa. | 100.00 |
| 3/3/88 | Paul S. Nentwig | 1060 Canterbury Rd. Williamsport, Pa. | 100.00 |
| 3/3/88 | Gerald W. Vickery Jr. | 8 Rockwell Drive Troy, Pa. | 100.00 |
| 3/4/88 | Evan S. Williams, Jr. | Hickory Hill Troy, Pa. | 100.00 |
| | | TOTAL | \$4,190.00 |

91040841052

Exhibit
D-3

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA — DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

*Belmont
State
County
4-*

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|---|---|--|---|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST P700024 PAC COMMONWEALTH BANKSHARES PAC ANTHONY W. BOROCH 101 W THIRD ST WILLIAMSPORT PA 17701 | ELECTION DATE OFFICE/DISTRICT COUNTY | <input type="checkbox"/> Candidate <input checked="" type="checkbox"/> Committee <input type="checkbox"/> Lobbyist | <input type="checkbox"/> 6th Tues. Pre-Election <input checked="" type="checkbox"/> 2nd Fri. Pre-Election <input type="checkbox"/> 30-Day Post Election <input type="checkbox"/> Annual Report <input type="checkbox"/> Amendment Report <input type="checkbox"/> Termination Report |

SUMMARY OF RECEIPTS AND EXPENDITURES FROM 3/8/88 TO 4/11/88 incl.

| | |
|--|--------------|
| A. Cash Balance — Beginning (See instruction # 1) | \$ 9,660.00 |
| B. Total Receipts (From Schedule I — This Report Only) | \$ 2,675.00 |
| C. Total of Lines A and B | \$ 12,335.00 |
| D. Total Expenditures (From Schedule II — This Report Only) | \$ 4,200.00 |
| E. Cash Balance — Ending (Subtract Line D from Line C) | \$ 8,135.00 |
| F. Unpaid Debts and Obligations (From Schedule III) | \$ -0- |
| G. In-Kind Contributions (From Schedule IV — This Report Only) | \$ -0- |

FOR OFFICE USE ONLY

91040341054

AFFIDAVIT SECTION

PART I — TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
(Treasurer — If Filed By Committee; Candidate — If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete.

Sworn to and subscribed before me this 14th day of April 19 88

Lois V. Wichter
Signature

Anthony W. Boroach
Signature of Person Submitting Report

Anthony W. Boroach
Printed Name

(717) 327-5159
Telephone Number

LOIS V. WICHTER
My Commission Expires NOVEMBER 1, 1989
Notary Public
WILLIAMSPORT, LYCOMING COUNTY

PART II — TO BE COMPLETED BY THE CANDIDATE IF THIS REPORT IS FILED BY THE CANDIDATE'S AUTHORIZED COMMITTEE

I swear (or affirm) that to the best of my knowledge and belief this political committee has not violated any provisions of the Act of June 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this _____ day of _____ 19 _____

Signature of Candidate

Printed Name

Telephone Number

Signature

Official Title

My Commission Expires _____

SCHEDULE I
SUMMARY OF CONTRIBUTIONS AND RECEIPTS
 USE THIS SCHEDULE TO SUMMARIZE ALL CONTRIBUTIONS, RECEIPTS AND REFUNDS
 RECEIVED DURING THE REPORTING PERIOD.

| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | REPORTING PERIOD |
|--|------------------------|
| COMMONWEALTH BANCSHARES PAC | From 3/8/88 To 4/11/88 |

A. UNITEMIZED CONTRIBUTIONS AND RECEIPTS – \$50.00 OR LESS

| | |
|----------------------------------|-----------|
| TOTAL (For the Reporting Period) | \$ 670.00 |
|----------------------------------|-----------|

B. CONTRIBUTIONS AND RECEIPTS – \$50.01 TO \$250.00 (Complete Sections 1.1 & 1.2)

| | |
|---|------------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 1.1) | \$ No |
| ALL OTHER CONTRIBUTIONS (Section 1.2) | \$2,005.00 |
| TOTAL (For the Reporting Period) | \$ |

C. CONTRIBUTIONS AND RECEIPTS – OVER \$250.00 (Complete Sections 2.1 & 2.2)

| | |
|---|----|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 2.1) | \$ |
| ALL OTHER CONTRIBUTIONS (Section 2.2) | \$ |
| TOTAL (For the Reporting Period) | \$ |

D. REFUNDS RECEIVED (Complete Section 3)

| | |
|----------------------------------|----|
| TOTAL (For the Reporting Period) | \$ |
|----------------------------------|----|

| | |
|---|------------|
| TOTAL THIS PERIOD – ADD AMOUNT TOTALS FROM BOXES A, B, C & D ENTER ON PAGE 1 (Face Sheet) – ITEM B | \$2,675.00 |
|---|------------|

91040821055

SECTION 1.2
ALL OTHER CONTRIBUTIONS AND RECEIPTS — \$50.01 TO \$250.00
(Except Political Committee Contributions)

USE THIS SECTION TO ITEMIZE ALL OTHER CONTRIBUTIONS WITH AN AGGREGATE
 VALUE FROM \$50.01 TO \$250.00 FOR THE REPORTING PERIOD
 (Excluding Contributions Received From Political Committees Listed on Section 1.1).

| | |
|--|-------------------------|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | REPORTING PERIOD |
| COMMONWEALTH BANCSHARES POLITICAL ACTION COMMITTEE | From 3/8/88 To 4/11/88 |

91040841056

| DATE | NAME | ADDRESS | AMOUNT |
|---------|---------------------|--|--------|
| 3/9/88 | Edgar B. Baker | Montrose, Pa. | 100.00 |
| 3/7/88 | Morris C. Baker | Montrose, Pa. | 100.00 |
| 3/9/88 | Ronald E. Boyce | R. D. #2, Box 30 Cogan Station, Pa. | 60.00 |
| 3/8/88 | John L. Bruch, Jr. | 521 S. Main Street Muncy, Pa. | 125.00 |
| 3/1/88 | Emerson W. Knyria | 311 Cypress Street Montoursville, Pa. | 100.00 |
| 3/1/88 | Paul L. Krenser | 1102 Cherry Street Montoursville, Pa. | 100.00 |
| 3/4/88 | Roger Madigan | RD 3, Box 114 Towanda, PA | 100.00 |
| 3/9/88 | Joseph Manzek | Box 93, R. D. #5 Montrose, Pa. | 200.00 |
| 2/29/88 | Donald Pace | 304 Cayuga Street Sayre, Pa. | 100.00 |
| 3/14/88 | Paul H. Rooney, Jr. | P. O. Box 1611 Williamsport, Pa. | 60.00 |
| 3/10/88 | Ray Wilmarth, Jr. | R. D. #2, Box 99 Kingsley, Pa. | 100.00 |
| 3/4/88 | Roger A. Madigan | R. D. #3, Box 114 Towanda, Pa. | 100.00 |
| 3/21/88 | Gary E. Baylor | 320 Harrison Ave. Lewisburg, Pa. | 100.00 |

Subtotal This Page (Optional) ▶

Total This Period — Enter on Schedule I — Summary of Contributions and Receipts — Box B ▶

2,005.00

| <u>DATE</u> | <u>NAME</u> | <u>ADDRESS</u> | <u>AMOUNT</u> |
|-------------|--------------------|---|---------------|
| 3/23/88 | William T. Charles | R. D. #1, Box 243C Jersey Shore, PA | 100.00 |
| 3/22/88 | A. F. DuBois | 401 N. Main Street Coudersport, Pa. | 100.00 |
| 3/17/88 | Patrick R. Kindlin | 215 S. Science Park Rd. State College, Pa. | 60.00 |
| 3/21/88 | George W. Leighow | R. D. #4, Box 14 Danville, Pa. | 100.00 |
| 3/10/88 | M. J. Matis | Susquehanna, Pa. | 200.00 |
| 3/22/88 | Dean P. Muller | 206 Valley Heights Dr. Williamsport, Pa. | 200.00 |
| | TOTAL | | \$2,005.00 |

21040841057

Exhibit
D-4

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA — DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

*Filed
5/17/88
- State &
County*

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|---|---|--|---|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST R700094 PAC COMMONWEALTH BANCSHARES PAC Anthony W. Boroch 101 W THIRD ST WILLIAMSPORT PA 17701 | ELECTION DATE <hr/> OFFICE/DISTRICT <hr/> COUNTY | <input type="checkbox"/> Candidate <input checked="" type="checkbox"/> Committee <input type="checkbox"/> Lobbyist | <input type="checkbox"/> 6th Tues. Pre-Election <input type="checkbox"/> 2nd Fri. Pre-Election <input checked="" type="checkbox"/> 30-Day Post Election <input type="checkbox"/> Annual Report <input type="checkbox"/> Amendment Report <input type="checkbox"/> Termination Report |

SUMMARY OF RECEIPTS AND EXPENDITURES FROM 4/12/88 TO 5/16/88 incl.

| | |
|---|-------------|
| A. Cash Balance — Beginning (See instruction # 1) | \$ 8,135.00 |
| B. Total Receipts (From Schedule I — This Report Only) | 125.00 |
| C. Total of Lines A and B | 8,260.00 |
| D. Total Expenditures (From Schedule II — This Report Only) ... | -0- |
| E. Cash Balance — Ending (Subtract Line D from Line C) | 8,260.00 |
| F. Unpaid Debts and Obligations (From Schedule III) | -0- |
| G. In-Kind Contributions (From Schedule IV — This Report Only) .. | -0- |

FOR OFFICE USE ONLY

91040341059

AFFIDAVIT SECTION

PART I — TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
(Treasurer — If Filed By Committee; Candidate — If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete.

Sworn to and subscribed before me this
17th day of May 1988

Lois V. Wachter
Signature
LOIS V. WACHTER, NOTARY PUBLIC
WILLIAMSPORT, LYCOMING COUNTY
My Commission Expires BY COMMISSION EXPIRES DEC. 6, 1989

Anthony W. Boroch
Signature of Person Submitting Report
Anthony W. Boroch
Printed Name
(717) 327-5111
Telephone Number

PART II — TO BE COMPLETED BY THE CANDIDATE IF THIS REPORT IS FILED BY THE CANDIDATE'S AUTHORIZED COMMITTEE

I swear (or affirm) that to the best of my knowledge and belief this political committee has not violated any provisions of the Act of June 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this
_____ day of _____ 19____

Signature _____ Official Title _____
My Commission Expires _____

Signature of Candidate _____
Printed Name _____
Telephone Number _____

SCHEDULE I
SUMMARY OF CONTRIBUTIONS AND RECEIPTS
 USE THIS SCHEDULE TO SUMMARIZE ALL CONTRIBUTIONS, RECEIPTS AND REFUNDS
 RECEIVED DURING THE REPORTING PERIOD.

| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | REPORTING PERIOD |
|--|----------------------------|
| Commonwealth Bancshares Political Action Committee | From 4/12/88 To 5/16/88 in |

A. UNITEMIZED CONTRIBUTIONS AND RECEIPTS — \$50.00 OR LESS

| | |
|----------------------------------|----------|
| TOTAL (For the Reporting Period) | \$ 25.00 |
|----------------------------------|----------|

B. CONTRIBUTIONS AND RECEIPTS — \$50.01 TO \$250.00 (Complete Sections 1.1 & 1.2)

| | |
|---|-----------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 1.1) | \$ -0- |
| ALL OTHER CONTRIBUTIONS (Section 1.2) | \$ 100.00 |
| TOTAL (For the Reporting Period) | \$ 100.00 |

C. CONTRIBUTIONS AND RECEIPTS — OVER \$250.00 (Complete Sections 2.1 & 2.2)

| | |
|---|--------|
| ONLY CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES (Section 2.1) | \$ |
| ALL OTHER CONTRIBUTIONS (Section 2.2) | \$ |
| TOTAL (For the Reporting Period) | \$ -0- |

D. REFUNDS RECEIVED (Complete Section 3)

| | |
|----------------------------------|--------|
| TOTAL (For the Reporting Period) | \$ -0- |
|----------------------------------|--------|

| | |
|---|-----------|
| TOTAL THIS PERIOD — ADD AMOUNT TOTALS FROM BOXES A, B, C & D ENTER ON PAGE 1 (Face Sheet) — ITEM B | \$ 125.00 |
|---|-----------|

91040341060

Exhibit
D-5

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA - DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

*filed
in
County
State
10/27/88*

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|--|--------------------|---|---|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST Commonwealth Bancshares PAC Anthony W. Boroch, Treas. | ELECTION DATE | <input type="checkbox"/> Candidate | <input type="checkbox"/> 6th Year, Pre-Election <input checked="" type="checkbox"/> 2nd Pd. Pre-Election |
| ADDRESS (Street & Number, P.O. Box) 101 West Third St. | OFFICE/DISTRICT | <input checked="" type="checkbox"/> Committee | <input type="checkbox"/> 30-Day Post Election <input type="checkbox"/> Annual Report |
| CITY/STATE/ZIP CODE Williamsport, PA 17701 | COUNTY Lycoming | <input type="checkbox"/> Lobbyist | <input type="checkbox"/> Amendment Report <input type="checkbox"/> Termination Report |

| SUMMARY OF RECEIPTS AND EXPENDITURES FROM 5/16/88 TO 10/24/88 (Incl.) | FOR OFFICE USE ONLY |
|---|---------------------|
| A. Cash Balance - Beginning (See instruction # 1) \$ 8,260.00 | |
| B. Total Receipts (From Schedule I - This Report Only) 0 | |
| C. Total of Lines A and B \$ 8,260.00 | |
| D. Total Expenditures (From Schedule II - This Report Only) ... \$ 1,900.00 | |
| E. Cash Balance - Ending (Subtract Line D from Line C) \$ 6,360.00 | |
| F. Unpaid Debts and Obligations (From Schedule III) 0 | |
| G. In-Kind Contributions (From Schedule IV - This Report Only) .. 0 | |

AFFIDAVIT SECTION

PART I - TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
(Treasurer - If Filed By Committee; Candidate - If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete.

Sworn to and subscribed before me this
27th day of October 19 88

Lawrence M. Whelan
Signature
Official Title
MY COMMISSION EXPIRES JULY 13 1991

Anthony W. Boroch
Signature of Person Submitting Report
Anthony W. Boroch
Printed Name
(717)-327-5159
Telephone Number

PART II - TO BE COMPLETED BY THE CANDIDATE IF THIS REPORT IS FILED BY THE CANDIDATE'S AUTHORIZED COMMITTEE

I swear (or affirm) that to the best of my knowledge and belief this political committee has not violated any provisions of the Act of June 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this
____ day of _____ 19 ____

Signature Official Title
My Commission Expires _____

Signature of Candidate

Printed Name

Telephone Number

91040841062

SCHEDULE II SUMMARY OF EXPENDITURES

USE THIS SECTION TO ITEMIZE ALL EXPENDITURES MADE DURING THE REPORTING PERIOD.

| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST | | REPORTING PERIOD | |
|---|---|----------------------------|------------|
| | | From | To |
| DATE(S) | FULL NAME, MAILING ADDRESS AND ZIP CODE OF RECIPIENT | DESCRIPTION OF EXPENDITURE | AMOUNT |
| 10/24/88 | Edward Helfrick 23 E. Second St., Room 102 Mt. Carmel, PA 17851 | Donation | \$500.00 |
| 10/24/88 | Edgar A. Carlson Box 177 Wellaboro, Pa. 16901 | Donation | \$200.00 |
| 10/24/88 | Alvin C. Bush RD#2 Muncy, PA 17756 | Donation | \$400.00 |
| 10/24/88 | Russ Fairchild RD#1, P. O. Box 198 Winfield, PA 17889 | Donation | \$200.00 |
| 10/24/88 | J. Scot Chadwick P.O. Box 215 Wysox, PA 18854 | Donation | \$200.00 |
| 10/24/88 | Ernie Preate Suite 400, Scr. Elec. Bldg. Scranton, PA 18503 | Donation | \$200.00 |
| 10/24/88 | Kenneth E. Lee P. O. Box 306 Tunkhannock, PA 18657 | Donation | \$200.00 |
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| | | | |
| Subtotal This Page (Optional) ▶ | | | \$1,900.00 |
| Total This Period - Enter on Page 1 (Face Sheet) - Item D ▶ | | | \$1,900.00 |

SEE INSTRUCTIONS ON NEXT PAGE

91040341063

John
11/30/88
State - 11/30/88
PAGE 1 OF 2
(FACE SHEET)

Exhibit
D-6

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA - DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|---|--------------------|---|--|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST Commonwealth Bancshares PAC Anthony W. Boroeh, Treasurer | ELECTION DATE | <input type="checkbox"/> Candidate | <input type="checkbox"/> 6th Term, Pre-Election <input type="checkbox"/> 2nd Pt. Pre-Election |
| ADDRESS (Street & Number, RD, Box) 101 West Third St. | OFFICE/DISTRICT | <input checked="" type="checkbox"/> Committee | <input checked="" type="checkbox"/> 30-Day Post Election <input type="checkbox"/> Annual Report |
| CITY/STATE/ZIP CODE Williamsport, PA 17701 | COUNTY Lycoming | <input type="checkbox"/> Lobbyist | <input type="checkbox"/> Amendment Report <input type="checkbox"/> Termination Report |

SUMMARY OF RECEIPTS AND EXPENDITURES FROM 10/25/88 **TO** 11/28/88 **inc.**

| | |
|---|----------|
| A. Cash Balance - Beginning (See instruction # 1) | \$ 6360. |
| B. Total Receipts (From Schedule I - This Report Only) | \$ -0- |
| C. Total of Lines A and B | \$ 6360. |
| D. Total Expenditures (From Schedule II - This Report Only) ... | \$ 1100. |
| E. Cash Balance - Ending (Subtract Line D from Line C) | \$ 5260. |
| F. Unpaid Debts and Obligations (From Schedule III) | \$ -0- |
| G. In-Kind Contributions (From Schedule IV - This Report Only) .. | \$ -0- |

FOR OFFICE USE ONLY

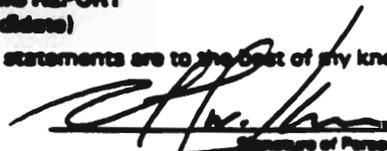
91040341064

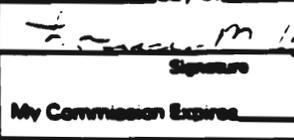
AFFIDAVIT SECTION

PART I - TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
(Treasurer - If Filed By Committee; Candidate - If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete.

Sworn to and subscribed before me this
30th day of November 1988


Signature of Person Submitting Report


Signature
NOTARIAL SEAL
MEMBER, NOTARY PUBLIC
WILLIAMSPORT, LYCOMING COUNTY
MY COMMISSION EXPIRES JULY 29, 1991
Member, Pennsylvania Association of Notaries

Anthony W. Boroeh
Printed Name
(717) 327-5159
Telephone Number

PART II - TO BE COMPLETED BY THE CANDIDATE IF THIS REPORT IS FILED BY THE CANDIDATE'S AUTHORIZED COMMITTEE
I swear (or affirm) that to the best of my knowledge and belief this political committee has not violated any provisions of the Act of July 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this
_____ day of _____ 19____

Signature of Candidate

Printed Name

Telephone Number

Signature

Official Title
My Commission Expires _____

SCHEDULE II SUMMARY OF EXPENDITURES

USE THIS SECTION TO ITEMIZE ALL EXPENDITURES MADE DURING THE REPORTING PERIOD.

| | |
|--|--|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST Commonwealth Bancshares PAC | REPORTING PERIOD From 10/25/88 To 11/28/88 |
|--|--|

| DATE(S) | FULL NAME, MAILING ADDRESS AND ZIP CODE OF RECIPIENT | DESCRIPTION OF EXPENDITURE | AMOUNT |
|--|--|----------------------------|---------|
| 10/27/88 | Joe Uliana 1710 Stoke Park Rd. Bethlehem, PA 18017 | Contribution | 300. |
| 10/27/88 | Committee to Elect Lee Telek 301 Metzler St. Johnstown, PA 15904 | Contribution | 300. |
| 10/27/88 | Ted V. Kondrich 630 New Texas Road Pittsburgh, PA 15239 | Contribution | 200. |
| 11/3/88 | Jerry Birmelin RD#1, Box 209E Waymart, PA 18472 | Contribution | 300. |
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| | | | |
| Subtotal This Page (Optional) | | | ▶ 1100. |
| Total This Period - Enter on Page 1 (Face Sheet) - Item D | | | ▶ |

91040841065

8000 - 002

CAMPAIGN EXPENSE STATEMENT

(2000.00 or less)

Exhibit
D-7

Filed
County 2
State
1-11-89

OFFICIAL USE ONLY

THIS FORM SHALL BE COMPLETED WHEN THE AGGREGATE RECEIPTS OR DISBURSEMENTS OF A REPORTING PERIOD ARE TWO HUNDRED AND FIFTY DOLLARS OR LESS.

THIS REPORT IS BEING FILED BY

CANDIDATE

TREASURER

LOBBYIST

Full Name of Candidate, Committee or Lobbyist

Anthony W. Boroch, Treasurer
Commonwealth Bancshares Pac

Office Sought (If Applicable)

District

83

Address (Number and Street)

101 W. Third Street

Area

717

Telephone Number

327-5159

City

Williamsport,

State

PA

Zip Code

17701

TYPE OF REPORT

- Sixth Tuesday before election date
- Second Friday before election date
- 30 days after election date
- Termination Statement
- Annual

Anthony W. Boroch Candidate
 Treasurer
 Lobbyist

For Commonwealth Bancshares PAC

do hereby certify in compliance with the provisions of the Pennsylvania Election Code that the aggregate receipts or disbursements or liabilities incurred during the reporting period listed above did not exceed two hundred and fifty dollars (\$250).

[Signature]

Treasurer

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Lycoming

Personally appeared before me the above named

Anthony W. Boroch

Treasurer

who made oath that the foregoing statement, by him, signed, is correct and true to the best of his knowledge and belief.

Sworn to and subscribed before me this 4th day

of January AD 19 89

NOTARIAL SEAL
LOUISE M. WHIPPLE, NOTARY PUBLIC
WILLIAMSPORT, LYCOMING COUNTY, PA
MY COMMISSION EXPIRES JULY 2, 1991

[Signature]

Notary Public

Member, Pennsylvania Association of Notaries

THIS SECTION MUST BE COMPLETED IF STATEMENT IS BEING FILED BY CANDIDATE'S COMMITTEE

I, _____ (Swear/Affirm)

Treasurer

That to the best of my knowledge and belief the political committee has not violated any provisions of the act of June 3, 1937 (P.L. 1333, #320) as amended

Candidate Signature
Or Use by Candidate's Committee

Commonwealth of Pennsylvania

County of _____ } 38

On this _____ Day of _____ 19__

Before me personally appeared _____ known to me (or satisfactorily proven) to be the person whose signature appears on this instrument and acknowledges the same for purposes therein contained

In witness where I have hereunto set my hand and affix seal.

(Seal)

Signature

SEE REVERSE SIDE FOR INSTRUCTIONS

CAMPAIGN EXPENSE STATEMENT
(\$250.00 or less)

Exhibit D-8

FOR OFFICIAL USE ONLY

Allegheny County 3/30/89

THIS FORM SHALL BE COMPLETED WHEN THE AGGREGATE RECEIPTS OR DISBURSEMENTS OF A REPORTING PERIOD ARE TWO HUNDRED AND FIFTY DOLLARS OR LESS.

THIS STATEMENT IS BEING FILED BY

CANDIDATE COMMITTEE LOBBYIST.

This statement covers the period

from 1/1/89 to 3/27/89

Full Name of Candidate Committee or Lobbyist

8700094 PAC

COMMONWEALTH BANCSHARES PAC

Address C/O TREAS: Anthony W. Boroch

101 W THIRD ST

WILLIAMSPORT PA 17701

Office Sought (if Applicable)

District

83

Area

Telephone Number

717

327-5159

State

Zip Code

PA

17701

TYPE OF REPORT

- Sixth Tuesday before election date
- Second Friday before election date
- 30 days after election date
- Annual
- Termination Statement

Anthony W. Boroch

- Candidate
- Treasurer
- Lobbyist

for Commonwealth Bancshares Corp PAC

do hereby certify in compliance with the provisions of the Pennsylvania Election Code that the aggregate receipts or disbursements or liabilities incurred during the reporting period listed above did not exceed two hundred and fifty dollars (\$250).

Anthony W. Boroch

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Lycoming

Personally appeared before me the above named

Anthony W. Boroch

who made oath that the foregoing statement, by him, signed, is correct and true to the best of his knowledge and belief.

Sworn to and subscribed before me this 30th day

of March A.D. 1989.

(Seal)

Luise M. Whipple
NOTARIAL SEAL
LOUISE M. WHIPPLE, NOTARY PUBLIC
WILLIAMSPORT, LYCOMING COUNTY
MY COMMISSION EXPIRES JULY 29, 1991

Member, Pennsylvania Association of Notaries

THIS SECTION MUST BE COMPLETED IF STATEMENT IS BEING FILED BY CANDIDATE'S COMMITTEE

I _____ (Swear/Affirm)

That to the best of my knowledge and belief the political committee has not violated any provisions of the act of June 3, 1937 (P.L. 1333, #320) as amended.

Candidate Signature
or Seal by Candidate or Committee

Commonwealth of Pennsylvania

County of _____ } SS

On this _____ Day of _____ 19____

Before me personally appeared _____ known to me (or satisfactorily proven) to be the person whose signature appears on this instrument and acknowledges the same for purposes therein contained.

In witness where I have hereunto set my hand and affix seal.

(Seal)

Signature

SEE REVERSE SIDE FOR INSTRUCTIONS

8000 - 000

CAMPAIGN EXPENSE STATEMENT

(2000.00 or less)

Exhibit D-11

OFFICIAL USE ONLY

THIS FORM SHALL BE COMPLETED WHEN THE AGGREGATE RECEIPTS OR DISBURSEMENTS OF A REPORTING PERIOD ARE TWO HUNDRED AND FIFTY DOLLARS OR LESS.

THIS REPORT IS BEING FILED BY

CANDIDATE

TREASURER

LOBBYIST

Full Name of Candidate, Committee or Lobbyist

Anthony W. Boroch, Treasurer 760094

Office Sought (if Applicable)

Commonwealth Bancshares Corp Public Affairs Committee

District

83

Address (Number and Street)

101 W. Third Street

Area

717

Telephone Number

327-5159

City

Williamsport, PA

State

PA

Zip Code

17701

TYPE OF REPORT

- Sixth Tuesday before election date Sept 18, 1989
- Second Friday before election date
- 30 days after election date
- Termination Statement

Anthony W. Boroch

- Candidate
- Treasurer
- Lobbyist

For Commonwealth Bancshares Corp PAC

do hereby certify in compliance with the provisions of the Pennsylvania Election Code that the aggregate receipts or disbursements or liabilities incurred during the reporting period listed above did not exceed two hundred and fifty dollars (\$250).

Anthony W. Boroch, Treasurer

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Lycoming

Personally appeared before me the above named

Anthony W. Boroch

who made oath that the foregoing statement, by him, signed, is correct and true to the best of his knowledge and belief.

Sworn to and subscribed before me this

A.D. 19

NOTARIAL SEAL
CHRISTINE T. J. KYLE, NOTARY PUBLIC
WILLIAMSPORT, LYCOMING CO., PA
MY COMMISSION EXPIRES

THIS SECTION MUST BE COMPLETED IF STATEMENT IS BEING FILED BY CANDIDATE'S COMMITTEE

(Swear/Affirm)

That to the best of my knowledge and belief the political committee has not violated any provisions of the act of June 3, 1937 (P.L. 1333, #320) as amended

Commonwealth of Pennsylvania

County of

On the Day of 19

Before me personally appeared known to me (or satisfactorily proven) to be the person whose signature appears on this instrument and acknowledges the same for purposes therein contained

In witness where I have hereunto set my hand and affix seal.

Signature

SEE REVERSE SIDE FOR INSTRUCTIONS

CAMPAIGN EXPENSE STATEMENT
(\$250.00 or less)

Exhibit
D-12

FOR OFFICIAL USE ONLY

THIS FORM SHALL BE COMPLETED WHEN THE AGGREGATE RECEIPTS OR DISBURSEMENTS OF A REPORTING PERIOD ARE TWO HUNDRED AND FIFTY DOLLARS OR LESS.

THIS STATEMENT IS BEING FILED BY

CANDIDATE COMMITTEE LOBBYIST.

This statement covers the period

from 9/19/89 to 10/23/89

Full Name of Candidate (Committee or Lobbyist)

8700094 PAC

COMMONWEALTH BANKSHARES PAC

Address C/O TREAS: Anthony W. Boroch

101 W THIRD ST

WILLIAMSPORT PA 17701

City

Office Sought (If Applicable)

District

83

Area

Telephone Number

717

327-5159

State

Zip Code

PA

17701

TYPE OF REPORT

- Sixth Tuesday before election date
 Second Friday before election date 10/23/89
 30 days after election date
 Annual
 Termination Statement

Anthony W. Boroch

- Candidate
 Treasurer
 Lobbyist

For Commonwealth Bankshares Corp PAC

do hereby certify in compliance with the provisions of the Pennsylvania Election Code that the aggregate receipts or disbursements or liabilities incurred during the reporting period listed above did not exceed two hundred and fifty dollars (\$250).

Anthony W. Boroch

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Lycoming

Personally appeared before me the above named

Anthony W. Boroch

who made oath that the foregoing statement, by him, signed, is correct and true to the best of his knowledge and belief.

Sworn to and subscribed before me this _____ day

of _____ A.D. 19__

(Seal)

Signature

THIS SECTION MUST BE COMPLETED IF STATEMENT IS BEING FILED BY CANDIDATE'S COMMITTEE

I _____ (Swear/Affirm)
Print

That to the best of my knowledge and belief the political committee has not violated any provisions of the act of June 3, 1937 (P.L. 1333, #320) as amended.

Candidate Signature
 If filed by Candidate + Committee

Commonwealth of Pennsylvania

County of _____ } SS

On this _____ Day of _____ 19__

Before me personally appeared _____ known to me (or satisfactorily proven) to be the person whose signature appears on this instrument and acknowledges the same for purposes therein contained.

In witness where I have hereunto set my hand and affix seal.

(Seal)

Signature

SEE REVERSE SIDE FOR INSTRUCTIONS

CAMPAIGN EXPENSE STATEMENT

(\$250.00 or less)

Exhibit
D-13

FOR OFFICIAL USE ONLY

Filed
into 4 L
County 107

THIS FORM SHALL BE COMPLETED WHEN THE AGGREGATE RECEIPTS OR DISBURSEMENTS OF A REPORTING PERIOD ARE TWO HUNDRED AND FIFTY DOLLARS OR LESS.

THIS STATEMENT IS BEING FILED BY

CANDIDATE COMMITTEE LOBBYIST.

This statement covers the period

from 10/24/89 to 11/27/89

Full Name of Candidate, Committee or Lobbyist

8700044 PAC

COMMONWEALTH BANCSHARES PAC

Address Anthony W. Boroch, Treasurer

101 W THIRD ST

WILLIAMSPORT PA 17701

City

Office Sought (If Applicable)

District

Area
717

Telephone Number
327-5159

State
PA

Zip Code
17701

TYPE OF REPORT

- Sixth Tuesday before election date
- Second Friday before election date
- 30 days after election date
- Annual
- Termination Statement

Anthony W. Boroch

- Candidate
- Treasurer
- Lobbyist

Commonwealth Bancshares Corporation
Public Affairs Committee

For

do hereby certify in compliance with the provisions of the Pennsylvania Election Code that the aggregate receipts or disbursements or liabilities incurred during the reporting period listed above did not exceed two hundred and fifty dollars (\$250).

Anthony W. Boroch Signature

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Lycoming

Personally appeared before me the above named

Print

who made oath that the foregoing statement, by him, signed, is correct and true to the best of his knowledge and belief.

Sworn to and subscribed before me this 29th day

of November A.D. 1989.

(Seal)

Christine T. J. Kyle, P.S.
 ORIGINAL SEAL
 CHRISTINE T. J. KYLE, NOTARY PUBLIC
 WILLIAMSPORT, LYCOMING CO., PA.
 MY COMMISSION EXPIRES JULY 12, 1993

THIS SECTION MUST BE COMPLETED IF STATEMENT IS BEING FILED BY CANDIDATE'S COMMITTEE

I _____ (Swear/Affirm)
Print

That to the best of my knowledge and belief the political committee has not violated any provisions of the act of June 3, 1937 (P.L. 1333, #320) as amended.

Candidate Signature
Or filed by Candidate's Committee

Commonwealth of Pennsylvania

County of _____

} SS

On this _____ Day of _____ 19____

Before me personally appeared _____ known to me (or satisfactorily proven) to be the person whose signature appears on this instrument and acknowledges the same for purposes therein contained.

In witness where I have hereunto set my hand and affix seal.

(Seal)

Signature

SEE REVERSE SIDE FOR INSTRUCTIONS

Exhibit
D-14

CAMPAIGN EXPENSE REPORT
COMMONWEALTH OF PENNSYLVANIA - DEPARTMENT OF STATE
BUREAU OF COMMISSIONS, ELECTIONS AND LEGISLATION
305 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

*filed
for
1/19/90*

| NAME/ADDRESS INFORMATION | ELECTION DATA | REPORT FILED BY | TYPE OF REPORT |
|---|---|--|--|
| NAME OF CANDIDATE, COMMITTEE OR LOBBYIST 8700094 PAC COMMONWEALTH BANCSHARES PAC C/O TREAS: ANTHONY BOROCH 101 W THIRD ST WILLIAMSPORT PA 17701 | ELECTION DATE OFFICE/DISTRICT 83 COUNTY Lycoming | <input type="checkbox"/> Candidate <input checked="" type="checkbox"/> Committee <input type="checkbox"/> Lobbyist | <input type="checkbox"/> 6th Tues. Pre-Election <input type="checkbox"/> 2nd Fri. Pre-Election <input type="checkbox"/> 30-Day Post Election <input checked="" type="checkbox"/> Annual Report <input type="checkbox"/> Amendment Report <input checked="" type="checkbox"/> Termination Report |

NOTE: This report must be typed or prepared in blue or black ink.

SUMMARY OF RECEIPTS AND EXPENDITURES FROM 11/28/89 TO 12/31/89

| | |
|---|-----------|
| A. Cash Balance - Beginning (See instruction # 1) | \$ 150.00 |
| B. Total Receipts (From Schedule I - This Report Only) | \$ 0.00 |
| C. Total of Lines A and B | \$ 150.00 |
| D. Total Expenditures (From Schedule II - This Report Only) ... | \$ 150.00 |
| E. Cash Balance - Ending (Subtract Line D from Line C) | \$ 0.00 |
| F. Unpaid Debts and Obligations (From Schedule III) | \$ 0.00 |
| G. In-Kind Contributions (From Schedule IV - This Report Only) .. | \$ 0.00 |

FOR OFFICE USE ONLY

AFFIDAVIT SECTION

PART I - TO BE COMPLETED BY THE PERSON SUBMITTING THIS REPORT
 (Treasurer - If Filed By Committee; Candidate - If Filed By Candidate)

I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete.

Sworn to and subscribed before me this
 7th day of January 19 90
 Christian T. S. Kyle Notary
 Signature Official Title

[Signature]
 Signature of Person Submitting Report
 Anthony W. Boroch
 Printed Name
 717-327-5159
 Telephone Number

My Commission Expires 5/2/92

PART II - TO BE COMPLETED BY THE CANDIDATE'S AUTHORIZED COMMITTEE
 I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief true, correct and complete. This political committee has not violated any provisions of the Act of June 3, 1937 (P.L. 1333, No. 320) as amended.

Sworn to and subscribed before me this
 _____ day of _____ 19____

 Signature Official Title

 Signature of Candidate

 Printed Name

 Telephone Number

My Commission Expires _____

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

| | | |
|----------------------------|---|----------|
| In the Matter of |) | |
| |) | |
| Commonwealth Bancshares |) | |
| Corporation and William D. |) | |
| Davis, as chairman |) | MUR 3033 |
| |) | |
| Commonwealth Bancshares |) | |
| Political Action Committee |) | |
| and Eileen Johnson, as |) | |
| treasurer |) | |

COMPREHENSIVE INVESTIGATIVE REPORT #1

On February 12, 1990, the Commission found reason to believe Commonwealth Bancshares Corporation and William D. Davis, as chairman, and Commonwealth Bancshares Political Action Committee ("the Committee") and Anthony W. Boroch¹, as treasurer, had violated 2 U.S.C. § 441b(b) in relation to the solicitations for contributions to the Committee. On March 19, 1990, counsel for the respondents filed answers to the interrogatories and request for documents propounded to them and a "brief" on the factual and legal issues in this matter.

In his "brief," counsel argues that the Commission should conclude no violation has occurred. He then states at the end of his brief:

To the extent, however, that the Commission disagrees with the conclusions set forth in the preceding paragraph, Respondents believe the most appropriate resolution of any such remaining controversy would be "by informal methods of conference conciliation and persuasion" within the meaning of §111.18(a) of the Regulations.

1. The initial findings in this matter were made with respect to Anthony W. Boroch, as treasurer. Commission policy provides for naming the current treasurer in enforcement matters. Eileen Johnson has been substituted although she became treasurer after the initiation of this matter.

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Counsel's citation of 11 C.F.R. § 111.18(a) is to the section covering post probable cause conciliation, not preprobable cause conciliation. Because this statement was made in a response to the Commission's reason to believe finding rather than the General Counsel's probable cause brief, staff of this Office contacted counsel. He confirmed that he was referring to post probable cause conciliation and that he was not requesting preprobable cause conciliation.

This Office also understands that counsel furnished 10 copies of his brief to the Commission Secretary and that they have been distributed to the Commissioners' offices. This Office is currently preparing the General Counsel's probable cause brief. In accordance with Commission regulations and practice, counsel will be given an opportunity to respond to the General Counsel's Brief before this Office makes further recommendations to the Commission.

Lawrence M. Noble
General Counsel

Date

7/11/90

BY:



Lois G. Lerner
Associate General Counsel

Staff assigned: Lawrence D. Parrish
Elizabeth Campbell

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

TO: LAWRENCE NOBLE
GENERAL COUNSEL

FROM: *MWE* MARJORIE W. EMMONS/DELORES HARRIS *WH*
SECRETARY OF THE COMMISSION

DATE: JULY 13, 1990

SUBJECT: MUR 3033 - COMPREHENSIVE INVESTIGATIVE REPORT #1
DATE JULY 11, 1990

The above-captioned matter was received in the
Commission Secretariat at 1:00 p.m. on Thursday, July 12, 1990
and circulated on a 24-hour no-objection basis at
4:00 p.m. on Thursday, July 12, 1990.

There were no objections to the above-captioned matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

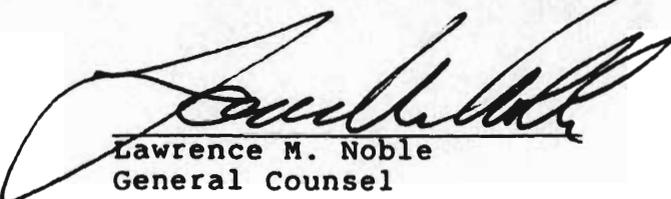
SENSITIVE

In the Matter of)
)
 Commonwealth Bancshares Corporation) MUR 3033
 and William D. Davis, as Chairman)
)
 Commonwealth Bancshares Political)
 Action Committee (Federal) and)
 Eileen Johnson, as treasurer)

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, based on the assessment of the information presently available.

8/13/90
 Date


 Lawrence M. Noble
 General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FEDERAL ELECTION COMMISSION
SECRETARY

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August 30, 1990

SENSITIVE

MEMORANDUM

TO: The Commission
FROM: Lawrence M. Noble
General Counsel
SUBJECT: MUR 3033

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe were mailed on August 30, 1990. Following receipt of the respondents' reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to respondents

Staff person: Lawrence D. Parrish

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 30, 1990

Stewart Dalzell, Esquire
Drinker, Biddle & Reath
1100 PNB Building
Broad and Chestnut Streets
Philadelphia, PA 19107

RE: MUR 3033
Commonwealth Bancshares
Corporation and William D.
Davis, as Chairman and
Commonwealth Bancshares
Political Action Committee
(Federal) and Anthony W.
Boroch, as treasurer

Dear Mr. Dalzell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by your clients, on February 12, 1990, the Federal Election Commission found reason to believe that your clients violated 2 U.S.C. § 441(b), and instituted an investigation in this matter.

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

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

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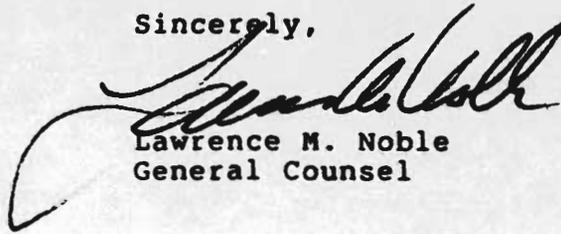
Stewart Dalzell, Esquire
Page 2

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

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

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

91040841082

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Commonwealth Bancshares Corporation)
and William D. Davis, as Chairman) MUR 3033
Commonwealth Bancshares Political)
Action Committee (Federal) and)
Eileen Johnson, as treasurer)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

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This matter was referred to the Federal Election Commission ("Commission") by Wallace S. Nathan, District Counsel for the Comptroller of the Currency/Administrator of National Banks, following the agency's examination of the Bank, because of apparent corporate solicitation outside the restricted class. On February 12, 1990, the Commission found reason to believe that Commonwealth Bancshares Corporation (the "Corporation") and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) (the "Committee") and Anthony W. Boroach, as treasurer ("Respondents"), violated 2 U.S.C. § 441b(b), and instituted an investigation into this matter.¹

1. The initial findings in this matter were made with respect to Anthony W. Boroach, as treasurer. Commission policy provides for naming the current treasurer in enforcement matters. Eileen Johnson has been substituted although she became treasurer after the initiation of this matter.

II. ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits a corporation, or a separate segregated fund established by the corporation, from soliciting contributions to that fund from any person other than its stockholders and their families and its executive or administrative personnel and their families. 2 U.S.C. § 441b(b)(4). A corporation may solicit the executive or administrative personnel of its subsidiaries, branches, divisions, and affiliates and their families. 11 C.F.R. § 114.5(g)(1). The Act defines "executive or administrative personnel" as individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities. 2 U.S.C. § 441b(b)(7); 11 C.F.R. § 114.1(c).²

Contributions to a separate segregated fund must be completely voluntary and must not be made out of physical force, job discrimination, financial reprisals, or the threat of force,

2. A corporation and/or its separate segregated fund may solicit non-executive or administrative personnel and their families two times per calendar year. 2 U.S.C. § 441b(b)(4)(B); 11 C.F.R. § 114.6(a). These "twice yearly" solicitations must be in writing, made by mail addressed to the employees at their residences, and shall be designed so that the corporation or separate segregated fund conducting the solicitation cannot determine who makes a contribution of \$50.00 or less or who does not make a contribution as a result of the solicitation. 2 U.S.C. § 441b(b)(4)(B).

In this matter, the PAC did not follow any of the procedures for twice yearly solicitations, so none of the solicitations fall within the "twice yearly" provision. Thus, this provision does not apply to the circumstances in this matter.

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job discrimination, or financial reprisal. 2 U.S.C. § 441b(b)(3)(A); 11 C.F.R. § 114.5(a). All written solicitations for contributions to a separate segregated fund must inform the person being solicited that he has the right to refuse to contribute without any reprisal. 2 U.S.C. § 441b(b)(3)(C); 11 C.F.R. § 114.5(a)(4). Additionally, all written solicitations must contain statements informing the person being solicited of the political purposes of the fund. 2 U.S.C. § 441b(b)(3)(B); 11 C.F.R. § 114.5(a)(3). Guidelines for contributions may be suggested by a corporation or its separate segregated fund, provided that the person being solicited is informed that the guidelines are merely suggestions and that he is free to contribute more or less than the suggested guidelines without fear that the corporation will favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute. 11 C.F.R. § 114.5(a).

Pursuant to 2 U.S.C. § 434(b), every committee must file reports which disclose the amounts of all contributions to federal candidates, the name of the federal candidate, and the address of the candidate.

A corporation may use its general treasury monies, including monies obtained in commercial transactions and dues monies or membership fees, for the establishment, administration, and solicitation of contributions for its separate segregated fund. 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). Also, a corporation may exercise control over its

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separate segregated fund; for example, by directing the disbursement of voluntary contributions to its separate segregated fund, including the determination of the candidates to whom the contributions are made. 11 C.F.R. § 114.5(d).

B. Analysis

Commonwealth Bancshares Corporation Political Action Committee (Federal) ("the Committee") was created in 1989 and is one of two political action committees of the Commonwealth Bancshares Corporation ("the Corporation") and its subsidiary national bank, Commonwealth Bank and Trust Company, N.A. ("the Bank"), both of Williamsport, Pennsylvania. The other political committee is the Commonwealth Bancshares Corporation Political Action Committee (State), which was established to assist candidates seeking a state office. The state committee has been registered with the Pennsylvania Election Bureau since 1987. The federal committee, referred to here as "the Committee", is the one we are concerned with in this case. The fundraising efforts at issue in this matter involves four (4) solicitation dates, February 1, 1989, April 6, 1989, May 15, 1989 and October 2, 1989. This matter also involves the failure of the Committee to timely report a contribution. The Committee registered with the Commission by filing a Statement of Organization on February 8, 1989.

1. The Committee's failure to initially report the April 14, 1989, \$60.00 disbursement is a violation of 2 U.S.C. § 434(b).

The Committee's 1989 mid-year report disclosed \$9,805.00 in

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receipts and no disbursements. Of the total receipts, \$9,055.00 were unitemized and \$750.00 were itemized. The Committee's 1989 year-end report disclosed \$195.00 in receipts, all unitemized, and \$1,000.00 in disbursements, with \$600.00 going to federal candidates and other political committees, and \$400.00 to state candidates.

On March 30, 1990, the Committee submitted an amended 1989 mid-year and 1989 year-end report, which included an April 14, 1989, \$60.00 contribution to a federal political candidate. This \$60.00 contribution was not originally reported in the Committee's prior reports. The submittal of the Committee's amended reports only took place after the Commission notified the Committee about the contribution. The Committee initially failed to report the \$60.00 disbursement, name of the candidate, and the address of the candidate in violation of 2 U.S.C. § 434(b). Therefore, the General Counsel recommends that the Commission find probable cause to believe Respondents violated 2 U.S.C. § 434(b).

2. The Committee's February 1, 1989, solicitation letter constituted a solicitation for Federal candidates, and appears to be a solicitation beyond the restricted class in violation of 2 U.S.C. § 441b(b)(4), and failed to provide all guidelines information as required by 11 C.F.R. § 114.5(a)(2).

The first solicitation letter sent out by the Committee, dated February 1, 1989, was distributed to all of the directors by United States mail and to all of the officers and employees through the Corporation's internal inter-office delivery

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system.³ Mr. Davis, as Chairman, and Mr. Boroch, as treasurer, admitted in their affidavits to the Commission to approving the February 1, 1989 letter. The Corporation paid for the delivery and reproduction cost of the solicitation letters. The February 1, 1989 letter constituted a solicitation beyond the restricted class, in that it was sent to all employees of both the corporation and the Bank, not just executive and administrative personnel. The salutation in the February 1, 1989, letter was addressed to "Directors" and Employees," and the guidelines for contribution included a category for "employees not in the above categories," as discussed below further, indicating that this letter was clearly a solicitation directed beyond the restricted class.

These guidelines list suggested contribution amounts for all of the different levels of managers in the corporate structure. The letter also included a suggested contribution amount of \$5.00 to \$10.00 for "employees not in the above categories," which was significantly lower than the suggested guidelines for the other categories. Since all of the other listed categories are for different levels of managers, the "employees not in the above categories" would include employees who received the solicitation and are not executive or administrative personnel.

3. The referral indicated that the Committee put solicitation letters in the payroll envelopes of all regular employees of the Corporation and the Bank. As noted above, the Act permits a corporation or its separate segregated fund to solicit in this manner only executive or administrative personnel and their families.

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Moreover, in response to the Commission's interrogatories the Respondents state in their answers that although no record was kept, the letters went to 300 Officers and Directors and 800 employees. It is clear that this letter went beyond the restricted class.

The Respondents have instead asserted that the February 1, 1989 letter was not intended to be a solicitation for federal elections, because the Committee did not file its Statement of Organization with the Commission until February 3, 1989, and because the first contribution to a candidate for federal office did not take place until April 14, 1989. As discussed below, this argument does not avail here.

The February 1, 1989, letter sent out by the Committee constituted a solicitation; it was clearly a request for contributions. The letter did inform the employees of the political purpose of the Committee, and of new improvements made to the Committee, as follows:

Improvement was made to our Committee through a reorganization. Under the "old" Committee By-Laws, we were restricted to making donation only to candidates seeking a state office. Several requests for support from (candidates) [sic] for a national office, who have been supportive of our industry, were declined because of the restrictions. With the change in the Committee, we will now be able to support (candidates)[sic] at the state and national political levels.

It is obvious from the above passage that the Respondents' reference to "we will now be able to support candidates at the state and national political levels," is a solicitation for

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support for Federal candidates.⁴

A thorough examination of the Respondents' February 1, 1989, solicitation letter, indicates that the letter failed to inform solicitees that they are free to contribute more or less than the guidelines suggested, and failed to inform solicitees that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee in violation of 11 C.F.R. § 114.5(a)(2). The letter did inform the solicitees that "Participation is strictly voluntary and no pressure of any kind is to be placed on any individual."

Based upon the foregoing, as to the February 1, 1989, solicitation letter, the General Counsel recommends that the Commission find probable cause to believe Respondents violated 2 U.S.C. § 441b(b)(4) by soliciting beyond the restricted class, and 11 C.F.R. 114.5(a)(2) by failing to properly inform solicitees that they are free to contribute more or less than the guidelines suggested and that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee.

4. The Black's Law Dictionary 712 (5th ed. 1979) defines the word "national" as "Pertaining or relating to a nation as a whole. Commonly applied in American law to institutions, laws, or affairs of the United States or its government, as opposed to those of the several states." This definition undercuts Respondents' argument that the February 1, 1989 letter was not a solicitation for support for Federal candidates.

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3. The Committee's April 6, 1989, solicitation letter appears to be a solicitation beyond the restricted class, and failed to provide all guidelines information as required by 11 C.F.R. § 114.5(a)(2), and also appears to violate of 2 U.S.C. § 441b(b)(3) and 11 C.F.R. § 114.5(a).

The April 6, 1989, letter sent out by the Committee also constituted a solicitation. Mr. Boroch, as treasurer, admitted in his affidavit submitted to the Commission, of approving the April 6, 1989 letter. The salutation in the letter gives it an appearance of a solicitation beyond the restricted class. The April 6, 1989, letter was addressed to "Directors" and "Employees," indicating that this letter was a solicitation beyond the restricted class. This letter also included the same guidelines and salutation, as mentioned-above, in the February 1, 1989 solicitation letter. Mr. Boroch, however, states in the affidavit that 300 solicitation letters were distributed to executive or administrative personnel, and that no solicitation letters were distributed to non-executive or non-administrative personnel employees.

A thorough examination of the Respondents' April 6, 1989, solicitation letter, indicates that the letter also failed to inform solicitees that they are free to contribute more or less than the guidelines suggested, and failed to inform solicitees that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee in violation of 11 C.F.R. § 114.5(a)(2). This letter also failed to inform the employees of their right to refuse to contribute without fear of reprisal.

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The April 6, 1989, letter also begins with the following language: "We've missed you! Your name is not on the list of contributors to the annual campaign." These statements, along with the February 1, 1989, letter raises questions about the voluntariness of the contributions. Contributions to a separate segregated fund must be voluntary and the person being solicited must be informed that he has the right to refuse to contribute without reprisal. 2 U.S.C. § 441b(b)(3); 11 C.F.R. § 114.5(a). By keeping track of employees who had not made contributions and sending out a second solicitation letter to them, without informing them of their right to refuse to contribute without reprisal, the Committee violated 2 U.S.C. § 441b(b)(3)(C).

Based upon the foregoing, as to the April 6, 1989, solicitation letter, the General Counsel recommends that the Commission find probable cause to believe Respondents violated 11 C.F.R. § 114.5(a)(2) by failing to properly inform solicitees that they are free to contribute more or less than the guidelines suggested and that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee, and violated 2 U.S.C. § 441b(b)(3)(C) by failing to properly inform solicitees that they have the right to refuse to contribute without reprisal.

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4. The "Final Reminder," dated May 15, 1989, constituted a solicitation, and appears to be a solicitation beyond the restricted class in violation of 2 U.S.C. § 441b(b)(4), and failed to inform the solicitees of the political purpose of the Committee and that they have the right to refuse to contribute without reprisal in violation of 2 U.S.C. § 441b(b)(3)(B) and (C).

The "Final Reminder," dated May 15, 1989, sent out by the Committee also constituted a solicitation, and a solicitation beyond the restricted class. Mr. Boroach, as treasurer, admitted in his affidavit submitted to the Commission, to approving the May 15, 1989 "Final Reminder." Mr. Boroach, as treasurer, stated further that 300 "Final Reminder" solicitations were distributed to executive or administrative personnel minus those who had previously made contribution of \$50 or more, except for one "Final Reminder" which was posted on the second floor bulletin board at the Main Office, 101 West Third Street, Williamsport. Respondents assert that they do not know who posted the notice, but admit that the area could have been accessed by Directors and Officers, Employees, as well as the general public. Respondents further assert that in all probability only the ten Officers and ten Employees who are assigned to the second floor would have seen the notice. Nevertheless, the bank examiner saw the "Final Reminder" and presumably others would have seen it. Also, since the notices were only sent to executive or administrative personnel it is more probable that one of them must have posted the notice. Therefore, the Corporation remains responsible for the posting.

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If a corporation or a separate segregated fund established by the corporation accidentally or inadvertently solicits an individual not eligible for solicitation, it is not necessarily a violation of the law if: a) the corporation, or a separate segregated fund established by the corporation made best efforts to comply with the limitations on whom it may solicit; and b) the method of solicitation is corrected. 11 C.F.R.

§ 114.5(h). The Respondents in this matter do not seem to have made their best efforts in complying with the limitations on whom they may solicit. The Respondents had a responsibility to use their best efforts to ensure that the solicitation letters and "Final Reminder" did not get circulated outside of the restricted class. Nevertheless, the "Final Reminder" was apparently placed on an employee bulletin board for an indefinite period of time without adequate corrective action, in that it was observed by the bank examiner.

If a message is not a straightforward request for a contribution, the standard used by the Commission in making a determination whether something is a solicitation is whether the message merely informs the reader, or whether it encourages support of the fund or facilitates contributions to it. See Advisory Opinions 1988-2, 1983-38, 1982-65, 1980-65, 1979-66, 1979-13. The "Final Reminder" notice is a solicitation because it is not merely informational, but it directly encourages support of and attempts to facilitate contributions to the Committee. The Final Reminder encourages readers to "forward your check today" as this is the last chance "to be listed as a

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contributor" for the Committee's 1989 campaign. Thus, employee bulletin boards are being used as more than a "passive conduit" of Committee information because the posted notices explicitly encourage employees to contribute to the Committee. Cf. Advisory Opinions 1988-2 and 1982-65. And although no employee names appear on the "Final Reminder" notice, all employees had originally been solicited to contribute to the Committee, so they may have assumed that the notice was addressed to them. Furthermore, there were some employees who worked on this floor who were not executive or administrative personnel.

The facts here are similar to those in Advisory Opinion 1979-13 where the Commission ruled that an article in a company newsletter was a solicitation because Committee contributions were encouraged by the corporate chairman. Because the article constituted a solicitation, it could not be included in the newsletter which is distributed to persons the Committee is prohibited from soliciting. Advisory Opinion 1979-13. In this matter, the "Final Reminder" is a solicitation, and because the notice may have reached non-solicitable employees, the notice would constitute a solicitation beyond the solicitable class in violation of 2 U.S.C. § 441b(b)(4).

In Addition, the "Final Reminder" did not inform the solicitees of the political purpose of the Committee and that they have the right to refuse to contribute without reprisal. There were no guidelines included in this solicitation. Accordingly, the General Counsel recommends that the Commission find probable cause to believe Respondents violated 2 U.S.C.

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§ 441b(b)(4) by soliciting beyond the restricted class, 2 U.S.C. § 441b(b)(3)(B) and (C), by failing to inform the solicitees of the political purpose of the Committee and that they have the right to refuse to contribute without reprisal.

5. The October 2, 1989, solicitation letter constituted a solicitation, and failed to inform solicitees that they have the right to refuse to contribute without reprisal in violation of 2 U.S.C. § 441b(b)(3)(C), and failed to provide all guidelines information as required by 11 C.F.R. § 114.5(a)(2).

The solicitation letter dated October 2, 1989, was issued to six executive or administrative personnel who were hired between May 15, 1989, and October 2, 1989. Anthony W. Boroach, as treasurer, approved this letter. The October 2, 1989, letter sent out by the Committee also constituted a solicitation. This letter was addressed to "Directors" and "Employees" and also included the same guidelines and salutation as in the February 1, 1989 solicitation letter. The salutation in the letter may give it an appearance of a solicitation beyond the restricted class. Nevertheless, Boroach says in his affidavit letter that this letter was only distributed to six executive or administrative personnel who were not employed when the prior letters were issued.

A thorough examination of the Respondents' October 2, 1989, solicitation letter, indicates that the letter also failed to inform solicitees that they are free to contribute more or less than the guidelines suggested, and failed to inform solicitees that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee.

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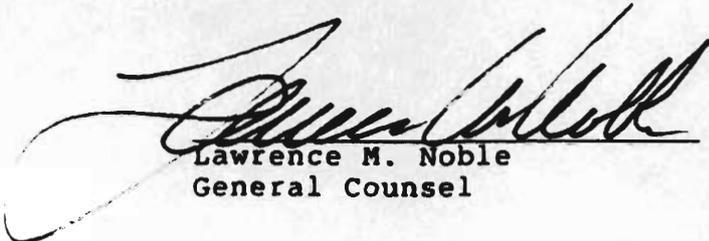
This letter also failed to inform the employees of their right to refuse to contribute without fear of reprisal. Accordingly, it appears that the Respondents violated 11 C.F.R. § 114.5(a)(2) and violated 2 U.S.C. § 441b(b)(3)(C) by failing to properly inform solicitees that they have the right to refuse to contribute without reprisal.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 434(b).
2. Find probable cause to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as⁵ treasurer, violated 2 U.S.C. § 441b(b) and 11 C.F.R. § 114.5(a).

Date

4/30/90


Lawrence M. Noble
General Counsel

5. The recommendation as to William D. Davis only relates to the February 1, 1989 solicitation.

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OGC 7915

LAW OFFICES

DRINKER BIDDLE & REATH

SUITE 900
901 FIFTEENTH STREET, N.W.
WASHINGTON, DC 20005
(202) 842-8600

405 PARK AVENUE
NEW YORK, NY 10022
(212) 638-5600

PHILADELPHIA NATIONAL BANK BUILDING
BROAD AND CHESTNUT STREETS
PHILADELPHIA, PA 19107

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SUITE 108
1202 LAUREL OAK ROAD
VOORHEES, NJ 08043
(609) 687-8000

SUITE 400
100 PALMER SQUARE
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PRINCETON, NJ 08542
(609) 921-6336

SUITE 300
1000 WESTLAKE DRIV
BERWYN, PA 19312
(215) 893-8000

STEWART DALZELL
(215) 968-2934

September 18, 1990

RECEIVED
GENERAL COUNSEL
SEP 19 11:34 AM

CONFIDENTIAL

Honorable Judith E. Snopek
Secretary, Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

Re: MUR 3033

Dear Ms. Snopek:

In response to the General Counsel's Brief and letter, dated August 30, 1990, and received by the undersigned on September 5, 1990, I enclose ten copies of Respondents' Statement of Position and Reply.

By copy of this letter, I transmit three copies of this document directly to the General Counsel.

Sincerely,


Stewart Dalzell

SD:jbh

Enclosures

cc: Lawrence M. Noble, Esquire (w/enclosures)
Via Federal Express

FEDERAL EXPRESS

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HAND DELIVERED

SEP 19 11:10:39

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of :
Commonwealth Bancshares Corporation :
and William D. Davis, as Chairman : MUR 3033
Commonwealth Bancshares Political :
Action Committee (Federal) and :
Eileen Johnson, as treasurer :

RESPONDENTS' STATEMENT OF POSITION
AND
REPLY TO THE BRIEF OF THE GENERAL COUNSEL

Respondents in this Matter, by their attorneys, have reviewed the General Counsel's Brief, dated August 30, 1990, and received September 5, 1990, and respectfully request that the Commission consider the statement of position and reply set forth below before finding probable cause to believe respondents violated the Campaign Act.

Statement of Position

On March 15, 1990, respondents filed a Brief on the factual and legal issues of the case, and responded to Interrogatories and Document Requests propounded against them. That submission constitutes the only sworn record in this Matter, and respondents' Statement and Reply are based upon that record.

It is undisputed that Commonwealth Bancshares Corporation (hereinafter referred to as "Bancshares") initially formed a political action committee in 1987 that exclusively supported candidates for state

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office. It is also undisputed that Bancshares PAC was exclusively concerned with candidates for state office in the Commonwealth of Pennsylvania throughout 1987 and 1988.

The record shows that the practice of this State PAC was to send an annual solicitation letter to "directors, officers and employees about the first of February of each year." Answers of Anthony W. Boroach at 1 (b). On February 3, 1989, Bancshares PAC filed its Statement of Organization with the Commission, and the initial deposit activating this "federal account was made on February 22, 1989." Id.

The February 1, 1989 solicitation letter in question was sent in accordance with the prior practice of Bancshares' State PAC. No pretense was, therefore, made of conforming with the "Twice yearly solicitations" Regulations of the Commission, set forth at 11 C.F.R. §114.6. Given the fact that the February 1 letter was sent two days prior to Bancshares PAC's submission of its Statement of Organization to the Commission, and three weeks before it made its initial deposit into the new federal account, respondents respectfully contend that §114.6 did not apply to preregistration activities.

It is true that the February 1, 1989 letter looks toward the future support for candidates at "national political levels" instead of "only to candidates seeking a state office." It could be argued that the use of the vague term "national political levels" could be interpreted to be a reference to "the purpose of influencing any election for Federal office" within the meaning of §301 of the Campaign Act, 2 U.S.C. §431(8). A review

of Exhibit D-9 attached to Mr. Davis's Answers, however, shows that the first contribution to a candidate for federal office did not take place until April 14, 1989, when a modest contribution of \$60 was sent to Congressman Gekas's campaign. All other contributions in that time were still to state candidates.

In any event, the continuation of Bancshares PAC's past practice arguably into the period of coverage under the Campaign Act was in all events a good faith act, and not calculated in any way to violate the Campaign Act to solicit contributions "by physical force, job discrimination, financial reprisals, or the threat of" such unlawful acts.

From its inception, Bancshares' Federal PAC was, to say the least, a modest enterprise, as witnessed by the \$60 contribution to Congressman Gekas's campaign, the first in 1989. Although this small gift was not disclosed to the Commission until a later amendment, it is, surely, de minimis.

The April 6, 1989 solicitation letter, on Mr. Borocho's sworn statement, was not distributed to "non-executive or non-administrative personnel." Since the letter was not mailed to non-directors and non-officers, the letter was simply not subject to the limitations of §114.6.

Much has been made of the "posting" of the May 15, 1989 "Final Reminder." It is undisputed that no officer either of Bancshares or Bancshares PAC authorized the posting of the "Final Reminder" anywhere. As far as Bancshares has been able to determine, the "Final Reminder" was only

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"posted on the second floor bulletin board at the Main Office, 101 West Third Street, Williamsport." Answer 3(a) of Mr. Boroch. In the same answer, Mr. Boroch goes on to note that "the remote location of the bulletin board" could only have been seen at a maximum by the "ten Officers and ten Employees assigned to the second floor." Again, Mr. Boroch confirms that the "Final Reminder" was only distributed to the Directors' and Officers' group, and not to any other employees of Bancshares. Thus, the "Final Reminder" did not begin to approach the kind of solicitation governed by 11 C.F.R. §114.6, and therefore it was not unlawful under §316 of the Campaign Act.

Based upon the foregoing, it is respondents' position that they did not engage in any unlawful solicitations under the Campaign Act. To the extent there may have been infelicitous phrasing or inadvertently broad distribution of the communications in question, such acts were done either because prior practice under state law was continued, or because unauthorized persons chose to publicize the solicitations. There was and is no intent to threaten anyone in the Bancshares organization with "force, job discrimination, or financial reprisal", and thus respondents respectfully submit they have not in any way violated the Campaign Act.

Reply to General Counsel's Brief

General Counsel's Brief was written as if respondents' March 15, 1990 submission had not been made, and draws factual inferences without any warrant in the record.

Instructive in this regard is the General Counsel's analysis of the May 15, 1989 "Final Reminder." Although the record is unambiguous and unchallenged that the posting of the "Final Reminder" was not authorized and that, at most, twenty Bancshares personnel (out of over 800) could have seen it on the one floor where it was put up, the General Counsel acts as if this unauthorized act was in the nature of Luther's posting of his Theses. As noted, this contorts the record, and the General Counsel's recommendation about the "Final Reminder" should be rejected as bearing no resemblance to the reality disclosed in the record submitted on March 15.

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A similar contortion occurs at pp. 14-15 of the General Counsel's Brief, discussing the "solicitation letter" of October 2 that was sent to only six "executive or administrative personnel" hired between the "Final Reminder" and October 2, 1989. Since the author, Mr. Borocho, is not a director, his use of the term "employee" is similar to his use of "Fellow Employees" in his April 6, 1989 letter -- an excessively modest description of both the author (Vice-President and Secretary of Bancshares) and the recipients of both letters. In order to find a violation of the Campaign Act based on these two letters, the General Counsel's office proffers the cartoon it drew of the record submitted. A fair picture of that record, however, depicts an entirely lawful scene.

Conclusion

As noted in their Statement, respondents respectively conclude that they did not engage in any unlawful solicitations under the Campaign Act, and that the failure to report to the Commission the tiny contribution to

Congressman Gekas's campaign was inadvertent and de minimis -- and disclosed in the State filing, as shown at Exhibit D-9 to Mr. Davis's Answers to Interrogatories, thereby rebutting any notion of intent not to disclose and confirming respondents' contention that the PAC's federal program had not in any meaningful sense begun in early 1989.

As stated in their March 15 submission, respondents respectfully believe that, to the extent the Commission disagrees with the conclusions set forth in the preceding paragraph, this Matter cries out for resolution "by informal methods of conference conciliation and persuasion" within the meaning of §111.18(a) of the Regulations.

Respectfully submitted,



Stewart Dalzell
Drinker Biddle & Reath
1100 PNB Building
Broad and Chestnut Streets
Philadelphia, PA 19107
(215) 988-2934

Attorneys for Respondents

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARY

90 NOV 27 PM 4: 23

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

EXECUTIVE SESSION

DEC 4 1990

In the Matter of)
Commonwealth Bancshares Corporation)
and William D. Davis, as Chairman)
Commonwealth Bancshares Political)
Action Committee (Federal) and)
Eileen Johnson, as treasurer)

NUR 3033

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was referred to the Federal Election Commission ("Commission") by Wallace S. Nathan, District Counsel for the Comptroller of the Currency/Administrator of National Banks, following the agency's examination of the Bank, because of apparent corporate solicitations outside the restricted class. On February 12, 1990, the Commission found reason to believe that Commonwealth Bancshares Corporation (the "Corporation") and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) (the "Committee") and its treasurer ("Respondents") violated 2 U.S.C. § 441b(b), and instituted an investigation into this matter.¹

On August 30, 1990, the General Counsel mailed briefs to the parties in this matter, which are incorporated herein, stating the position of the General Counsel on the legal and

1. The initial findings in this matter were made with respect to Anthony W. Boroch, as treasurer. Commission policy provides for naming the current treasurer in enforcement matters. Eileen Johnson has been substituted although she became treasurer after the initiation of this matter.

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factual issues in this matter. The General Counsel recommended that the Commission find probable cause to believe that Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 434(b). The General Counsel also recommended that the Commission find probable cause to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 441b(b) and 11 C.F.R. § 114.5(a).

On September 19, 1990, a Statement of Position and Reply to the General Counsel brief was filed by Stewart Dalzell, on behalf of Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer and Commonwealth Bancshares Corporation and William D. Davis, as Chairman.

II. ANALYSIS

The factual and legal analysis set forth in the General Counsel Brief are incorporated as if fully set forth herein.

In Respondents' Reply, counsel for the Respondents argues that the February 1, 1989 solicitation letter was sent in accordance with the prior practice of the State Committee, and that no pretense was made of conforming with the "twice yearly solicitations" regulations of the Commission at 11 C.F.R. § 114.6. Counsel for the Respondents further argues that 11 C.F.R. § 114.6 did not apply since the February 1, 1989 letter was sent two days before the Respondents' submission of the Statement of Organization to the Commission, and three weeks

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before the first deposit was made into the federal committee's new account. Respondents' counsel, however, is disputing an issue not presented in the General Counsel's brief. The General Counsel has not made a recommendation as to the Respondents' being in violation of 11 C.F.R. § 114.6. Respondents' counsel seems to be confused as to the General Counsel recommendations dealing with the February 1, 1989 letter, which were for soliciting beyond the restricted class in violation of 2 U.S.C. § 441b(b), and failing to provide all guidelines information and other statements as required by 11 C.F.R. § 114.5(a).

Respondents' counsel argues in his Reply that the Federal committee was "a modest enterprise, as witnessed by the \$60 contribution to Congressman Gekas's campaign, the first in 1989." Respondents' counsel also argues that the sixty (\$60) dollars was a small gift and even though it "was not disclosed to the Commission until a later amendment, it is, surely, de minimis." This argument does not suffice here. The fact that the Federal committee's first disbursement was only sixty (\$60) dollars did not exempt it from the reporting requirement of 2 U.S.C. § 434(b) or make it de minimis. According to 2 U.S.C. § 434(b), every committee must file reports which disclose the amounts of all contributions (not just large contributions) to federal candidates, the name of the federal candidate, and the address of the candidate.

Counsel for the Respondents further argues that because the April 6, 1989 solicitation letter was not distributed to non-executive or non-administrative personnel, the letter was

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not subject to the limitations of 11 C.F.R. § 114.6. The Respondents' reply, as to the April 6, 1989 solicitation letter, seems to suggest, as with their reply dealing with the February 1, 1989 solicitation letter, that Respondents' counsel is confused as to the General Counsel recommendation dealing with the April 6, 1989 solicitation letter. As noted above, the General Counsel has not made a recommendation as to the Respondents' being in violation of 11 C.F.R. § 114.6. The General Counsel's recommendations as to the April 6, 1989 solicitation letter were for failing to provide all guidelines information as required by 11 C.F.R. § 114.5(a)(2), and for failing to properly inform solicitees that they have the right to refuse to contribute without reprisal as required by 2 U.S.C. § 441b(b)(3).

The Repondents' Reply restates the Respondents' original assertion "that 'the remote location of the bulletin board' could only have been seen at a maximum by the 'ten Officers and Ten Employees assigned to the second floor.'" Counsel for the Respondents argues further that the "Final Reminder" is not governed by 11 C.F.R. § 114.6, which we note is not an issue in this matter. As noted in the General Counsel's brief, the bank examiner saw the "Final Reminder" and presumably others would have seen it. Also, since the notices were only sent to executive or administrative personnel, it is more probable that one of them must have posted the notice. Therefore, the

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Bancshares Corporation remains responsible for the posting.

With respect to the Respondents' attempt to try to minimize the initial existence of the Bancshares federal committee and the significance of failing to report the disbursement by repeating the fact that the contribution was a small amount, there is no exception to 2 U.S.C. § 434(b) which would have exempted the Respondents from the reporting requirement because of a small amount. Furthermore, the Respondents acknowledged the fact that the April 14, 1989 disbursement for a federal candidate was not initially reported in the 1989 Mid-Year Report.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

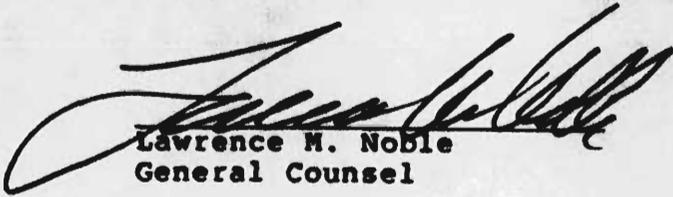
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IV. RECOMMENDATIONS

1. Find probable cause to believe that Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 434(b).
2. Find probable cause to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 441b(b) and 11 C.F.R. § 114.5(a).
3. Approve the attached conciliation agreement and appropriate letter.

Date

11/27/90


Lawrence M. Noble
General Counsel

Attachments:

1. Conciliation Agreement

Staff assigned: Lawrence D. Parrish

91040841110

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Commonwealth Bancshares Corporation)
and William D. Davis, as Chairman;)
)
Commonwealth Bancshares Political)
Action Committee (Federal) and)
Eileen Johnson, as treasurer.)

MUR 3033

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 4, 1990, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 3033:

1. Find probable cause to believe that Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 434(b).

2. Find probable cause to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 441b(b) and 11 C.F.R. § 114.5(a).

(continued)

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3. Approve the conciliation agreement and appropriate letter as recommended in the General Counsel's report dated November 29, 1990.

Commissioners Aikens, Elliott, Josefiak, McGarry,
and Thomas voted affirmatively for the decision;
Commissioner McDonald was not present.

Attest:

12-5-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 11, 1990

Stewart Dalzell, Esquire
Drinker Biddle & Reath
Broad and Chestnut Street
Philadelphia, PA 19107

RE: MUR 3033
Commonwealth Bancshares Corporation
and William D. Davis, as Chairman,
and Commonwealth Bancshares
Political Action Committee (Federal)
and Eileen Johnson, as treasurer

Dear Mr. Dalzell:

On December 4, 1990, the Federal Election Commission found that there is probable cause to believe your clients, Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 434(b), a provision of the Federal Election Campaign Act of 1971, as amended, ("the Act"), and also found that there is probable cause to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer, violated 2 U.S.C. § 441b(b) of the Act and 11 C.F.R. § 114.5(a) of the Commission's rules and regulations.

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

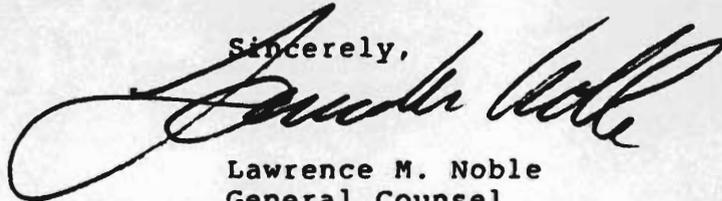
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Stewart Dalzell, Esquire
MUR 3033
Page 2

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

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

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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91 APR 15 PM 4:28

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
)
 Commonwealth Bancshares Corporation)
 and William D. Davis, as Chairman)
)
 Commonwealth Bancshares Political)
 Action Committee (Federal) and)
 Eileen Johnson, as treasurer)

NUR 3033

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Eileen Johnson Shrey, the treasurer of Commonwealth Bancshares Political Action Committee (Federal).

(Attachment 1.)

The attached agreement contains no changes from the agreement approved by the Commission on March 19, 1991. The Respondent has not yet sent the Commission a check for the civil penalty. Respondent's counsel has indicated that a check for the civil penalty will be remitted as soon as the Commission approves the conciliation agreement.¹

1. The Respondents' counsel submitted two copies of the signed conciliation agreement and indicated that the civil penalty will be remitted promptly upon receiving a signed copy back from the Commission.

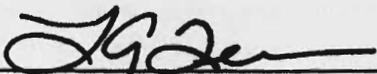
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II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Commonwealth Bancshares Corporation and William D. Davis, as Chairman and the Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson.
2. Close the file.
3. Approve the appropriate letter.

Lawrence M. Noble
General Counsel

Date 4/12/91

BY: 
Lois G. Lerner
Associate General Counsel

Attachments

1. Conciliation Agreement

Staff Assigned: Lawrence D. Parrish

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Commonwealth Bancshares Corporation)
and William D. Davis, as Chairman;) MUR 3033
Commonwealth Bancshares Political)
Action Committee (Federal) and)
Eileen Johnson, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election, Commission, do hereby certify that on April 18, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3033:

1. Accept the conciliation agreement with Commonwealth Bancshares Corporation and William D. Davis, as Chairman, and the Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson.
2. Close the file.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated April 12, 1991.

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

Attest:

4-18-91
Date

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

Received in the Secretariat: Mon., April 15, 1991 4:28 p.m.
Circulated to the Commission: Tues., April 16, 1991 11:00 a.m.
Deadline for vote: Thurs., April 18, 1991 11:00 a.m.

91040841117



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 29, 1991

Wallace S. Nathan
Northeastern District
Office of the District Counsel
1114 Avenue of the District Counsel
New York, New York 10036

RE: MUR 3033
Commonwealth Bancshares Corporation
and William D. Davis, as Chairman
Commonwealth Bancshares Political
Action Committee and Eileen Johnson,
as treasurer

Dear Mr. Nathan:

This is in reference to the matter involving the above-mentioned respondents, which your office referred to the Federal Election Commission.

After conducting an investigation into this matter, the Commission found that there was probable cause to believe Commonwealth Bancshares Political Action Committee and Eileen Johnson, violated 2 U.S.C. § 434(b), a provision of the Federal Election Campaign Act of 1971, as amended, ("the Act"), and also found that there is probable cause to believe that Commonwealth Bancshares Corporation and William D. Davis, as Chairman and Commonwealth Bancshares Political Action Committee and Eileen Johnson, violated 2 U.S.C. § 441b(b) of the Act and 11 C.F.R. § 114.5 of the Commission's rules and regulations, and has now entered into a conciliation agreement in the matter. A copy of this agreement is enclosed for your information.

We appreciate your cooperation in helping the Commission meet its enforcement responsibilities under the Federal Election Campaign Act of 1971, as amended.

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Wallace S. Nathan
MUR 3033
Page 2.

If you have any questions, please contact Lawrence D. Parrish, 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

91040841119

CLOSED



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 29, 1991

Stewart Dalzell, Esquire
Drinker Biddle & Reath
Broad and Chestnut Street
Philadelphia, PA 19107

RE: MUR 3033
Commonwealth Bancshares Corporation
and William D. Davis, as Chairman
Commonwealth Bancshares Political
Action Committee and Eileen Johnson,
as treasurer

Dear Mr. Dalzell:

On April 18, 1991, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 434(b) and 441b(b), provisions of the Federal Campaign Act of 1971, as amended, and 11 C.F.R. § 114.5(a) of the Commission's rules and regulation. 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.

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Stewart Dalzell, Esquire
MUR 3033
Page 2.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Lawrence D. Parrish, 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

91040841121

BEFORE THE FEDERAL ELECTION COMMISSION

| | | |
|-------------------------------------|---|----------|
| In the Matter of |) | |
| |) | |
| Commonwealth Bancshares Corporation |) | |
| and William D. Davis, as Chairman |) | |
| |) | MUR 3033 |
| Commonwealth Bancshares Political |) | |
| Action Committee (Federal) and |) | |
| Eileen Johnson, as treasurer |) | |

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that Commonwealth Bancshares Political Action Committee (Federal) and Eileen Johnson, as treasurer ("Respondents"), violated 2 U.S.C. §§ 434(b) and 441b(b), and 11 C.F.R. § 114.5(a), and Commonwealth Bancshares Corporation and William D. Davis, as Chairman, violated 2 U.S.C. § 441b(b), and 11 C.F.R. § 114.5(a).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

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

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

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

1. The Commonwealth Bancshares Political Action Committee/Federal (the "Committee") is a political committee within the meaning of 2 U.S.C. § 431(4)(B) and the separate segregated fund of the Commonwealth Bancshares Corporation (the "Corporation") and its subsidiary national bank, Commonwealth Bank and Trust Company, N.A. ("the Bank").

2. William D. Davis is the current Chairman of the Commonwealth Bancshares Corporation. Commonwealth Bancshares Corporation is incorporated under the laws of the State of Pennsylvania.

3. Eileen Johnson is the current treasurer of the Commonwealth Bancshares Political Action Committee/Federal. Anthony Boroch was the treasurer of Commonwealth Bancshares Political Action Committee/Federal during 1989.

4. The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits a corporation, or a separate segregated fund established by the corporation, from soliciting contributions to that fund from any person other than its stockholders and their families and its executive or administrative personnel and their families. 2 U.S.C. § 441b(b)(4). A corporation may solicit the executive or administrative personnel of its subsidiaries, branches, divisions, and affiliates and their families. 11 C.F.R. § 114.5(g)(1). The Act defines "executive or administrative personnel" as individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have

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policymaking, managerial, professional, or supervisory responsibilities. 2 U.S.C. § 441b(b)(7); 11 C.F.R. § 114.1(c).

5. Contributions to a separate segregated fund must be completely voluntary and must not be made out of physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal. 2 U.S.C. § 441b(b)(3)(A); 11 C.F.R. § 114.5(a). All written solicitations for contributions to a separate segregated fund must inform the person being solicited that he has the right to refuse to contribute without any reprisal. 2 U.S.C. § 441b(b)(3)(C); 11 C.F.R. § 114.5(a)(4). Additionally, all written solicitations must contain statements informing the person being solicited of the political purposes of the fund. 2 U.S.C. § 441b(b)(3)(B); 11 C.F.R. § 114.5(a)(3).

6. Commission regulations further provide that guidelines for contributions may be suggested by a corporation or its separate segregated fund, provided that the person being solicited is informed that the guidelines are merely suggestions and that he or she is free to contribute more or less than the suggested guidelines without fear that the corporation will favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute. 11 C.F.R. § 114.5(a)(2).

7. The Act provides that every committee must file reports which disclose the amounts of all contributions to federal candidates, the name of the federal candidate, and the address of the candidate. 2 U.S.C. § 434(b).

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8. The Act further provides that a corporation may use its general treasury monies, including monies obtained in commercial transactions and dues monies or membership fees, for the establishment, administration, and solicitation of contributions for its separate segregated fund. 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). Also, a corporation may exercise control over its separate segregated fund; for example, by directing the disbursement of voluntary contributions to its separate segregated fund, including the determination of the candidates to whom the contributions are made. 11 C.F.R. § 114.5(d).

9. On February 1, 1989, the Committee distributed solicitation letters to all of the directors by United States mail and to all of the officers and employees through the Corporation's internal inter-office delivery system. Mr. Davis, as Chairman, and, Mr. Borocho, as treasurer, approved this letter.

10. The Committee put solicitation letters in the payroll envelopes of all regular employees of the Corporation and the Bank. The solicitation letters went to 300 Officers and Directors and 800 employees.

11. The Corporation paid for the delivery and reproduction cost of the February 1, 1989 solicitation letters. The salutation in the February 1, 1989 letter was addressed to "Directors" and "Employees." The letter also included the following guidelines for contributions:

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| Supervisors - non exempt | \$20.00 |
| Supervisors - exempt | 30.00 |
| Junior Officers and Community Officer Managers | 40.00 |
| Departments Heads and Vice Presidents | 60.00 |
| Division Heads, Senior Vice Presidents, and Directors | 100.00 to 250.00 |
| Employees not in the above categories | 5.00 - 10.00 |

12. The letter did inform the employees of the political purpose of the Committee, and of new improvements made to the Committee, as follows:

Improvement was made to our Committee through a reorganization. Under the "old" Committee By-Laws, we were restricted to making donation only to candidates seeking a state office. Several requests for support from (candiates) [sic] for a national office, who have been supportive of our industry, were declined because of the restrictions. With the change in the Committee, we will now be able to support (candiates)[sic] at the state and national political levels.

The letter did not inform solicitees that they are free to contribute more or less than the guidelines suggested, and did not inform solicitees that the amount of the contribution, or the refusal to contribute will not benefit or disadvantage the solicitee. The letter did inform the solicitees that "Participation is strictly voluntary and no pressure of any kind is to be placed on any individual."

13. On April 6, 1989, the Committee sent out another solicitation letter addressed to "Directors" and "Employees". Mr. Boroch, as treasurer, approved this letter, which included the same guidelines and salutation, as mentioned-above, in the February 1, 1989 solicitation letter. It was sent to 300

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Officers and Directors. This letter also did not inform solicitees that they are free to contribute more or less than the guidelines suggested, and did not inform solicitees that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee. In addition, this letter did not inform the employees of their right to refuse to contribute without fear of reprisal.

14. On May 15, 1989, the Committee sent out a "Final Reminder." Mr. Boroch, as treasurer, approved this "Final Reminder." Approximately 300 "Final Reminder" solicitations were distributed to executive or administrative personnel minus those who had previously made contribution of \$50 or more. One "Final Reminder" was posted on the second floor bulletin board at the Main Office, 101 West Third Street, Williamsport for an indefinite period of time. The area could have been accessed by Employees as well as the general public. The "Final Reminder" did not inform the solicitees of the political purpose of the Committee and that they have the right to refuse to contribute without reprisal. Respondents contend this posting was unauthorized by any of them.

15. On March 30, 1990, the Committee submitted an amended 1989 mid-year and 1989 year-end report, which included an April 14, 1989, \$60.00 contribution to a federal political candidate. This \$60.00 contribution was not originally reported in the Committee's prior reports.

16. On October 2, 1989, a solicitation letter was issued to six executive or administrative personnel who were

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hired between May 15, 1989, and October 2, 1989. Anthony W. Boroch, as treasurer, approved this letter. This letter did not inform solicitees that they are free to contribute more or less than the guidelines suggested, and did not to inform solicitees that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee. This letter also did not to inform the employees of their right to refuse to contribute without fear of reprisal.

V. 1. Respondent's Committee failure to report the \$60.00 disbursement, name of the candidate, and the address of the candidate constituted a violation of 2 U.S.C. § 434(b).

2. Respondents' failure to properly inform solicitees in the April 6, 1990 solicitation letter, the Final Reminder and the October 2, 1989 solicitation letter, that they had the right to refuse to contribute without reprisal constituted a violation of 2 U.S.C. § 441b(b).

3. Respondents' failure to properly inform solicitees in the February 1, 1989 solicitation letter, April 6, 1989 solicitation letter and October 2, 1989 solicitation letter, that they were free to contribute more or less than the guidelines suggested and that the amount of the contribution, or the refusal to contribute, will not benefit or disadvantage the solicitee constituted a violation of 11 C.F.R. § 114.5(a).

4. Respondents' distribution of the February 1, 1989 solicitation letter and the Final Reminder to persons other than its stockholders and their families and its executive or administrative personnel and their families constituted a

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violation of 2 U.S.C. § 441b(b).

5. The Respondents contend the violations were not knowing and willful.

VI. 1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of two thousand dollars (\$2,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

2. Respondents agree that all future reports will disclose all contributions to federal candidates and federal political committee in accordance with 2 U.S.C. § 434(b).

3. Respondents agree that all future solicitations for contributions to Commonwealth Bancshare Political Action Committee (Federal) (the "Committee") shall explicitly inform recipients of the political purposes of the Committee and inform them of their right to refuse to contribute to the Committee without reprisal. Furthermore, if such solicitations include guidelines for contributions, the Respondents further agree that all such solicitations shall explicitly state that (1) the guidelines are merely suggestions; (2) that an individual is free to contribute more or less than the suggested guidelines; and (3) that the Committee's connected organization will not favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute.

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

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civil action for relief in the United States District Court for the District of Columbia.

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

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

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

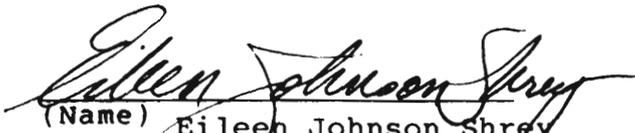
FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

Date 4/26/91

FOR THE RESPONDENT:


(Name) Eileen Johnson Shrey
(Position) Secretary/Treasurer

Date April 3, 1991

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 30.53

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